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Intellectual Property Office of New Zealand  
Te Pou Rāhui Hanga Hou

Report of the  
**COMMISSIONER OF PATENTS,  
TRADE MARKS AND DESIGNS**

TO THE MINISTER OF COMMERCE

for the year ended  
30 June 2010

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*Presented pursuant to s.116 of the Patents Act 1953*

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*The Intellectual Property Office of New Zealand (the "Office") is a business unit of the Ministry of Economic Development and its activities are further described in the Report of the Ministry of Economic Development for the year ended 30 June 2010.*

## COMMISSIONER'S COMMENTARY

The Intellectual Property Office of New Zealand ("IPONZ") underpins innovation in New Zealand by managing the regulatory framework for intellectual property ("IP") – it registers trade marks and designs, grants patents and plant variety rights ("PVRs") and provides search facilities for these registers. IPONZ understands that a key lever to raise a country's productivity requires innovative products and services. In this regard, IPONZ recognises that it must play its part in New Zealand's innovation systems by ensuring that it facilitates the granting of robust and timely IP rights.

As the world emerged from the global financial crisis, filing volumes across some of the IP types started to recover during the 2009/10 financial year. Of particular note was the 5% increase in trade mark applications, with the number of classes filed for increasing by 3.8%. On the other hand, Patent Cooperation Treaty ("PCT") national phase volumes continued the downward trend from the previous year reducing by 3.6%. In contrast, standard patent applications increased a healthy 16.2%, although a good portion of this increase can be attributed to divisions of existing PCT applications. Nevertheless, this represents the highest filing volume of standard patent applications when compared to the previous five years.

Notwithstanding the increase in volumes in some parts of the business, as well as a busy work programme highlighted in the IPONZ 2009 – 2012 strategic plan, IPONZ staff met key turnaround targets. This is no small feat in the context of the volumes and the relatively small examination teams employed. The highlights were:

- 99.4% (target 95%) of trade mark and design applications<sup>1</sup> were examined and a report issued in 5 working days.
- 99.2% (target 95%) of completed patent applications<sup>2</sup> were examined and a report issued in 20 working days.
- 96.4% (target 90%) of incoming examination correspondence<sup>3</sup> was responded to within 15 working days of receipt.

In addition to the highlighted work volumes, IPONZ continued its endeavours to provide high quality services for its clients, and, made use of the downturn in PCT national phase volumes to reduce backlogs in examinations caused from the particularly high volumes in 2007 and 2008. Of note was:

- The increase in the number of trade mark applications that were immediately accepted by IPONZ at the first examination. These immediate acceptance rates increased to 52% of all applications examined from 34% for the same period in the previous financial year. This was achieved without undermining the quality of the examination and involved proactive management of small technical issues directly with the applicant or their agent. Adopting this approach has allowed resolution of minor errors without the need for a compliance report to be issued. This in turn will have substantially reduced clients' compliance costs.
- The number of patent PCT national phase applications examined in 2009/10 increased by 87% when compared to similar examinations in 2007/08. The project to increase productivity of PCT examinations commenced in February 2009 and, as was expected, has now started to cause the flow-on effect of substantial increases in examination correspondence. However, the focus on removing the backlogs in the system has been achieved without compromising the expected turnaround times of

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<sup>1</sup> The total application volumes received was 18,328 of which only 105 did not meet the target.

<sup>2</sup> A total of 1,729 applications were received during this period.

<sup>3</sup> A total of 22,748 pieces of examination correspondence was received during this period.

the other work undertaken by the patent examination team including the increased correspondence and standard application volumes. Altogether, the PCT backlog has been reduced by 36% or by 3,202 applications.

Progress has also been made towards the passing into law of the Patents Bill and the Trade Marks (International Treaties and Enforcement) Amendment Bill with the Select Committees having reported back to Parliament. Both bills now await second and third readings.

IPONZ is facing serious challenges over the next three years, in terms of the need to implement new legislation and the more complex services that this requires (particularly in the patent area). As the economy improves, application volumes can be expected to increase again. The future therefore holds a complex change management challenge, in an environment of increasing business-as-usual volumes and staff turnover.

To respond to these challenges IPONZ engaged PricewaterhouseCoopers (“PWC”) to undertake an independent business evaluation. The purpose for the evaluation was to determine service expectations, review operations, to recommend future direction and to scope resources. In October 2009 PWC released their report in which they recommended the following:

- Convert Project Compass from an IT implementation project into a Business Transformation Project.
- In undertaking the business transformation project, put value to the IP owner at the heart of the transformation.
- Address the staff retention issue through a career structure review and exploration of alternative employment options.
- Increase staff numbers well in advance of the implementation of the Trademarks (International Treaties and Enforcement) Amendment Bill and Patents Bill, in order to preserve business-as-usual activity throughout the Bill and IT implementation projects, and train staff in advance of the the new legislation and regulations coming into effect.

In response to the report IPONZ has:

- Sought and secured a fiscally neutral adjustment to its expenditure baseline to address the impact of preparations for the law reforms and IT project.
- Undertaken a review of the IPONZ role descriptions which has given rise to a broader salary range and career path for examiners.
- Commenced the IT project (Compass) which will be delivered through a number of phases starting with new search tools for both the patent, design and trade mark teams. This will be followed by the more substantive project to replace the core case management system. The whole project is expected to take 20 months.
- Commenced several business transformation projects. These include:
  - a drive to increase online filing adoption by clients which has already yielded far reaching results<sup>4</sup>;
  - work flow reviews which includes change control processes;
  - reviewed KPI's;
  - the commencement of work on a fee review;
  - recruiting rounds to increase resources ahead of law reform;
  - ISO certification for the trade mark and designs processes; and

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<sup>4</sup> The online service adoption strategy has resulted in an increased uptake of online services with trade mark online applications increasing from 87 to 93%, patent applications from 20% to 61% and design applications from 37% to 93%.

- plans to seek certification of the patent and PVR processes by the end of 2010.

Finally, in the 2009/10 year the Prime Ministers of New Zealand and Australia announced the Single Economic Market ("SEM") agenda which seeks closer coordination between the two countries. In their joint statement, the Prime Ministers identified four outcomes that fall within the IP arena. Broadly these outcomes seek to promote closer alignment between Australia and New Zealand in the area of trade marks, patents, PVRs and regulation of the attorney profession. Work has commenced in all these areas.

In conclusion, it is anticipated that the 2010/11 year will be equally busy with IPONZ focussing on the business transformation and IT projects, the SEM agenda, online service adoption, regulation reviews and securing ISO certification for the patent and PVR processes.



Neville Harris  
Commissioner of Patents, Trade Marks and Designs

# **PRINCIPAL FUNCTIONS OF THE INTELLECTUAL PROPERTY OFFICE**

IPONZ is a business unit of the Business Services Branch of the Ministry of Economic Development (the “Ministry”).

IPONZ is responsible for the examination, grant and registration of patent, trade mark and design intellectual property rights. Innovation and creativity are important elements in gaining a competitive edge in the marketplace and for many business ventures intellectual property is one of their most important assets. Through the provision of these services, IPONZ helps business and individuals to realise the full economic potential of their intellectual property.

We have a long history of assisting innovative New Zealanders to benefit from their creativity: the New Zealand Patent Office was established in 1870. Today, IPONZ administers the Patents Act 1953, the Trade Marks Act 1953, the Trade Marks Act 2002, the Designs Act 1953 and the Plant Variety Rights Act 1987. These Acts place statutory obligations on IPONZ and the Commissioner of Patents, Trade Marks and Designs in relation to the examination and registration or grant of intellectual property rights. IPONZ also maintains registers of these rights and interests.

## ***Operational Functions***

In addition to administering the relevant legislation and registers, IPONZ performs a number of operational functions including:

- Examination services for patent, trade mark and design and PVR applications
- Implementing international agreements
- Providing assistance and information to clients
- Administering proceedings and conducting hearings on oppositions to IP registrations and eligibility matters
- Maintaining a register of patent attorneys
- Contributing to policy development on IP rights
- Acting as a receiving office for the World Intellectual Property Organization (“WIPO”).

## ***Examination Services Group***

Consisting of two groups of IP examiners (one team with responsibility for trade marks and one team responsible for patents and designs), the key accountability of the Examination Services Group is to examine applications from clients and to advise as to their eligibility for protection based on the relevant legislation and international treaties. The efficiency and accuracy of the examination service IPONZ provides is a vital factor in ensuring robust IP registers and maintaining a sound national and international reputation.

In addition to examination services, the group contributes to the development of IP policy and legislative reforms, and liaises with key client groups to ensure IPONZ continues to provide high quality examination services.

## ***Business Support Group***

The Business Support Group consists of three units. The following is a brief overview:

- Business Support unit is responsible for managing the financial processing and preparation of applications for examination. They also process all documentation concerning the ongoing maintenance of registered IP, respond to general public enquiries and assist with general database maintenance.
- Records unit provide a file storage and retrieval service.
- Business Development unit is tasked with raising IP awareness amongst New Zealand small to medium business enterprises and young entrepreneurs. Responsibilities include: building IP education public and private sector partnerships, producing tailored IP education resources and devising effective communication strategies. Business Development also coordinates visits to IPONZ from International delegations. External Relations include Relationships with other IP offices. Keeping abreast of international developments and ensuring appropriate input is given in respect of international discussions.

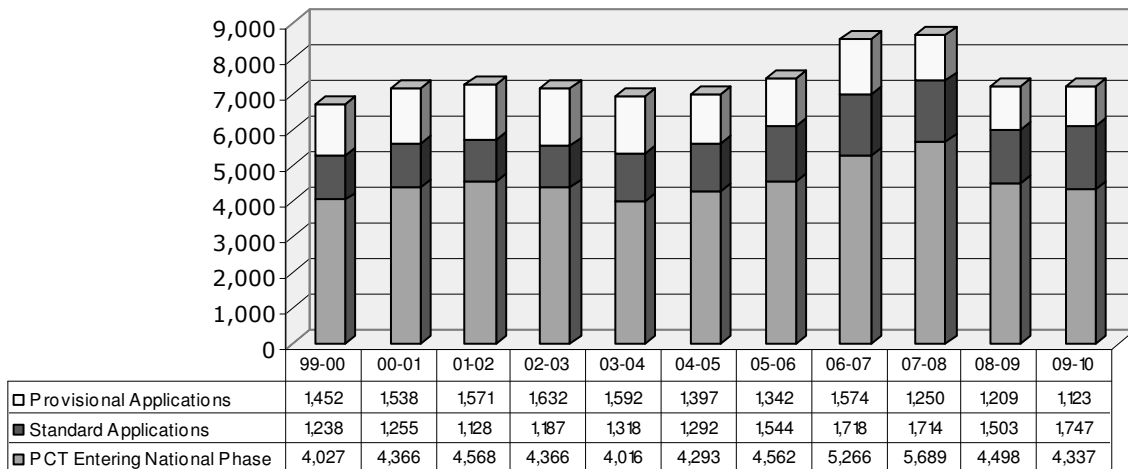
## ***Hearings Office***

The Hearings Office is the arena in which the majority of the quasi-judicial responsibilities of the Commissioner are exercised. Hearings staff become involved in proceedings when an opposition to the grant of an IP right is filed, when a revocation, rectification or invalidity application is made, or when a hearing is requested.

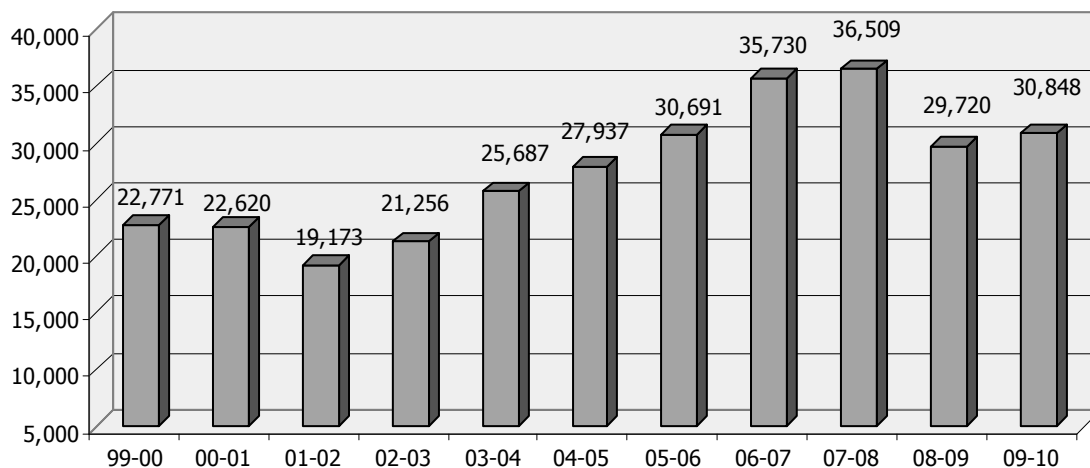
A panel of Assistant Commissioners (Hearings Officers) with a wide range of experience give decisions on matters referred to the Commissioner for hearing.

## BUSINESS VOLUMES

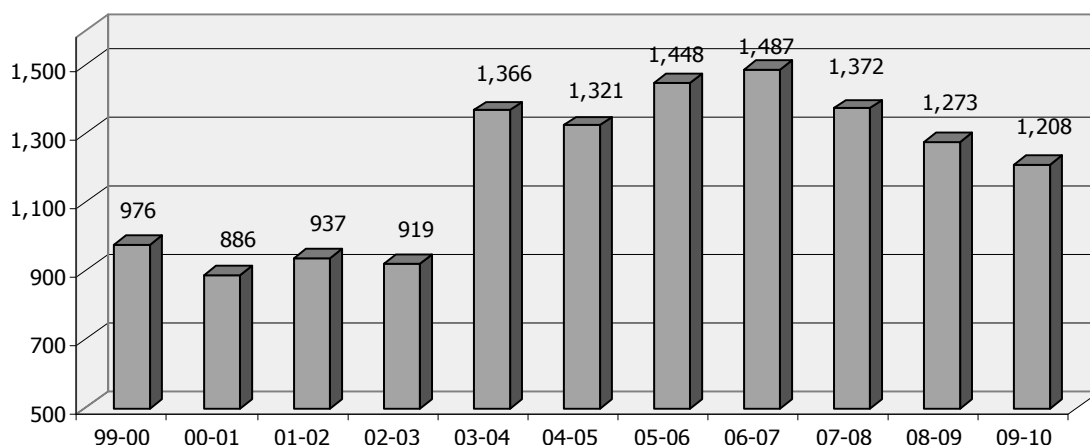
### Patent Application Volumes<sup>1</sup>



### Trade Mark Application Volumes<sup>2</sup>



### Design Applications Volumes



<sup>1</sup> Previous Annual Reports reported "Standard Applications" excluding applications with a complete specification filed following an application with a provisional specification. "Standard Applications" now incorporate all complete standard applications.

<sup>2</sup> The Trade Marks Act 2002, which came into force in August 2003, introduced a provision for filing multi-class applications. The trade mark volumes for 2003 onward reflect these changes with the average number of classes per trade mark application being 1.8.



## OTHER BUSINESS STATISTICS

### PATENTS<sup>1</sup>

Provisional Applications
National Phase Applications
Standard Applications
PCT International Applications
Acceptances in Journal
Sealings
Assignments
Renewals
Number of Patents on the Register

09-10	08-09	07-08	06-07	05-06
1,123	1,209	1,250	1,574	1,342
4,337	4,498	5,689	5,266	4,562
1,747	1,503	1,714	1,718	1,544
304	307	393	337	361
4,266	3,331	3,094	3,656	3,611
4,035	3,483	2,856	3,607	3,816
3,651	2,906	3,222	2,190	2,803
9,789	9,714	10,109	10,040	9,836
34,465	34,126	33,985	34,424	34,157

### DESIGNS

Applications
Registrations
Renewals
Number of Designs on the Register

1,208	1,273	1,372	1,487	1,448
1,076	1,463	1,381	1,227	1,146
948	1,148	719	786	752
9,913	9,744	9,136	8,506	7,923

### TRADE MARKS

Search or Preliminary Advice by class
Applications (number of classes)
Immediate Advertisements (number of classes)
Acceptances in Journal (number of classes)
Registrations (number of classes)
Assignments
Renewals (number of classes)
Number of Trade Marks on the Register

1,397	1,174	1,134	1,413	1,237
17,173 (30,848)	16,358 (29,720)	19,764 (36,509)	20,173 (35,730)	17,754 (30,691)
8,927 (14,769)	5,530 (8,516)	6,649 (9,960)	5,464 (7,713)	4,711 (6,229)
14,195 (27,897)	17,456 (35,106)	13,134 (23,493)	13,342 (23,974)	12,624 (21,576)
15,087 (29,113)	16,362 (31,534)	12,963 (23,612)	13,027 (22,996)	12,446 (21,176)
24,936	25,313	27,306	24,045	23,149
11,179 (12,024)	12,902 (13,922)	12,609 (14,608)	12,367 (13,229)	10,877 (11,071)
207,712	204,682	199,023	196,906	194,766

### HEARINGS

Oppositions
Hearings Held
Decisions Issued

240	301	164	344	353
26	30	32	53	38
53	54	62	66	74

<sup>1</sup> Previous Annual Reports reported "Standard Applications" excluding applications with a complete specification filed following an application with a provisional specification. "Standard Applications" now incorporate all complete standard applications.

# FINANCIAL INFORMATION

## INTELLECTUAL PROPERTY OFFICE OF NEW ZEALAND STATEMENT OF FINANCIAL PERFORMANCE <sup>1</sup> FOR THE YEAR ENDED 30 JUNE 2010

	<b>Actual</b> <b>09-10</b> \$000	<b>Estimates</b> <b>09-10</b> \$000	<b>Actual</b> <b>08-09</b> \$000
<i>Revenue</i>			
Patents	5,835	5,556	5,890
Trade Marks	6,147	6,384	6,340
Designs	248	253	262
Other	299	1,230	408
<b>Total Revenue</b>	<b>12,529</b>	<b>13,423</b>	<b>12,900</b>
<i>Expenditure</i>			
Personnel Costs	4,430	4,657	4,399
Direct Operating Costs	3,795	4,524	2,858
Other Operating Costs	3,931	3,992	5,400
Depreciation	42	40	40
Capital Charge	77	79	80
<b>Total Expenditure</b>	<b>12,275</b>	<b>13,292</b>	<b>12,777</b>
<b>Surplus</b>	<b>254</b>	<b>131</b>	<b>123</b>

Notes:

1. The Intellectual Property Office of New Zealand is a business unit of the Ministry of Economic Development. The Statement of Financial Performance above has been extracted from the full Statement of Financial Performance of the Ministry for the year ended 30 June 2010.

## LEGISLATION ADMINISTERED

Patents Act 1953  
Trade Marks Act 1953  
Trade Marks Act 2002  
Designs Act 1953  
Plant Variety Rights Act 1987

## PUBLICATIONS

### ***[www.iponz.govt.nz](http://www.iponz.govt.nz)***

The website provides a general introduction to intellectual property and specific information about how to protect your ideas. The following services are available online:

- Search the Register - search for patents, trade marks, designs and plant variety rights.
- Renew your patent, trade mark or design.
- Apply for a patent, trade mark or design.
- Submit your patent, trade mark and design correspondence online.
- Track your application and correspondence progress through “View IP History”
- Search the decisions of the Commissioner issued by the Hearings Office
- Online Journal - search the online intellectual property journals.

### ***The Journal***

The monthly Journal is published on our website ([www.iponz.govt.nz](http://www.iponz.govt.nz)). Each Journal issue has a searchable index, along with information on actions relating to patent, trade mark and design applications and registrations. For example, you can view the abridgement and drawing(s) of accepted patent applications and the details of accepted trade marks and designs in the Journal. The period during which oppositions to grant or registration can be filed commences upon the advertisement of acceptance in the Journal.

The Journal also contains information such as fees and news of developments under the Patent Cooperation Treaty, any industrial exhibitions recognised for the purposes of the Patents and Design Acts, and IPONZ opening hours.

### ***Monthly Business Newsletter***

The IPONZ Newsletter is published monthly as part of the Ministry’s Business Update, and includes general information, changes and proposed changes to IPONZ practice and procedures.

## CONTACT DETAILS

**Business Address:**

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Ministry of Economic Development  
205 Victoria Street  
PO Box 9241  
Marion Square  
WELLINGTON 6141

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**Information Line** 0508 4 IPONZ (0508 447 669)