

立法會
Legislative Council

LC Paper No. CB(1)1148/05-06
(These minutes have been seen
by the Administration)

Ref: CB1/PL/CI/1

Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 21 February 2006, at 2:30 pm
in Conference Room A of the Legislative Council Building

Members present : Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP (Chairman)
Hon Vincent FANG Kang, JP (Deputy Chairman)
Hon SIN Chung-kai, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon CHIM Pui-chung

Members absent : Dr Hon LUI Ming-wah, SBS, JP
Hon CHAN Kam-lam, SBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon WONG Ting-kwong, BBS

Public officers attending : Agenda Item IV

Mr Anthony WONG
Commissioner for Innovation and Technology

Mr Brian LO
Assistant Commissioner for Innovation and
Technology (Funding Schemes)

Agenda Item V

Ms Priscilla TO
Principal Assistant Secretary for Commerce,
Industry and Technology (Commerce and Industry)

Mrs Teresa GRANT
Assistant Director of Intellectual Property
(Registration)
Intellectual Property Department

Miss Finnie QUEK
Senior Solicitor (Registration)
Intellectual Property Department

Agenda Item VI

Mr Joseph W P WONG, GBS, JP
Secretary for Commerce, Industry and Technology

Mr Philip YUNG
Acting Permanent Secretary for Commerce, Industry
and Technology (Commerce and Industry)

Miss Viola CHAN
Principal Executive Officer (Administration)
(Commerce and Industry)

Clerk in attendance : Miss Polly YEUNG
Chief Council Secretary (1)3

Staff in attendance : Miss Anita HO
Assistant Legal Adviser 2

Mr Paul WOO
Senior Council Secretary (1)3

Ms Sharon CHAN
Legislative Assistant (1)6

Action

I. Confirmation of minutes and matters arising

LC Paper No. CB(1)905/05-06 -- Minutes of meeting held on
17 January 2006

The minutes of the meeting held on 17 January 2006 were confirmed.

II. Papers issued since last meeting

2. Members noted that no paper had been issued since last meeting.

III. Date and items for discussion for next meeting

LC Paper No. CB(1)903/05-06(01) -- List of outstanding items for discussion

LC Paper No. CB(1)903/05-06(02) -- List of follow-up actions

3. The Chairman informed members that so far, the Administration had not proposed any agenda item for discussion by the Panel at its next meeting on 21 March 2006. She asked the Clerk to invite suggestions from the Administration and members after the meeting. The agenda for the meeting on 21 March 2006 would be decided after suggestions had been received.

(Post-meeting note : The meeting on 21 March 2006 was subsequently cancelled).

IV. Proposed Research & Development Centre on Information and Communications Technologies

LC Paper No. CB(1)903/05-06(05) -- Information paper provided by the Administration

LC Paper No. CB(1)904/05-06 -- Background Brief on Establishment of Research and Development Centres under the New Strategic Framework for Innovation and Technology Development prepared by the Secretariat

4. The Chairman drew members' attention to the letter from Mr SIN Chung-kai tabled at the meeting in which he raised questions on the operation of the Research and Development Centre on Information and Communications Technologies (ICT R&D Centre) having regard to the Administration's paper (Mr SIN's letter was circulated to members of the Panel after the meeting vide LC Paper No. CB(1)968/05-06(01)).

5. At the invitation of the Chairman, the Commissioner for Innovation and Technology (C(IT)) gave a preliminary response to Mr SIN's written enquiries as follows –

- (a) The ICT R&D Centre would not be set up as an independent legal entity but would be subsumed under the existing organizational infrastructure of the Hong Kong Applied Science and Technology Research Institute Company Limited (ASTRI). Upon its establishment, the ICT R&D Centre would form the thrust of the

R&D work of ASTRI. There would be no overlapping in the work of ASTRI and the ICT R&D Centre.

- (b) Over the years, the thrust of the R&D efforts of ASTRI was to develop R&D projects and commercialization of the deliverables with a view to spinning off new technology companies. The R&D projects were mostly initiated by the researchers of ASTRI. With the establishment of the ICT R&D Centre, initiation of research projects would be industry-driven to ensure that there would be clear industry needs and market potential for the R&D deliverables. ASTRI would strengthen ties with the industry and other R&D institutions through collaboration in undertaking R&D projects, and promote technology transfer to the industries and commercialization of the R&D deliverables through licensing arrangements. It was believed that the ICT R&D Centre would help support technology research and transfer to suit the specific needs of the ICT industries, particularly small and medium sized establishments which lacked the required expertise and resources for conducting R&D projects.
- (c) The R&D projects would be overseen by the existing management structure of ASTRI. ASTRI's Board of Directors, comprising members appointed by the Government from the industry, had approved a five-year strategic plan. The selection of projects to be undertaken would be considered taking into account factors such as industry participation, relevance and use to the industries as well as focus areas where the R&D Centre had the requisite research expertise. The current five-year plan and R&D programmes focused on four technology areas (i.e. communications technologies; consumer electronics; IC design and opto-electronics), detailed descriptions of which were set out in paragraph 11 of the Administration's paper.
- (d) Under the market-driven and demand-led approach, the new market research team established in ASTRI would provide market intelligence and conduct research data analysis to identify research directions. As the projects of the ICT R&D Centre would be developed with a view to commercializing the research results for use of specific ICT industries, the work of the new market research team would not duplicate that of the marketing teams of institutions like the Hong Kong Productivity Council and Trade Development Council, whose projects were less market oriented and not industry specific.
- (e) The technology transfer team responsible for commercialization and technology dissemination would be expanded, with focus being shifted from spinning off new technology companies to licensing arrangements.

- (f) In accordance with established practice, recruitment of the 60-odd additional R&D staff would be conducted by way of an open process. All the vacancies would be publicly advertised. Priority would be given to local candidates while overseas recruitment would be considered if no suitable candidates could be found locally.
- (g) To facilitate commercialization of the R&D results, efforts would be made to tap the advantage of the Pearl River Delta region as a robust production base for industrial products. Manufacturers in the region would be regularly updated on the latest trend of technology development with a view to boosting their interest in producing R&D products. Moreover, the zero tariff arrangement under the Mainland and Hong Kong Closer Economic Partnership Arrangement would benefit the access of R&D products made in Hong Kong to the Mainland. These measures would help promote investment in high value-added industries in Hong Kong and the demand for trained R&D personnel.

6. In reply to Mr SIN Chung-kai's enquiry on the role of the new market research team, C(IT) explained that it would focus on market analysis of the four ICT areas identified in ASTRI's five-year strategic plan. The work of the market research team would not cover areas which were within the purview of the other four R&D Centres. The results of the analysis conducted by the market research team would be made known to members of the R&D Centre and industry stakeholders.

7. Mr SIN Chung-kai further enquired about the proportion of local and overseas R&D staff in ASTRI. In reply, the Assistant Commissioner for Innovation and Technology (Funding Schemes) advised that ASTRI currently had about 280 R&D staff on its establishment. About 60% to 70% of them were local staff. The rest were recruited from places including the Mainland, Taiwan, United States, Germany, etc. At the request of Mr SIN, C(IT) agreed to provide supplementary information in writing on the recruitment plan for the 60 additional R&D staff and the proportion of local and overseas new appointees.

Admin

8. Referring to the five-year strategic plan of ASTRI and its financial implications, Mr Vincent FANG requested the Administration to provide information on the technology transfer tasks which the R&D Centre would aim to accomplish. C(IT) undertook to provide a written response to Mr FANG's enquiry.

Admin

9. At the request of Mr SIN Chung-kai, C(IT) agreed to provide a supplementary note in writing after the meeting to respond to the questions stated in Mr SIN's letter and the information as requested in paragraphs 7 and 8 above.

(Post-meeting note : The Administration's written response to the issues raised was circulated to members vide LC Paper No. CB(1)1017/05-06(01) on 2 March 2006.)

10. Mr Jeffrey LAM supported the establishment of the ICT R&D Centre which he considered would promote technology development and transfer. He commented that the development of high-end ICT required knowledge of the latest technology trends. Therefore, a suitable number of R&D professionals recruited from places outside Hong Kong would instil an international vision into the researches to be conducted. Mr LAM further pointed out that ASTRI should maintain close collaboration with the universities and other R&D institutions and enlist active industry participation in the work of its R&D Centre.

11. C(IT) agreed with Mr LAM's views. He said that there was a shortage in the supply of local R&D personnel. With the establishment of the R&D Centres under the new strategy for innovation and technology development, cooperation with the universities and various R&D institutions would be strengthened. Participation in the R&D projects would also be opened to universities outside Hong Kong and R&D experts specializing in particular research areas. These measures would also contribute to promoting knowledge transfer and training of R&D talents in Hong Kong.

12. C(IT) further informed members that a preparatory committee was established to work out the detailed operational arrangements for the ICT R&D Centre. The Centre was expected to become operational in April 2006.

13. The Chairman supported the establishment of the ICT R&D Centre to foster development of information and communications technologies. She commented that in planning its projects, the R&D Centre should focus on areas in which there were relatively few R&D results previously developed by other R&D institutions to avoid duplication of effort and resources. Moreover, before embarking on any projects, market research should be undertaken to ensure that there was a genuine market demand for the project deliverables.

14. C(IT) responded that ASTRI would not duplicate the efforts of other institutions in research work. That said, however, the universities and other R&D institutions had developed a large number of foundation researches, the findings of which might be of useful reference to the ICT R&D Centre in developing its projects. The ICT R&D Centre would focus on applied R&D and commercialization of the R&D results to facilitate technology transfer to the ICT industries. To achieve this end, the market research team would undertake analysis for the projects, taking into consideration market demand and competition, the capability of the R&D Centre in undertaking the projects, marketability of the R&D products, costing and quality assurance etc. C(IT) further said that a mechanism for vetting and selection of R&D projects would be put in place. At the beginning of each financial year, ASTRI would draw up an annual plan on the basis of the approved five-year plan. In this process, it would first consult the industry and academia on the technology roadmap and proposals on the R&D projects to be undertaken. With the input and comments received, ASTRI would prepare a draft annual plan and submit it to the Technology Advisory Committee and Domain Advisory Committee for advice.

ASTRI would then revise the annual plan as appropriate and submit it for the Board of Directors' approval. Ad hoc projects, such as time-critical projects initiated and sponsored by specific industries and to be undertaken jointly with other research institutions, could also be approved on a case by case basis.

15. Mr Vincent FANG stressed that the selection of R&D projects should be fair, open and objective. He cautioned that while the R&D Centre would undertake projects sponsored by companies, ASTRI should ensure that its resources would not be used by individual private enterprises to pursue their own R&D projects. C(IT) reiterated that one of the major objectives of setting up the R&D Centre was to develop technology transfer to the ICT industries and commercialization of the R&D results which had significant market demand. This would be an important factor for consideration when selecting the projects to be undertaken.

16. The Chairman asked how overseas partners would be encouraged to participate in the projects undertaken by the R&D Centre. In response, C(IT) advised that many overseas technology companies had a keen interest in accessing the Mainland market but had been deterred from doing so because of the difficulties of setting up operations on the Mainland. Hong Kong was an international business and financial centre which prided on a sound legal system, strong protection of intellectual property rights, free flow of information, language literacy and ease in capital financing, etc. Hong Kong had the competitive edge, as a springboard for entry to the Mainland market, to attract foreign companies to work in collaboration with the R&D Centre in undertaking research projects.

17. The Chairman suggested that the Administration should consider establishing a mechanism similar to a Patent Board to enhance commercialization of the R&D products. Noting the suggestion, C(IT) explained that the ICT R&D Centre, in developing R&D projects and technology transfer to the industries, would serve as a platform to facilitate the proper exchange and use of intellectual property rights. ASTRI would license technologies and intellectual properties to industry players participating in individual projects, and they might be given a discount on future licence fees, right of first refusal on exclusive licensing, sharing of intellectual property rights or benefits generated from the projects etc.

18. In reply to Mr Vincent FANG's enquiry on how intellectual property rights would be decided and the benefits shared, C(IT) advised that industry players would be encouraged to participate in the R&D Centre's projects as sponsors of individual projects or contracting research work. Depending on the level of their contribution, among other consideration, they might be entitled to exclusive licensing or sharing of the intellectual property benefits. He added that the arrangements were being considered by ASTRI and would be worked out in accordance with fair commercial principles. The details would be openly promulgated after they had been finalized.

19. The Chairman asked whether it would be more appropriate to re-designate the R&D Centre as "Industrial Design Centre". C(IT) responded that alternative designations had been considered but "R&D Centre" was preferred as the term was used worldwide, including in the Mainland. It also fitted well with the concepts of applied technology development and transfer.

V. Proposed amendments to Trade Marks Rules (Cap. 559A)

LC Paper No. CB(1)903/05-06(03) -- Information paper provided by the Administration

20. At the invitation of the Chairman, the Principal Assistant Secretary for Commerce, Industry and Technology (PASCIT) briefed members on the proposed amendments to the Trade Marks Rules (Cap. 559A) set out in the Administration's paper. The amendments sought to :

- (a) simplify the signing requirements for applications for registration of two kinds of trade mark transactions, i.e. assignments and assents, by providing that the form for an application or notice to register an assignment or an assent could be signed respectively by the assignor or the personal representative making the assent (Rules 62(2) and (4) of Cap. 559A);
- (b) introduce technical amendments to –
 - (i) clarify provisions on handling deficiencies in application for registration of a trade mark (Rule 11(2)(a));
 - (ii) provide expressly that the Registrar of Trade Marks could publish his proposal in its original form in the official journal if he was satisfied that the objection of the owner of the registered trade mark did not have any merit (Rule 60(2)); and
 - (iii) clarify that the expression "delivered to the Registrar" in rule 108(1) of the Trade Marks Rules meant "delivered to the Registrar by hand". *[NB: rule 108(1) also allows delivery by post. Rule 109 provides the further alternative of electronic filing.]*

21. Mr Jeffrey LAM and Mr SIN Chung-kai expressed support for the proposed amendments. Mr LAM agreed that the modified signing requirements would simplify the procedures for registering trade mark transactions and contribute to enhancing electronic services for transaction registrations for the convenience of the parties.

22. In response to the Chairman, PASCIT informed members that the Administration intended to table the relevant Amendment Rules to the Legislative Council in March 2006 for negative vetting. Subject to completion of the legislative procedure, the Amendments Rules would take effect in May 2006.

23. In summing up, the Chairman said that the Panel supported the proposed legislative amendments.

VI. Establishment of a new Economic and Trade Office in Europe

LC Paper No. CB(1)903/05-06(04) -- Information paper provided by the Administration

24. The Chairman welcomed Mr Joseph WONG, Secretary for Commerce, Industry and Technology (SCIT), who attended the meeting of the Secretary Panel for the first time.

25. At the invitation of the Chairman, SCIT briefly introduced the Administration's paper on the proposed establishment of a new Economic and Trade Office (ETO) in Berlin and the related reorganization of ETOs in Europe to strengthen the Hong Kong Special Administrative Region (HKSAR)'s representation there :

- (a) Currently, there were three ETOs in Europe. The Geneva ETO represented Hong Kong at the World Trade Organisation and the Trade Committee of the Organisation for Economic Cooperation and Development. The Geneva ETO reported direct to Hong Kong. The ETOs in Brussels and London were responsible for promoting Hong Kong's economic and trade interests in some 30 European countries. The Brussels ETO was also responsible for representing Hong Kong's economic and trade interests in the European Union (EU), European Commission and European Parliament.
- (b) Following the enlargement of the EU from 15 to 25 Member States in May 2004 and Hong Kong's growing economic relations with European countries in recent years, the Administration considered that there was a need to redeploy the existing ETO resources and review their country coverage. Accordingly, the Administration would reorganise the ETOs such that the London ETO would cover nine countries instead of 17; the Brussels ETO would cover 15 countries instead of 14 and the new ETO to be set up in Berlin would cover eight countries. Under the revised organisational structure, the Brussels ETO would be transformed into the 'head' ETO for Europe to undertake an overall coordinating role and to oversee the ETOs in London and Berlin. The role and organisation of the Geneva ETO would remain unchanged.

- (c) In selecting Berlin as the location of the new ETO to serve the eastern part of Europe, the Administration had taken into account the fact that Germany was Hong Kong's largest trading partner among the European countries. Following its unification, Germany was economically very important in its own right within EU. With a reduced country coverage for the London ETO, some of its existing resources could be redeployed to meet the operating costs of the new ETO in Berlin. Hence, the additional resources sought for setting up the new ETO would not be substantial.

SCIT invited members' support for the proposal.

26. Members noted that subject to the Panel's views, the Administration would submit the relevant staffing proposals on the changes in directorate establishment to the Establishment Subcommittee in May 2006 and subsequently, to the Finance Committee for approval.

27. Mr SIN Chung-kai and Mr Vincent FANG expressed support for the proposed establishment of a new ETO in Berlin. Mr SIN Chung-kai recalled that he had, on many past occasions, urged for a re-structuring of the existing coverage of the London ETO in view of its wide geographical span. Mr SIN also supported the proposed ranking of the head of the Berlin ETO at AOSGC (D2) level, the re-ranking of the heads of the London ETO to AOSGB (D3) level and maintaining the status quo for the ranking of the head of the Brussels ETO at AOSGB1 (D4) level.

28. Mr Vincent FANG supported the proposal. He also noted that both the Trade Development Council (TDC) and the Hong Kong Tourism Board (TB) had also established overseas offices which had all along maintained close liaison with the host governments and business sectors on trade and tourism promotion matters. As such efforts could complement the work of the ETO in the host countries concerned, Mr FANG suggested that where practicable, the overseas offices of TDC and TB and the ETO should be accommodated at the same location to achieve better co-ordination and effectiveness of their operations and optimal resources utilization.

29. In response, SCIT said that the Administration fully appreciated the importance of co-ordinating the work of various overseas bodies representing Hong Kong. Under existing arrangements, where practicable, an ETO and the overseas offices of TDC and TB would be co-located at the same office building. In addition, these bodies maintained regular exchanges and dialogues to enhance co-operation and co-ordination in their activities. He recalled that he had recently met with the Chairman and the Executive Director of TDC and both were keenly aware of the need for continued close contact and co-operation. The Acting Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) supplemented that in London, New York, San

Francisco, Sydney and Singapore, the ETOs were co-located with the offices of TDC or TB.

Admin

30. The Chairman supported the Government's plan to strengthen HKSAR's representation in the eastern part of Europe to capitalize on the rapid economic growth in many East-European countries. In her view, leveraging on its close proximity to the Mainland which was the world's factory of exported goods, Hong Kong had the competitive edge to forge closer and stronger economic and trade relationships with European countries. She further expressed the view that whilst the ETOs and InvestHK had been actively engaging in promoting inward investments to Hong Kong, the Government should attach equal importance to exploring the feasibility for local industries to expand their business and investments overseas by helping them to tap the opportunities in fast developing European markets, notably Eastern Europe. In this connection, the ETOs could make significant contribution by offering useful information, based on their first-hand information, on the business environment and investment opportunities in the European countries. The Chairman suggested that the ETOs should play a more active role in disseminating such useful information, such as by assisting TDC to set up dedicated websites for this purpose. SCIT thanked the Chairman for her suggestion and undertook to follow-up in conjunction with TDC.

31. Referring to the grave concerns expressed by Hong Kong manufacturers on the Mainland about the prospect of the EU imposing prohibitive anti-dumping tariffs on certain items produced in the Mainland for export to the EU countries, Mr Vincent FANG enquired whether the Trade and Industry Department and/or ETOs could offer appropriate assistance to these manufacturers. SCIT advised that ETOs were responsible for, among other things, promoting economic and trade relationships between Hong Kong and the economies under their purview and disseminating information on economic and trade matters. They were not in a position to play a role in trade disputes and negotiations between other governments. As anti-dumping tariff was an issue of trade sanction, it would have to be dealt with by the countries concerned at an inter-governmental level. SCIT nevertheless took note of Mr Vincent FANG's concern and said that the Administration would continue to strengthen the dissemination of trade-related information to local manufacturers.

VII. Any other business

32. There being no other business, the meeting ended at 3:55 pm.