

LEGISLATIVE COUNCIL BRIEF

Copyright Ordinance (Cap. 528) REGISTRATION OF COPYRIGHT LICENSING BODIES (AMENDMENT) REGULATION 2015

Trade Marks Ordinance (Cap. 559) TRADE MARKS (AMENDMENT) RULES 2015

Registered Designs Ordinance (Cap. 522) REGISTERED DESIGNS (AMENDMENT) RULES 2015

INTRODUCTION

This paper briefs Members on the Registration of Copyright Licensing Bodies (Amendment) Regulation 2015 (hereinafter referred to as the Amendment Regulation), the Trade marks (Amendment) Rules 2015, and the Registered Designs (Amendment) Rules 2015 (hereinafter collectively referred to as the Amendment Rules), as set out in Annex A, Annex B and Annex C respectively, for revising the fees as set out in the Registration of Copyright Licensing Bodies Regulation, the Trade Marks Rules and the Registered Designs Rules.

BACKGROUND

2. Section 152 of the Copyright Ordinance (Cap. 528) empowers the Secretary for Commerce and Economic Development (SCED) to make regulations to prescribe the fees for the application and renewal of registration of a copyright licensing body. By virtue of section 28(1)(c) of the Interpretation and General Clauses Ordinance (Cap. 1), the Registration of Copyright Licensing Bodies Regulation may at any time be amended by the SCED in the same manner by and in which it was made.

3. As regards trade marks and designs, section 91(2)(i) of the Trade Marks Ordinance (Cap. 559) and section 79(2)(c) of the Registered Designs Ordinance (Cap. 522) empower the Registrar of Trade Marks and Registrar of Designs respectively to make rules requiring fees to be paid in connection with any proceedings or matter or in connection with the provision of any service by the respective Registries. By virtue of section 28(1)(c) of the Interpretation and General Clauses Ordinance (Cap. 1), the Trade Marks Rules and the

Registered Designs Rules may at any time be amended by the Director of Intellectual Property in his official capacity as the Registrar in the same manner by and in which it was made. Separately, by virtue of section 91(5) of the Trade Marks Ordinance (Cap. 559) and section 79(5) of the Registered Designs Ordinance (Cap. 522), rules prescribing fees shall not be made except with the consent of the Financial Secretary (which includes the Secretary for Financial Services and the Treasury by virtue of section 3 of the Interpretation and General Clauses Ordinance (Cap. 1)).

4. In exercise of these powers, SCED has made the Amendment Regulation and the Registrar of Trade Marks and Registrar of Designs, with the consent of the Secretary for Financial Services and the Treasury, has made the Amendment Rules, as set out in Annex A, Annex B and Annex C respectively.

JUSTIFICATIONS

5. 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. The Intellectual Property Department (IPD) has 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, IPD proposes fee revisions as set out in the following paragraphs.

(I) Copyright Licensing Bodies Registry

6. At present, we are not able to fully recover the costs of processing applications for and renewal of registration of copyright licensing bodies. The application fee and renewal fee are accordingly proposed to be increased by 12% and 58% respectively to recover the full cost of providing the services. Details are set out at **Annex D**.

(II) Trade Marks, Designs and Patents Registries

7. We encourage the creation, use and protection of intellectual property by registration where appropriate. We provide incentives e.g. by setting application fees at a competitive and affordable level, albeit below cost recovery, to attract filing on the one hand, and setting renewal fees above cost recovery level to encourage non-renewal of disused intellectual property. Applying these considerations to the Trade Marks Registry, Designs Registry and Patents Registry, the fees under each of these registries are determined to

achieve full cost recovery on a global basis for the registry concerned, following the general government policy and prevailing legislative provisions¹.

8. The latest costing exercises conducted in respect of the three registries show that the Trade Marks Registry is not recovering the full costs of its services, while the Designs Registry is recovering more than the full costs of its running, and the Patents Registry's revenue approximately matches its full costs. We accordingly propose fee revisions for the former two registries and no fee revision for the remaining one. The table below summaries the overall position at present and after the proposed fee revisions. The paragraphs following detail the proposal.

Registry	Last fee revision	Current cost recovery rate at 2014-15 prices	Cost recovery rate after proposed fee revisions at 2014-15 prices
Trade Marks	April 2003	87.7%	100.0%
Designs	May 2004	126.9%	100.0%
Patents	May 2004	102.9%	102.9% (no fee revision proposed)

(a) Trade Marks Registry

9. The current overall cost recovery rate for the Trade Marks Registry is 87.7%. The proposed fee revisions will bring the overall cost recovery rate to 100%. Details are set out at **Annex E**.

10. In terms of transaction volume (hence cost and revenue), the most significant fees are those related to trade mark applications and renewals. In order to mitigate the impacts and disturbance caused to domestic and international users, we propose to revise only those fees related to applications and renewals (and the fees for search of records and request for preliminary

¹ 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.

advice on registrability, to be explained at paragraph 12 below)², but not other fees with relatively insignificant cost and revenue implications.

11. In order to achieve global full cost recovery for the Trade Marks Registry, we propose to increase the fees related to trade mark application³ by about 54% (items 1 to 3 and 6 to 9 of Annex E) taking into account the increase in the costs in providing the services. The revised fees will remain competitive (and below cost recovery level) when we benchmark against fees charged by overseas trade mark registries with a similar regime⁴. At the same time, we propose to reduce the fees related to renewal by about 11% (items 10 to 14 of Annex E), taking into account that we have been able to provide the renewal services at a lower cost through automation and streamlining operational procedures. Renewal fees will remain to be charged above the cost recovery level and a major source of income for the Trade Marks Registry.

12. 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 to some extent 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. In order to better reflect the actual cost of providing the relevant services, and to address the possible abuse, it is proposed to increase the fee by 100% (items 4 and 5 of Annex E), as well as to add a new fee item to be charged for each additional class of goods/services covered by the preliminary advice/search (item 15 of Annex E)⁵.

(b) Designs Registry

13. The current overall cost recovery rate for the Designs Registry is 126.9%. Details of the proposed fee revisions are set out at **Annex F**.

² In addition, some fees are common to the three registries of Trade Marks, Patents and Designs, such as the fees for providing uncertified copy of an entry in the register, or of an extract from the Register, and it would be confusing to increase those fees for one registry and not the others.

³ 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.

⁴ Our new application fees will still generally be lower than those charged for similar services in the UK, Australia and Singapore.

⁵ In the future, IPD will monitor usage and may further consider discontinuance of providing the service of preliminary advice and/or search of records.

14. Similar to the case of trade mark renewals, we have been able to cut down on our costs in providing renewal services for designs through automation and with streamlining of procedures. We therefore propose to reduce the renewal fees by about 36% (items 1 to 4 of Annex F). We propose no change to the various application fees set below cost-recovery levels in line with the policy as set out in paragraph 7 above. With the reduction in renewal fees, the overall cost recovery rate for the Designs Registry will be brought down to 100%.

THE AMENDMENT REGULATION AND AMENDMENT RULES

15. The Amendment Regulation revises the fees relating to copyright licensing bodies as set out in Annex A. The Amendment Rules revise the fees relating to trade marks and designs as set out in Annex B and Annex C respectively. The new fees will come into effect on 30 March 2015.

LEGISLATIVE TIMETABLE

16. The Amendment Regulation and the Amendment Rules will be gazetted on 30 January 2015 and tabled at the Legislation Council on 4 February 2015.

IMPLICATIONS OF THE PROPOSAL

17. If the proposed fee revisions are implemented, the estimated net increase in annual revenue would be about \$22 million per annum. We will monitor the cost recovery rates of each Registry after implementation of the fee proposals and continue to explore further efficiency improvement measures in the delivery of registration services to the public.

18. The Amendment Regulation and the Amendment Rules are in conformity with the Basic Law, including the provisions concerning human rights. The Amendment Regulation and Amendment Rules will not affect the binding effect of the respective principal Ordinances referred to in paragraphs 1 and 2 above. They also have no civil service, environmental, productivity or sustainability implications.

PUBLIC CONSULTATION

19. Many registration and renewal applications are handled by intellectual property practitioners on behalf of their clients. In November

2014, IPD consulted various professional practitioner organizations on the proposed fee revisions, namely the Intellectual Property Committee of the Law Society of Hong Kong (Law Society), Hong Kong Institute of Trade Mark Practitioners, Asian Patent Attorneys Association Hong Kong Group, as well as the five copyright licensing bodies currently registered with the Copyright Licensing Bodies Registry. We noted no strong objection to the proposals, although some parties mentioned the wish to maintain the trade mark renewal fees in exchange for a smaller increase of application fees.

20. We consulted the Legislative Council Panel on Commerce and Industry (C&I Panel) on the fee revision proposals on 16 December 2014. Members generally supported the fees revision proposals.

21. On 23 January 2015, the Law Society made a submission to the C&I Panel. While generally agreeing with our policy set out in paragraph 7 above and the need to adjust the fees for full cost recovery, it indicated strong objections to the proposed scale of increase in trade mark application fees and the proposed reduction of renewal fees for trade marks (by 11%) and registered designs (by 36%) and, alternatively, suggested a smaller increase of the trade mark application fees (by 28.5% instead of 54%) and retention rather than reduction of the existing renewal fees for trade marks and registered designs.

22. Regarding the Designs Registry, retaining the existing renewal fees would result in significant overcharging of the users by 27% (paragraph 8 above), which is contrary to the general government policy and legislative provisions for recovering the full cost for each individual registry (paragraph 7 above). Regarding the Trade Mark Registry, even after such relatively mild reduction, the renewal fees will continue to be charged at a level significantly higher than costs (and generally higher than that charged in the UK and Singapore), and will remain our major source of income. As for the application fees, the proposed increase is relatively modest in absolute terms (absent any adjustment in the last 10 years), and the resultant level will remain heavily subsidised (by renewal fees) and competitive, being generally in line with or lower than those of overseas trade mark registries with a similar regime (e.g. UK, Singapore and Australia).

23. In sum, we maintain the present fee revision proposals for the Trade Marks Registry and the Designs Registry as a reasonable package balancing different considerations. We will shortly provide the C&I Panel with a full response to the Law Society's submission.

PUBLICITY

24. IPD will inform members of the public of the fee revisions via its website⁶ and through communication with its major stakeholders. A spokesperson will be arranged to handle media enquiries.

ENQUIRIES

25. Any enquiries on this brief can be addressed to Mr Amor Wong, Assistant Secretary for Commerce and Economic Development (Commerce and Industry) at 2810 3152.

Commerce and Economic Development Bureau
January 2015

⁶ The website is <http://www.ipd.gov.hk>.

**Registration of Copyright Licensing Bodies
(Amendment) Regulation 2015**

(Made by the Secretary for Commerce and Economic Development under section 152 of the Copyright Ordinance (Cap. 528))

1. Commencement

This Regulation comes into operation on 30 March 2015.

2. Registration of Copyright Licensing Bodies Regulation amended

The Registration of Copyright Licensing Bodies Regulation (Cap. 528 sub. leg. A) is amended as set out in section 3.

3. Schedule amended (fees)

(1) The Schedule, item 1—

Repeal

“1,895”

Substitute

“2,130”.

(2) The Schedule, item 2—

Repeal

“950”

Substitute

“1,500”.

Secretary for Commerce and
Economic Development

2015

Explanatory Note

This Regulation amends the Schedule to the Registration of Copyright Licensing Bodies Regulation (Cap. 528 sub. leg. A) to revise certain fees payable under the Copyright Ordinance (Cap. 528).

Trade Marks (Amendment) Rules 2015

(Made by the Registrar of Trade Marks under section 91 of the Trade Marks Ordinance (Cap. 559) with the consent of the Financial Secretary)

1. Commencement

These Rules come into operation on 30 March 2015.

2. Trade Marks Rules amended

The Trade Marks Rules (Cap. 559 sub. leg. A) are amended as set out in rules 3, 4 and 5.

3. Rule 72 amended (official search of records for particular trade marks)

Rule 72—

Repeal

“No. 24”

Substitute

“Nos. 24 & 25A”.

4. Rule 73 amended (preliminary advice by the Registrar)

Rule 73—

Repeal

“No. 25”

Substitute

“Nos. 25 & 25A”.

5. Schedule amended (fees)

(1) The Schedule, Fee No. 1—

(a) Repeal

“1,300”

Substitute

“2,000”;

(b) Repeal

“650”

Substitute

“1,000”.

(2) The Schedule, Fee No. 2—

Repeal

“650”

Substitute

“1,000”.

(3) The Schedule, Fee No. 7—

(a) Repeal

“3,000”

Substitute

“2,670”;

(b) Repeal

“1,500”

Substitute

“1,340”.

(4) The Schedule, Fee No. 9—

(a) Repeal

“3,000”

Substitute

- “2,670”;
- (b) **Repeal**
“1,500”
Substitute
“1,340”.
- (5) The Schedule, Fee No. 10—
Repeal
“1,500”
Substitute
“1,340”.
- (6) The Schedule, Fee No. 24—
Repeal
“\$200”
Substitute
“(a) \$400 for the first class of goods or services set out in the specification; and
(b) \$200 for each additional class (if any) if there is no simultaneous request for Registrar’s preliminary advice under rule 73 in respect of the same additional class”.
- (7) The Schedule, Fee No. 25—
Repeal
“\$200”
Substitute
“(a) \$400 for the first class of goods or services set out in the specification; and
(b) \$200 for each additional class (if any) if there is no

- simultaneous request for search of records under rule 72 in respect of the same additional class”.
- (8) The Schedule, after Fee No. 25—
Add
“25A. Simultaneous requests for search of records under rule 72 and for Registrar’s preliminary advice under rule 73 in respect of the same additional class of goods or services set out in the specification \$200 for each additional class”.
- (9) The Schedule, Fee No. 30—
(a) **Repeal**
“1,300”
Substitute
“2,000”;
(b) **Repeal**
“650”
Substitute
“1,000”.
- (10) The Schedule, Fee No. 32—
(a) **Repeal**
“1,500”
Substitute
“2,300”;
(b) **Repeal**
“750”
Substitute

“1,150”.

Registrar of Trade Marks

2015

Explanatory Note

These Rules amend the Schedule to the Trade Marks Rules (Cap. 559 sub. leg. A) (*principal Rules*) to impose a new fee and to revise certain fees payable under the principal Rules.

Registered Designs (Amendment) Rules 2015

(Made by the Registrar of Designs under section 79 of the Registered Designs Ordinance (Cap. 522) with the consent of the Financial Secretary)

1. Commencement

These Rules come into operation on 30 March 2015.

2. Registered Designs Rules amended

The Registered Designs Rules (Cap. 522 sub. leg. A) are amended as set out in section 3.

3. Schedule amended (fees)

(1) The Schedule, Fee No. 14—

Repeal

“1,230”

Substitute

“790”.

(2) The Schedule, Fee No. 15—

Repeal

“1,860”

Substitute

“1,200”.

(3) The Schedule, Fee No. 16—

Repeal

“2,740”

Substitute

“1,760”.

(4) The Schedule, Fee No. 17—

Repeal

“4,170”

Substitute

“2,690”.

Registrar of Designs

2015

Explanatory Note

These Rules amend the Schedule to the Registered Designs Rules (Cap. 522 sub. leg. A) (*principal Rules*) to revise certain fees payable under the Registered Designs Ordinance (Cap. 522) and the principal Rules.

Annex D

**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%

Annex E

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%

Item	Fee no.	Fee Description	Existing fee (\$)	Proposed fee (\$)	Proposed Amount of Change (\$)	Percentage change (%)
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%
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%

Item	Fee no.	Fee Description	Existing fee (\$)	Proposed fee (\$)	Proposed Amount of Change (\$)	Percentage change (%)
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%
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.

**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%