

**For discussion  
on 17 May 2011**

## **Legislative Council Panel on Commerce and Industry**

### **Review of the Patent Registration System in Hong Kong**

#### **Introduction**

This paper briefs members on the Administration's current thinking on how to take forward a review of the patent registration system in Hong Kong, including the scope of the review and the related work plan.

#### **Background**

2. The previous major review of our patent registration system was started in the 1980's to localise what was then basically an extension of the patent system<sup>1</sup> in the United Kingdom ("UK"). That review was spearheaded by a Steering Committee with members drawn from practitioners in the legal/patent field and the then relevant policy branches/departments. After thorough deliberations, the Committee submitted its report to the Government in 1993. That led to the enactment of a new Patents Ordinance (Cap 514) in June 1997.

3. Under the current system, two types of patents are granted in Hong Kong, namely standard patents and short-term patents.

#### *Standard Patents*

4. Standard patents obtained in Hong Kong are based on patents granted by one of three "designated patent offices", namely the State Intellectual Property Office (in the Mainland), the UK Patent Office and the European Patent Office (for patents designating UK). In other words, the Hong Kong Patents Registry does not conduct "substantive examination"<sup>2</sup>. It only verifies the documents and information submitted in respect of the patent

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<sup>1</sup> Before 1997, a person who had obtained a UK patent or a European patent designating UK could have his patent registered in Hong Kong within five years of its grant. The patent rights would remain effective in Hong Kong so long as the corresponding UK/European patent was in force.

<sup>2</sup> The purpose of a "substantive examination" is to ascertain patentability, i.e. whether the invention in question is novel (globally), involves an inventive step and is susceptible to industrial application.

being applied for (i.e. formality checking). Our standard patent system is hence sometimes referred to as a “re-registration” system.

5. Patent rights are territorial in nature. A businessman who wants to exploit his invention in overseas markets has to secure the grant of patent in each of the jurisdictions involved. Most applicants for patent registration in Hong Kong will simultaneously seek patent protection in other economies anyway, including our major trading partners such as Europe and the Mainland. The fee for registering a standard patent in Hong Kong is not expensive (\$896) and the application procedures are relatively hassle free. The normal processing time is a few months.

### Short-term patents

6. As a supplement to standard patents, the short-term patent system in Hong Kong offers protection to inventions with a shorter<sup>3</sup> commercial life. An applicant may file his application direct with our Patents Registry without substantive examination by any designated patent office. Our Patents Registry will grant the short-term patent after satisfying itself that the information required is fully furnished, including a search report<sup>4</sup> prepared by either one of the “designated patent offices” or any International Searching Authority<sup>5</sup> appointed pursuant to the Patent Cooperation Treaty.

7. A similar “short-term patent” regime exists in other overseas jurisdictions, e.g. Mainland China, Japan, Australia, Ireland and most continental European countries albeit under different nomenclature. Some have chosen to name such “lesser patent” as petty patent, innovation patent or utility model.

### **Calls for change**

8. Many practitioners in the patent field consider our current standard patent system user-friendly and efficient. That said, there have been growing calls in recent years for a critical review of the current arrangements including how well the patent system is complementing efforts being made to develop Hong Kong into a regional innovation hub. More specifically, some stakeholders advocate that Hong Kong should have its own “original grant”

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<sup>3</sup> A short-term patent has a maximum term of eight years whereas a standard patent may remain in force for as long as 20 years.

<sup>4</sup> The search report sets out the existence of any prior arts in relation to an invention. It facilitates the assessment or evaluation of the validity of a “lesser patent” by the applicant or a third party.

<sup>5</sup> Article 16 of the Patent Cooperation Treaty provides that international search shall be carried out by an International Searching Authority, which may be either a national patent office of a contracting state or an intergovernmental organisation, such as the International Patent Institute.

patent (“OGP”) system, which will allow any investor to take Hong Kong as the first landing pad for patent registration. They refer to the experience of Singapore and Macao in outsourcing substantive examination to the patent offices in other jurisdictions. Some also propose the establishment of a regulatory (or accreditation) regime for patent attorneys/agents.

9. At the same time, since substantive examination does not form a prerequisite for the granting of a short-term patent, individual users point out that the current system is prone to abuse. For example, some users claim that they have been subject to groundless threats of infringement made by owners of short-term patents even though the validity of the latter’s inventions may be in doubt. Though the current Patents Ordinance has already included provisions for any person aggrieved by groundless threats to seek remedy from the court, some users may choose to pay a settlement fee instead to avoid getting involved in litigation. They feel that the Government should consider revamping the system with a view to providing better protection for both right owners and users.

10. The current patent system has been in place for more than a decade. Without any preconceived notions as to how the system should further evolve, the Administration considers it opportune to embark on a comprehensive review of the patent registration system in 2011 to ensure that it will continue to meet the needs of our changing environment and is commensurate with our vision to develop Hong Kong into a regional innovation and technology hub.

### **Public Forum on the Future of our Patent System**

11. As part of the ground work for starting the review process, we held a public forum on 28 February 2011. The following topics were covered in the Forum: (a) using the standard patent system to enhance competitiveness in a knowledge economy; (b) Hong Kong’s short-term patent system: a stakeholder’s perspective; and (c) development of human capital to support patent-related services.

12. Some 170 representatives from the legal, patent practitioner, industrial, academic and research-and-development (“R&D”) sectors attended the Forum. Key issues raised by stakeholders include -

- (a) whether Hong Kong should introduce an OGP system;
- (b) if we were to bring in an OGP system, whether the current “re-registration” system for standard patents should be retained;
- (c) whether the patentability<sup>6</sup> criteria for short-term patents should be revised;
- (d) how to minimise abuse of short-term patents;
- (e) whether Hong Kong should introduce a system for regulating patent agents; and
- (f) whether certain overseas practices should be incorporated into Hong Kong’s patent regime, such as supplementary protection certificates<sup>7</sup>, etc.

13. While attendees generally supported the conduct of a comprehensive review of the patent system, their views on certain issues including in particular whether Hong Kong should introduce an OGP system were quite diverse.

### **Scope of the Review**

14. Having regard to the views expressed at the Forum, we propose to focus on the following issues during the first stage of the review -

#### **I. Standard patent system -**

- (a) whether we should introduce an OGP system in Hong Kong with substantive examination

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<sup>6</sup> Currently, the patentability criteria for short-term patents in Hong Kong are the same as that for standard patents. Some overseas jurisdictions (such as Australia and Germany) have less stringent patentability criteria for lesser patents. Such staggered standards are seen in some quarters as being conducive to further promoting innovation on the part of small and medium enterprises with a limited research and development budget.

<sup>7</sup> Supplementary protection certificates were introduced in some overseas jurisdictions (e.g. EU) to compensate for the length of time taken to obtain authorisation for putting medical products onto the market by extending the period of protection. A certificate takes effect at the end of the lawful term of the basic patent and generally may not exceed five years. In other words, the patent protection period becomes 20 years plus an extension of up to five years.

outsourced to other patent office(s), and, if so, which office(s);

- (b) irrespective of the answers to (a) above, whether the current “re-registration” system should be maintained, and if so, whether the system should be expanded to recognise the patents granted by other jurisdictions<sup>8</sup>;
- (c) what other facilitation measures should be introduced to the system to encourage local innovation and attract overseas R&D centres to set up their bases in Hong Kong;

## II. Short-term patent system –

- (d) whether we should retain the short-term patent system as a supplement to standard patents; and if so, whether we should introduce changes to the patentability criteria<sup>9</sup> and/or the term of protection<sup>10</sup>; and
- (e) if we were to retain the system, whether we 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.

15. The question of whether we should go down the path of having an OGP system would, to a large extent, determine the kind of patent agent service required locally. Such being the case, we propose to deal with at a

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<sup>8</sup> It should perhaps be noted that under Singapore’s current system, standard patents could be obtained through (a) the local route (with search and substantive examination done by one of the outsourced patent offices, namely the patent offices of Austria, Denmark and Hungary); (b) the foreign route, which is akin to a re-registration system recognising the patents granted by one of the prescribed patent offices. These include the patent offices of Australia, Canada, Japan, New Zealand, Republic of Korea, UK and USA as well as the European Patent Office (in respect of applications for a European patent filed in the English language); and (c) the mixed route (where the applicant could rely on the search report by one of the prescribed patent offices but request substantive examination to be done by one of the outsourced patent offices).

<sup>9</sup> Please see footnote 6 above.

<sup>10</sup> A number of overseas jurisdictions, including Mainland China, Denmark, Germany and Japan provide protection for a maximum term of ten years.

later stage the question of whether Hong Kong should establish a regulatory (or accreditation) regime for patent agents.<sup>11</sup>

## **Work Plan**

16. In considering the direction for the further development of our patent system, we will make reference to the experience in overseas jurisdictions.

17. The review would entail an in-depth analysis of complex and technical considerations underpinning the current patent system in Hong Kong as well as the systems in some other jurisdictions. To facilitate consensus building and to draw in expertise from the field, we propose to set up a Consultative Committee comprising representatives from trade organisations, R&D centres, legal professionals, academics and patent practitioners. The Committee will provide advice to the Government on (a) the proposed way forward; and (b) the implementation plan. The Committee will be supported by the Intellectual Property Department (“IPD”). Where appropriate, IPD may hire external consultant(s) to conduct research on individual subjects.

18. To take forward the review, we plan to issue a public consultation document in the third quarter of 2011. For the first stage of the review (as outlined in paragraph 14 above), we intend to publish the Administration's proposed way forward in the first half of 2012.

## **Other issues to be considered**

19. Independent of the review exercise described above, we propose to consult relevant stakeholders (including those from the pharmaceutical industry) on whether certain overseas practices such as the “supplementary protection certificate”<sup>12</sup>, “the Bolar Exemption”<sup>13</sup>, and other related proposals should be taken on board.

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<sup>11</sup> In the case of Singapore, for instance, the accreditation issue was acted upon a number of years after the Government put in place its current “OGP and outsourcing” system.

<sup>12</sup> Please see footnote 7 above.

<sup>13</sup> The “Bolar Exemption” allows a third party to undertake, without the authorisation of the patentee, acts necessary for the purpose of obtaining regulatory approval for the eventual sale of a patented product that is close to the expiry of its patent term e.g. clinical tests and trials to prove product safety and efficacy. This exemption is considered beneficial in promoting the affordability of off-patent medicines.

**Advice Sought**

20. Members will be invited to give their views on the proposed scope of the review outlined in this paper.

Commerce and Economic Development Bureau  
Intellectual Property Department  
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