

立法會
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Paper for the House Committee meeting on 26 April 2019

Report of the Subcommittee on Patents (General) (Amendment) Rules 2019

Purpose

This paper reports on the deliberations of the Subcommittee on Patents (General) (Amendment) Rules 2019 ("the Subcommittee").

Background

2. In 2013, the Administration announced its policy decision to establish an original grant patent ("OGP") system in Hong Kong, refine the existing short-term patent ("STP") system (collectively referred to as "the new patent system" hereafter), and develop a full-fledged regulatory regime on patent agency services in the long run, which are to be achieved in stages, with interim measures.

3. The Patents (Amendment) Ordinance 2016 ("the Amendment Ordinance") was enacted in 2016 to amend the Patents Ordinance (Cap. 514) ("PO") to provide for the essential legal framework for the new patent system. The Amendment Ordinance will come into operation on a day to be appointed by the Secretary for Commerce and Economic Development by notice published in the Gazette. The framework enshrined in the Amendment Ordinance mainly includes:

- (a) introducing an OGP route for granting standard patents;¹

¹ The new original grant patent ("OGP") system, which will run in parallel with the existing "re-registration" system for the grant of standard patents, will offer an alternative route for seeking standard patent protection for a maximum term of 20 years in Hong Kong. It will enable direct filings of standard patent applications in Hong Kong, without the prior need for filing any corresponding patent application with any designated patent office outside Hong Kong (which is otherwise a pre-requisite to seeking standard patent protection in Hong Kong under the existing "re-registration" system).

- (b) refining the STP system² mainly by providing for post-grant substantive examination of STPs; and
- (c) prohibiting the use of certain titles and descriptions relating to the provision of patent agency services as an interim regulatory measure.

4. According to the Administration, the enactment of the Amendment Ordinance represents the completion of a critical and also the first step in revamping the local patent system. For the new patent system to be rolled out as targeted in 2019 the earliest, the next pre-requisite legislative exercise is to amend the Patents (General) Rules (Cap. 514C) ("PGR") to provide for the detailed and necessary practices and procedures for the new patent system (including the official fees for new chargeable services to be provided by the Patents Registry ("the Registry") that will become available under the new patent system).

Patents (General) (Amendment) Rules 2019

5. The Patents (General) (Amendment) Rules 2019 (L.N. 35 of 2019) ("PGAR"), which was made by the Registrar of Patents ("the Registrar") to amend PGR, contains a total of 76 sections and two Schedules. PGAR covers the following key areas:

- (a) detailed requirements and procedures relating to an application for and the grant of standard patent under the OGP system (new sections 31A to 31ZX of PGR);³
- (b) detailed requirements and procedures relating to post-grant substantive examination of an STP (new sections 79A, 81A to 81V of PGR as added by sections 57 and 58 of PGAR);
- (c) official fees chargeable under the new patent system (including the new official fee items relating to OGP applications and post-grant substantive examination of STPs, and modifications of fee level for certain existing official items and those relating to the filing of patent applications and

² Refinements to the existing short-term patent ("STP") system (which offers a direct filing channel of seeking protection of inventions with a shorter commercial cycle for the maximum term of eight years in Hong Kong) mainly include the relaxation of the maximum number of independent claims in an STP application from one to two, and the introduction of post-grant substantive examination of an STP which an STP proprietor or a third party with legitimate interest or ground may request the Registrar of Patents ("Registrar") to conduct for determining the patent validity.

³ New sections 31A to 31ZX of the Patents (General) Rules (Cap. 514C) ("PGR") mentioned in this report refer to the corresponding new sections of PGR as added by section 19 of the Patents (General) (Amendment) Rules 2019 (L.N. 35 of 2019).

annual renewal of standard patents)⁴ (Schedule 2 to PGR as amended by section 75 of PGAR); and

- (d) other miscellaneous, consequential or technical amendments (such as sections 3 to 19, 33, 37, 52, 69, 70, 74 and 76 of PGAR).

Details of the legislative amendments to PGR are set out in paragraphs 6 to 14 of the Legislative Council ("LegCo") Brief (File Ref. CITB 06/18/23).

6. PGAR was gazetted on 15 March 2019 and tabled at the Council meeting of 20 March 2019. Subject to negative vetting by LegCo, PGAR will come into operation on a day to be appointed by the Registrar by notice published in the Gazette. According to the Administration, that day will tie in with the commencement date of the Amendment Ordinance.

The Subcommittee

7. At the House Committee meeting on 22 March 2019, Members agreed to form a subcommittee to study PGAR. The membership list of the Subcommittee is in the **Appendix**. Under the chairmanship of Mr CHUNG Kwok-pan, the Subcommittee has held two meetings with the Administration to scrutinize PGAR.

8. To allow more time for the Subcommittee to study PGAR and consider the report to be submitted to the House Committee, the Subcommittee agreed that the Chairman should move a proposed resolution at the Council meeting of 17 April 2019 to extend the scrutiny period to the Council meeting of 8 May 2019. The proposed resolution was passed.

Deliberations of the Subcommittee

Setting up the Patent Prosecution Highway with patent offices in other jurisdictions

9. The Subcommittee notes that patent protection is territorial in nature, and at present there is no international arrangement for mutual recognition of patents granted by a national or regional patent office. Some members including Mr Holden CHOW Ho-ding are of the view that setting up Patent Prosecution Highway ("PPH") or having related bilateral or multilateral arrangements with the patent offices in other

⁴ For OGP applications by paper and electronic means, the filing fees will be HK\$480 and HK\$345 respectively. The fees for requiring substantive examination of an OGP application or an STP will be HK\$4,000. For standard patents, the annual renewal fee of HK\$540 (commencing in the fourth year) is replaced by a three-tier progressive annual renewal rates that respectively apply to the fourth to 10th year (at HK\$450 per year); 11th to 15th year (at HK\$620 per year) and 16th to 20th year (at HK\$850 per year).

jurisdictions would expedite the examination of corresponding patent applications and facilitate applicants to seek patent protection in those jurisdictions of the participating patent offices with reduced processing time and costs. They have enquired about the other advantages of having such bilateral or multilateral arrangements for expediting examination of patent applications and whether the Administration has made any progress of setting up PPH with other patent offices.

10. The Administration has advised that setting up PPH with the patent offices in other jurisdictions could help sustain the long-term development of the new patent system in Hong Kong. Although at present, patent rights remain territorial in nature and a universal or international patent protection could not be obtained in one go, PPH will facilitate the examination of corresponding patent applications filed in the participating patent offices in different jurisdictions by sharing information about examination of patent applications such as search findings and reports among these offices. That said, under PPH, a participating patent office is not obliged to follow the decision of another participating office on grant or refusal of a corresponding patent application but may decide the patent application based on its own applicable laws and practices.

11. The Administration has also advised that it has commenced discussion with the China National Intellectual Property Administration ("CNIPA") (previously known as the "State Intellectual Property Office" ("SIPO")) on the possibility of establishing arrangements for expediting examination of corresponding patent applications in the Mainland upon implementation of the new patent system in Hong Kong. As regards the setting up of PPH with patent offices in overseas jurisdictions, the Administration has pointed out that it is essential for the local patent office to build up its credentials in substantive examination so that it is in a better position to discuss with other patent authorities for exploring the feasibility of setting up PPH. Accordingly, the top priority of the Administration for the time being is to continue working in full swing to complete all preparatory tasks for implementation of the new patent system as soon as possible, and will endeavour to build up the necessary knowledge, track records and credentials of the local patent office in substantive examination.

Manpower resources to implement the new patent system

12. Some members including the Chairman and Mr Holden CHOW Ho-ding have enquired about the manpower resources to cope with the anticipated increase in workload upon the implementation of the new patent system.

13. The Administration has advised that the Intellectual Property Department ("IPD") has acquired additional manpower resources to implement and operate the new patent system. Approved provisions have been included in IPD's estimates for running the Registry under the new patent system. At the launch of the new patent system, there will be six additional Intellectual Property Examiners ("IPEs") (three

Senior IPEs and three IPEs I) in the Registry to handle the relevant work. IPD will monitor the nature and growth of caseload after rolling out the new patent system and, where necessary, may seek additional resources in accordance with established mechanism.

Non-prejudicial disclosure as the requirement for examination of an original grant patent application

14. The Subcommittee notes that under the OGP system, upon receipt of an OGP application which may contain a priority claim, the Registrar is required to conduct examination to ensure that the application complies with the minimum requirement⁵ and also the formal requirements,⁶ and that it is in order for publication within a prescribed period. As regards the provisions on non-prejudicial disclosure under new sections 31A and 31ZR of PGR, some members including the Chairman have enquired why prior disclosure of an invention even by the subject patent applicant would undermine the patentability of the invention.

15. The Administration has advised that as an international standard, novelty of an invention is one of the patentability requirements⁷ and that a patent application for an invention is normally filed before the invention has been publicly disclosed, because otherwise any prior disclosure of the invention will render the invention to form part of the state of the art. In that case, the applicant will not be able to obtain a valid patent for the reason that such prior disclosure renders the invention not new at the time of filing. However, prior disclosure of an invention may under certain circumstances be regarded as non-prejudicial in nature, which will not destroy the novelty of the invention. For example, under the new section 37B of PO (as added by the Amendment Ordinance), prior disclosure of an invention will be regarded as non-prejudicial if it occurs no earlier than six months before the date of filing of the application, and also if it is due to (a) an evident abuse in relation to the patent applicant or proprietor of the invention; or (b) the fact that the applicant or proprietor of the invention has displayed the invention at a prescribed exhibition or meeting.

⁵ The minimum requirement of an application for a standard patent under the OGP route include (a) an indication that such a patent is sought; (b) information identifying the applicant; and (c) a document that appears to be a description of an invention, or a reference to a previously filed application of the invention. If the application fulfills the minimum requirement, the Registrar will accord the date of filing for the application.

⁶ The formal requirements include whether the application contains the name and address of the applicant(s) and the inventor(s); an address in Hong Kong for service; a specification that provides for a description of the invention, at least one claim together with any drawing referred to in the description or the claim; and an abstract.

⁷ The patentability requirements are set out in sections 9A to 9D of the Patents Ordinance (Cap. 514) ("PO") as amended by the Patents (Amendment) Ordinance 2016, which include, among others, an invention is patentable if it (a) is new; (b) involves an inventive step; and (c) is susceptible of industrial application (section 9A(1) of PO).

The effect of a provisional refusal notice

16. The Subcommittee notes that under section 143(1)(b) of PO (as amended by the Amendment Ordinance) ("amended section 143(1)(b) of PO"), a person, who represents that a patent has been applied for in respect of any article disposed of for value by him when in fact the relevant application has been, among others, refused, commits an offence. The Legal Adviser to the Subcommittee ("Legal Adviser") has sought clarification from the Administration as to whether that provision will apply after a provisional refusal notice has been issued under the new section 31ZH of PGR, but before issuance of a final refusal notice under the new section 31ZN of PGR.

17. The Administration has advised that the reference to "any [patent] application has been refused" under the amended section 143(1)(b) of PO should logically be construed as the final decision of the Registrar on refusal to grant a patent, which covers issuance of a final refusal notice by the Registrar regarding an OGP application under the new section 31ZN(2) of PGR. If the Registrar has merely made a provisional decision on refusal to grant an OGP and has issued a provisional refusal notice under the new section 31ZH of PGR, such provisional decision is still subject to the applicant's entitlement to file a request to review the Registrar's opinion within two months after the date of the provisional refusal notice under the new sections 31ZH(2)(c) and 31ZI(1) of PGR. Accordingly, such OGP application is still, objectively and logically speaking, considered as pending before the Registrar, and the amended section 143(1)(b) of PO is not applicable to such a pending application.

18. Noting that it may take months or even a year to go through all the necessary procedures for processing a request to review, Mr Holden CHOW Ho-ding has urged the Administration to step up efforts to educate the public on the applicability of section 143 of PO, so as to guard against possible abuse of the review procedures by persons trying to mislead the public by exploiting the representation of a pending patent application for other intended purposes. The Administration has assured the Subcommittee that IPD, which conducts public education or promotion campaigns from time to time for enhancing public awareness of and respect for intellectual property, will consider how best the respective scope of section 143 and the other offence provisions of PO can be drawn to the public's attention through such education/promotion channels as appropriate.

19. Despite the Administration's explanation in paragraphs 17 and 18 above, the Subcommittee, having regard to the Legal Adviser's view that the general public may regard a provisional refusal notice (given the word "refusal") issued by the Registrar as a refusal for the purposes of the amended section 143(1)(b) of PO, has requested the Administration to consider amending the relevant provision(s) so as to better reflect its policy intent regarding whether the amended section 143(1)(b) of PO applies to a recipient of that notice.

20. The Administration has advised that the meaning of the amended section 143(1) of PO is clear enough and the formulation of the provision, when being read as a whole, is unlikely to give rise to any misinterpretation. In any event, any amendment to better reflect the meaning of the amended section 143(1) of PO, if required, will have to be made to the principal ordinance itself by another bill. That said, the Administration is prepared to review the need of refining the said section so as to bring out its underlying policy intent more explicitly in the next review exercise for the principal ordinance.

Filing of a request to review after issuance of the provisional refusal notice

21. The Subcommittee notes that under the new section 31ZI(5) of PGR, if no request to review is filed after the Registrar has issued the provisional refusal notice regarding an OGP application, the Registrar must then make a final decision of refusal to grant the OGP. On this, the Legal Adviser has sought clarification from the Administration as to whether the Registrar (a) may nonetheless grant the OGP if the Registrar on his own initiative considers that all the relevant requirements under PO (as amended by the Amendment Ordinance) are satisfied, after the provisional refusal notice has been issued incorrectly; and (b) has the power to review the issuance of the provisional refusal notice in the absence of a request to review. The Administration has also been requested to clarify a similar situation as regards the new section 31ZM(4) of PGR.

22. The Administration has advised that if the Registrar is aware that a provisional refusal notice has been issued incorrectly due to irregularity in procedure, and the Registrar is also satisfied that the OGP application has complied with all examination requirements specified in the new section 37U(3) of PO (as added by the Amendment Ordinance), the Registrar has the power to withdraw the provisional refusal notice on his own initiative under section 94(1) of PGR so as to rectify such irregularity in procedure, and then proceed to grant the OGP. The same statutory power of rectification of irregularity in procedure under section 94(1) of PGR is likewise exercisable by the Registrar on his own initiative in the similar situation under the new section 31ZM(4) of PGR for rectifying incorrect issuance of a final refusal notice by the Registrar in an OGP application due to irregularity in procedure. In response to the Legal Adviser's further enquiry, the Administration is of the view that section 94(1) of PGR may not be applicable as regards an irregularity in substance (*vis-à-vis* procedure).

Other concerns about the legal and drafting aspects

23. During the scrutiny of PGAR, the Subcommittee has considered various concerns raised by the Legal Adviser on the legal and drafting aspects.

Textual amendments

24. The Subcommittee notes the Legal Adviser's observation that SIPO, as the English title of the patent authority in the Mainland, is used in sections 12 and 56 of PGAR and also in several provisions under PO (as amended by the Amendment Ordinance) and the Patents (Designation of Patent Offices) Notice (Cap. 514A). However, it is noted that the English title of the patent authority has been changed from SIPO to CNIPA (while its Chinese title remains unchanged, i.e. "國家知識產權局"). The Administration has been requested to clarify whether and when the English title used in the relevant provisions would be amended.

25. The Administration has advised its awareness that the patent authority in the Mainland has changed its official English title from SIPO to CNIPA since 28 August 2018 whereas its official Chinese title has remained unchanged. Both the titles "SIPO" and "國家知識產權局" have been used in PO (e.g. section 125) (as amended by the Amendment Ordinance) and its subsidiary legislation (e.g. sections 2 and 3 of Cap. 514A and sections 2, 15 and 78 of PGR). The Administration has assured the Subcommittee that it will update the references to the aforesaid English official title in all the relevant provisions in PO and its subsidiary legislation in one go as early as possible.

26. Separately, the Subcommittee notes that under the new section 31N(3) of PGR, the phrase "a more economical presentation" (rendered in Chinese as "較為簡約的呈示") is used. Yet, the phrase "a more economic presentation" (rendered in Chinese as "較為省儉的呈示") has been used in the existing section 59(2) of PGR, which was made in 1997. The Administration has been requested to clarify why different phrases (in both the English and Chinese texts) are used in PGR and whether the two phrases above have the same meaning.

27. The Administration has advised that the two formulations carry substantively the same meaning in the context of the relevant provisions, though the pair of "economical" and "簡約" is more commonly used and easily understood nowadays (when compared with the pair of "economic" and "省儉") in describing the manner and order of a presentation, and is therefore used in the new section 31N(3) of PGR. The Administration is prepared to update section 59(2) of PGR to align the wording between the relevant provisions when the next suitable opportunity arises.

28. The Chairman is not convinced by the Administration's explanation in paragraphs 25 and 27 above, and has urged the Administration to take this opportunity to propose amendments to PGAR to update in a timely manner all inconsistent and outdated phrases, terms and references as identified. He has enquired whether the Administration has formulated a timetable for conducting the legislative exercise to propose miscellaneous amendments to PO and its subsidiary legislation.

29. The Administration has advised that while one of the prime objectives of PGAR is to introduce the necessary new statutory provisions into PGR for implementing the new patent system, it has taken this legislative exercise as an opportunity to introduce some miscellaneous textual amendments/refinements to PGR but such textual amendments are by no means meant to be exhaustive to align all the relevant textual expressions with the latest drafting approach and convention. Without compromising the implementation timetable for the new patent system which is expected to be rolled out in 2019 the earliest, the Administration has to take a pragmatic approach in this legislative exercise by selecting to take on board certain essential amendments to PGR whereas the other miscellaneous textual amendments may be introduced in other subsequent legislative exercises. In this regard, the Administration has reiterated that it will engage the Department of Justice ("DoJ"), which has been undertaking legislative exercises from time to time for introducing miscellaneous amendments to various provisions of the laws of Hong Kong so as to keep their textual expressions, formats and styles up-to-date. Meanwhile, the exact legislative timetable is not available but the Administration will touch base with DoJ with a view to identifying a suitable occasion for initiating the miscellaneous textual amendments identified, as early as practicable.

Use of "example" and "note"

30. The Subcommittee notes that the Legal Adviser has sought clarification from the Administration as to (a) whether the "example" located immediately after the new section 31O(2)(b)(xvi)(A) of PGR (the example is to the effect that examples of the single word or words are "water", "steam", "open", "close" and "section on AA"), is part of the text of PGAR and has legislative effect; (b) why the content of the mentioned "example" is not stated in the provision itself, as in the existing section 60(2)(k) of PGR with very similar content without the use of an example; and (c) with reference to the papers issued by DoJ's Law Drafting Division entitled "Drafting of Legislation — Use of "Examples" and "Notes" in legislation; Numbering System for Bill clauses" dated May 2011,⁸ and ""Notes" and "Examples" in the Companies Bill" dated 13 March 2012,⁹ whether and why the example as stated above is necessary and appropriate in the context of PGAR.

31. The Administration has advised that the purpose of using examples is to facilitate the readers in gaining a better understanding of the law. A complex concept or a technical provision, such as a provision governing drawings in patent applications, could be more easily understood if illustrated by an example showing how it works in practice. Given the highly technical nature of patent applications, and the fact that the same examples have been used in the current section 60(2)(k) of

⁸ See LC Paper No. CB(2)1781/10-11(01).

⁹ See LC Paper No. CB(1)1295/11-12(02).

PGR for governing the applications for the grant of short-term patents, the Administration considers it appropriate and consistent with the existing approach adopted by PGR to use examples in the new section 31O(2)(b)(xvi)(A).

32. As regards the difference in the drafting style of the examples used in the current section 60(2)(k) and the new section 31O of PGR, the Administration has explained that the format and location of the examples used in the new section 31O of PGR reflect the current drafting practice, and they are intended to enhance readability of the provisions.

33. The Chairman is of the view that a consistent format should better be adopted so as to avoid misinterpretation of the provisions concerned. The Administration has taken note of the Chairman's view and agreed that the best alternative is to have all the provisions aligned in style and format. That said, as per paragraph 29 above, given the tight timeframe for the current legislative exercise to implement the new patent system, the Administration has to adopt a pragmatic approach in determining whether amendments are essentially required to update the provisions which have been enacted for some time and contain expressions in a relatively older style and format. The Administration has advised that it is prepared to conduct a comprehensive review on the drafting aspects of the provisions concerned in the next review exercise for PO and its subsidiary legislation.

34. The Subcommittee notes that the Administration has been requested to clarify whether the respective notes located after new sections 31O and 60(3) of PGR (section 60(3) of PGR as added by section 40(16) of PGAR) form part of the text of the subsidiary legislation and have any legislative effect. Noting that there is no provision in PGAR or PGR clarifying the status of the notes, the Administration has also been requested to draw reference to other statutory provisions such as section 2(6) of the Companies Ordinance (Cap. 622), which provides that a note located in the text of that ordinance is provided for information only and has no legislative effect, and to consider proposing amendments to add a similar provision in PGAR to clarify the status and legislative effect of the notes.

35. The Administration has advised that under the current drafting practice, the use of notes in legislation is a widely adopted plain language technique. In providing signposts or other factual information, such notes help the reader to understand the legislation more quickly and get a clearer picture of it. A note that is used for the purpose of giving information to the reader would not affect the interpretation of the legislation. The Administration has confirmed that the notes concerned form part of the subsidiary legislation, and they are intended to guide the readers to another relevant provision in PGR. Since the purpose of the notes as the reader's aids is clear from the context, the Administration considers that amendments are not required to make express clarification.

Recommendation

36. The Subcommittee has completed the scrutiny of PGAR. Both the Subcommittee and the Administration will not propose amendments to PGAR.

Advice sought

37. Members are invited to note the deliberations of the Subcommittee.

Council Business Division 1
Legislative Council Secretariat
25 April 2019

Subcommittee on Patents (General) (Amendment) Rules 2019

Membership List

Chairman	Hon CHUNG Kwok-pan
Member	Hon WONG Ting-kwong, GBS, JP
	Hon Paul TSE Wai-chun, JP
	Hon WU Chi-wai, MH
	Hon Charles Peter MOK, JP
	Dr Hon Elizabeth QUAT, BBS, JP
	Ir Dr Hon LO Wai-kwok, SBS, MH, JP
	Hon Holden CHOW Ho-ding

(Total : 8 members)

Clerk	Mr Desmond LAM
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Legal Adviser	Mr Cliff IP
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