

立法會
Legislative Council

LC Paper No. CB(1)972/15-16

Ref : CB1/BC/2/15

**Report of the
Bills Committee on Patents (Amendment) Bill 2015**

Purpose

This paper reports on the deliberations of the Bills Committee on Patents (Amendment) Bill 2015.

Background

The current patent system in Hong Kong

2. A patent system encourages new technological innovations by granting patent owners the exclusive right to prevent others from exploiting their patented inventions such as by means of manufacturing, using, selling or importing them. Inventions which are novel, involve an inventive step and are susceptible of industrial application can be patented in Hong Kong provided that they do not belong to the excluded classes¹.

3. Under the Patent Ordinance (Cap. 514) ("the Ordinance") enacted in June 1997, two types of patents, namely, standard patents and short-term patents ("STPs"), may be granted in Hong Kong.

¹ Section 93 of the Patent Ordinance (Cap. 514) sets out the patentability requirements of an invention and the excluded classes. Examples of non-patentable subject matters include discoveries, scientific theories or mathematical methods; aesthetic creations; surgical or therapeutic methods for treatment of the human or animal body; and inventions the publication or working of which would be contrary to public order ("ordre public") or morality. The Bill, amongst others, repeals section 93 and re-enacts it as the new section 9A. See (a) of Appendix I.

Standard patents

4. Under section 39 of the Ordinance, standard patents are, subject to renewal, valid for a maximum term of 20 years.

5. In Hong Kong, standard patents are granted based on a "re-registration" system, under which a standard patent will be granted, subject to procedural compliance, if a prior grant for the same invention has been obtained in one of three "designated patent offices", namely, the State Intellectual Property Office of the People's Republic of China ("SIPO"), the United Kingdom ("UK") Patent Office and the European Patent Office ("EPO") (in respect of patents granted under the European Patent Convention designating the UK). The Hong Kong Patents Registry ("Registry") of the Intellectual Property Department ("IPD") only conducts "formality examination" of the information and documents filed in support of the applications.² Unlike the patent systems of many advanced overseas economies under which patents are granted by their individual patent offices after "substantive examination" of the applications to ensure that the inventions meet the patentability requirements under their respective local laws, the Registry does not conduct a substantive examination as to whether the invention underlying a standard patent application fulfils the patentability requirements under the current patent system.

Short-term patents

6. STPs have, subject to renewal, a maximum term of eight years. They offer a quicker and cheaper way to protect inventions with a shorter commercial life cycle. Currently, an STP is granted by the Registry upon formality examination of the documents in support of the application, such as a search report³. No substantive examination is conducted in respect of the underlying invention.

² An application for a standard patent in Hong Kong is made in two stages: a request to record (filed within 6 months after the date of the publication of the corresponding patent application in a designated patent office); and subsequently a request for registration and grant (filed within 6 months after the date of grant of the patent by the designated patent office or publication of the request to record in Hong Kong, whichever is the later).

³ A search report has to be issued by an international search authority (such as the patent offices of Australia, Canada, Korea, Japan and the US) or one of the three designated patent offices.

Regulation of patent practitioners

7. Currently, subject to limited regulations imposed by the Ordinance and its subsidiary legislation concerning agents for acts done in connection with a patent or patent application under the Ordinance⁴, there is generally no regulation of local patent practitioners. In this connection, a person is generally free to provide any patent agency service in Hong Kong, and use the title of "patent agent", "patent attorney" or the like.

Review of the patent system in Hong Kong

8. To ensure that Hong Kong's patent system would continue to meet present-day circumstances and that its further evolution would facilitate the development of Hong Kong into a regional intellectual property ("IP") trading and innovation and technology hub, the Administration commenced a comprehensive review of the patent system in October 2011. Having regard to the recommendations of the Advisory Committee on Review of the Patent System in Hong Kong⁵ ("the Advisory Committee") on the future positioning of the local patent system, the Administration announced in February 2013 its policy decision on the development of the local patent system with the following key proposals:

Standard patent system

- (a) introducing an "original grant" patent ("OGP") system with substantive examination initially outsourced to other patent

⁴ For example –

- (a) the Registrar of Patents shall refuse to recognize as an agent a person who neither resides nor has a place of business in Hong Kong (section 140(4) of the Ordinance);
- (b) the Registrar of Patents may refuse to recognize a person as an agent in respect of any business under the Ordinance or the Rules in certain circumstances, such as where the person has been convicted of a criminal offence, or where the person has been struck off the roll of barristers or solicitors (section 85(7) of the Patents (General) Rules (Cap.514C)).

⁵ The Secretary for Commerce and Economic Development appointed an Advisory Committee on Review of the Patent System in Hong Kong in October 2011 to advise on –

- (a) how the Administration should position the 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.

office(s) whilst retaining the current re-registration system;

Short-term patents system

- (b) retaining the STP system with suitable refinements; and

Regulation of patent practitioners

- (c) developing a full-fledged regulatory regime on patent agency services in the long run, which has to be achieved in stages, with possible interim measures.

The Bill

9. The Bill was published in the Gazette on 30 October 2015 and introduced into the Legislative Council on 11 November 2015. The Bill amends the Ordinance to:

- (a) provide for an OGP system for grant of standard patents;
- (b) refine the current STP system by providing for post-grant substantive examination of STPs and making other technical amendments;
- (c) prohibit the use of certain titles and descriptions in providing patent agency services as an interim regulatory measure; and
- (d) introduce amendments to make the policy intent clear that inventions relating to second or further medical uses could be regarded as new and thus patentable⁶, and also to address other technical, transitional and miscellaneous matters.

The key legislative proposals of the Bill are set out below.

⁶ An invention relating to second medical use generally refers to subsequent discovery of use of a known substance or composition (which has already been used for medical treatment or diagnosis of certain disease or condition, i.e. first medical use) for medical treatment or diagnosis of another disease or condition, and such second medical use was previously unknown. The proposed amendment would enable patent applicants to seek protection of inventions relating to second medical uses in Hong Kong through a simpler and more direct form of claim drafting rather than an indirect drafting approach known as the "Swiss-type claim" as currently adopted by patent applicants.

Introducing an "original grant" patent route for granting standard patents

10. The Bill introduces new provisions to allow an applicant to apply for a standard patent under a new OGP route and to lay down the procedural framework for such application. The main difference between the new OGP system and the existing re-registration system for standard patents is that the OGP system would enable applicants to file patent applications directly in Hong Kong without first obtaining a corresponding patent from a designated patent office outside Hong Kong. The existing re-registration system will be retained upon the implementation of OGP system.

Refining the short-term patent system

11. The Bill introduces new provisions to lay down the procedural framework for substantive examination of STPs after grant, set out the prerequisites to the commencement of enforcement proceedings for STPs, refine the existing provisions on groundless threats of infringement proceedings concerning unexamined STPs, and increase the maximum number of independent claims an STP application may contain.

Implementing an interim measure for regulating local patent practitioners pending establishment of a full-fledged regulatory regime

12. The Bill adds a new section to the Ordinance to prohibit any person from using or permitting the use of certain titles and descriptions (like "certified patent attorney") in the course of or in connection with the person's business, trade or profession, with certain exemptions provided.

13. The main provisions of the Bill are set out in **Appendix I**.

The Bills Committee

14. At the House Committee meeting on 13 November 2015, members agreed to form a Bills Committee to study the Bill. The membership list of the Bills Committee is in **Appendix II**.

15. Under the chairmanship of Hon Martin LIAO, the Bills Committee held eight meetings between December 2015 and April 2016 to deliberate on the details of the Bill with the Administration, including one meeting to receive oral representations from five deputations. A list of deputations which have submitted views to the Bills Committee is in **Appendix III**.

Deliberations of the Bills Committee

16. The Bills Committee generally supports the Bill, including the introduction of an OGP system for grant of standard patents. In the course of scrutiny, the Bills Committee has noted and discussed the submissions made by the deputations in relation to introducing the new OGP system and retaining the current re-registration system for standard patents, refining the STP system, as well as implementing an interim measure for regulating local patent practitioners. The deliberations of the Bills Committee are summarized in the ensuing paragraphs.

Introducing the new "original grant" patent system for grant of standard patents

Basic procedures for an "original grant" patent application

17. The Bills Committee notes that clause 45 of the Bill provides for the legal and procedural framework for the application for examination and grant of OGP. The Bills Committee also notes that from the users' perspective, the main difference between the new OGP system and the existing re-registration system for standard patents is that the new OGP system would enable applicants to file applications for a standard patent directly in Hong Kong without first obtaining a corresponding patent from a designated patent office outside Hong Kong. Upon receipt of an OGP application, the Registrar of Patents ("Registrar") would conduct formality examination of the application. If the application fulfils the minimum filing requirements⁷, the Registrar would accord the date of filing. The Registrar would then examine whether the application has also satisfied other formal requirements⁸. In the process, the Registrar

⁷ To fulfill the minimum filing requirements, the application should contain –
 (a) an indication that a standard patent under the OGP route is sought;
 (b) information identifying the applicant; and
 (c) a document that appears to be a description of an invention, or a reference to a previously filed application of the invention.

⁸ To fulfill the formal requirements, the application should contain among others –
 (a) the name and address of the applicant(s) and the inventor(s);
 (b) a statement indicating the derivation of the applicant's entitlement if any applicant is not an inventor;
 (c) an address in Hong Kong for service of documents;
 (d) a specification that provides for –
 (i) a description of the invention;
 (ii) at least one claim;
 (iii) any drawing referred to in the description or the claim;
 (e) an abstract;
 (f) where applicable, documents for claiming priority and non-prejudicial disclosure.

would, if necessary, issue a deficiency notice to the applicant for rectifying any deficiency. Upon passing the formality examination, the application would generally be published by the Registrar after expiry of certain prescribed time.

18. Following publication of the application, the Registrar, upon request by the applicant, would proceed with substantive examination to determine whether the application has satisfied the prescribed requirements⁹ ("examination requirements") for a patent grant. If a third party files observations with respect to an application within a prescribed period, the observations would also be considered by the Registrar during substantive examination. The Registrar may raise objection if the application does not fulfill any examination requirement. The applicant may file submissions and/or propose amendments to the specification and claims to address the objection. The applicant may also request the Registrar to review the objection. The Registrar must, in accordance with the prescribed procedures, consider whether the filed submissions and/or proposed amendments have overcome the objection, and where applicable, review the objection. If the application, upon substantive examination, is found to satisfy all the examination requirements, the Registrar would grant the standard patent and publish the grant accordingly. If not, the application will be refused.

19. The Administration has advised that as Hong Kong has yet to develop indigenous capacity for conducting substantive examination for which it has no practical experience, IPD entered into a cooperative arrangement with SIPO in December 2013 under which SIPO agreed to provide technical assistance and support to IPD in conducting substantive examination of patent applications and manpower training under the new patent system. Depending on the users' acceptance of the new patent system and their filing demands, IPD plans 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 has acquired considerable expertise or where Hong Kong is well placed to enhance its research and development capabilities.

Attractiveness and effectiveness of the new "original grant" patent system

20. While members in general do not object to the Administration's proposal to establish an OGP system for grant of standard patents as it would bear strategic significance to the long-term economic development of Hong Kong, some members including Ir Dr Hon LO Wai-ki and Hon Paul TSE are concerned about the attractiveness and effectiveness of

⁹ Including the patentability requirements. See also footnote 1.

the new OGP system. Noting that the new OGP system will only be implemented in Hong Kong, some members consider it necessary for the patents granted under the new OGP system to be recognized by the three designated patent offices of the re-registration system for standard patents, i.e. SIPO, the UK Patent Office and EPO as a reciprocal arrangement. Given the small market in Hong Kong, members are of the view that users will have little incentive to apply for standard patents grant under the new OGP system in the absence of mutual recognition of patents with other jurisdictions. In members' view, 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, so as to sustain the long-term development of the OGP system.

21. The Administration has advised that given that patent protection is territorial in nature, there is no international arrangement for mutual recognition of patents granted by a national or regional patent office. However, upon the establishment of the new OGP system, Hong Kong would be in a better position to negotiate bilateral arrangements with other patent offices, such as Patent Prosecution Highway ("PPH"), to expedite the examination process, which would facilitate OGP applicants to seek patent protection in other jurisdictions with reduced time and cost.

22. Some members including Hon WONG Yuk-man further suggest that to enable Hong Kong to develop into a regional patent registration centre, 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 new OGP system to enhance its attractiveness. The Administration has responded that currently, the Patent Application Grant administered by the Innovation and Technology Commission has been providing subsidy to locally incorporated companies and individual applicants for their first-time patent application(s) for an invention in Hong Kong and/or overseas in the maximum amount of 90% of the total direct cost of such first-time patent application(s), subject to a cap of \$250,000 per application for subsidy.

23. Some other members including Hon Paul TSE have queried 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. These members are concerned that the operation of the OGP system may require heavy subsidization from the Government in future in case of inadequate filing demand. In this connection, members consider that the Administration should pursue recognition by the Mainland of the patents granted under Hong Kong's

new OGP system, thereby enhancing international investors' incentives to file patent applications in Hong Kong under the OGP route.

24. The Administration has advised that according to statistics of the World Intellectual Property Organization, during 2012 to 2014, Hong Kong, having an average annual filing volume of about 13 000 during the same period, was within the world's top 20 patent offices in terms of annual total standard patent filings, ranking at 16th in 2014. The Administration further explained that the size of the domestic market was just one of the considerations in determining the place of patent filings of a company's filing strategy. At present, several advanced economies with population size and/or Gross Domestic Product similar or comparable to that of Hong Kong such as Israel, Finland and Singapore, as well as smaller economies such as New Zealand, have already established their own OGP systems. The Administration has further advised that upon the establishment of the new OGP system, further external cooperation opportunities in facilitating local patent applicants to obtain patent protection in other jurisdictions, including the Mainland, will be explored to enhance the attractiveness of the new OGP system.

25. Noting that the existing re-registration system for standard patents will be retained after the establishment of the new OGP system, the Chairman and some other members have pointed out that as the re-registration system offers protection for patents in Hong Kong cheaply based on a corresponding patent in the jurisdiction of a designated patent office, while the protection for patents granted under the OGP system would be confined to Hong Kong only, users might tend to choose the current re-registration system instead of the new OGP route. Therefore, the retention of the re-registration system may not be beneficial to the development of the OGP system in Hong Kong.

26. The Administration has explained that the retention of the re-registration system is one of the recommendations of the Advisory Committee having regard to the respondents' submissions in the public consultation exercise conducted in 2011. The setting up of the new OGP system in Hong Kong will offer an additional route for seeking standard patent protection in Hong Kong, which in particular will allow local entities which target 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.

Fee schedule for "original grant" patent applications

27. As advised by the Administration, the fee schedule for OGP applications will 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. Quite a number of members including Hon WONG Yuk-man, Hon Paul TSE and Hon CHUNG Kwok-pan are concerned about the level of application fees under the new OGP system. They take the view that the higher operating cost of the new OGP system, which involves substantive examination, may translate into higher fees for users, thus reducing the attractiveness of the OGP system which would be against the intended policy objective of setting up the new patent system.

28. In response, the Administration has assured the Bills Committee that it will take into account members' concern that the fees to be charged under the OGP system shall be competitive and affordable when determining the fee schedule.

Indigenous substantive examination capability under the new "original grant" patent system and development of human capital of the patent industry

29. Members note the views of some deputations that the Administration should, in respect of the new OGP system, develop indigenous full searching and examining capability in line with the international standards for a full spectrum of technology as soon as possible, and that a long-term plan should be devised for the potential manpower demand arising from the new OGP system.

30. The Administration has advised that IPD plans to develop its inhouse substantive examination capability in the medium to long term. Given the high degree of technical knowledge and expertise required and the breadth of technical areas involved, the Administration considers it pragmatic to adopt an incremental approach in developing the indigenous searching and examination capability, having regard to the degree of users' acceptance of the OGP system, their filing demands and the niche technical areas where Hong Kong has acquired considerable expertise or where Hong Kong is well placed to enhance its research and development capabilities.

31. As regards a long-term human capital development plan for the patent industry, the Administration has advised that a strong patent profession is a complementary component to the OGP system. In the long run, a full-fledged regulatory regime covering aspects such as the

establishment of a professional regulatory body, accreditation, use of titles, professional discipline, training, service monopoly, and statutory backing should be developed. The Advisory Committee has held initial discussions on these long-term issues and the Administration will continue to engage the Advisory Committee and stakeholders in mapping out the way forward.

32. In respect of patent examination, the Administration has added that IPD is planning to expand the Patents Registry by recruiting patent examiners with science degrees or technical background for processing patent applications under the new patent system. IPD will liaise with SIPO and other established patent offices to provide appropriate technical training to these examiners.

33. Some members including Hon WONG Yuk-man have raised queries about the IPD's decision to enlist technical assistance solely from SIPO. They are of the view that 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 one of the competitors of Hong Kong in respect of patent grants.

34. The Administration has explained that SIPO will provide IPD with technical support in relation to substantive examination and also manpower training at the initial stage of operation of the new OGP system. Being one of the top five patent offices in the world, and having regard to its expertise and capacity in handling the largest number of national patent applications since 2011, and its status both as an International Searching Authority and an International Preliminary Examining Authority under the Patent Cooperation Treaty, SIPO has been internationally recognized as a credible and reputable office for patent search and examination. Moreover, SIPO possesses the capability of examining patent applications filed in Chinese or English, which are the official languages in Hong Kong, thus providing convenience for applicants with the choice of official languages.

35. As such, the Administration considers it practical and appropriate to enlist SIPO's technical support for the OGP system in Hong Kong at the initial stage. Nevertheless, the Administration has assured the Bills Committee that patent applications will be examined in accordance with the patentability requirements under Hong Kong law, and the decision to grant or refuse an application will be made by the Registrar in accordance with Hong Kong law. Moreover, it is the Government's aim to develop Hong Kong's indigenous examination capacity in the medium to long term.

Refining the short-term patent system

Substantive examination of short-term patents

36. The Bills Committee notes that clause 120 of the Bill provides for the legal and procedural framework for post-grant substantive examination of STPs. Clause 123 of the Bill, which seeks to amend section 129 of the Ordinance to provide that in certain cases, a request for substantive examination of a STP is a prerequisite for commencing enforcement proceedings in relation to the patent. In this connection, some deputations share the concern that the proposed introduction of substantive examination of STP may reduce the benefit of the STP system and could well deter the use of the system.

37. The Administration has explained that while the STP system offers a cheap and quick alternative to protecting inventions with a shorter commercial cycle, an STP is not examined before grant and does not enjoy a presumption of validity. Accordingly, refinements are proposed to strike a better balance between the patentee of an unexamined STP and users, and reduce the room for abuse. Under the refined STP system, a request for substantive examination of an unexamined STP will be made a prerequisite to the commencement of enforcement proceedings in relation to the patent. The relevant refinements to the STP system will help strike a reasonable balance between the legitimate interest of a patentee and that of a party aggrieved by a threat of infringement actions. The existing provisions on groundless threats of proceedings and the onus of proof of validity or invalidity of STPs in such proceedings will also be refined under the Bill in view of the proposed inclusion of post-grant substantive examination as a new feature of the STP system.

38. Members also note that the Administration has explored the possibility of relaxing the number of independent claims in an STP application, and proposed to allow an STP application to contain up to two independent claims, provided that both claims relate to one invention or a group of inventions forming a single inventive concept. The proposed relaxation seeks to strike a reasonable balance between having an STP system mainly to cater for relatively simple inventions with a limited commercial life span on the one hand, and allowing for some flexibility for users to acquire an STP with not more than two independent claims without restricting the types or classes of such claims at a reduced cost on the other.

Threat of infringement proceedings

39. The Bills Committee notes that some deputations are concerned that the proposal in the new section 89A(2) under clause 78 of the Bill to require an unexamined short-term patentee to provide documents relating to the patent on request when making a threat of infringement proceedings, is unnecessarily and also unduly harsh to the patentees, particularly to small and medium-sized enterprises, and also to both professional and non-professional advisors, who may be deemed to have made a groundless threat of proceedings because of unawareness of the technical requirement or inadvertence, no matter how justified the threats are. These deputations are of the view that the proposal goes beyond the rationale of deterring threats of infringement proceedings based on a weak patent. The objective of discouraging the owner of an unexamined STP from making empty threats is already covered by the existing law on threats. They consider that the requirement to provide patent documents can be made a pre-condition for bringing infringement proceedings, and non-compliance with which is subject to sanction by an adverse cost order.

40. The Bills Committee also notes a deputation's view that the proposed statutory provisions on groundless threats of infringement proceedings in Hong Kong are stricter than those of the UK. Such provisions need to be looked at afresh, and amendments similar to the lines of the proposed legislative amendments to the corresponding provisions in the UK following the report of the UK Law Commission should be adopted in Hong Kong.

41. The Administration has advised that the proposed new section 89A under clause 78 of the Bill introduces a requirement for the proprietor of an unexamined STP who threatens infringement proceedings against another person to provide certain patent documents to an aggrieved party on request. This proposal seeks to facilitate the aggrieved party to make an informed decision on whether and how to respond to the threats.

42. In response to the view that the proposed statutory provisions on groundless threats of infringement proceedings in Hong Kong are stricter than that of the UK, the Administration has submitted that the current statutory provisions on groundless threats of patent infringement proceedings, i.e. section 89 of the Ordinance as enacted in 1997, are modeled on the then version of section 70 of the UK Patents Act 1977. The provisions, which are applicable to both standard patents and STPs, seek to prevent abuse of patents by means of making unjustified threats of proceedings for patent infringement. Generally speaking, a person

aggrieved by threats of patent infringement proceedings may bring proceedings in the Court of First Instance against the person making the threats for relief, including a declaration that the threats are unjustifiable, an injunction against the continuance of the threats and/or damages, if any, sustained by the plaintiff as a result of the threats. The plaintiff would not however be entitled to any relief if the Court is satisfied that the acts being the subject matter of the threats constitute an infringement of patent, and that the patent in question is valid. Further, proceedings on groundless threats cannot be brought against threats of proceedings for acts of primary infringement (i.e. an alleged infringement through making a product to put on the market, or using a process). In other words, patent owners are entitled to warn off a manufacturer of the relevant product or a user of a relevant process without being subject to proceedings on groundless threats of infringement proceedings.

43. Since commencement of the Ordinance in 1997, there were only three written decisions in Hong Kong concerning groundless threats of patent infringement proceedings (as in March 2016).¹⁰ As such, there is no clear evidence to suggest that the existing groundless threat provisions are unduly oppressive to patent owners. Given that the focus of the current legislative exercise is to implement the key recommendations of the Advisory Committee, a review of groundless threat provisions for patents in Hong Kong is more suitably and prudently conducted as a separate exercise, in which questions as to the appropriateness and extent of harmonization with groundless threat provisions in other local IP legislation can be thoroughly considered.

44. In respect of the UK situation, the Administration has advised that its current statutory provisions in comparison with the Hong Kong provisions are generally more favourable to patent owners as the scope of defence and exemption available under the UK provisions are broader. Such scope of defence and exemption is subject to refinement and expansion under the UK's recent reform proposals which have yet to be implemented by legislation. One should also note that there is no lesser patent system in the UK, and that whether it is proper to have its recent proposed reforms likewise introduced into both Hong Kong's local standard and STP systems would require careful consideration. In addition, the UK reform proposals seek to harmonize the provisions on groundless threats in IP legislation covering trademarks and design rights in addition to patents, and will have a far reaching implications and effect.

¹⁰ Based on searches on the Westlaw database and the Judiciary's online judgment database.

45. Taking into account the comments from deputations and views of members, the Administration has considered possible refinements such as the proposed timeframe for responding to a request for threats of infringement proceedings by the aggrieved party, bearing in mind that the party threatening enforcement proceedings should be well-prepared to substantiate its claim. As such, the Bills Committee notes that the Administration will propose Committee stage amendments ("CSAs") to the new section 89A under clause 78 of the Bill to the effect that –

- (a) the patent information to be provided to the aggrieved party be confined to the patent number for identifying the patent, and any requested amendment to the specification of the patent that has been filed but has not yet been published;
- (b) the written request be accompanied by a copy of the proposed new section 89A so as to alert the patentee of the relevant statutory requirements for defending a claim on groundless threats, including the need to comply with the request for patent information; and
- (c) the period for provision of patent information be extended from 7 days to within 14 days from the date of delivery of the written request or any longer period agreed to by the requestor of such information.

46. The Bills Committee notes a deputation's view that the proposed new section 127B under clause 120 of the Bill does not limit the number of times for a third party to request substantive examination of an STP, and may lead to abuse where one makes repeated requests for substantive examination. Also, the proposed new section 129 under clause 123 of the Bill, which imposes a burden of proof of validity of an STP on the patentee, should be amended to provide that it only applies to unexamined STPs.

47. The Administration has explained that if an STP has been substantively examined or alternatively a request for substantive examination has been made and no order on termination of the substantive examination is made by the court, the owner or a third party may not request substantive examination of the patent again. As regards the validity of the patent, the Administration has submitted that under the Bill, if the patent owner seeks to enforce an unexamined STP, it remains for the patent owner to establish the validity of the patent. On the other hand, where an STP has been substantively examined, the policy intent is for the patent to be presumed valid, similar to the case of a standard patent, subject to proof to the contrary by the party challenging the patent

validity.

48. To further clarify the relevant policy objectives, the Administration will propose CSAs to the following clauses of the Bill –

- (a) to amend the proposed new section 127B under clause 120 to clarify that the number of requests for substantive examination of an STP should be limited in order to avoid abuse of the system; and
- (b) to amend section 129 under clause 123 to clarify the burden of proof of validity of STPs in enforcement proceedings, and state the relevant types of evidence.

Implementing an interim measure for regulating local patent practitioners pending establishment of a full-fledged regulatory regime

Prohibition on use of certain titles and descriptions

49. As advised by the Administration, the Bills Committee notes that a prime objective to regulate local patent practitioners is to nurture a strong patent profession as a complementary component of the new patent system. The development of a full-fledged regulatory regime covering aspects such as the establishment of a professional regulatory body, accreditation, use of titles, professional discipline, training, service monopoly, and statutory backing would therefore be required. Members also note that the Advisory Committee has been deliberating on these long-term issues and engaging stakeholders.

50. The Administration has further advised that the Advisory Committee, having focused on what interim measures should be included into the current package of legislative proposals for implementation in tandem with the new patent system, has recommended that regulation on the use of certain titles should be put in place as an interim measure so as to prevent misuses of attractive titles, as the Advisory Committee considers that misuses of attractive titles which may not only confuse service users before an accreditation system is set up under the future full-fledged regulatory regime, but also pre-empt the outcome of such a future regime in the long run.

51. The Bills Committee also notes that the proposed new section 144A under clause 129 of the Bill contains new provisions to prohibit the use of certain specific titles which may likely be conferred on qualified patent practitioners exclusively under the future regulatory regime. An interim regulatory measure is introduced to make it an offence to use the

titles of "registered patent agent", "registered patent attorney", "certified patent agent" and "certified patent attorney", as well as a title or description that would be likely to give the impression that the person holds a qualification, recognized by law or endorsed by the Government, for providing patent agency services in Hong Kong. Appropriate exemption would be introduced to cater for the legitimate and reasonable use in Hong Kong of professional titles in relation to patent practice that have been lawfully acquired outside Hong Kong. The Bill also contains provisions to make it clear that the qualified legal practitioners' use of their legitimate titles, such as "solicitor", "barrister" or "foreign lawyer", in Hong Kong in providing patent agency services will not be caught by the new regulatory provisions.

52. Some members including the Chairman and Hon Dennis KWOK share the view raised by some deputations that the proposed new section 144A(2)(e) under clause 129 of the Bill, which states that "a title or description that would be likely to give the impression that the person holds a qualification, recognized by law or endorsed by the Government, for providing patent agency services in Hong Kong" may not be clear enough to consider whether a person can claim that he or she is "a patent attorney providing patent agency services in Hong Kong", or whether a Hong Kong lawyer can describe himself/herself as an "attorney" in provision of patent agency services.

53. The Administration has clarified that the proposed provision is introduced based on the recommendations of the Advisory Committee which has considered the views made by a Working Group comprising representatives of the major local representative bodies of patent practitioners as set up by the Advisory Committee. As Hong Kong has yet to establish a full-fledged regime to regulate patent agency services, the provision seeks to prevent the use of titles or descriptions which would likely give the misleading impression that a person's qualification for providing patent agency services is endorsed by the Government or recognized by Hong Kong law.

54. The Administration has further clarified that the proposed interim measures only regulate the use of certain titles in connection with the provision of patent agency services without regulating or restricting the provision of patent agency services as such. The regulation of patent agency services will be considered in the context of the full-fledged regulatory regime in the long run. To make it clear, the Administration has added that the proposed interim measures also do not seek to prohibit the use of titles/descriptions (e.g. professional titles of qualified legal practitioners) which a person is lawfully entitled to use in Hong Kong under existing law. Given that many existing providers of patent agency

services are qualified legal practitioners, the proposed new section 144A(4) seeks to make clear that qualified legal practitioners in Hong Kong may lawfully use their legitimate titles such as "solicitor", "barrister", "foreign lawyer" in providing patent agency services in Hong Kong.

55. The Administration has submitted that the proposed new section 144A(2)(e) does not seek to bar the use of "attorney" on its own by qualified legal practitioners. Furthermore, use of the description "Hong Kong patent attorney"/"Hong Kong patent agent" *per se* is not prohibited by section 144A(2). That said, even if a title or description is not specifically prohibited, it should not be used in such a manner (e.g. together with other words or description) as to likely give the impression that the person holds a qualification for providing patent agency services which is officially recognized/endorsed in Hong Kong.

56. The Bills Committee notes the Administration's proposal to introduce CSAs to the proposed new section 144A in view of deputations' and members' concerns so as to better clarify the scope of the proposed prohibition and the criminal threshold under the subsection (2)(e)¹¹, and to also delete subsections (4) and (6) which have become unnecessary given that the proposed CSAs to subsection (2)(e) will make the provision sufficiently clear that the use of other legitimate professional titles (including titles of the legal profession) is not prohibited.

Proposed sanction for the offence under the proposed new section 144A

57. Some members including the Chairman consider that the proposed criminal sanction as stipulated in the proposed new section 144A(5) (i.e. a fine of \$500,000) under clause 129 of the Bill, which is benchmarked at the penalty levels of comparable offences under the Legal Practitioners Ordinance (Cap. 159), against a person who is convicted of an offence by using the prohibited titles or descriptions under the proposed new section 144A(2), may be too harsh for patent practitioners. In proposing the maximum penalty for the offence under the proposed new section 144A, the Administration has assured the Bill Committee that it has considered the penalties of similar offences (concerning misuse of titles/descriptions) in other professions, namely appointed insurance agent/authorized insurance broker, barrister, solicitor, estate agent, medical practitioner, Chinese medical practitioner, dentist, engineer, social worker and

¹¹ i.e. a title or description which may reasonably cause anyone to believe that the person using or permitted to use the title or description holds a qualification that is specifically granted for approving that person to provide patent agency services in Hong Kong, which title or description is recognized by law or endorsed by the Government.

certified public accountant for reference. The Administration has noticed that a number of these offences (except those for barrister, solicitor and social worker), upon conviction, are punishable by a maximum term of imprisonment ranging from one to three years. Given that patent agency services mainly concern matters of commercial/pecuniary interests, the Administration considers it not necessary for the offence to carry a custodial sentence but it would be appropriate to impose a maximum fine of \$500,000. As always, in passing a sentence in a conviction case, the court would take into account all relevant circumstances of the case, including the seriousness of the offence committed (such as the culpability of the offender, the financial loss sustained by the victim and the financial gain of the offender).

Committee stage amendments

CSAs proposed by individual Members

58. At the meeting on 25 April 2016, the Bills Committee noted Hon WONG Yuk-man's proposed CSAs to clauses 11, 14 and 45 of the Bill, for improving the drafting and clarity of the provisions of the Bill. The Bills Committee also considered Mr WONG's request that the Chairman of the Bills Committee be invited to move his proposed CSAs on behalf of the Bills Committee. After deliberation, the Bills Committee decided not to accede to Mr WONG's request.

CSAs proposed by the Administration

59. Apart from the CSAs explained in paragraphs 45, 48 and 56 above, the Administration has proposed to move CSAs to clarify the policy intent of, and enhance the clarity and consistency of, some provisions and to introduce other technical amendments. Some of these CSAs are proposed to address the concerns underlying the CSAs proposed by Hon WONG Yuk-man, comments from the Bills Committee and also the Legal Adviser to the Bills Committee.

60. The Bills Committee has examined all the proposed CSAs from the Administration and raised no objection thereto. The Bills Committee will not propose any CSAs to the Bill.

Resumption of Second Reading debate

61. The Bills Committee has no objection to the resumption of the Second Reading debate on the Bill at the Council meeting of 1 June 2016.

Consultation with the House Committee

62. The Bills Committee reported its deliberations to the House Committee on 20 May 2016.

Council Business Division 1
Legislative Council Secretariat
27 May 2016

Main provisions of the Patents (Amendment) Bill 2015

- (a) *Clause 11* – to add a new Part 1A on patentability, right to patent and mention of inventor. The new Part is based on existing sections 45, 93, 94, 96, 97 and 100, which will be repealed (by Clauses 52 and 83). The new Part adds, amongst others, a new section 9B (based on existing section 94) to address novelty of inventions, including those relating to second or further medical uses;
- (b) *Clause 45* – to add a new Part 3 (new sections 37A to 37ZD) to provide for the legal and procedural framework for the application, examination and grant of OGP;
- (c) *Clause 78* – to add a new section 89A to provide, among other things, the matters that a defendant is required to prove in relief proceedings brought by a person in respect of a threat of infringement proceedings made by the defendant. If the defendant fails to do so, the person would be entitled to the relief claimed;
- (d) *Clauses 120* – to add Division 5 into Part 15, which comprises new sections 127A to 127G to provide for the legal and procedural framework for substantive examination of STPs;
- (e) *Clause 123* – to amend section 129 to provide that in certain cases, a request for substantive examination of an STP is a prerequisite for commencing enforcement proceedings in relation to the patent; and
- (f) *Clause 129* – to add a new section 144A to prohibit the use of certain titles and descriptions as the interim regulatory measures for local patent practitioners.

Source: Legislative Council Brief (File Ref: CITB06/18/23) issued by the Commerce and Economic Development Bureau on 28 October 2015

Bills Committee on Patents (Amendment) Bill 2015

Membership List

Chairman	Hon Martin LIAO Cheung-kong, SBS, JP
Members	Hon WONG Kwok-hing, BBS, MH 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 Alan LEONG Kah-kit, SC Hon WONG Yuk-man Hon Charles Peter MOK, JP Hon Dennis KWOK Hon SIN Chung-kai, SBS, JP Ir Dr Hon LO Wai-kwok, SBS, MH, JP Hon CHUNG Kwok-pan (Total : 13 members)
Clerk	Mr Desmond LAM
Legal Adviser	Ms Wendy KAN

Bills Committee on Patents (Amendment) Bill 2015

List of organizations which have submitted views to the Bills Committee

1. Hong Kong Institute of Patent Attorneys Limited
 2. Hong Kong Chinese Patent Attorneys Association
 3. Internet Professional Association
 4. Universal Display Corporation Hong Kong, Limited
 5. The Hong Kong Institute of Patent Practitioners Limited
 - * 6. The Chinese Manufacturer's Association of Hong Kong
 - * 7. Licensing Executives Society China – Hong Kong Sub-chapter
 - * 8. Hong Kong General Chamber of Commerce
 - * 9. Hong Kong Bar Association
 - * 10. Asian Patent Attorneys Association Hong Kong Group
 - * 11. The Law Society of Hong Kong
 - * 12. TSANG Chin-wah, a Registered UK Patent Attorney
 - * 13. Federation of Hong Kong Industries
- * submitted written views only