

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 78 – INTELLECTUAL PROPERTY DEPARTMENT Subhead 000 Operational expenses

Members are invited to recommend to Finance Committee the creation of the following permanent posts in the Intellectual Property Department –

2 Assistant Principal Solicitor
(DL1) (\$99,400 - \$108,650)

to be offset by the deletion of the following permanent posts –

2 Senior Solicitor
(MPS 45 - 49) (\$77,375 - \$89,140)

PROBLEM

We need to strengthen directorate support for the Hearings Team in the Intellectual Property Department (IPD).

PROPOSAL

2. We propose to upgrade two permanent posts from Senior Solicitor (SS) (MPS 45 - 49) to Assistant Principal Solicitor (APS) (DL1) in IPD with effect from 1 August 2011.

/JUSTIFICATION

JUSTIFICATION

The Grade Structure Review

3. In November 2008, the Standing Commission¹ on Civil Service Salaries and Conditions of Service (Standing Commission) published its Report No.43 for the Grade Structure Review on the Government Counsel grade and the related Legal Aid Counsel and Solicitor grades.²

4. The Standing Commission noted that the Solicitor grade in IPD is a core professional grade in the Department. Over the past decade, Intellectual Property (IP) law and related issues have further developed in terms of both scope and complexity. IP law is a fast emerging specialty, and IP lawyers are highly sought after by the market in Hong Kong, the Mainland and overseas.³ Having regard to the level of responsibilities currently undertaken by SSs in IPD, the Standing Commission saw a prima facie case for the Department to review whether it was functionally justified to upgrade certain SS posts to the next higher rank beyond the senior professional level. It recommended that IPD should, in conjunction with the relevant bureaux and departments, actively explore options in that direction.⁴

Need for strengthening directorate support for the Hearings Team

5. To follow up the recommendation of the Standing Commission, the Department has reviewed the specific responsibilities of the various teams in IPD. It considers that there are functional needs for strengthening directorate support for the Hearings Team as elaborated in the ensuing paragraphs.

Quasi-judicial functions entrusted to the Hearings Team

6. Currently, IPD has an establishment of 23 posts for legal professionals, including one Deputy Director (DL3), four Assistant Directors (DL2), 11 SSs and seven Solicitors (Ss). The Department is responsible for, among other things, the registration of trade marks in Hong Kong. In this connection, the Director of Intellectual Property is also the Registrar of Trade Marks (the Registrar).

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¹ The Standing Commission advises and makes recommendations to the Chief Executive in respect of, inter alia, the salary and structure of individual grades in the non-Directorate Civil Service.

² The Report is available at <http://www.jsscscs.gov.hk/reports/en/43/43.pdf>.

³ Commission Report, paragraph 4.56.

⁴ Commission Report, paragraph 4.62.

7. In line with international practice⁵, IPD has set up a team of specialised officers responsible for handling hearings on trade marks registration matters. At present, the Hearings Team (manned by one Assistant Director (Hearings) (AD(H)), three SSs and one S) undertakes quasi-judicial functions of conducting hearings on trade marks registration matters for the Registrar.⁶

8. The trade marks hearings handled by the Hearings Team consist of –

(a) *ex parte registrability hearings*

Where an applicant for registration of a mark disagrees with the objections raised by the Registrar against his application, he may request an *ex parte* “registrability hearing”;

(b) *inter partes substantive hearings*

These include substantive hearings in opposition, revocation, invalidation and rectification proceedings. Any third party may file an opposition against an application for registration of a mark accepted and published by the Registrar. Also, after a mark has been registered, any third party may take out revocation, invalidation or rectification proceedings against it. All the above proceedings involve filing of statement of grounds and evidence by the parties in turn and a substantive hearing; and

(c) *ex parte and inter partes interlocutory hearings*

The most common type of *ex parte* interlocutory hearing involves application for extension of time by an applicant for registration of a mark to complete a step in the application process. Where the Registrar proposes to refuse a particular request for extension of time, the applicant may call for an *ex parte* interlocutory hearing. During the course of an *inter partes* proceeding, various interlocutory issues may arise between the parties, e.g. extension of time, leave to amend statement of grounds, consolidation, etc. If an interlocutory issue cannot be resolved by correspondence, a party may call for an *inter partes* interlocutory hearing.

/Following

⁵ Many trade marks offices elsewhere in the world (including the Office of Harmonization for the Internal Market in Europe, national trade mark offices in the United States of America, the United Kingdom, Australia, Singapore and Canada and the State Administration for Industry and Commerce of the People’s Republic of China) have an internal group or panel of specialised officers responsible for handling hearings on trade marks registration matters.

⁶ Some SSs and Ss in other teams also help out in handling hearings as a non-core duty.

Following any quasi-judicial proceeding in the Department, an appeal may be lodged to the Court⁷ against any decision of the Registrar under the Trade Marks Ordinance (Cap. 559).

High volume and complex hearings

9. All trade marks hearings cited above demand expertise and high level professional input of the hearing officer. In particular, *inter partes* substantive hearings involve a wide range of substantive and procedural issues. The parties are often represented at these hearings by counsel or senior counsel who specialises in this field. The hearing officer would need to be well versed in not only every aspect of trade marks law but also the practices and procedures in a contentious setting, so as to ensure procedural fairness between the parties. Moreover, such hearings often involve issues which have to be resolved on the spot, hence requiring the hearing officer to respond quickly and resolutely. Appeals against any decision or propriety of the proceedings rest with the appellate jurisdiction of the High Court. The quality required of trade marks decisions could thus be compared with those handed down by inferior courts and tribunals.

10. Before 2000, all trade marks *inter partes* substantive hearings were dealt with by AD(H). In 2001, due to the build-up of cases and in anticipation of higher demand following the imminent enactment of a new Trade Marks Ordinance in Hong Kong, two officers at the SS rank were drawn in to receive training and take up some of the trade marks *inter partes* substantive hearings.

11. The volume of trade marks *inter partes* proceedings increased sharply after the commencement of the new Trade Marks Ordinance⁸ in 2003. The total number of *inter partes* substantive cases pending to be heard grew from around 50 in 2003 to above 200 in 2010. With the increasing number of trade mark registrations, the number of contentious hearings involving complicated issues of fact and law is expected to rise continuously. In many such cases, the level of experience and expertise required of hearing officers have gone beyond that of officers at the SS level. They should more appropriately be handled at the

/directorate

⁷ The Court of First Instance.

⁸ The Trade Marks Ordinance (Cap. 559) (new law) repealed the previous Trade Marks Ordinance (Cap. 43) (old law).

director level. In fact, in a recent case⁹, the Court of Appeal emphasized the trust it placed in the expertise held by (and expected of) hearing officers who exercised quasi-judicial functions on behalf of the Registrar.

12. Given the increasing volume of complex cases that require substantive input from experienced and senior legal professionals in the Department, the Bureau considers that there exists a real and urgent need to provide adequate professional support at the director level for the Hearings Team.

Career development and retention of legal professionals

13. The Standing Commission also noted that IPD has encountered recruitment difficulties in recent years and is losing talent. The situation since 2008 has not improved significantly. In the three years ending March 2010, a total of ten Ss either resigned or sought appointment in another department.¹⁰ Given the small size of the grade, the drain of trained officers in the Solicitor grade in IPD is acute.

14. The loss of experienced staff members in IPD is clearly an issue which ought to be tackled through a broad range of human resource management measures. In particular, the Department recognises that apart from remuneration, measures such as providing enhanced and relevant training, fostering a supportive management environment and recognising performance all play an important role in motivating staff. Opportunities for overseas exposure and networking are also essential non-monetary incentives. IPD will continue to provide legal professionals in the Department with training and development opportunities locally and abroad so as to broaden their horizon and sharpen their professional skills.

15. The proposed creation of two new director posts will improve the promotion prospect of the Solicitor grade. That should in turn encourage its members to remain in the Department, with recognition and rewards in terms of salary, status and work exposure. The addition of two new director posts will enhance the career path for new recruits.

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⁹ *Re Creative Resources LLC* (CACV 15/2009) [2010] 1 HKLRD 3822

In this case, the Court of Appeal remarked that “*It has long been recognised that the Registrar has considerable experience in relation to matters such as distinctiveness and as to whether marks are appropriate for registration.*” (paragraph 11) “... *the very significant experience which the Registrar has in dealing with trade mark applications ... is an experience which no court has, or could be expected to have. The court has traditionally paid considerable respect to the views of the Registrar when considering the exercise of the discretion.*” (paragraph 17) ... “*Essentially, therefore, a similar approach should be taken to the exercise of discretion by the Registrar as by a judge.*” (paragraph 22) [emphasis added]

¹⁰ The situation was very acute in 2007-08, 2008-09 and 2009-10 where three, four and three Ss respectively left the Department, against a small establishment of 18 SS/S posts in IPD.

Encl. 1 16. The job description of the proposed APS posts is at Enclosure 1.

Encl. 2 17. The proposed organisation chart of IPD at the directorate level upon implementation of the proposed changes is at Enclosure 2.

ALTERNATIVES CONSIDERED

Encls. 3(a)-3(f) 18. There is no viable alternative. We have carefully examined the existing staffing of IPD at the directorate level. AD(H), the only directorate officer in the Hearings Team, is already fully stretched in overseeing the professional functions and operation of the Team. The other Assistant Directors and senior staff in the Department are fully engaged with their respective portfolios without spare capacity to share out the work. There is no room for redeployment at the directorate level. The existing duty schedules of these posts are summarised at Enclosures 3(a) to 3(f). The proposal to upgrade two SS posts to APS posts is consistent with the recommendation of the Standing Commission, and is necessary for IPD to fulfill its statutory quasi-judicial role on a sustainable basis.

FINANCIAL IMPLICATIONS

19. The proposed upgrading of two SS posts to APS posts will bring about an additional notional annual salary cost at mid-point of \$537,360 as follows –

| Rank | Notional annual salary cost at mid-point \$ | No. of posts |
|---|--|-------------------------|
| Creation of permanent post APS | 2,530,800 | 2 |
| <i>Less:</i> Deletion of permanent post SS | 1,993,440 | 2 |
| Total | 537,360 | 0 |

The additional full annual average staff cost, including salaries and staff on-cost is \$998,000. IPD has sufficient provision to meet the cost of this proposal.

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20. The staff cost for the performance of quasi-judicial functions of the Registrar (which is the core duty of the proposed APS posts) is excluded from costing for trade mark fees and charges, on the basis that it is Government's responsibility to administer justice. Therefore, the increase in staff cost upon implementation of the proposed upgrading of the two SS posts to APS posts will not have any impact on trade mark fees and charges.

PUBLIC CONSULTATION

21. We consulted the Legislative Council Panel on Commerce and Industry on 18 January 2011. The Panel was in general supportive of our proposal. Nevertheless, some Members were concerned about whether the proposal could (a) help tackle the problem relating to increased caseload; and (b) help resolve the problem of high wastage and recruitment difficulties faced by IPD. We explained that the proposal would help retain staff members through enhancing the promotion prospects for the Solicitor grade. Moreover, the APSs would help strengthen the Department's capacity to train junior hearing officers and shorten the time otherwise required to put right the productivity loss caused by staff turnover. The management of IPD had put much effort in communicating with its staff members and stepped up staff training, which often involved overseas training, to motivate staff.

ESTABLISHMENT CHANGES

22. The establishment changes in IPD for the past two years are as follows –

| Establishment (Note) | Number of Posts | | | |
|-------------------------|---------------------------------------|-----------------------|-----------------------|-----------------------|
| | Existing (As at 1 January 2011) | As at 1 April 2010 | As at 1 April 2009 | As at 1 April 2008 |
| A | 7 [#] | 7 | 7 | 7 |
| B | 31 | 30 | 30 | 30 |
| C | 76 | 76 | 70 | 52 |
| Total | 114 | 113 | 107 | 89 |

Note:

A – ranks in the directorate pay scale or equivalent

B – non-directorate ranks, the maximum pay point of which is above MPS point 33 or equivalent

C – non-directorate ranks, the maximum pay point of which is at or below MPS point 33 or equivalent

as at 1 January 2011, there was no unfilled directorate post in IPD

CIVIL SERVICE BUREAU COMMENTS

23. The Civil Service Bureau supports the proposed upgrading of two permanent SS posts to two permanent APS posts to strengthen directorate support for the Hearings Team in IPD. The ranking of the proposed posts is appropriate having regard to the level and scope of the responsibilities required.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

24. The Standing Committee on Directorate Salaries and Conditions of Service has advised that the grading proposed for the posts would be appropriate if the proposal were to be implemented.

Commerce and Economic Development Bureau
February 2011

Job Description
Assistant Principal Solicitor

Rank: Assistant Principal Solicitor (DL1)

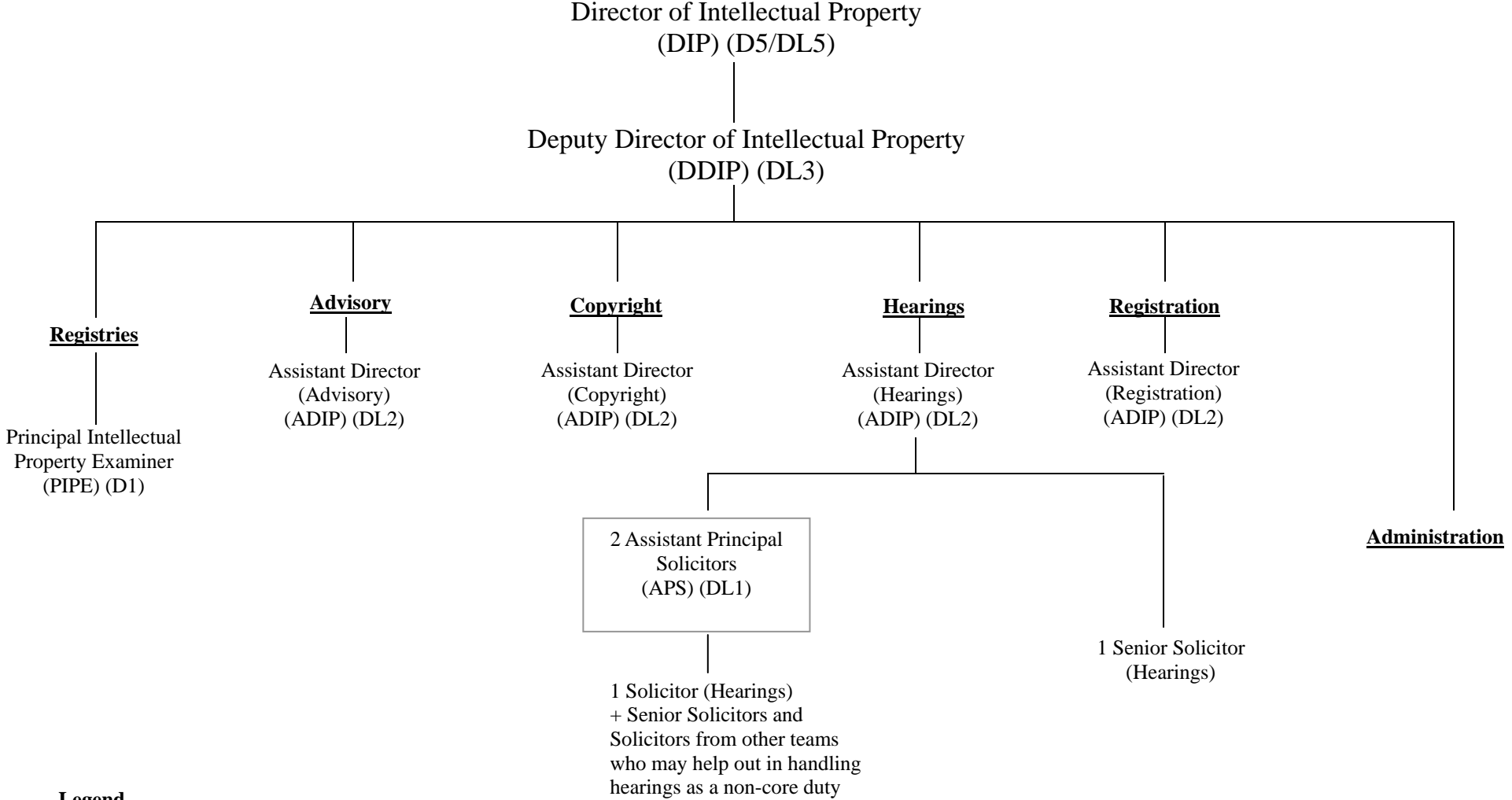
Responsible to: Assistant Director (Hearings)

Main Duties and Responsibilities –

- (i) To conduct trade marks opposition, revocation, invalidation and rectification hearings and hand down decisions.
 - (ii) To conduct complex registrability hearings and hand down decisions.
 - (iii) To train and develop junior hearing officers[#].
 - (iv) To attend court on appeals against the registrability and interlocutory decisions of the Registrar of Trade Marks.
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They include, at present, one Solicitor in the Hearings Team, as well as four Senior Solicitors and three Solicitors in the Advisory, Copyright and Registration Teams (see organisation chart at Enclosure 2) who may be enlisted to help out in handling hearings as non-core duty.

Proposed Organisation Chart of the Intellectual Property Department at Directorate Level



Legend
ADIP: Assistant Director of Intellectual Property
APS : Assistant Principal Solicitor
□ : Proposed posts at APS rank

Job Description
Director of Intellectual Property

Rank : Director of Intellectual Property (D5/DL5)

Responsible to : Permanent Secretary for Commerce and Economic
Development (Commerce, Industry and Tourism)

Main Duties and Responsibilities –

- (i) To advise the Administration on matters relating to trademarks, patents, designs, copyright and other intellectual property rights.
- (ii) To assist the Secretary for Commerce and Economic Development in the formulation and implementation of policies, legislation and administrative systems for the protection of intellectual property rights.
- (iii) To promote awareness in Hong Kong of the importance of intellectual property protection.
- (iv) To represent Hong Kong and promote its interest in the international intellectual property community.
- (v) To have overall responsibility for management of the Department.

Job Description
Deputy Director of Intellectual Property

Rank : Deputy Director of Intellectual Property (DL3)

Responsible to : Director of Intellectual Property (DIP)

Main Duties and Responsibilities –

- (i) To deputise DIP in meeting the legal, operational, administrative and promotional obligations and targets of the Department.
- (ii) To lead legal officers with a vision and manage the Department strategically.
- (iii) To ensure effective and efficient operation of the Trade Marks, Patents and Designs Registries.
- (iv) To advise on policy and legislative matters relating to intellectual property.
- (v) To promote intellectual property rights both locally and in international forums.
- (vi) To monitor and provide civil intellectual property legal advisory service.
- (vii) To monitor hearings, judicial review and appeal actions.

Job Description
Assistant Director of Intellectual Property (Copyright)

Rank : Assistant Director of Intellectual Property (Copyright) (DL2)

Responsible to : Deputy Director of Intellectual Property

Main Duties and Responsibilities –

- (i) To oversee the provision of legal and policy advice on copyright and related rights, and prevention of copyright piracy.
- (ii) To advise on the development of international copyright and related standards and norms.
- (iii) To prepare draft drafting instructions on proposed legislation and subsidiary legislation on copyright and related rights.
- (iv) To monitor the voluntary registration of copyright licensing bodies.
- (v) To assist in promoting public awareness of and respect for intellectual property rights.

Job Description
Assistant Director of Intellectual Property (Advisory)

Rank : Assistant Director of Intellectual Property (Advisory) (DL2)

Responsible to : Deputy Director of Intellectual Property

Main Duties and Responsibilities –

- (i) To oversee the provision of civil legal advisory service on intellectual property matters to government departments and bureaux.
 - (ii) To identify the civil intellectual property issues raised in requests from government departments and bureaux.
 - (iii) To provide specialist civil legal opinions on intellectual property to government departments and bureaux.
 - (iv) To advise on the development of registrable public international intellectual property standards and norms, and private international intellectual property issues, principles, rules, processes and practice.
 - (v) To monitor international and regional intellectual property capacity building matters.
 - (vi) To make recommendation on the position/stance that Hong Kong should take in relation to international intellectual property issues.
 - (vii) To oversee liaison with IP authorities in the Mainland.
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Job Description
Assistant Director of Intellectual Property (Hearings)

Rank : Assistant Director of Intellectual Property (Hearings) (DL2)

Responsible to : Deputy Director of Intellectual Property

Main Duties and Responsibilities –

- (i) To oversee the provision of legal advice on matters arising from contentious trade mark, patent and design proceedings.
- (ii) To make provisional determinations in all interlocutory matters; undertaking trade mark registrability, opposition and invalidation hearings, and handing down reasoned decisions.
- (iii) To plan and supervise trade mark, patent and design hearings at all stages.
- (iv) To monitor the allocation of hearings to legal officers and attend court on appeals relating to cases from all Registries.
- (v) To establish practice and procedures in contentious trade mark, patent and design applications.
- (vi) To update the Trade Mark Manual in respect of hearings as and when necessary and oversee the preparation of internal guidelines relating to hearings.

Job Description
Assistant Director of Intellectual Property (Registration)

Rank : Assistant Director of Intellectual Property (Registration) (DL2)

Responsible to : Deputy Director of Intellectual Property

Main Duties and Responsibilities –

- (i) To oversee practice and procedures in respect of the application and post-registration processes of trade marks, patents and designs.
- (ii) To convene or supervise trade mark registrability sessions.
- (iii) To monitor the approval of trade marks, patents and designs registrations.
- (iv) To oversee the provision of policy and legal advice on trade marks, patents, designs and other registrable rights.
- (v) To update the Trade Mark Manual in respect of the application and post-registration processes as and when necessary and oversee the preparation of internal guidelines relating to registration and post-registration matters.
- (vi) To advise on draft intellectual property High Court Rules; plan and prepare drafting instructions on possible amendments to Ordinances and subsidiary legislation on registrable intellectual property rights.
