

**For discussion  
on 17 December 2013**

**Legislative Council Panel on Commerce and Industry**

**Proposed Creation of one Supernumerary Post of  
Assistant Director of Intellectual Property in the  
Intellectual Property Department**

**Purpose**

This paper seeks Members' views on the proposed creation of a supernumerary post of Assistant Director of Intellectual Property (ADIP) (DL2) in the Intellectual Property Department (IPD) for a period of three years with effect from 1 April 2014 to carry out the work relating to the implementation of the "original grant" patent (OGP) system and strengthening the promotion of Hong Kong as an intellectual property (IP) trading hub.

**Justification**

***Implementation of the OGP system***

2. Having regard to the recommendations of the Advisory Committee on Review of Patent System in Hong Kong (the Advisory Committee)<sup>1</sup>, the Government announced in February 2013 the way forward for the development of the patent system, with the following key points -

- (i) introducing an OGP system with substantive examination outsourced to other patent office(s) whilst retaining the current re-registration system;
- (ii) retaining the short-term patent system with suitable refinements; and
- (iii) developing a full-fledged regulatory regime on patent agency services in the long run, which should be achieved in stages, with possible interim measures.

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<sup>1</sup> Details of members' composition and background of the Advisory Committee are set out at **Annex 1**.

3. We briefed this Panel at its meeting on 19 February 2013 on the above way forward. Members supported the introduction of the OGP system and the strategic directions recommended by the Advisory Committee, and considered that we should seek resources required for its implementation as soon as practicable.

4. Following the introduction of the OGP system, it is expected that the functions of the Patents Registry in IPD will be substantially expanded. Under the current re-registration system, the Patents Registry only needs to conduct formality examination of applications for standard patents given that the corresponding patents have been published and granted by the three designated patent offices<sup>2</sup>. Short-term patent applications under the existing regime are also subject to formality examination only. The new OGP system would however call for both formality and substantive examinations under which the Registry would need to receive and vet patent applications, communicate with applicants on the applications, grant or reject applications and provide a review/appeal system. Although the substantive examination part will be carried out by other patent office(s) in the short to medium term, it is the target of IPD to explore the development of capability in conducting substantive examination in niche areas where Hong Kong should have the expertise to do so. IPD would also need to enhance the OGP system continuously to ensure that it is on par with international standards, and to explore co-operation with other patent authorities such as mutual facilitation of application procedures, i.e. patent prosecution highway (PPH)<sup>3</sup>.

5. Subject to the progress of implementation and legislation, we tentatively aim at launching both the OGP system and the refined short-term patent system in 2016-17 at the earliest. We have already commenced preparatory work in consultation with the Advisory Committee. Furthermore, we have reached a cooperation arrangement with the State Intellectual Property Office (SIPO) to secure its support in providing technical assistance and support

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<sup>2</sup> The three designated patent offices are State Intellectual Property Office of the People's Republic of China, the United Kingdom (UK) Patent Office and the European Patent Office (for European patents designating the UK).

<sup>3</sup> A PPH is a bilateral agreement between two patent offices. Under a PPH agreement, a patent applicant can request an accelerated processing of the patent application at the patent office of second filing (OSF), when the patent office of first filing (OFF) has already found corresponding patent claims allowable. A PPH establishes a process whereby the OSF makes use of the work already carried out by the OFF in relation to the same invention. The OSF can process the patent application quicker because the examination process begins at a more informed level. However, the OSF is not compelled to follow the opinion of the OFF and may make its own decision on whether to grant a patent.

in substantive examination for Hong Kong's OGP system and refined short-term patent system, and to assist Hong Kong in manpower training and development to build up its capability for conducting substantive examination.

### ***IP trading***

6. The surge in global and regional demand for IP offers huge opportunities for IP trading. Hong Kong, with advantages in its sound IP rights protection, business-friendly environment, sophisticated professional services, experience in IP-related areas and strong connections with Asia and the Mainland, is set to benefit from the development by further developing into a regional IP trading hub. In March 2013, a Working Group on IP Trading (the Working Group)<sup>4</sup> was set up to advise on the overall strategies to promote the development of Hong Kong as a premier IP trading hub in the region, and to identify appropriate policy and other support measures to facilitate IP trading in Hong Kong. Led by the Secretary for Commerce and Economic Development, the Working Group comprises Government representatives, industry stakeholders and experts from different fields. This Panel was briefed on the development of IP trading and the Working Group's initial work at its meeting on 21 May 2013.

7. The Working Group has identified four strategic areas under which to group the focus strategies to promote IP trading in Hong Kong -

- (I) Enhancing the IP protection regime
- (II) Supporting IP creation and exploitation
- (III) Fostering IP intermediary services and manpower capacity
- (IV) Pursuing promotion, education and external collaboration

In the time ahead, the Working Group will continue deliberations and recommend support measures under each specific focus strategy to form a coherent action plan.

8. IPD is heavily involved in conducting relevant researches and studies to support the formulation of the action plan, and will play a central role in its implementation. Apart from areas (I) and (II) which have been covered by its

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<sup>4</sup> Details of members' composition and background of the Working Group are set out at **Annex 2**.

core work in the provision of legal and policy advice, IPD also has to liaise with relevant stakeholders and IP intermediaries, conduct promotion and education on IP trading, and collaborates with external parties as well as the international community to take forward work in areas (III) and (IV). Currently the above activities are supported by IPD's Marketing Division, with no designated oversight by any ADIP.

### *Need for a new ADIP post*

9. There are four existing ADIP (DL2) posts heading the respective teams of registration, copyright, advisory and hearings. ADIP(Registration) used to oversee the review of the patent system at the directorate level, in addition to discharging his own core duties in relation to the operation of the Trade Marks, Designs and Patents Registries, and the ongoing legislative exercise for amending the High Court Rules and relevant legislation for modernising trademark, design and patent proceedings. With the rapid increase in the number of trademark applications in recent years which has called for a corresponding increase in legal input from the Registration Team<sup>5</sup> and the several new areas which ADIP (Registration) has to take up, such as the possible application of international agreements related to trademarks and industrial designs to Hong Kong, and the international development of new types of IP legal instruments<sup>6</sup>, we consider it no longer sustainable for ADIP (Registration) to continue to oversee the review of the patent system.

10. With the substantial increase in workload in the coming years for the implementation of the OGP system and promotion of Hong Kong as an IP trading hub, we see a genuine operational need to create an additional ADIP (DL2) post heading a dedicated team to take forward the above new initiatives. Having regard to the timelines of the various tasks involved, as an interim measure, IPD has temporarily deployed existing manpower and resources, and

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<sup>5</sup> The statistics of the annual number of trademark applications from 2008 to 2013 (as at 30 November) are

Year	2008	2009	2010	2011	2012	as at 30.11.2013
No. of trademark applications received	24,230	24,754	28,872	32,559	35,530	33,737

The considerable increase in the number of applications has called for increased support by legal officers in the Registration Team in both their advisory and adjudication roles in deciding on the registrability issue having regard to interpretation of the relevant statutory provisions and case law.

<sup>6</sup> For example, negotiations for developing an international legal instrument(s) for the effective protection of traditional knowledge and traditional cultural expressions are currently underway in the World Intellectual Property Organization Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore.

created a supernumerary ADIP post with effect from October 2013 for 6 months under delegated authority for carrying out the work related to these two new initiatives. He is supported by a team of five non-directorate staff including four temporarily redeployed civil service staff and one Non-Civil Service Contract (NCSC) staff<sup>7</sup>. The supernumerary ADIP post will lapse on 31 March 2014, and there is an imminent need for the creation of a directorate post at ADIP rank to continue providing strategic steer and directorate leadership to a new dedicated team to be created to pursue the package of new initiatives.

11. We propose to create a supernumerary ADIP post for a period of three years to carry out tasks arising from the new initiatives in coming years, including –

- (a) mapping out the legal and administrative framework for revamping our patent system, and overseeing a consultancy study to assist in formulating the legal framework for the OGP system;
- (b) finalising the detailed arrangement of substantive examination for the OGP system and the refined short-term patent system;
- (c) formulating appropriate legislative amendments for introduction into the Legislative Council;
- (d) planning and building the electronic system in support of the new patent regime;
- (e) drafting examination manuals and designing workflows for examination of patent applications under the new patent system;
- (f) providing ongoing secretariat support, including substantial amount of legal research input, to the Advisory Committee;
- (g) engaging the stakeholders for support from time to time;
- (h) promoting the new patent system prior to the introduction of the system;

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<sup>7</sup> The contract of the NCSC staff will expire by late July 2014.

- (i) developing a regulatory regime for patent agency services, which involves mapping out the strategic implementation plans in consultation with the Advisory Committee and stakeholders; and
- (j) promoting the concept of IP trading to stakeholders, furthering public education and regional and international IP collaboration, and taking forward future recommendations of the Working Group.

Proposed creation of a supernumerary ADIP post

12. Given the scope and complexity of the tasks involved, we see a clear need for strengthening the directorate support at ADIP (DL2) level in IPD. For the OGP system, IPD would need to enhance the OGP system continuously to ensure that it is on par with international standards. Besides, IPD would also need to develop a regulatory regime for patent agency services in the longer run. On the IP trading side, with the Government's commitment to promote Hong Kong as a premier IP trading hub in the region, the role and support from IPD is expected to sustain and increase in future. We propose creation of a supernumerary ADIP post for three years to take forward the initiatives set out in paragraphs 2 to 8 above. We will review the long-term directorate leadership requirement of the department taking into account developments on all fronts in due course.

13. The proposed supernumerary ADIP (DL2) post will be supported by a new designated team of seven non-directorate posts, including five permanent posts and two three-year time-limited posts. The new team will take over all patent-related work, including the implementation of the OGP system, the operation of the new Patent Registry, the implementation of the refined short-term patent system and issues relating to establishing a regulatory regime for patent agents. The proposed ADIP will also assist in driving the new policy initiative of IP trading with the support of the existing Marketing Division.

14. The proposed job description of the ADIP post is at **Annex 3**, and the organisation chart showing the proposed Patents Team is at **Annex 4**.

## **Alternatives explored**

15. We have carefully examined the feasibility of internal redeployment and outsourcing but found them not viable.

16. As explained in paragraph 9 above, it has clearly become unsustainable for ADIP(Registration) to absorb the increasing workload for implementing the OGP system and promoting IP trading.

17. The other three ADIPs are also fully engaged with a range of short, medium and long-term commitments. They have no spare capacity to share out or absorb the additional duties without affecting the discharge of their current duties. ADIP(Copyright) and the Copyright Team is fully engaged in works relating to the reviewing and updating of the copyright regime in Hong Kong, taking into account international developments and society's needs. ADIP (Hearings) together with her team members are fully engaged in dealing with hearings<sup>8</sup>. It is important that IPD continues to maintain an efficient hearing system and meet customers' expectation on reducing the waiting time of hearing. ADIP (Advisory) is fully occupied by the core function of providing legal advice on IP matters to Government bureaux and departments. Furthermore, ADIP (Advisory) and his team have to undertake liaison duties with the international and regional community on the intellectual property front. Other than monitoring and attending to developments of IP issues on the platforms of Trade-related aspects of Intellectual Property Rights, Asia-Pacific Economic Co-operation and World Intellectual Property Organization, ADIP (Advisory) also has to address ad-hoc issues from time to time arising from bilateral or multilateral negotiations (such as negotiations of Free Trade Agreements in which IP is always one of the major agenda items).

18. We have also considered the option of engaging an outside service provider. The core issues underlying the establishment and the operation of the OGP system together with the refined short-term patent system are highly technical in nature and involve heavy government policy content. The operation of the Patents Registry is also an important public function. Other than obtaining external legal service for addressing certain confined legal and technical issues, we do not see it appropriate for the tasks to be undertaken by an outside service provider.

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<sup>8</sup> The number of decisions issued by IPD increased from 146 in 2011 to 173 in 2012, and further to 198 in 2013 (up to 30 November).

## **Financial implications**

19. The proposed creation of a supernumerary ADIP post will entail an additional notional annual salary cost at mid-point of \$1,739,400. The additional full annual average staff cost, including salaries and staff on-cost is \$2,601,000.

20. The additional notional annual salary cost at mid-point for the proposed seven non-directorate posts is \$5,732,220 and the additional full annual average staff costs, including salaries and staff on-costs, is \$8,394,000.

21. Subject to the Establishment Subcommittee's recommendation and Finance Committee's approval of the proposed directorate post, IPD will include sufficient provision in the draft Estimates of 2014-15 and subsequent years to meet the cost of the proposal.

## **Advice sought**

22. Members are invited to comment on the proposal for creating the three-year supernumerary ADIP post. Subject to Members' support, we will proceed to seek the recommendation of the Establishment Subcommittee in January 2014 and approval from the Finance Committee afterwards.

Commerce, Industry and Tourism Branch  
Commerce and Economic Development Bureau  
December 2013



## **Advisory Committee on Review of the Patent System in Hong Kong**

### **Terms of reference**

To advise the Secretary for Commerce and Economic Development on -

- (a) how the Administration should position Hong Kong's patent system, having regard to the issues outlined in the public consultation paper of October 2011 and the responses received; and
- (b) how best to implement changes to the patent system, in the light of decisions made by the Administration on the way forward.

### **Membership**

<b><u>Name</u></b>	<b><u>Professional Background</u><sup>note</sup></b>
<b><u>Chairman</u></b>	
Mr Andrew LIAO Cheung-sing	Senior Counsel
<b><u>Members</u></b>	
Mr Ewan BEWLEY	Chartered UK Patent Attorney and Registered European Patent Attorney
Mr Christopher William BRITTON	Solicitor
Dr Sunny CHAI Ngai-chiu	Industrial sector
Dr Jackson CHAN Chik-sum	Research and development sector
Professor Paul CHEUNG Ying-sheung	Academia
Ms Helen JIANG Hua	Patent practitioner
Mr KWONG Chi-keung	Solicitor / Chartered Arbitrator and Accredited Mediator

Miss Alice LEE Suet-ching	Academia
Mr Joseph POON Wing-sang	Research and development sector
Dr Gabriel TONG Yui-lung	Industrial sector
Dr Claudia XU Jian	Academia
Director of Intellectual Property	Government
Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 2	Government
Assistant Commissioner for Innovation and Technology (Funding Schemes)	Government

Note: Information is provided by members of the Advisory Committee on Review of the Patent System in Hong Kong on a voluntary basis.

## Working Group on Intellectual Property Trading

### Terms of reference

- (a) To advise on the overall strategies to promote the development of Hong Kong as an intellectual property trading hub; and
- (b) To identify possible policy and other support measures to facilitate intellectual property trading in Hong Kong.

### Membership

<u>Name</u>	<u>Professional Background</u> <sup>note</sup>
<u>Chairman</u>	
Mr Gregory SO	Government
<u>Vice-Chairman</u>	
Mr Andrew LIAO Cheung-sing	Senior Counsel
<u>Members</u>	
Mr Charles Nicholas BROOKE	Chartered Surveyor and Valuer
Dr Jackson CHAN Chik-sum	Research and Development
Dr Toby CHAN Lap-man	Brand owner and Licensing Services
Professor Paul CHEUNG Ying-sheung	Academia
Professor Raymond CHOY Hon-sing	Creative Industries
Ms Yvonne CHUA	Legal services/IP practitioner
Dr Roy CHUNG Chi-ping	Manufacturing
Mr Peter KUNG	Accounting and Tax services

Mr KWONG Chi-keung	Legal services / Chartered Arbitrator and Accredited Mediator
Mr Alfred KWOK Chan-fai	High-tech social entrepreneur
Mr Anson KWOK	Financial services
Mr Ronald LAI Chi-shing	Risk management and Insurance services
Dr Terence LAU Lok-ting	Research and Development
Mr Jong LEE	Private equity and strategic consulting
Mr Sunny LEE Wai-kwong	University administration
Dr Lewis LUK Tei	IP lawyer/IP practitioner
Mr WONG Ming-yam	Manufacturing
Dr Po Chi WU	Educator/Venture capitalist/Entrepreneur (US & Asia)/Scientist
Director of Intellectual Property (or representative)	Government
Commissioner for Innovation and Technology (or representative)	Government
Head of Create Hong Kong (or representative)	Government
Executive Director, Hong Kong Trade Development Council (or representative)	Trade promotion organisation

Note : Information is provided by members of the Working Group on Intellectual Property  
Trading on a voluntary basis.

**Job Description of  
the Assistant Director of Intellectual Property**

Post Title : Assistant Director of Intellectual Property (Patents)

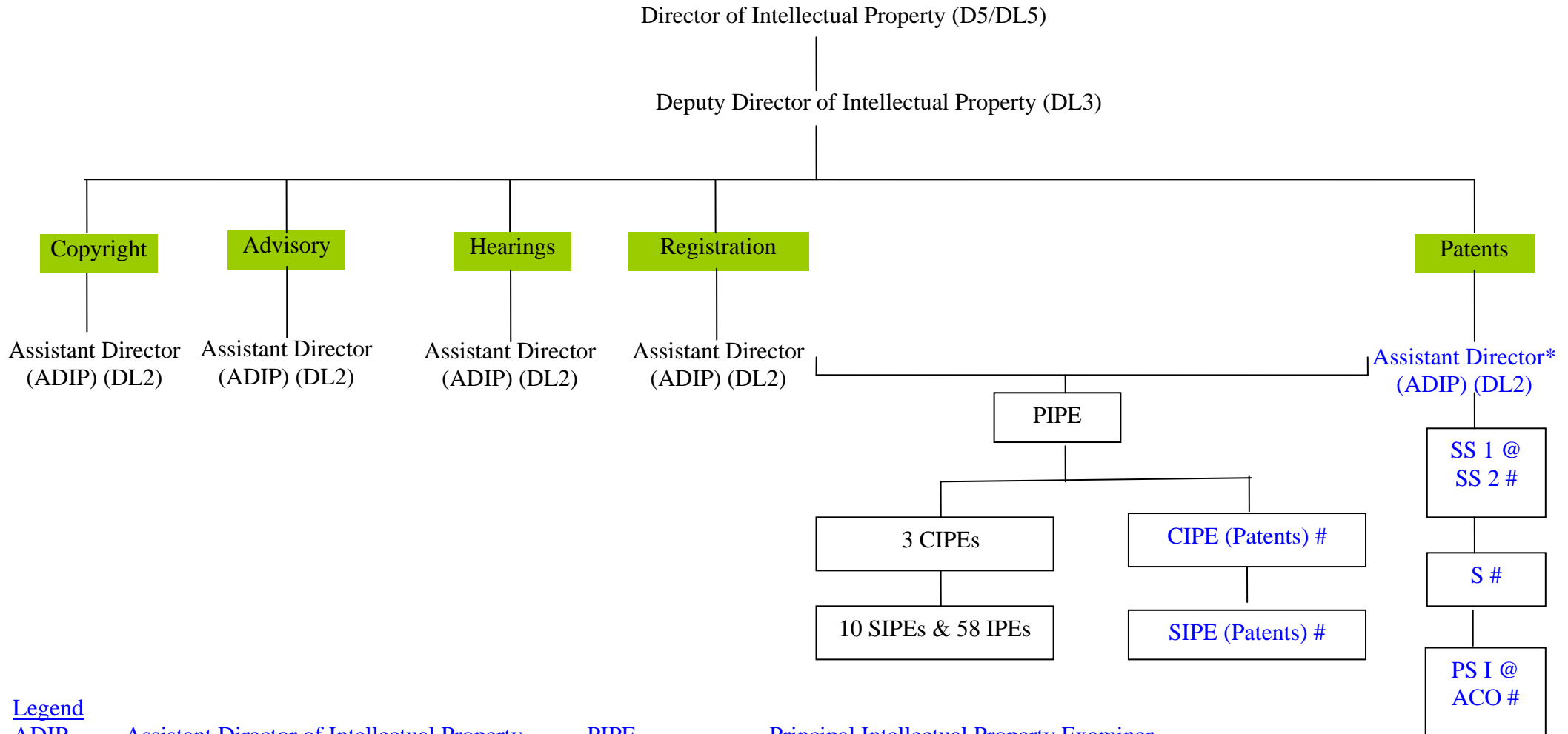
Rank : Assistant Director of Intellectual Property [DL2]

Responsible to : Deputy Director of Intellectual Property

**Major Duties and Responsibilities:**

- Oversee the review of the patent system in Hong Kong and other incidental issues arising from the review, including rendering legal and policy advice, formulating the legal and administrative framework and drawing up strategic plans about manpower and resources as required for implementing the recommendations made by the Advisory Committee on Review of the Patent System in Hong Kong covering the setting up of the “original grant” patent system and the refined short-term patent system
- Engage and steer further discussions for setting out and finalising the details of the arrangement for substantive examination of standard and short-term patents
- Engage and seek support from relevant stakeholders from time to time
- Prepare for the establishment of the regulatory regime for patent agency services, including rendering legal and policy advice, drawing up strategic implementation plans and formulating the legal and administrative framework in support of the regulatory measures and schemes
- Support the intellectual property (IP) trading initiative covering formulation of appropriate strategies and support measures, and their implementation, for developing Hong Kong as a premier IP trading hub in the region
- Perform any other duties as assigned by senior officers from time to time

**Organisation Chart of the Intellectual Property Department showing the Proposed Patents Team**



**Legend**

ADIP – Assistant Director of Intellectual Property  
 SS – Senior Solicitor  
 S – Solicitor  
 PSI – Personal Secretary I  
 ACO – Assistant Clerical Officer  
 @ Time-limited non-directorate posts to be created

PIPE – Principal Intellectual Property Examiner  
 CIPEs – Chief Intellectual Property Examiners  
 SIPEs – Senior Intellectual Property Examiners  
 IPEs – Intellectual Property Examiners  
 \* Proposed supernumerary directorate post  
 # Permanent non-directorate posts to be created