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Panel on Commerce and Industry

Meeting on 15 November 2011

Updated background brief on the patent registration system in Hong Kong

Purpose

This paper provides background information on the patent registration system in Hong Kong and a summary of views and concerns expressed by Members during previous discussions on the subject.

Background

2. Patents protect an invention by giving the patent owner a legal right to prevent others from manufacturing, using, selling or importing the patented invention. The Patents Ordinance (Cap. 514) provides for the relevant requirements under the patent registration system in Hong Kong. For the purpose of granting a patent, the Hong Kong Patents Registry will verify the documents and information submitted to ensure that the registration requirements are met. It does not conduct substantive examination, i.e. it does not assess whether the invention is novel, involves an inventive step and is susceptible to industrial applications. The system is also referred to as a "re-registration" system. There are two types of patent in Hong Kong, namely standard patent and short-term patent.

3. Standard patents obtained in Hong Kong are based on a patent granted by one of three "designated patent offices". These "designated patent offices", which adopt the "original grant" patent (OGP) system, are the State Intellectual Property Office, the United Kingdom Patent Office and the European Patent Office. The application process involves two stages. At Stage one, the applicant has to file a "request to record" in Hong Kong within six months after the date of publication of corresponding application in a "designated patent

office". At Stage two, the applicant has to file a "request for registration and grant" in Hong Kong within six months after the date of grant of the designated patent by the "designated patent office" or publication of the "request to record" in Hong Kong, whichever is later. The Hong Kong Patents Registry will normally grant the patent within a few months after receiving the relevant certifying document from the "designated patent office". The total application and publication fee for a standard patent is \$896. A standard patent may remain in force for a maximum term of 20 years.

4. As for short-term patent, the applicant files the application direct with the Hong Kong Patents Registry without having to go through a "designated patent office". The applicant will need to submit a search report prepared either by one of the "designated patent offices" or by any International Searching Authority appointed pursuant to Article 16 of the Patent Co-operation Treaty. The Hong Kong Patents Registry will grant the short-term patent after satisfying itself that the information required is fully furnished. Such a process normally takes a few months. The total application and publication fee for a short-term patent is \$823. A short-term patent may remain in force for a maximum term of eight years.

5. According to the Administration, the statistics of patent applications in recent years are summarized as follows:

| Year | Standard patent | Short-term patent |
|--------------------------------------|------------------------|--------------------------|
| 2005-2010 | | |
| Average no. of applications per year | around 12 000 | around 530 |
| Average no. of grants per year | around 5 200 | around 460 |
| 2010 | | |
| No. of applications | 11 702 | 614 |
| No. of grants | 5 353 | 522 |

Previous discussions

6. Members have discussed at various forums issues on the patent registration system in Hong Kong since 2009.

7. At the Council meetings on 9 December 2009 and 11 May 2011, Members raised questions on the patent registration in Hong Kong. Members urged the Administration to consider setting up an OGP system and the "utility model patents" system to dovetail with the unique features of local industries and foster the development of creative industries in Hong Kong.

8. At the Panel meeting on 15 March 2011, the Administration briefed the Panel on Commerce and Industry (the Panel) on the development of the trade relations between the Mainland and Hong Kong, and on matters relating to commerce and industry discussed at the 16th Working Meeting of the Hong Kong/Guangdong Co-operation Joint Conference held on 28 February 2011 in Guangzhou. Panel members called on the Administration to consider establishing an OGP system, in particular with the co-operation between Hong Kong and the Guangdong Province, and exploring the possibilities of fostering mutual recognition of patent system between the two places under the Mainland and Hong Kong Closer Economic Partnership Arrangement. Panel members also expressed that if the Mainland enterprises could apply for internationally recognized standard patents for their products in Hong Kong, it would help them tap the overseas market, thus creating huge business opportunities for the patent industry in Hong Kong.

9. At the Panel meeting on 17 May 2011, the Administration briefed the Panel on the proposed scope of the review of the patent registration system in Hong Kong. The Administration proposed to focus on whether it should introduce an OGP system with substantive examination outsourced to other patent office(s), and, if so, which office(s), and whether the current "re-registration" system should be maintained, and if so, whether the system should be expanded to recognize the patents granted by other jurisdictions. The Administration had no preconceived notions as to how the current system should further evolve, and would consider opinions from all fronts with a view to formulating the general direction for the further development of the system. The Administration also proposed to focus on whether it should retain the short-term patent system as a supplement to standard patents, and if so, whether it should introduce changes to the patentability criteria and/or the term of protection, whether the Administration should introduce changes enabling an applicant/a patent owner/third party to seek substantive examination of the invention before or after the grant of a short-term patent and what other measures should be introduced to provide greater certainty and avoid unnecessary litigations.

10. The Panel welcomed the proposed scope and called on the Administration to take forward the review as soon as practicable. Some members suggested that the Administration should consider expanding the current "re-registration" system to recognize the patents granted by other jurisdictions, such as the United States and Japan. These members opined that having an OGP system in Hong Kong would help develop the patent industry, create job opportunities for patent practitioners and foster the development of innovation and technology in Hong Kong. Some Panel members were also of the view that the Administration should consider revamping the current short-term patent system with a view to providing better protection for the patent owners, in particular local inventors and small and medium enterprises in

the event of patent disputes.

11. Noting that there were 11 702 applications for standard patents but only 5 353 standard patents had been granted in 2010, members expressed concern whether the low percentage of successful applications were due to the fact that sufficient resources had not been allocated for the timely processing of the patent applications. The Administration advised that many applications did not proceed to grant because applicants who failed to obtain the grant of a patent by the "designated patent office" would not file the "request for registration and grant" at Stage two. Some other cases involved withdrawal by the applicants.

Recent developments

12. On 4 October 2011, the Administration issued a consultation paper seeking views from the public and stakeholders on the review of the patent system in Hong Kong. The consultation period commenced on the same day and will last until 31 December 2011. The Administration aims to publish the proposed way forward in the first half of 2012.

Latest position

13. The Administration will brief the Panel on 15 November 2011 on the key issues of the consultation paper on the review of the patent system in Hong Kong and the consultation arrangements.

Relevant papers

Administration's replies to initial written questions raised by Finance Committee Members in examining the Estimates of Expenditure 2011-12: serial no. CEDB(CIT)134

http://www.legco.gov.hk/yr10-11/english/fc/fc/w_q/cedb-cit-e.pdf

Administration's written reply to a question by Hon WONG Ting-kwong at the Council meeting on 9 December 2009

<http://www.legco.gov.hk/yr09-10/english/counmtg/hansard/cm1209-translate-e.pdf>

Administration's reply to a question by Dr Hon PAN Pey-chyou at the Council meeting on 11 May 2011

<http://www.legco.gov.hk/yr10-11/english/counmtg/hansard/cm0511-translate-e.pdf>

Minutes of Commerce and Industry Panel meeting on 15 March 2011

<http://www.legco.gov.hk/yr10-11/english/panels/ci/minutes/ci20110315.pdf>

Administration's paper on review of the patent registration system in Hong Kong for the Commerce and Industry Panel meeting on 17 May 2011

<http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0517cb1-2147-4-e.pdf>

Background brief prepared by the Legislative Council Secretariat for the Commerce and Industry Panel meeting on 17 May 2011

<http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0517cb1-2147-5-e.pdf>

Minutes of Commerce and Industry Panel meeting on 17 May 2011

<http://www.legco.gov.hk/yr10-11/english/panels/ci/minutes/ci20110517.pdf>

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