

*This response by the Intellectual Property Institute of Canada is in response to a comment by one of the respondents to the consultations about the cost of self-regulation.*

## **Funding and Costs for the Proposed College of Patent and Trade-mark Agents**

How much will it cost to be a member of the proposed College of Patent and Trade-mark Agents?

The short answer is that it should cost you the same amount as you are now paying CIPO to be on the register(s). This annual fee of \$350 would be paid to the College instead of CIPO. The fees to write the patent agent and trade-mark agent exams would also be paid to the College instead of CIPO. These revenues will fund the operations of the College.

In our business case presented to the Government in September 2002 (available on the IPIC web site), we provided an estimate of the budget. Here are some of the details of our proposal.

### **1. IPIC**

IPIC would continue in its current role of a voluntary professional association: promote the profession, advocate on behalf of its members, organize professional development activities and provide information services to members.

As a point of comparison for what follows below, IPIC's budget is approximately \$1.3 million. This includes \$435,000 for office operations (includes the salaries of the four permanent staff and temporary help, rent, insurance, amortization, and the web site). Direct expenses (which do not include staff) for courses, seminars and other events represent approximately \$560,000 of the budget.

### **2. College Revenues**

It is proposed that self-regulation take the form of a College of Patent and Trade-mark agents. The College would be distinct from IPIC and would have approximately 1,500 members. It would administer the exams, maintain the register, administer the discipline process and set education requirements. Currently, trade-mark and patent agents pay CIPO a fee of \$350 to be on the register. Those fees would go to the College instead of going to CIPO, as the College would be the regulatory body. That would provide for about \$700,000 a year. (Keep in mind that out of the 1,500 members, many pay the fees to be on both the patent and the trade-mark registers).

In addition, based on the new fees established by CIPO for writing the patent agent exam and the trade-mark agent exam, we anticipate revenues of \$100,000 a year from the exams. This would mean a total of \$800,000 a year based on our estimates of what CIPO receives from the profession.

### **3. College Expenses**

Many members who are also members of large regulatory bodies are concerned that self-regulation means a large, expensive structure. You should be reassured that this is not the case. We looked at self-regulatory bodies of comparable size, in particular the Canadian Institute of Actuaries with 3,300 members and smaller law societies such as the Law Society of Saskatchewan. Based on this, we have planned for a College with four permanent staff. We believe that \$550,000 should be sufficient to administer the College, including staff, liability insurance, rent, etc. An additional \$180,000 would go toward discipline proceedings, including investigators on contract. Finally, we estimated \$70,000 in direct expenses for the exams.

Therefore, we believe that self-regulation can be managed on an annual basis at no additional cost to members.

However, as some members have pointed out, legal costs for some discipline cases can be high. As noted above, we have budgeted for this and there are very few complaints about agents each year. For as long as people can remember, only two complaints have necessitated that someone be removed from the register. If that were to change, we would rely on some pro-bono work and would then have to consider an increase in dues to cover these costs (in addition to regular increases for inflation).

#### **4. Insurance**

Concerns were also expressed about insurance costs. The College would hold liability insurance because it would be licensing people to practice. That estimated cost (\$50,000) is included in the above budget estimates.

The only difference for members is that the College would be able to enforce the provision already in IPIC's code of ethics that an agent must maintain professional liability insurance. The College would not be an insurer but would negotiate rates with a supplier, as an optional service to members, as IPIC does now with Marsh Canada and Liberty Insurance.

#### **5. Conclusion**

IPIC believes that a better regulatory framework will benefit the patent and trade-mark professions. IPIC's goal is to obtain better regulation at the lowest cost impact. We believe that self-regulation through a College is the best way to answer that goal. However we do encourage people to make other proposals in their response to Industry Canada if they feel there is a better way to attain that objective.

If you have any questions about our proposals, please don't hesitate to consult the IPIC web site or to the IPIC Executive Director, Michel Gérin, at 613-234-0516 or [mgerin@ipic.ca](mailto:mgerin@ipic.ca).