

**Legislative Council
Establishment Subcommittee**

EC(2016-17)24

**Supplemental Information on the Proposed Conversion of a
Supernumerary Assistant Director of Intellectual Property (ADIP) Post
to a Permanent Post to Continue with
the Duties and Responsibilities pertinent to the Patent Portfolio**

Our responses to the questions raised in the email dated 7 April 2017 from Hon Nathan LAW to the Chairman of the Establishment Subcommittee are as follows:

Seeking assistance from the State Intellectual Property Office of the Mainland (SIPO)

Question (1)

LC Paper No. CB(1)311/16-17(04) states that “SIPO agreed to provide technical assistance and support to the Intellectual Property Department (IPD) in conducting substantive examination of patent applications and also in manpower training under the new patent system.” For that, please provide details of IPD’s meetings with SIPO and the relevant progress in SIPO’s provision of technical assistance.

Answer (1)

Below is a summary of the meetings between IPD and SIPO:

- (i) Two meetings were held in 2013 and the two parties reached an agreement on SIPO’s provision of technical assistance to IPD in relation to the establishment of the “original grant” patent (OGP) system. The Co-operation Arrangement in the Area of Patent was signed between IPD and SIPO in December 2013.
- (ii) Both parties subsequently met six times between 2014 and 2016 to exchange views and discuss further on various topics such as the scope of technical assistance to be provided by SIPO to IPD on substantive examination, workflow of examination (including review of applications), proposals on fees and charges, drafting of examination guidelines, electronic system automation, patent database and personnel training etc.

Question (2)

Apart from SIPO, has IPD contacted other patent authorities (e.g. UK Patent Office, European Patent Office, etc.) for technical assistance? Please provide details of meetings and exchanges with other patent authorities between 2014 and 2016, including summaries of the relevant activities, dates and venues etc.

Answer (2)

IPD has from time to time exchanged views with other patent authorities on matters relating to patent. A summary of these exchanges is as follows:

- (i) UK Intellectual Property Office (UKIPO)
 - Representatives of IPD visited the UKIPO in January 2013 to exchange views.
 - Representatives of the UKIPO visited Hong Kong in September 2014, August 2015 and August 2016, and co-organized seminars with IPD.
 - Representatives of the UKIPO visited IPD for exchanging views on patent issues.
 - IPD met with representatives of the UKIPO for exchanging views on patent issues during the World Intellectual Property Organization (WIPO) General Assembly in Geneva in October 2016.
- (ii) European Patent Office (EPO)
 - In April 2013, IPD sent representatives to a seminar held by the EPO in Vienna. The representatives met their EPO counterparts to exchange views on patent issues.
- (iii) Korean Intellectual Property Office (KIPO)
 - On behalf of the Government of the Hong Kong SAR, IPD signed a Memorandum of Understanding on co-operation in the field of intellectual property with the KIPO in Hong Kong in January 2015.
 - KIPO visited IPD in February 2017 for exchanging views on intellectual property (including patent) issues.
- (iv) Mexican Institute of Industrial Property
 - On behalf of the Government of the Hong Kong SAR, IPD signed a Memorandum of Understanding on co-operation in the field of intellectual property with the Mexican authority in Hong Kong in

February 2015.

- (v) IP Australia
 - IPD met the representatives of the Australian authority for exchanging views on patent issues during WIPO General Assembly in Geneva in October 2016.
- (vi) Canadian Intellectual Property Office
 - IPD met the representatives of the Canadian authority for exchanging views on patent issues during WIPO General Assembly in Geneva in October 2016.
- (vii) Intellectual Property Office of Singapore
 - IPD met the representatives of the Singaporean authority for exchanging views on patent issues during WIPO General Assembly in Geneva in October 2016.

Question (3)

Recently, the decisions of SIPO often cause great controversy, e.g. the mainland brand “新百倫 new barlun” won the lawsuit against New Balance of the US¹; Honda Motor’s lawsuit against Shuanghuan Auto was dismissed²; Michael Jordan’s lawsuit against Qiaodan were dismissed at the first and second instances³; Baili won the lawsuit against Apple Inc. at the first instance etc. in which there was suspected bias in favour of the Chinese companies. As such, would it weaken the confidence in the patent system of Hong Kong if we solely seek technical assistance from SIPO?

Answer (3)

From the macro and strategic perspectives, having SIPO’s assistance in handling substantive examination work is the most desirable and reasonable arrangement for the following reasons:

- (i) SIPO is one of the five largest intellectual property offices in the world. Apart from being one of the designated International Searching Authority (ISA) and International Preliminary Examination Authority (IPEA) of the Patent Co-operation Treaty, it is also one of the three “designated patent

¹ <http://hk.apple.nextmedia.com/realtime/china/20160430/55049050>

² <https://kknews.cc/zh-hk/car/zmeenq.html>

³ <http://hk.apple.nextmedia.com/realtime/china/20161208/56019034>

offices” under the current “standard patent” regime in Hong Kong. In recent years, around 60% of the standard patents granted under the “re-registration” system by the Hong Kong Patents Registry are based on patents granted by SIPO.

- (ii) SIPO has been providing assistance to the respective patent systems of the Macao SAR (since 2003) and the Cooperation Council for the Arab States of the Gulf (since 2010) in relation to substantive examination. Moreover, according to WIPO’s statistics of the last 5 years, SIPO had exceeded the US Patent and Trademark Office from 2011 to 2015 consecutively to become the patent examination authority receiving the largest number of patent applications in the world. In 2015, SIPO became the world’s first patent authority receiving over 1 million patent applications (1,101,864) annually.
- (iii) As regards human resources and experience, the Mainland has been receiving patent applications for more than 30 years since the implementation of the China Patent Law in 1985. As at 2015, SIPO had a total of more than 9,000 patent examiners. SIPO imposes high requirements on academic qualifications and English standard on its examiners, and provides comprehensive training for them. Its examiners generally have postgraduate qualifications in science or engineering and patent-related experience.

Therefore, it is beyond doubt that SIPO has profound professional knowledge, skills and experience to assist Hong Kong in processing patent claims and specification in Chinese or English language. We believe that the assistance provided by SIPO would help Hong Kong gradually establish the indigenous substantive examination capacity on par with the international standards.

When assisting Hong Kong in examining whether the inventions underlying OGP applications have technically met the patentability requirements and standards (including novelty and inventive step of the inventions), SIPO does not have the authority to grant or refuse local OGP applications. The decisions on grant and refusal are to be made by the Director of Intellectual Property (DIP) in the capacity as Registrar of Patents in accordance with the local law. Hence, the cooperation between IPD and SIPO will not undermine the independence of the Hong Kong patent system. Similar technical assistance arrangement has been in practice for years and

is still valid in Singapore (with its OGP system established since 1995) and Macao (with its OGP system established since 2000).

Furthermore, the intellectual property rights involved in the cases referred to in the question of Hon LAW are trademarks and designs, which are not related to OGP.

Indigenous Substantive Examination

Question (4)

Pursuant to paragraph 8(d) of Paper No. EC(2016-17)24, Hong Kong will not have the in-house substantive examination capability in short term. Please provide the estimated number of applications in the first three years upon establishment of the OGP, and explain how much additional manpower IPD needs to cope with such applications.

Answer (4)

The OGP system has yet to come into operation, and it is difficult to make any concrete estimate of the number of applications at this stage. That said, in the past five years (2012 to 2016), a yearly average of 212 standard patent applications and 407 short-term patent applications were filed by local applicants in Hong Kong, taking up an average of around 4.49% of the yearly total number of standard and short-term patent applications (namely 13,800 applications). Therefore, if the OGP system can facilitate filings by local applicants of standard and short-term patent applications as well as overseas applicants, it will surely help increase the volume of OGP applications.

Regarding human resources, IPD, in October 2013, set up the Patents Team and also strengthened the manpower of the Patents Registry to prepare for the establishment of the OGP system. Currently, the responsible manpower at the non-directorate level comprise two Senior Solicitors (SS), 1.5 Solicitors (S), one Chief IP Examiner (CIPE), one Senior IP Examiner (SIPE), one IP Examiner I (IPE I), one Personal Secretary I (PS I) and two Assistant Clerical Officers (ACO). After the OGP system has been rolled out, they will continue to assist and support IPD in operating the system.

Furthermore, we have secured resources to expand the Patents Registry for handling the applications at the initial stage of the new patent system. IPD is conducting open recruitment for a total of three Senior Patent Examiners (at the SIPE rank) and one Patent Examiner (at the IPE I rank). Apart from assisting IPD in establishing the

new patent system, the newly-recruited examiners will be specifically responsible to handle applications under the new patent system (including the substantive examination work). With the new patent system in operation, IPD will review in due course the medium and long-term arrangements for the staff establishment for handling the examination work, depending on the actual application volume and the actual operation of the system.

Question (5)

Please provide the current number of talents having professional knowledge on patents in Hong Kong and the estimated number for the next five years based on the courses presently offered in the market.

Answer (5)

At present, there is no regulation on the patent agency services in Hong Kong, neither is there any officially-recognized list of patent practitioners. Moreover, there are no official statistics on the patent courses offered in the market. We now have the following information available for reference:

According to the results of the Survey on Intellectual Property Trading announced in June 2015, it was estimated that there were around 2,700 persons in the legal services industry providing IP intermediary services and around 1,600 persons engaged by the IP intermediaries in other industries providing such services.

In addition, among the estimated 2,300 establishments operating in the legal services industry (comprising 1,200 solicitors' establishments and 1,100 barristers' establishments), about 38%/870 of them provided IP intermediary services (700 solicitors' establishments and 170 barristers' establishments). Nearly half of the IP intermediaries in the legal services industry (around 49%/426 establishments) had handled patent-related IP rights.

To understand the manpower situation in respect of IP (including patent) trading and management, identify skillset requirements and training needs, and conduct manpower forecast, etc., IPD engaged consultants in January 2017 to carry out a targeted survey on the manpower situation. The targeted survey will be completed by the first quarter of 2018 at the earliest.

Question (6)

Will the substantive examination work be outsourced to other patent authorities in addition to SIPO? If so, please provide the details.

Answer (6)

At present, we have no such plan. Depending on the actual experience after implementing the OGP system (including the market response to the OGP system and the application volume of OGP, etc.), we will review the outsourcing arrangement.

Question (7)

IPD has indicated to “develop in incremental stages its in-house capacity in conducting indigenous substantive examination in the medium to long term”. Please set out the technical scope of indigenous substantive examination planned by IPD at each stage and the timetable for achieving the final goal of full-fledged indigenous substantive examination.

Answer (7)

As patent applications may involve a wide range of technical areas, it takes time to establish the in-house capacity in conducting indigenous substantive examination for the OGP system in incremental stages. Taking Singapore as an example, it outsourced the substantive examination work to the Austrian, Danish and Hungarian patent authorities after establishing its OGP system in 1995. It was not until May 2013 that its Patent Search-and-Examination unit was formally established to begin with conducting indigenous substantive examination in some areas of science and technology.

As such, it is premature at this stage to draw up a timetable for establishing in-house capacity in conducting indigenous substantive examination in Hong Kong. Depending on the level of users’ acceptance of the new system, technical areas involved and the number of applications, IPD will consider developing the in-house capacity in conducting indigenous substantive examination in phases. As regards the technical areas in which Hong Kong may give priority in the development, it will depend mainly on the local technological research and development, market trends and other factors. At the initial phase of implementing the OGP system, IPD proposes to establish an examination team covering three major technical areas, namely chemistry, electricity and mechanical engineering.

Information on Patent-related Activities of the IPD

Question (8)

Please provide the number of patent applications in Hong Kong for the period from 2012 to 2016, and the percentage of applications from the local applicants.

Answer (8)

Standard Patents

Years	Application Volume	Applications from the local applicants
2012	12 988	171 (1.3%)
2013	13 916	226 (1.6%)
2014	12 544	192 (1.5%)
2015	12 212	237 (1.9%)
2016	14 092	233 (1.7%)

Short-term Patents

Years	Application Volume	Applications from the local applicants
2012	645	443 (68.7%)
2013	552	312 (56.5%)
2014	587	360 (61.3%)
2015	702	439 (62.5%)
2016	762	483 (63.4%)

Question (9)

Please provide information of the meetings and seminars in which IPD reported on the new patent system since April 2014, including the dates and venues, etc.

Answer (9)

A summary of meetings and seminars in which IPD took part and reported on the new patent system is as follows:

Name of meetings and seminars	Date	Venue
Seminar on "The Future Developments of the Hong Kong Patent System"	27 June 2014	Hong Kong
The Business of IP Asia Forum	1) 4-5 December 2014 2) 3-4 December 2015 3) 1-2 December 2016	Hong Kong
Public Lecture on Patents and Innovation: A US Judge's Perspective	15 January 2015	Hong Kong
HKU-HKIPD IP Forum 2015 on Patent and Innovation: Worldwide Patent Law Reform and Hong Kong's Response	16 January 2015	Hong Kong
Seminar on Recent Developments in the United States Patent System	30 March 2015	Hong Kong
IP Forum on the Latest Developments in the UK and HK	22 August 2016	Hong Kong
Mainland and Hong Kong SAR, Macao SAR Intellectual Property Symposiums	1) 11 September 2014 2) 28 April 2015 3) 26 October 2016	Hong Kong Zhongshan, Guangdong Province Macao
13 th to 15 th Meetings of Guangdong/ Hong Kong Expert Group on Protection of Intellectual Property Rights	1) 25 July 2014 2) 28 April 2015	Guangzhou, Guangdong Province Hong Kong

	3) 26 October 2016	Guangzhou, Guangdong Province
Guangdong/Hong Kong Seminars on Intellectual Property and Development of Small and Medium Enterprises	1) 5 June 2014	Shanwei, Guangdong Province
	2) 4 June 2015	Guangzhou, Guangdong Province
	3) 17 June 2016	Shenzhen, Guangdong Province
Exchange programme for intellectual property public officials from Pan Pearl River Delta region	28 October 2015	Hong Kong
Assemblies of Member States of World Intellectual Property Organization (54 th and 56 th Series of Meetings)	1) 22 September 2014 2) 10 October 2016	Geneva

Question (10)

Please provide information on courses and workshops on patent drafting and practical training sponsored by IPD, including the project names and expenses, etc.

Answer (10)

IPD has sponsored and supported the following courses in the last two years:

Name of the sponsored project	Organizer	Date of course	Course outline	Expenses
Chinese Patent Practice Training Course for the National Qualification Examination for	Federation of Hong Kong Industries - Intellectual Property Centre	1) 10-11 October 2015	Drafting patent specification, handling examination opinions and invalidation	\$4,044.8
		2) 23-25 September 2016		\$30,960.7

Patent Agents			proceedings, etc.	
Effective Patent Search Training Workshop	Hong Kong Productivity Council	1) 29 October 2015, 15 and 27 January 2016 2) 8 July 2016 3) 15 December 2016	Providing knowledge on effective search skills, with special emphasis on understanding the patent information, the patent classification system, the available database, different patent search strategies, patent value indicators, etc.	\$28,610 \$7,243 \$7,375

Commerce and Economic Development Bureau
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