

**For discussion
on 18 June 2012**

Legislative Council Panel on Commerce and Industry

Review of the Patent System in Hong Kong

Purpose

In October 2011, we launched a review exercise seeking public views on the future positioning of our patent system. This paper outlines the views received from the public and relevant stakeholders. It also reports on the current state of the review.

Background

2. The current patent system in Hong Kong has been in place for more than a decade. To ensure that the system continues to meet present-day circumstances and that its further evolution would complement our efforts to develop Hong Kong into a regional innovation and technology hub, we have decided to conduct a comprehensive review, taking into account the latest international developments in patent protection.

3. We issued a public consultation paper on the subject in October 2011, inviting views from the public by the end of December. During the consultation period, we engaged stakeholders through different channels and forums. We met with and listened to the views of the relevant advisory boards including the Innovation and Technology Advisory Committee of the Hong Kong Trade Development Council and the Trade and Industry Advisory Board. We also held various briefing sessions targeted at research and development (“R&D”) centres, small and medium-sized enterprises, industry associations, tertiary education institutes and chambers of commerce, etc. and gathered their views.

4. Since the review involves different professional and technical considerations underpinning the patent system, we have formed an Advisory Committee comprising legal professionals, patent practitioners, members of the academia, R&D and industrial sectors, as well as a number of officials from the relevant government agencies. The appointments to the Advisory Committee and its terms of reference are at **Annex**.

Summary of comments received during the consultation exercise

5. By the end of the consultation period, a total of 74 submissions were received (including nine late submissions), mainly from stakeholders in the patent-related fields including various industrial associations and professional organizations, academia, the legal profession, as well as the business and industrial sectors. Copies of the submissions are available at the following websites:

<http://www.cedb.gov.hk/citb>

<http://www.ipd.gov.hk>

6. A digest of the views and comments received on the key issues in the public consultation paper is set out in paragraphs 7 to 17 below.

Standard Patents

“Original grant” patent system

7. Views on the case for or against having an “original grant” patent (“OGP”) system in Hong Kong are very diverse. Most of the local trade associations like The Chinese Manufacturers’ Association of Hong Kong, Federation of Hong Kong Industries etc. support having an OGP system in Hong Kong, whilst the Hong Kong Association of the Pharmaceutical Industry and the Licensing Executives Society China Hong Kong Sub-Chapter hold a contrary view. The American Chamber of Commerce in Hong Kong and the Hong Kong General Chamber of Commerce have expressed doubts about the demand for using an OGP system in Hong Kong, including questions as to whether it could attract the critical mass required for supporting a cost-effective OGP system.

8. The Hong Kong Institute of Patent Attorneys and the Hong Kong Institute of Patent Practitioners consider an OGP system beneficial to Hong Kong, whilst The Law Society of Hong Kong, the Hong Kong Institute of Trade Mark Practitioners and the Asian Patent Attorneys Association Hong Kong Group do not see a business case for having an OGP system.

9. Patent practitioners, other groups and individual respondents are similarly divided in their views about the introduction of an OGP system in Hong Kong.

10. Supporters of an OGP system consider that it would offer tangible and potential benefits including the following:

- (a) more flexible and expedient examination procedures;
- (b) allowing applicants to obtain patent protection in Hong Kong at a lower cost;
- (c) contracting out the substantive examination work to the State Intellectual Property Office (“SIPO”) (in the Mainland) seems to be a natural choice at least in the initial stage, as it would provide a better basis for (i) mutual recognition of patents granted by Hong Kong and the Mainland; or (ii) expedited processing of subsequent corresponding applications by SIPO which has done the examination before;
- (d) direct communication between local enterprises and Hong Kong patent practitioners without language barrier, resulting in higher patent quality;
- (e) encouraging local innovation and attracting enterprises to set up their R&D operations in Hong Kong, thereby promoting Hong Kong as a regional innovation and technology hub;
- (f) stimulating the growth of patent agency business and helping to build up local patent professionals;

- (g) creating added career opportunities for graduates with science and engineering background; and
- (h) promoting Hong Kong as the place of “first filing” for patents.

11. Commentaries that have been put forward to question the presence of a business case for adopting an OGP system in Hong Kong include the following:

- (a) doubtful as to whether there would be sufficient demand for supporting a cost-effective OGP system;
- (b) cost of obtaining an OGP (particularly if the system is not supported by a sufficient critical mass) could be much higher than that for obtaining a patent under the current “re-registration” system, and the cost would almost inevitably be passed on to users; an OGP system if introduced should not be at the expense of “re-registration” system users; public funds should be spent on more worthy causes than providing subsidy to patent applicants;
- (c) the current “re-registration” system is efficient and inexpensive, having an OGP system would complicate rather than streamline patent grant procedures; the international trend is moving away from duplicate patent examination;
- (d) introduction of an OGP system would not enhance the quality of standard patents granted which is already very high;
- (e) no credible empirical evidence to support the notion that adopting an OGP system would stimulate local innovation;

- (f) doubtful as to whether an OGP system with substantive examination outsourced would help develop and train local patent professionals;
- (g) doubtful as to whether the number of added jobs created for polytechnic graduates would justify the substantial resources and investments required for implementing and up-keeping an OGP system; and
- (h) the availability of an OGP system is not a significant factor for deciding where to file a patent application.

“Re-registration” system

12. The vast majority of respondents consider that the current “re-registration” system should be maintained. Some respondents suggest that the list of designated patent offices should be expanded to include other patent offices.

13. On the other hand, there are concerns that if the list of designated patent offices is expanded, the discrepancies between different patent systems may lead to inconsistencies in the scope of protection attached to patents based on patents granted by different designated patent offices. Some individual respondents consider it unfair for Hong Kong to re-register patents granted by other jurisdictions without reciprocity.

14. Others consider that no change to the present “re-registration” system is required.

Short-Term Patents

15. The vast majority of respondents consider that the short-term patent system should be retained. Whilst some consider that no change is required, others favour changes such as the following:

- (a) extending the maximum term of protection from 8 to 10 years;

- (b) requiring substantive examination to be carried out before commencement of infringement proceedings;
- (c) increasing the maximum number of independent claims;
and
- (d) modifying the groundless threats provisions.

Regulation of Patent Agency Services

16. Some respondents support setting up a regulatory regime for providers of patent agency services in any event. Others see a need for a regulatory regime only if an OGP system is to be introduced in Hong Kong. Amongst those who favour a regulatory regime, there are different views as to whether we should regulate the provision of some or all patent-related services. There are also different views as to whether we should restrict patent-related practices to persons meeting certain qualifications or requirements, or restrict the use of particular titles such as “patent agent” and “patent attorney” only.

17. Individual respondents are concerned that regulation would drive up service fees charged by patent agents. Some consider that no regulation is better than poor, ambiguous or sub-standard regulation.

Deliberations at the Advisory Committee

18. The Advisory Committee has been examining the public views received. In its deliberations to date, the Advisory Committee largely focused its attention on the issue of whether an OGP system should be introduced in Hong Kong, and has yet to conclude its deliberations.

19. The Advisory Committee has also had preliminary discussions about other issues highlighted in the consultation paper, including the question of whether the short-term patent system should be retained.

20. On the issue of how best to regulate patent agency services, the Advisory Committee sees merits in taking a view on the matter later, after a consensus on whether or not Hong Kong should adopt an OGP system has been arrived at.

Initial Observations

21. In the meantime, we note that while the views on whether to set up an OGP system are very diverse, the vast majority of respondents consider that the current “re-registration” system should be maintained. We also note the view that if an OGP system is to be set up in Hong Kong, recourse to domestic substantive examination will not be viable at the initial stage, considering the significant outlay involved. We are in the process of gathering more information on possible options, including outsourcing possibilities, taking into account arrangements in other places, with a view to reverting to the Advisory Committee to facilitate its further deliberations.

22. In this regard, we have initiated dialogue with SIPO to explore outsourcing possibilities, bearing in mind that the attractiveness of an OGP system in Hong Kong to prospective applicants (local and overseas) would depend a lot on how efficient and user-friendly the service could be. Factors like language requirements on the filing of applications, length of processing time, level of official fees, the ease with which applicants could interact with examiners, etc. are relevant.

Next Step

23. We will continue to work with the Advisory Committee, with a view to enabling it to tender its advice to the Administration early. We aim to decide on the way forward before the end of 2012.

Commerce and Economic Development Bureau
Intellectual Property Department
June 2012

**Advisory Committee on
Review of the Patent System in Hong Kong**

Membership List

Chairman

Mr Andrew Liao Cheung-sing, GBS, SC, JP

Members

Mr Ewan Bewley

Mr Christopher William Britton

Mr Sunny Chai Ngai-chiu

Dr Jackson Chan Chik-sum

Professor Paul Cheung Ying-sheung

Ms Helen Jiang Hua

Mr Kwong Chi-keung, JP

Miss Alice Lee Suet-ching

Mr Joseph Poon Wing-sang

Mr Gabriel Tong Yui-lung

Dr Claudia Xu Jian

Director of Intellectual Property

Deputy Secretary for Commerce and Economic Development

(Commerce and Industry)²

Assistant Commissioner for Innovation and Technology

(Funding Schemes)

Terms of Reference

“To advise the Secretary for Commerce and Economic Development on –

- (a) how the Administration should position our patent system, having regard to the issues outlined in the public consultation paper of October 2011 and the responses received; and
- (b) how best to implement changes to the system, in the light of decisions made by the Administration on the way forward.”