

立法會
Legislative Council

LC Paper No. CB(1)576/15-16
(These minutes have been seen
by the Administration)

Ref : CB1/BC/02/15

Bills Committee on Patents (Amendment) Bill 2015

**Minutes of the first meeting
on Tuesday, 1 December 2015, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex**

Members present : Hon Martin LIAO Cheung-kong, SBS, JP (Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Paul TSE Wai-chun, JP
Hon WONG Yuk-man
Hon Charles Peter MOK, JP
Hon SIN Chung-kai, SBS, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP

Members absent : Hon WONG Kwok-hing, BBS, MH
Hon Alan LEONG Kah-kit, SC
Hon Dennis KWOK
Hon CHUNG Kwok-pan

Member attending : Hon Christopher CHEUNG Wah-fung, SBS, JP

Public officers attending : Agenda Item II

Mr Godfrey LEUNG, JP
Under Secretary for Commerce and Economic
Development

Mr David F L WONG, JP
Deputy Secretary for Commerce and Economic
Development
(Commerce and Industry)2

Mr Amor WONG
Assistant Secretary for Commerce and Economic
Development
(Commerce and Industry)3B

Mr Thomas TSANG
Acting Deputy Director of
Intellectual Property

Ms Mabel CHEUNG
Acting Senior Assistant Law Draftsman
(Professional Development)
Department of Justice

Mr Gary LI
Government Counsel
Department of Justice

Clerk in attendance : Ms Annette LAM
Chief Council Secretary (1)3

Staff in attendance : Ms Wendy KAN
Assistant Legal Adviser 6

Ms Connie HO
Senior Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

Action

I. Election of Chairman

Mr Jeffrey LAM, the member who had the highest precedence in Council among members of the Bills Committee present at the meeting, presided at the election of chairman of the Bills Committee and invited nominations for the chairmanship of the Bills Committee.

2. Mr SIN Chung-kai nominated Mr Martin LIAO, and the nomination was seconded by Ir Dr LO Wai-kwok. Mr LIAO accepted the nomination.
3. There being no other nominations, Mr Martin LIAO was declared Chairman of the Bills Committee. Mr LIAO then took the chair.
4. The Chairman sought members' view on the need for a deputy chairman. It was agreed that the election of deputy chairman was not required.

II. Meeting with the Administration

(LC Paper No. CB(3)101/15-16

-- The Bill

LC Paper No. CB(1)219/15-16(01)

-- Mark-up copy of the Bill prepared by the Legal Service Division (Restricted to members only)

File Ref: CITB 06/18/23

-- Legislative Council Brief issued by Commerce and Economic Development Bureau

LC Paper No. LS9/15-16

-- Legal Service Division Report

LC Paper No. CB(1)219/15-16(02)

-- Paper on Patents (Amendment) Bill 2015 prepared by the Legislative Council Secretariat (background brief)

LC Paper No. CB(1)220/15-16

-- Administration's paper on Patents (Amendment) Bill 2015 (power-point presentation material))

5. With the aid of a power-point presentation, the Under Secretary for Commerce and Economic Development briefed members on the background to the review of the patent system in Hong Kong and the key legislative proposals of the Patents (Amendment) Bill 2015 ("the Bill").

6. The Chairman declared that Mr Andrew LIAO Cheung-sing, Chairman of the Advisory Committee on Review of the Patent System in Hong Kong, was his elder brother. Mr Paul TSE also declared that Mr Andrew LIAO Cheung-sing was his Pupil Master.

(Post meeting note: The notes of the power-point presentation were issued to members vide LC Paper No. CB(1)220/15-16 on 2 December 2015).

7. The Bills Committee deliberated (Index of proceedings attached at **Annex**).

Follow-up action by the Administration

8. The Administration was requested to provide background statistical information on patent applications, including the proportion of local applications, made in some smaller economic entities (e.g. Singapore, Malaysia, New Zealand, Israel and Brunei Darussalam) which had implemented the "original grant" patent system to shed light on the development of innovation and technology in the relevant economies.

(Post-meeting note: The information provided by the Administration was issued to members vide LC Paper No. CB(1)334/15-16(01) on 21 December 2015.)

Invitation of views

9. Members agreed to invite public and stakeholders' views on the Bill. In line with the usual practice, invitation letters would be issued to relevant organizations and the 18 District Councils. A notice would be placed on the website of the Legislative Council ("LegCo") inviting public views.

10. The Chairman drew members' attention to the proposed list of organizations to be invited to give views tabled at the meeting. Members were requested to inform the Secretariat any specific organizations they wished to invite on or before 8 December 2015.

(Post-meeting note: A notice inviting public submissions on the Bill was placed on the LegCo website on 4 December 2015. Letters inviting views of the relevant organizations and District Councils endorsed by the Bills Committee had been issued on 4 and 7 December 2015 respectively.)

Date of the second meeting

11. As some members might not be available for the second meeting proposed to be held on 22 December 2015 at 9:00 am, the Chairman instructed the Secretariat to confirm members' availability for the proposed meeting date and notify members of the meeting arrangement in due course. Members agreed that the Bills Committee would meet with deputations at the second meeting.

(Post-meeting note: On the direction of the Chairman, the second meeting of the Bills Committee was scheduled for Tuesday, 22 December 2015 from 9:30 am to 11:30 am. Members had been notified of the arrangement vide LC Paper No. CB(1)254/15-16 issued on 4 December 2015.)

III. Any other business

12. There being no other business, the meeting ended at 3:50 pm.

Council Business Division 1
Legislative Council Secretariat
19 February 2016

**Proceedings of the first meeting of
the Bills Committee on Patents (Amendment) Bill 2015
on Tuesday, 1 December 2015, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex**

Time marker	Speaker	Subject(s)	Action required
Agenda Item I – Election of Chairman			
000000 – 000500	Mr Jeffrey LAM Mr SIN Chung-kai Ir Dr LO Wai-kwok Mr Martin LIAO	Election of Chairman Mr Martin LIAO was elected Chairman of the Bills Committee.	
Agenda Item II – Meeting with the Administration			
000501 – 002038	Chairman Administration	Power-point presentation by the Administration on the background to the review of the patent system in Hong Kong and the key legislative proposals of the Patents (Amendment) Bill 2015 ("the Bill") (LC Paper No. CB(1)220/15-16). Declaration of interest by the Chairman.	
002039 – 002934	Chairman Ir Dr LO Wai-kwok Administration	Ir Dr LO Wai-kwok's support for the establishment of an "original grant" patent ("OGP") system in Hong Kong and his enquiries on – (a) whether the patents granted under the OGP system would be recognized by the three designated patent offices of the re-registration system for standard patents, namely the State Intellectual Property Office in Mainland China ("SIPO"), the United Kingdom ("UK") Patent Office and the European Patent Office ("EPO") (for patents designating the UK) as an reciprocal arrangement. Given the small market in Hong Kong, users would have little incentive to apply for standard patent grant under the OGP system in the absence of mutual recognition of patents with other jurisdictions; and (b) the official fees to be charged for OGP applications. Users might go for the re-registration system instead of the OGP route should the fee of the latter be too high. The high fees of OGP applications would create a heavy financial burden for users.	

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		<p>The Administration's response that –</p> <p>(a) given that patent protection was territorial in nature, there was no international arrangement for mutual recognition of patents granted by a national or regional patent office. However, upon the establishment of the OGP system, Hong Kong would be in a better position to negotiate bilateral Patent Prosecution Highway ("PPH") arrangements with other patent offices to expedite the examination process, which would facilitate OGP applicants to file patent applications in other jurisdictions and secure patent protection in the places concerned with reduced time and cost; and</p> <p>(b) the fee schedule for OGP applications would be prescribed in the relevant subsidiary legislation. In principle, the fees for an OGP application would be charged on the basis of full cost-recovery in accordance with the "user pays" principle. At the same time, the Administration noted Members' view that the proposed fees should be competitive and affordable. The Administration would update the Legislative Council on the proposed fee schedule when it was available.</p> <p>Ir Dr LO Wai-kwok's view that the Administration should foster mutual recognition of patents with other jurisdictions to enhance the incentive for users to apply for patent protection in Hong Kong under the OGP route, thereby sustaining the long-term development of the OGP system.</p>	
002935 – 004142	Chairman Mr WONG Yuk-man Administration	<p>Mr WONG Yuk-man's support for the setting up of the OGP system in Hong Kong in principle and his enquiries on –</p> <p>(a) the mutual recognition arrangements of patents with other jurisdictions for standard patents granted in Hong Kong under the current re-registration system and the proposed OGP system;</p>	

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		<p>(b) given that pursuant to section 8 of the Patents Ordinance (Cap.514) ("the Ordinance"), the Chief Executive in Council might for the purposes of the Ordinance by notice published in the Gazette designate a patent office established under the law of any country, territory or area other than Hong Kong or established under any international agreement as the designated patent office (which included SIPO, the UK Patent Office and EPO for the time being), the reason for excluding the United States Patent and Trademark Office ("USPTO") as a designated patent office;</p> <p>(c) the impact of OGP system on the current re-registration system which would be retained after the establishment of the OGP route; and</p> <p>(d) the impact, if any, of the Patent Cooperation Treaty ("PCT") and the relevant provisions of the Trans-Pacific Partnership ("TPP") relating to intellectual property ("IP") on the OGP system.</p> <p>The Administration's response that –</p> <p>(a) similar to other IP rights such as trademarks and copyright, patent protection was territorial in nature. As such, the protection for standard patents granted under the current re-registration system and the proposed OGP system was confined to Hong Kong only. Notwithstanding that there was no international arrangement for mutual recognition of patents granted by a national or regional patent office, Hong Kong would be in a better position to explore further external cooperation opportunities, such as through PPH arrangements, in facilitating local patent applicants to obtain patent protection in other jurisdictions;</p> <p>(b) the designation of the current three designated patent offices was mainly for historical reasons. The UK Patent Office and EPO (for patents designating the UK) were included to preserve the pre-1997</p>	

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		<p>position, while SIPO was added in 1997 in the Patents Ordinance enacted that year;</p> <p>(c) PCT had been applicable to Hong Kong since 1 July 1997. The current re-registration system and the proposed OGP system for grant of standard patents had no conflict with PCT;</p> <p>(d) given that the proposed OGP system would just provide an avenue for seeking standard patents in Hong Kong in addition to the current re-registration system, the proposed OGP system would not be in conflict with the current re-registration system; and</p> <p>(e) the measures proposed in TPP relating to IP did not have a direct impact on the proposed OGP and the current re-registration systems of Hong Kong. The Administration would keep in view the developments of the cooperative measures under TPP in IP-related areas.</p> <p>In relation to the fee level of the OGP system, Mr WONG Yuk-man's views that –</p> <p>(a) the adoption of the "user pays" principle in determining the fee level of OGP applications might result in high fees to be charged, thus affecting the attractiveness of the OGP system which would be against the intended policy objective of setting up the new patent system; and</p> <p>(b) to enable Hong Kong to develop into a regional patent registration center, the Administration should, apart from negotiating for bilateral and multilateral patent application facilitation arrangements such as PPH, consider providing subsidies for patent applications under the OGP route at the initial stage of the operation of the OGP system to enhance the attractiveness of the new patent system.</p> <p>The Administration's response that –</p>	

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		<p>(a) while the fee for an OGP application would in principle be charged on the basis of full cost-recovery in accordance with the "user pays" principle, it would bear in mind Members' view that the fees to be charged under the OGP system should be affordable when working out the fee schedule; and</p> <p>(b) the Patent Application Grant currently administered by the Innovation and Technology Commission had been providing a maximum subsidy of 90% of the total direct cost of the patent application, subject to a cap of \$250,000 per application, to locally incorporated companies and individual applicants for their first-time patent applications in Hong Kong or overseas.</p>	
004143 – 005605	Chairman Mr Paul TSE Administration	<p>Declaration of interest by Mr Paul TSE.</p> <p>Mr Paul TSE's view that the Administration should enhance the attractiveness of the new OGP system against the current re-registration system for standard patents. His enquiries on –</p> <p>(a) whether the Administration would consider recognizing the patents grant by the USPTO under the re-registration system so that the patent system of Hong Kong would have a better interface with the provisions of TPP relating to IP; and</p> <p>(b) the timeframe for phasing out the re-registration system in the light of Singapore's experience in setting up the OGP system.</p> <p>The Administration's response that –</p> <p>(a) expanding the list of designated patent offices would not be in line with the policy intention of setting up an OGP system in Hong Kong. Moreover, such expansion might complicate the existing re-registration system as different practices on patent grant adopted by individual designated patent offices might lead to inconsistencies relating</p>	

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		<p>to grant of designated patents to be re-registered in Hong Kong. Hong Kong should strive to develop a quality and attractive OGP system; and</p> <p>(b) according to Singapore's experience, it took a rather long period of time for Singapore to develop an OGP system with indigenous substantive examination capability. In the case of Hong Kong, depending on the users' acceptance of the new patent system and their filing demands, the Intellectual Property Department ("IPD") planned to develop in incremental stages in-house capacity in conducting indigenous substantive examination in the medium to long term, starting with the niche areas where Hong Kong had acquired considerable expertise or Hong Kong was well placed to enhance its research and development capabilities.</p> <p>In connection with IPD's decision to enlist technical assistance solely from SIPO for the new OGP system, Mr Paul TSE's enquiries on –</p> <p>(a) given that Singapore had outsourced substantive examinations to several European patent offices including Denmark, Hungary and Austria when setting up its own OGP system in 1995 and taking in view that the UK Patent Office and EPO were the designated patent offices under the current re-registration system, whether the Administration would consider, in addition to SIPO, enlisting support from the UK Patent Office and EPO for the provision of technical assistance to IPD in conducting substantive examination of patent applications and manpower training under the new patent system to benefit from international development; and</p> <p>(b) whether the current decision on enlisting technical support solely from SIPO for the new patent system involved any political consideration.</p>	

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		<p>The Administration's response that –</p> <ul style="list-style-type: none"> (a) SIPO was one of top five patent offices in the world (IP5) receiving the largest number of filings in respect of patents, trademarks and designs; (b) the economic development of Hong Kong and that of the Mainland were closely intertwined. Over the recent few years, over 60% of the standard patent granted under the re-registration system in Hong Kong were based on patents granted by SIPO; and (c) SIPO possessed the capability of examining patent applications filed in Chinese or English, being the official languages in Hong Kong, thus providing convenience for applicants with the choice of languages. <p>In the light of the above, the Administration considered it practical and appropriate to enlist SIPO's technical support for the OGP system in Hong Kong at the initial stage. Nevertheless, the Administration would keep in view the latest international developments in relation to patents.</p>	
005606 – 005847	Chairman Administration	<p>The Chairman's observation that given that the re-registration system offered protection for patents in both Hong Kong and the jurisdictions of the designated patent offices concerned, while the protection for patents granted under the OGP system would be confined to Hong Kong only, users might tend to apply for standard patent in Hong Kong under the current re-registration system instead of the new OGP route. Hence, the retention of re-registration system might not be beneficial to the development of an OGP system in Hong Kong.</p> <p>The Chairman's view that the Administration should enhance users' incentives in using the proposed OGP system.</p> <p>The Administration's response that –</p> <ul style="list-style-type: none"> (a) the retention of the re-registration system was one of the recommendations of the Advisory Committee on Review of the 	

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		<p>Patent System in Hong Kong having regard to the respondents' submissions in the public consultation exercise conducted in 2011; and</p> <p>(b) the setting up of an OGP system in Hong Kong would allow local entities which targeted at the Hong Kong market to apply for standard patent protection in Hong Kong directly without going through a designated patent office, thus providing an efficient and user-friendly filing route for local applicants.</p>	
005848 – 010450	Chairman Mr WONG Yuk-man Administration	<p>Mr WONG Yuk-man's concern about the fact that IPD's reliance on SIPO's support in setting up the OGP system might undermine users' confidence in the patent system of Hong Kong as the Mainland was the competitor of Hong Kong in respect of patent grants. His enquiry on the timeframe and roadmap for nurturing the requisite local human capital of the patent industry to support the operation and development of the OGP system in Hong Kong.</p> <p>The Administration's response that –</p> <p>(a) while SIPO would provide IPD with technical support in relation to substantive examination and also manpower training at the initial stage of operation of the OGP system, IPD planned to develop its own indigenous examination capacity incrementally in the long run; and</p> <p>(b) at present, there were only five patent examiners at the Hong Kong Patents Registry ("the Registry") responsible for processing patent applications filed in Hong Kong. In the light of the setting up of the OGP system, the Registry would be expanded by recruiting more patent examiners with science and technology background. Apart from undergoing the training to be provided by SIPO, other training opportunities for the patent examiners would also be explored such as training or secondment in other patent offices outside Hong Kong.</p>	

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010451 – 011100	Chairman Mr Paul TSE Administration	<p>Mr Paul TSE's concern about whether there would be sufficient demand to sustain a cost-effective OGP system in Hong Kong, given the small market and the lack of manufacturing base in Hong Kong. Mr TSE's observation that the operation of the OGP system might require heavy subsidization from the Government in future in case of inadequate filing demand. His view that the Administration should pursue recognition by the Mainland of patents granted under Hong Kong's OGP system, thereby enhancing international investors' incentives to file patent applications in Hong Kong under the OGP route.</p> <p>The Administration's response that –</p> <ul style="list-style-type: none"> (a) the size of domestic market was just one of the considerations in determining the place(s) of patent filings of a company's filing strategy. At present, some advanced economies similar in size to that of Hong Kong such as Israel, Finland and Singapore, as well as smaller economies such as New Zealand had already established their own OGP systems; and (b) upon the establishment of the OGP system, further external cooperation opportunities in facilitating local patent applicants to obtain patent protection in other jurisdictions, including the Mainland, would be further explored to enhance the attractiveness of the OGP system. 	
011101 – 011853	Chairman Mr Charles MOK Administration	<p>Mr Charles MOK's views that –</p> <ul style="list-style-type: none"> (a) the industrial as well as the innovation and technology sectors supported the establishment of an OGP system in Hong Kong; (b) the Administration should put in place a policy to encourage local research and development ("R&D") institutions, in particular universities and R&D Centres with their operation financed by Government funds, to apply for standard patents for their R&D outcomes in Hong Kong under the 	

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		<p>OGP system.</p> <p>Mr Charles MOK's enquiry on whether the OGP system could help encourage R&D activities and drive the development of innovation and technology industry in the light of the experience of some small economies which had implemented the OGP system.</p> <p>The Administration's undertaking to provide background statistical information requested by Mr Charles MOK on patent applications, including the proportion of local applications, made in some smaller economic entities (e.g. Singapore, Malaysia, New Zealand, Israel and Brunei Darussalam) which had implemented the OGP system to shed light on the development of innovation and technology in the relevant economies.</p>	<p>The Administration to follow up as stated in paragraph 8 of the minutes</p>
011854 – 012116	Chairman	<p>Invitation for public views on the Bill</p> <p>Meeting arrangements</p>	