

**Finance Committee  
Follow-up to the meeting on 2 June 2017**

**FCR(2017-18)12**

**Supplementary information on the proposal to  
convert a supernumerary post of Assistant Director of Intellectual Property  
(ADIP) to a permanent post to continue with the duties and responsibilities  
pertinent to the patent portfolio**

At the Finance Committee meeting on 2 June 2017, Members approved the proposal to convert a supernumerary ADIP post to a permanent post. For the matters raised by Members at the meeting, our responses are set out in the ensuing paragraphs.

**Questions raised and information requested by Hon Eddie Chu Hoi-dick in his letter dated 2 June 2017 to the Chairman of the Finance Committee and the Secretary for Commerce and Economic Development**

*Proposal of Joseph Stiglitz, Economist [Item 1(a) of the Letter]*

2. Professor Joseph Stiglitz, a scholar in economics, put forward the idea of abolishing the patent rights for pharmaceutical products, and replacing the system by providing prize money instead to compensate the costs expended by drug manufacturers in the research and development of the new drugs. This idea, if implemented, would bring fundamental changes to the current system of encouraging and promoting research and development by the grant of patent protection. To our knowledge, the idea has yet to be taken up by any country. For Hong Kong, it is our major focus now to establish the Original Grant Patent (OGP) system. That said, we would keep tabs on the development of patent systems in other jurisdictions, and shall conduct review and consult stakeholders as and when necessary.

*Regarding the studies on the Bolar exception [Item 1(b) of the Letter]*

3. The Patents (Amendment) Ordinance 2016 (the Amendment Ordinance) provides the legal framework to set up and implement the OGP system in Hong Kong. Currently, the Amendment Ordinance does not contain any provision

for the Bolar exception. However, as mentioned in our submission to the Establishment Subcommittee of the Legislative Council (vide LC Paper No. EC(2016-17) 24), we shall review the patent law and research on issues such as the Bolar exception as and when necessary, in order to build in more appealing features or advantages for our OGP system to attract more users. In fact, we have already conducted some preliminary researches on the Bolar exception. The preliminary findings as well as some major matters requiring further researches and consultation with stakeholders were set out in a separate submission to the Establishment Subcommittee dated 20 April 2017 (vide LC Paper No. ESC89/16-17(01) (Paragraphs 9 to 16 and the Annex)). As mentioned in that submission, it is our long term commitment to run, maintain and enhance the new patent system with reference to the development of the patent law and practice in the international community. The Bolar exception would be a topic of our further study.

*Expenses and arrangements for recruitment and training of patent examiners  
[Item 2(a) to (c) of the Letter]*

4. In order to roll out the OGP system in 2019, apart from the legislative exercise leading to the Amendment Ordinance, the Intellectual Property Department (IPD) has also been taking forward other preparatory works, including creating 5 non-directorate posts (comprising 3 posts at the rank of Senior Intellectual Property Examiner and 2 posts at the rank of Intellectual Property Examiner I) to assist in establishing and operating the OGP system. The annual emolument expenses are estimated to be HK\$4.88 million in total.

5. A mechanism of “substantive examination” will be in place under the future OGP system. To meet the operational needs, it would be one of the entry requirements for patent examiners to hold a bachelor degree in science or engineering, coupled with professional experience in patent examination or practice. Having regard to the International Patent Classification and the advice of other patent authorities, we have grouped the technical areas involved in patent applications under the OGP system into three main streams, namely “chemistry”, “electricity” and “mechanical engineering”. Accordingly, a patent examiner serving in a certain stream is required to be a degree-holder in the related technical subject, such as applied chemistry, biological engineering, electrical engineering, civil engineering, etc.

6. IPD has internally deployed an examiner with relevant academic background and experience to take up one of the patent examiner posts at the IPE I rank. The remaining vacancies will be filled through an open recruitment exercise, which is underway.

7. Other than the aforementioned 5 examiner posts, IPD currently has no plan to recruit additional manpower. Subject to the actual volume of applications and the operation of the new patent system after its rolling out, IPD will review the establishment and manpower situation involved.

8. IPD would arrange training for newly recruited patent examiners, covering various aspects including patent law, patent search, basics for patent examination, case studies, etc. In this regard, IPD has been actively exploring cooperation and training opportunities with different patent authorities. IPD has also earmarked HK\$540,000 in 2017-18 to cover the estimated training expenses.

*The time and the corresponding measures required for Hong Kong to establish its indigenous capacity of conducting substantive examination (with technical support provided by the State Intellectual Property Office (SIPO)) [Item 2(d) and (e) of the Letter]*

9. The experience of Singapore is that its IP office started off with its own OGP system in 1995 by outsourcing the conduct of substantive examination to other patent offices. It took approximately 18 years before Singapore set up its own search and examination unit to conduct indigenous substantive examination. Likewise, we believe that it will take time for the Hong Kong Patents Registry to build up sufficient technical knowledge and experience before being capable of conducting indigenous substantive examination. We consider it premature at this stage to draw up a concrete timetable for conducting indigenous substantive examination. Depending on users' acceptance of the OGP system and actual filing volume after rolling out the new system, IPD will develop gradually its in-house capacity in conducting substantive examination.

10. To ensure that the examination and grant of OGP can meet international standards, it is more advisable and pragmatic to enlist experienced

patent offices outside Hong Kong to provide us with technical assistance and support in running our OGP system in the short and medium term. In this connection, we are aware that Singapore (which established its OGP system in 1995) and Macau (which established its OGP system in 2000) adopted similar strategy and arrangement.

11. IPD and SIPO signed the Co-operation Arrangement in the Area of Patent in December 2013. At the initial stage of implementing the OGP system, SIPO would provide technical assistance and support to IPD in conducting substantive examination of patent applications and also in manpower training. IPD would not import any patent examiner from SIPO.

*Re-registration system [Items 3(a) and (b) of the Letter]*

12. The grant of standard patents in Hong Kong is currently based on the “re-registration” system. Under this system, if a patent for an invention has been granted by one of the three “designated patent offices”, namely SIPO, the United Kingdom Patent Office and the European Patent Office (for European patents designating the UK), a standard patent for the same invention may be granted in Hong Kong. Taking into account the views received from the public consultation exercise in 2011 and also the recommendations made by the Advisory Committee on Review of the Patent System in Hong Kong in 2013, we consider that the re-registration system is simple, convenient and effective, and that it should be retained in parallel with the implementation of the OGP system. Depending on users’ acceptance of the OGP system and actual filing volume after rolling out the system, we shall carefully review whether there is a need to further refine the local patent system.

*Proposal on Mutual Recognition of Patents [Item 3(c) of the Letter]*

13. Patent protection is territorial, with patents granted by patent offices of different countries and regions in accordance with their own laws and regulations. Strictly speaking, there is no such thing as “mutual recognition” of patents in the international community. Instead, different patent offices may explore co-operation with one another on mutual arrangements for expediting examination of patent applications (i.e. Patent Prosecution Highway) which

encourage information exchange and communication among these offices.

14. In order to enhance the attractiveness of our OGP system in the long run, it is our primary goal to establish and run a high quality OGP system which meets international standards in the first place. A well-established patent system will provide us with important basis and justification for examining and exploring the possibility of co-operation with other patent offices on mutual arrangements for expediting examination of patent application. In future, we shall actively explore with other patent offices, including SIPO, the possibility of such arrangements for the benefit of patent applicants.

**Question raised by Hon Raymond Chan Chi-chuen on the supernumerary post which lapsed on 1 April 2017**

15. The supernumerary ADIP post as created in April 2015 for a three-year term, designated as ADIP(Patents), lapsed on 1 April 2017. For the period thereafter up to 2 June 2017 (when the Finance Committee approved the creation of the permanent ADIP post), the duties and responsibilities pertinent to the patent portfolio were handled by the Patents Team of IPD (comprising 2 senior solicitors and 1.5 solicitors) which reported directly to the Deputy Director of Intellectual Property. IPD has also adjusted the duties and the work priorities of other relevant officers during the period to cope with the overall work on patents.

**Question raised by Hon Dennis Kwok Wing-hang on whether the duties of the proposed post include the review of the Copyright Ordinance**

16. The major focus of the proposed permanent ADIP post is to handle tasks relating to the patent portfolio (including the establishment, implementation, operation and refinement of the new patent system), and to supervise the overall operation of the Patents and Designs Registry. The work on copyright remains under the purview of the Copyright Team which is led by another ADIP, designated as ADIP(Copyright).

**Question raised by Hon Fernando Cheung Chiu-hung on whether the Government would undertake to amend the law to include requirements under the Marrakesh Treaty**

17. With the Marrakesh Treaty coming into force in September 2016, we have reviewed the relevant exceptions under the Copyright Ordinance (Cap. 528) concerning persons with a print disability. For this purpose, we commenced a 3-month public consultation on 9 May 2017 to collect views on the possible amendments required for the Copyright Ordinance. The public consultation exercise is still ongoing and we shall carefully consider the views gathered when mapping out the way forward.