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**Subcommittee on Registration of Copyright Licensing Bodies
(Amendment) Regulation 2015, Trade Marks (Amendment) Rules 2015
and Registered Designs (Amendment) Rules 2015**

Background Brief

Purpose

This paper provides background information on the Registration of Copyright Licensing Bodies (Amendment) Regulation 2015, the Trade Marks (Amendment) Rules 2015 and the Registered Designs (Amendment) Rules 2015. It also gives a brief account of the views and concerns expressed by members of the Panel on Commerce and Industry ("the Panel") on the fee revisions proposed by the Intellectual Property Department ("IPD").

Background

2. IPD provides registration services in respect of copyright licensing bodies, trade marks, designs, and patents. The fees payable to the Government are specified in the following legislation –

- (a) The Registration of Copyright Licensing Bodies Regulation (Cap. 528A) under the Copyright Ordinance (Cap. 528);
- (b) The Trade Marks Rules (Cap. 559A) under the Trade Marks Ordinance (Cap. 559);
- (c) The Registered Designs Rules (Cap. 522A) under the Registered Designs Ordinance (Cap.522); and
- (d) The Patents (General) Rules (Cap. 514C) under the Patents Ordinance (Cap. 514).

3. According to the Administration, the existing copyright licensing body related fees have been in force since July 2001; the existing trade mark related fees, since April 2003; and the existing patent and design related fees, since May 2004¹.

4. In line with the "user pays" principle, it is government policy that fees charged by the Government should in general be set at levels sufficient to recover the full cost of providing the services. In the 2013-2014 Budget Speech, the Financial Secretary ("FS") emphasized the need to review fees and charges systematically, with priority given to those fees that had not been revised for years and did not directly affect people's livelihood, as well as items which had low cost recovery rates. IPD has subsequently carried out costing exercises to review the costs and the fees of services provided by its various registries. Based on the outcome of the costing exercises and upon consultation with relevant stakeholders², IPD has proposed fee revisions for its Copyright Licensing Bodies Registry, Trade Marks Registry and Designs Registry.

The fee revision proposals

5. The Registration of Copyright Licensing Bodies (Amendment) Regulation 2015, the Trade Marks (Amendment) Rules 2015 and the Registered Designs (Amendment) Rules 2015 were gazetted on 30 January 2015 and tabled before the Legislative Council ("LegCo") at its sitting of 4 February 2015 for negative vetting. The new fees will come into effect on 30 March 2015.

Registration of Copyright Licensing Bodies (Amendment) Regulation 2015

6. The Registration of Copyright Licensing Bodies (Amendment) Regulation 2015 is made by the Secretary of Commerce and Economic Development under section 152 of the Copyright Ordinance (Cap. 528) and by virtue of section 28(1)(c) of the Interpretation and General Clauses Ordinance (Cap. 1) to amend the Schedule to the Copyright Licensing Bodies Regulation (Cap. 528 sub. leg. A) to increase the fees for application for registration and renewal of registration by a licensing body³.

¹ Paragraph 4 of Administration Paper [LC Paper No. CB\(1\)344/14-15\(03\)](#)

² In November 2014, IPD consulted various professional intellectual property practitioner organizations on the proposed fee revisions, namely the Intellectual Property Committee of the Law Society of Hong Kong, Hong Kong Institute of Trade Mark Practitioners and the Asian Patent Attorneys Association Hong Kong Group, as well as the five copyright licensing bodies currently registered with the Copyright Licensing Bodies Registry.

³ "licensing body"(特許機構) is defined in section 145(4) of Cap. 528 to mean a society or other organization, whether registered under section 149 or not, which has as its main object, or one of its main objects, the negotiation or granting, either as owner or prospective owner of copyright or as agent for him, of copyright licences, and whose objects include the granting of licences covering works of more than one author.

7. The costing exercise of the Copyright Licensing Bodies Registry shows that IPD is not able to fully recover the costs of processing application for and renewal of registration of copyright licensing bodies at the current fee levels. The Administration has proposed that the application fee and renewal fee be increased by 12% and 58% (in dollar terms, \$235 and \$550) respectively to recover the full cost of providing the services⁴. Details of the proposed fee revisions are set out in **Appendix I**.

Trade Marks (Amendment) Rules 2015

8. The Trade Marks (Amendment) Rules 2015 is made by the Registrar of Trade Marks under section 91 of the Trade Marks Ordinance (Cap. 559) with the consent of the FS and by virtue of section 28(1)(c) of the Interpretation and General Clauses Ordinance (Cap. 1) to, among others, amend the Schedule to the Trade Marks Rules (Cap. 559 sub. Leg. A) to add a new item of fee and revise certain fees.

9. The current overall cost recovery rate for the Trade Marks Registry is 87.7%. In order to achieve global full cost recovery for the Trade Marks Registry following the general government policy and prevailing legislative provisions⁵, the Administration has proposed to increase the fees related to trade mark application⁶ by about 54% (in dollar terms, \$350 to \$800) taking into account the increase in the costs in providing the services. According to the Administration, the revised fees will remain competitive when benchmarked against fees charged by overseas trade mark registries with a similar regime in the United Kingdom ("UK"), Australia and Singapore. The Administration has also proposed to reduce the fees related to renewal by about 11% (in dollar terms, \$160 to \$330), taking into account that the IPD has been able to provide the renewal services at a lower cost through automation and streamlining operational procedures. The proposed fee revisions will bring the overall cost recovery rate of the Trade Marks Registry to 100%⁷.

10. To address the possible abuse of the preliminary advice and/or search of records service on the Register of Trade Marks in recent years and to better

⁴ Paragraph 6 of LegCo Brief issued by Commerce and Economic Development Bureau in January 2015 ("the LegCo Brief")

⁵ According to s.149(6) of Cap. 514, s.79(6) of Cap. 522 and s.91(6) of Cap. 559, any rules made under the respective Ordinance may prescribe fees fixed at or provide for fees to be fixed at levels that provide for the recovery of expenditure incurred or likely to be incurred by the Government or other authority in the exercise of any or all functions under the Ordinance, and shall not be limited by reference to the amount of administrative or other costs incurred or likely to be incurred in the exercise of any particular function.

⁶ These include application fees for registration and additional class fees, and related fees such as request to amend application, application for registration of defensive trademark, and application for registration of a series of trademarks.

⁷ Paragraphs 9 & 11 of the LegCo Brief

reflect the actual cost of providing the relevant services⁸, the Administration has proposed to increase the relevant fee by 100% (in dollar terms, \$200), as well as to add a new fee item of \$200 to be charged for each additional class of goods/services covered by the preliminary advice/search of records. Details of the proposed fee revisions are set out in **Appendix II**.

Registered Designs (Amendment) Rules 2015

11. The Registered Designs (Amendment) Rules 2015 is made by the Registrar of Designs under section 79 of the Registered Designs Ordinance (Cap. 522) with the consent of the FS and by virtue of section 28 (1)(c) of the Interpretation and General Clauses Ordinance (Cap. 1) to amend the Schedule to the Registered Designs Rules (Cap. 522 sub. leg. A) to reduce certain renewal fees.

12. The current overall cost recovery rate for the Designs Registry is 126.9%. The Administration has proposed to reduce the renewal fees by about 36% (in dollar terms, \$440 to \$1,480) given that the IPD has been able to cut down on the costs in providing renewal services for designs through automation and with streamlining of procedures. With the reduction in renewal fees, the overall cost recovery rate for the Designs Registry will be brought down to 100%⁹. Details of the proposed fee revisions are set out in **Appendix III**.

Views and concerns expressed by members of the Panel

13. The Panel was consulted on the Administration's fee revision proposals at its meeting on 16 December 2014. Members generally supported the proposed fee revisions and had no objection to adopting the "user pays" principle to recover the full cost for various services provided by the Copyright Licensing Bodies Registry, the Trade Marks Registry and the Designs Registry of IPD. The major views and concerns expressed by members at the meeting are summarized below.

Subsidies for trade mark, design and patent registrations

14. Taking into consideration that the protection of intellectual property rights was the corner stone for the development of the local creative industries, some members were concerned that the proposed 100% fee increase for some

⁸ IPD currently provides a service of preliminary advice and/or search of records on the Register of Trade Marks. The current fee is the same irrespective of the number of classes of goods/services requested. IPD observes that there may have been an abuse of the service in recent years, as some applicants requested advice on a large number of classes at the flat fee of \$200, draining IPD's stringent manpower resources.

⁹ Paragraphs 13 & 14 of the LegCo Brief

items might render Hong Kong less competitive than other jurisdictions, and discourage potential applicants from seeking registration of their intellectual property rights, thereby undermining the Administration's efforts in promoting the development of creative industries. To foster the development of Hong Kong into a knowledge-based economy, some members were of the view that the Administration should provide subsidies for local enterprises to pursue the relevant registrations, and review the funding ceiling and scope of the existing subsidy so as to encourage the creation, use and protection of intellectual property.

15. The Administration advised that it had made reference to the fees charged for similar services in the UK, Australia and Singapore when formulating the revised fee proposals, and the proposed revised fees would remain competitive when benchmarked against fees charged by trade mark registries in these jurisdictions. In line with the practice commonly adopted in overseas jurisdictions, the Administration had been providing subsidies for patent registrations through the Patent Grant Scheme but not trade mark and design registrations. Nevertheless, the costs incurred in registration of patents, trademarks and designs were tax deductible. The Administration assured members that it would take into account members' views in reviewing the need of Hong Kong businesses for assistance as appropriate in future.

16. In view that the proposed revised fees would still be generally lower than those charged for similar services in the UK, Australia and Singapore, some members considered that there was still room for further upward adjustment in trade mark application fees. The Administration advised that the Trade Marks Registry would be able to achieve 100% cost recovery after the proposed fee revisions. The IPD would conduct an annual review on the cost recovery ratio and sought further revisions when necessary.

Proposed fee increase in respect of the preliminary advice and search of records service on the Register of Trade Marks

17. Members noted the proposed doubling of the fee (i.e. from \$200 to \$400) for the service of preliminary advice on the registrability of a trade mark and/or search of records on the Register of Trade Marks for the first class of goods or services. Considering that the search of records service should be relatively straightforward than preliminary advice service which might be more complicated and labour intensive, some members questioned the rationale for the proposed 100% fee increase for the search of records service same as that for the preliminary advice service. These members were concerned that such a drastic fee increase might discourage potential trade mark owners from using the search of records service.

18. The Administration explained that the cost of providing the search of records service was in fact much higher than the fee charged as trade mark examiners were required to examine whether the trade mark in question was similar to any trade mark on record (whether registered or pending registration) in the same or similar class of goods or services in accordance with the Trade Marks Ordinance (Cap. 559). Apart from the fee-charging search of records service, IPD had been providing an online facility for trade mark owners to search trade mark records via the Internet free of charge.

Promoting electronic filing of applications

19. Some members advised that the Administration should consider introducing measures to encourage electronic filing of applications to further reduce the operating costs of its various registries, thereby reducing the pressure for further fee increases. The Administration explained that IPD had been promoting electronic filing of applications since the introduction of the e-filing service in 2003. The Finance Committee had approved a funding of \$67,114,000 in July 2014 for the redevelopment of IPD's Electronic Processing System, E-filing System and Online Search System to further enhance the efficiency of IPD and facilitate the filing of electronic applications in the future. Meanwhile, IPD would continue to explore measures to enhance efficiency so as to reduce or contain the costs of services as far as possible.

Latest development

20. On 23 January 2015, the Law Society of Hong Kong ("Law Society") made a submission to the Panel expressing strong objection to the proposed scale of increase in trade mark application fees and the reduction of renewal fees for trade marks and registered designs. The Law Society suggested a smaller increase of the trade mark application fees by 28.5% (in dollar terms, \$185 to \$370) instead of 54% proposed by the Administration, and retention rather than reduction of the existing renewal fees for trade marks and registered designs. Submissions were also received from the Asian Patent Attorneys Association Hong Kong Group and Hong Kong Institute of Trade Mark Practitioners on 27 January and 30 January 2015 respectively indicating support for the views expressed by the Law Society.

21. In its written response¹⁰ to the three submissions, the Administration explained the reasons and justifications for the proposed scale of fee revisions, and maintained that the present fee revision proposals for the Trade Marks Registry and the Designs Registry were a reasonable package balancing

¹⁰ Administration Paper [LC Paper No. CB\(1\)522/14-15\(01\)](#)

different considerations.

22. At the House Committee meeting on 6 February 2015, Members agreed to form a subcommittee to examine the Registration of Copyright Licensing Bodies (Amendment) Regulation 2015, the Trade Marks (Amendment) Rules 2015 and the Registered Designs (Amendment) Rules 2015.

Relevant papers

23. A list of relevant papers is set out in the **Appendix IV**.

Council Business Division 1
Legislative Council Secretariat
16 February 2015

**Proposed Revision of Fees under
the Registration of Copyright Licensing Bodies Regulation (Cap. 528A)
under the Copyright Ordinance (Cap. 528)**

Item	Fee Description	Existing fee (\$)	Proposed fee (\$)	Proposed Amount of Change (\$)	Percentage change (%)
Amendments relating to increase in fees					
1	Application for registration under section 148(1) of the Ordinance	1,895	2,130	+235	+12%
2	Application for renewal of registration under section 148(1) of the Ordinance	950	1,500	+550	+58%

Appendix II

Proposed Revision of Trade Mark Fees under the Trade Marks Rules (Cap. 559A) under the Trade Marks Ordinance (Cap. 559)

Item	Fee no.	Fee Description	Existing fee (\$)	Proposed fee (\$)	Proposed Amount of Change (\$)	Percentage change (%)
Amendments relating to increase in fees						
1	1	Application for registration of a trade mark (including a collective mark and a certification mark) under rule 6 for the first class of goods or services set out in the specification	1,300	2,000	+700	+54%
2	1	Application for registration of a trade mark (including a collective mark and a certification mark) under rule 6 for each additional class of goods or services set out in the specification	650	1,000	+350	+54%
3	2	Request to amend application under rule 7(5) for each class of goods or services added to the specification	650	1,000	+350	+54%
4	24	Request for search of records under rule 72 for the first class of goods or services set out in the specification	200	400	+200	+100%

Item	Fee no.	Fee Description	Existing fee (\$)	Proposed fee (\$)	Proposed Amount of Change (\$)	Percentage change (%)
5	25	Request for Registrar's preliminary advice under rule 73 for the first class of goods or services set out in the specification	200	400	+200	+100%
6	30	Application for registration of a series of trade marks under rule 97(1) for the first class of goods or services set out in the specification	1,300	2,000	+700	+54%
7	30	Application for registration of a series of trade marks under rule 97(1) for each additional class of goods or services set out in the specification	650	1,000	+350	+54%
8	32	Application for registration of a trade mark as a defensive trade mark under rule 99 for the first class of goods or services set out in the specification	1,500	2,300	+800	+53%
9	32	Application for registration of a trade mark as a defensive trade mark under rule 99 for each additional class of goods or services set out in the specification	750	1,150	+400	+53%

Item	Fee no.	Fee Description	Existing fee (\$)	Proposed fee (\$)	Proposed Amount of Change (\$)	Percentage change (%)
Amendments relating to reduction of fees						
10	7	Renewal of trade mark registration under rule 32(1) or (3) for the first class of goods or services set out in the specification	3,000	2,670	-330	-11%
11	7	Renewal of trade mark registration under rule 32(1) or (3) for each additional class of goods or services set out in the specification	1,500	1,340	-160	-11%
12	9	Renewal of trade mark registration under rule 33(2) for the first class of goods or services set out in the specification	3,000	2,670	-330	-11%
13	9	Renewal of trade mark registration under rule 33(2) for each additional class of goods or services set out in the specification	1,500	1,340	-160	-11%
14	10	Restoration and renewal of trade mark registration removed from the register under rule 35 for each additional class of goods or services set out in the specification	1,500	1,340	-160	-11%

Item	Fee no.	Fee Description	Existing fee (\$)	Proposed fee (\$)	Proposed Amount of Change (\$)	Percentage change (%)
Amendments relating to introduction of fees						
15	24, 25, 25A	Request for search of records under rule 72 or Registrar's preliminary advice under rule 73 or both for each additional class of goods or services set out in the specification	NA	200	+200	NA ¹

¹ This is a new fee item to be introduced to tie in with the fees in items 4 and 5.

Appendix III

Proposed Revision of Design Fees under the Registered Designs Rules (Cap. 522A) under the Registered Designs Ordinance (Cap. 522)

Item	Fee no.	Fee Description	Existing fee (\$)	Proposed fee (\$)	Proposed Amount of Change (\$)	Percentage change (%)
Amendments relating to reduction of fees						
1	14	For renewal of the period of registration under section 28(3) or (5) of the Ordinance and section 29-1 st 5-year extension	1,230	790	-440	-36%
2	15	For renewal of the period of registration under section 28(3) or (5) of the Ordinance and section 29-2 nd 5-year extension	1,860	1,200	-660	-35%
3	16	For renewal of the period of registration under section 28(3) or (5) of the Ordinance and section 29-3 rd 5-year extension	2,740	1,760	-980	-36%
4	17	For renewal of the period of registration under section 28(3) or (5) of the Ordinance and section 29-4 th 5-year extension	4,170	2,690	-1,480	-35%

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and Registered Designs (Amendment) Rules 2015**

List of relevant papers

Date	Meeting	Paper/Minutes of meeting/Submission
16/12/2014	Panel on Commerce and Industry	<p>Administration's paper on review of fees and charges of the Intellectual Property Department ("IPD") (LC Paper No. CB(1)344/14-15(03))</p> <p>Minutes of meeting (LC Paper No. CB(1)439/14-15)</p> <p>Submission dated 23 January 2015 from Law Society of Hong Kong ("Law Society") (English version only) (LC Paper No. CB(1)488/14-15(01))</p> <p>Letter dated 27 January 2015 from Asian Patent Attorneys Association Hong Kong Group ("APAAHKG") (English version only) (LC Paper No. CB(1)499/14-15(01))</p> <p>Letter dated 30 January 2015 from Hong Kong Institute of Trade Mark Practitioners ("HKITMP") (English version only) (LC Paper No. CB(1)510/14-15(01))</p> <p>Administration's response dated 5 February 2015 to the submissions from Law Society, APAAHKG, and HKITMP (LC Paper No. CB(1)522/14-15(01))</p>

Date	Meeting	Paper/Minutes of meeting/Submission
4/2/2015	Council meeting	(Legislative Council Brief) Legal Service Division Report (L.N.24 to 26) (LS35/14-15)