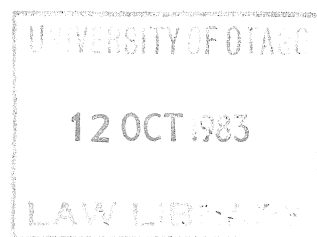


INDUSTRIAL PROPERTY ADVISORY COMMITTEE

PERIOD OF GRACE FOR PATENT  
RENEWAL FEE PAYMENTS

Report to The Minister of Justice.

1 August 1983



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PERIOD OF GRACE FOR PATENT

RENEWAL FEE PAYMENTS

SUMMARY:

This report recommends an enlargement of the allowable extension of time for paying a renewal fee to keep a patent in force.

THE AREA OF REVIEW

1. Patents are granted in New Zealand for a period of 16 years from the date of filing the complete specification, subject to the payment of a renewal fee before the end of the 4th, 7th, 10th, and 13th years from the previously mentioned date. The Patents Act 1953 provides for an extension of the time allowed to apply for renewal not exceeding three months if a special request is made and an additional fee is paid within the requested additional period. A failure to renew a patent within that allowable time results in a cessation of patent rights, and of notification of that fact in the Patent Office Journal and the Register of Patents.
  
2. Section 35 of the Patents Act 1953 allows applications to be made for restoration of a patent subsequent to this grace period of three months, but stringent restraints apply having regard for the need to provide the public with some certainty about the cessation of patent rights. To restore a patent which has lapsed due to non-payment of a renewal fee the Commissioner of Patents must be satisfied by evidence that the failure to renew was unintentional, and that there was no undue delay in making the application for restoration. If the Commissioner reaches a prima facie view that the application may proceed it is then thrown open for opposition by any interested party. The procedure involves the filing of evidence and counterstatements and a formal hearing of the opposition if it continues. The consequence of this necessary routine is an extension of public uncertainty which may exceed an additional eight months.
  
3. The present allowance of a grace period of three months, before the more exacting procedure of Section 35 becomes necessary for restoration of the patent, flows from an observance by New Zealand of the London Text of the Paris Convention for the Protection of Industrial Property to which it acceded in 1946. Although New Zealand is not bound by them, subsequent revisions of the Text have extended this period of grace to not less than six months. A survey of over 90 countries indicates that almost 70% now allow this larger period and the question is now posed whether New Zealand should follow this trend.

FACTORS INFLUENCING THE COMMITTEE

- 4.1 The Committee has received one submission on this question from an overseas firm specialising in the payment throughout the world of patent and other renewal fees. The main thrust of the submission is that there is a case for New Zealand changing the grace period to six months "to bring it into line with virtually every other major country in the world". While some cynicism might exist as to whether patentees who forget to renew their patents will perform any better with a six month grace period, it can be accepted that those who are pondering the need to renew may easily believe that the six month grace period is more universal than is the case. It is to be remembered that information available to the Committee indicates that the bulk of New Zealand patents are owned by overseas patentees.
- 4.2 It is certainly true that in the experience of the New Zealand Patent Office reasons advanced by patentees for failure to pay renewal fees on time frequently embrace the difference in the grace period between New Zealand and other countries as being the factor responsible.
- 4.3 The Committee is obliged to have regard for the effect that an extension of the grace period will have on the uncertainty in the public mind whether patented material has fallen into the public domain or not. By virtue of the International Convention and our Patents Act the public is already obliged to take into account a period beyond the point where a renewal fee becomes due and in any event the Register of Patents must be consulted to determine whether a patent has been marked off as "ceased". If the extension of the grace period has the effect of eliminating in some cases the need to apply for restoration under S.35, the period of uncertainty in those cases will be reduced due to the avoidance of the extended procedure involved.
- 4.4 Earlier reference was made to the popularity of the six month grace period in other countries and it is significant that our main trading partner Australia provides a six month period, and like New Zealand allows an unlimited time for restoration equivalent to our Section 35.
- 4.5 The substitution of a six month grace period for the existing three month extension can be achieved without any change in international obligations, and with only minor legislative amendments. It appears to the Committee that no adverse aspects exist and that the increase should be made for the sake of greater uniformity between countries.

RECOMMENDATION

5. That when action is next taken to amend the Patents Act 1953 a period of "six months" be substituted for the period of "three months" which now appears in subsection five of section 30 of that Act.

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