

For discussion
on 19 June 2018

Legislative Council Panel on Commerce and Industry

Proposed Amendments to the Patents (General) Rules for Implementing the New Patent System

PURPOSE

This paper briefs Members on the proposed legislative amendments to the Patents (General) Rules, Cap. 514C (“PGR”), which seek to specify the detailed procedures for the effective operation of an original grant patent (“OGP”) system¹ and a refined short-term patent (“STP”) system² (collectively referred to as “new patent system” hereafter).

BACKGROUND

2. The Patents (Amendment) Ordinance 2016 (“the Amendment Ordinance”) was enacted in June 2016 to amend the Patents Ordinance (Cap. 514) (“the Ordinance”) to provide for the essential legal framework for the new patent system. To pave way for the commencement of the Amendment Ordinance, we have been working in full swing on various fronts to prepare for the implementation of the new patent system as early as possible. It remains our target to commence the Amendment Ordinance and roll out the new patent system in 2019 the earliest.

¹ The OGP system, which will run in parallel with the existing “re-registration” system for the grant of standard patents, will offer an alternative route for seeking standard patent protection in Hong Kong. It enables direct filing of standard patent applications in Hong Kong without the prior need for filing a corresponding patent application with any designated patent offices outside Hong Kong which is otherwise required under the re-registration system.

² Refinements to the existing STP system include mainly the relaxation of the maximum number of independent claims in an STP application from one to two, and the introduction of post-grant substantive examination of an STP which an STP proprietor or a third party with legitimate interest or ground may request in support of or in defence of enforcement proceedings.

3. One key area of our preparation work, as we briefed the Panel on Commerce and Industry on 15 November 2016 (vide LC Paper CB(1)90/16-17(05)), involves preparing amendments to subsidiary legislation, viz PGR, to lay down the detailed procedures for the operation of the new patent system.

LEGISLATIVE PROPOSALS

4. Having considered the prevailing and corresponding practices in some major comparable patent offices outside Hong Kong³, we consider it necessary for the legislative amendments to the PGR to cover the following four major areas -

- (a) detailed procedures relating to an application for and grant of standard patent under the OGP system (paragraph 6 below);
- (b) detailed procedures for refining the STP system, particularly those relating to a request for post-grant substantive examination of an STP (paragraph 8 below);
- (c) fees for relevant services provided by the Patents Registry (“the Registry”) under the new patent system (paragraphs 9-12 below); and
- (d) other consequential or technical amendments (paragraph 13 below).

New procedures to enable the operation of the OGP system

5. For the grant of standard patents with a maximum protection term of 20 years (subject to annual renewal after the expiry of the 3rd year) under the OGP system, an OGP applicant may file applications for a standard patent directly in Hong Kong (without first applying for a corresponding patent from a designated patent office outside Hong Kong⁴). The following briefly recaps

³ These include the European Patent Office and the respective patent offices in Australia, Mainland of China, Singapore and the United Kingdom.

⁴ It is a pre-requisite for filing a standard patent application under the current local patent regime.

the legal framework already set out in the Amendment Ordinance -

- (a) Upon receipt of an OGP application, the Registrar of Patents (“Registrar”) would conduct formality examination to ensure that the application is in order for publication. If the application fulfils the minimum filing requirements⁵, the Registrar would accord the date of filing. The Registrar would then examine whether the application has also satisfied other formal requirements⁶. In the process, the Registrar 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.
- (b) 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 requirements⁷ (“examination requirement”) 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 or propose amendments to the specification and claims to address the objection. The applicant may also request the Registrar to review the objection.

⁵ 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.

⁶ 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.

⁷ Including the patentability requirements, which would be set out in the new section 9A of the Ordinance (i.e. an invention is patentable if it is new, involves an inventive step, and is susceptible of industrial application) together with some excluded classes.

The Registrar must, in accordance with the prescribed procedures, consider whether the filed submissions and proposed amendments have overcome the objection, and review the objection (where applicable).

- (c) 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.

6. The operation of the OGP system entails the introduction of a new set of procedures concerning applications for and grants of standard patents. Pursuant to the legal framework under the Amendment Ordinance, we would need to set out in the PGR more detailed procedural requirements covering the following items -

- (a) setting out the requirements for filing an OGP application (e.g. filing of the specified form containing the prescribed particulars inclusive of the title and description of the invention in question, the name and address of the inventor(s) etc., and also payment of the prescribed filing fee);
- (b) outlining the requirements for making, adding and restoring a priority claim⁸ in an OGP application (e.g. filing a statement of priority and a copy of the previous application based on which the priority claim is made, added or restored within the prescribed time/period);
- (c) specifying the conditions for the Registrar to issue a notice to the OGP applicant for identifying a deficiency in an OGP application, if any, upon conducting formality examination of the application, and requirements for an OGP applicant to correct a deficiency as identified in the deficiency notice (e.g. correcting the deficiency by the OGP applicant within two months from the date of the deficiency notice in compliance with the minimum or formal requirements);
- (d) setting out the requirements for an OGP applicant to file with the

⁸ A person who has filed a patent application for an invention in Hong Kong or in a Paris Convention country or a WTO member country, territory or area can enjoy a right of priority for twelve months for the purpose of seeking patent protection for the same invention in Hong Kong.

Registrar a missing description or drawing for an OGP application (e.g. such missing description or drawing has to be filed within two months from the date of notice issued by the Registrar);

- (e) defining the time frame for the Registrar to publish an OGP application that has satisfied the minimum and formal requirements and also advertise the fact of such publication by notice in the official journal, namely eighteen months from the earliest filing date of the application;
- (f) defining the time frame for a third party to file observations with the Registrar on the patentability in an invention underlying a published OGP application mainly by reference to the period during which the application is still subject to/pending substantive examination by the Registrar;
- (g) defining the time limit for an OGP applicant to request the Registrar to conduct substantive examination of an OGP application, which is generally within the period of three years from the earliest filing date of the application;
- (h) setting out the requirements for an OGP applicant to file a written response with the Registrar to address an examination notice issued by the Registrar setting out his/her opinion on non-compliance with examination requirement(s) in an OGP application (e.g. the filing of the written response by the OGP applicant within four months after the date of the examination notice);
- (i) setting out the requirements for an OGP applicant to request review of the Registrar's decision on provisional refusal of an OGP application upon the latter's rejection of the applicant's written responses to the examination notice(s) as issued by the Registrar, and also to file written responses and request for a hearing to address an opinion issued by the Registrar during the review process (e.g. requesting the review by filing the specified form within two months from the date of the notice on provisional refusal issued by the Registrar and paying the prescribed fee, etc.);
- (j) outlining the procedures for the Registrar to dispose of an OGP

application which, in his/her opinion, has failed to comply with the examination requirements despite the applicant's written responses to the examination/review notices as issued by the Registrar, which mainly require the Registrar to issue to the OGP applicant a final refusal notice setting out the reasons for his/her decision; and

- (k) setting out procedures for the Registrar to confirm acceptance and grant of an OGP application, which, in his/her opinion, has complied with the examination requirements following substantive examination of the application, which mainly require the Registrar to determine the date on which preparations for publication of the OGP grant are regarded as having been completed, and notify the applicant of such determination.

New procedures to enable the operation of the refined STP system

7. STPs have a maximum protection term of eight years (subject to a renewal after the expiry of the 4th year). They offer a quicker and cheaper way to protect inventions with a shorter commercial life cycle. The following briefly recaps the refined legal framework set out in the Amendment Ordinance -

- (a) The proprietor of an STP or a third party having a legitimate concern or doubt about the validity of an STP may apply to the Registry for substantive examination of the patent. A request for substantive examination of an STP would be a prerequisite to commence an enforcement action;
- (b) The proprietor of an STP, when making a threat of infringement proceedings, should furnish with the person to whom the threat was made adequate information about the STP in question, failing which the threat of proceedings may be regarded as groundless and a party aggrieved by the threat will be entitled to seek relief; and
- (c) The limitation of the number of independent claim⁹ in an STP application is relaxed from one to two.

⁹ A claim in a patent application in essence identifies the specific elements of the underlying invention for which the patent applicant claims rights and seeks protection. An independent claim, as opposed to a dependent claim, refers to a claim that does not rely upon or refer to any other claims. Currently, only one independent claim may be included in each STP application.

8. The operation of the refined STP system entails the introduction of new procedures mainly for substantive examination of an STP. Pursuant to the legal framework under the Amendment Ordinance, we would need to set out in the PGR more detailed procedural requirements covering the following -

- (a) defining the time frame for a third party to file with the Registrar observations on the patentability of an invention underlying an STP mainly by reference to the period during which an STP may be subject to a request for/pending substantive examination;
- (b) setting the requirements for the proprietor of an STP or a third party with legitimate grounds/interests to request the Registrar to conduct post-grant substantive examination of an STP (e.g. by filing the specified form and payment of prescribed fee);
- (c) setting out the requirements for the proprietor of an STP to file written responses with the Registrar to address an examination notice issued by the Registrar setting out his/her opinion on non-compliance with examination requirement(s) in an STP (e.g. filing of written responses by the STP proprietor within 2 months after the date of the examination notice);
- (d) setting out the requirements for the proprietor of an STP to request review of the Registrar's decision on provisional revocation of an STP upon the latter's rejection of the proprietor's written responses to the examination notices as issued by the Registrar, and also to file written responses and request for a hearing to address an opinion issued by the Registrar during the review process;
- (e) setting out the respective requirements for (i) a third party to oppose a request to amend the specification of an STP during the substantive examination which involves filing of a notice of opposition in the specified form; (ii) for the STP proprietor for resisting the opposition which involves filing of a counter-statement in the specified form; and (iii) for the Registrar to determine if the requested amendment should be allowed by taking into consideration the notice of opposition, the counter-statement and representation made by the parties at the hearing

(if any); and

- (f) outlining the procedures for the Registrar to revoke an STP which, in his/her opinion, has failed to comply with the examination requirements despite the proprietor's written responses to the examination/review notice(s) as issued by the Registrar, which mainly require the Registrar to issue to the proprietor a final revocation notice setting out the reasons for his/her decision.

Modified structure for certain existing fee items and Introduction of new fee items under the new patent system

9. Fees payable in relation to any matter or proceeding under the Ordinance are specified in Schedule 2 of the PGR ("Schedule 2"). We propose amending Schedule 2 to modify some existing fee items (see paragraph 10 below); and to prescribe the fees for new chargeable services under the new patent system (see paragraph 11 below). In working out the proposed modifications and new fee items, we have followed the statutory requirement under section 149(6) of the Ordinance¹⁰, as well as the established Government policies on the "user-pay" and the full cost recovery principles. In addition, we are also mindful of the need to keep the proposed fee structure and level as competitive as possible for promoting the use of the new patent system. In this regard, we have studied the current fees chargeable by some major patent offices outside Hong Kong (as set out in footnote 3 above), and consider that our current proposal is in general competitive among these places. We anticipate that the new fee proposal will lead to an increase of Government revenue of about \$2.3 million per annum.

10. The proposed modifications to some existing fee items include the following –

- (a) We propose introducing preferential fees for electronic filing of patent applications (which is in line with the approach of major

¹⁰ Section 149(6) of the Ordinance provides that: "Any rules made under subsection (2)(c) may: (a) prescribe fees fixed at; or (b) 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 this 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."

patent offices outside Hong Kong) by a fee reduction of about 28% as compared to the current flat rates applied to both paper-filings and electronic filings of patent applications.¹¹ The proposed modification seeks to encourage and promote filing of patent applications through electronic means; and

- (b) We also propose introducing a 3-tier progressive annual renewal rates for standard patents that respectively apply to the 4th to 10th year (at \$450 per year); 11th to 15th year (at \$620 per year) and 16th to 20th year (at \$850 per year) of the protection term of standard patents for replacing the existing flat rate for annual renewal of a standard patent throughout its entire protection life span of twenty years¹². The proposed modification seeks to reduce the cost of patent renewal during the early period of patented inventions while discouraging unnecessary prolongation of the ownership of those patented inventions with little/diminishing market or exploitation value. The proposal is in line with the prevailing international practice.

11. Major new chargeable services and the corresponding fees under the new patent system include the following -

- (a) respective filing fees for an OGP application by paper and electronic means at \$480 and \$345;
- (b) filing fee for substantive examination of an OGP application or an STP at \$4,000; and
- (c) filing fee for making a request to review the Registrar's provisional refusal of an OGP application or provisional revocation of an STP upon substantive examination at \$1,700.

¹¹ For standard patent application under the current re-registration system, the official fees for electronic filing of a request to record a designated patent application/a request for registration of a designated patent and grant of a standard patent will be respectively reduced from the current rate of \$380 to \$275 whereas the official fee for electronic filing of an STP application will be reduced from the current rate of \$755 to \$545. On the other hand, the respective rates of paper-filing of a standard patent application and an STP application will remain at the current level at \$380 and \$755.

¹² The existing rate for annual renewal (payable after the expiry of the 3rd year) of a standard patent is \$540.

12. The full list of modified fees for existing items and proposed new fees under the new patent system are at **Annex A**.

Other consequential or technical amendments

13. In addition to the procedures enabling the operation of the OGP system and the refined STP system, we would also need to put forward a number of other amendments to the PGR which are consequential or technical in nature. Examples of such amendments are set out in **Annex B**.

CONSULTATION

14. Since patents applications are in practice mainly handled by patent practitioners on behalf of their clients, the Intellectual Property Department consulted the major local professional/representative bodies of patent practitioners¹³ on the legislative amendments (including the fees proposal). They are generally supportive and consider the legislative proposals reasonable and comprehensive.

LEGISLATIVE TIME TABLE

15. The authority to make and amend the PGR lies with the Registrar. We are finalising the proposed amendments to the PGR with a view to tabling them in the Legislative Council for negative vetting in Q4 of 2018. The subsidiary legislation will commence on a date to be appointed by the Registrar by gazette notice.

ADVICE SOUGHT

16. Members are invited to note and give views on the legislative

¹³ These bodies, in alphabetical order, are the Asian Patent Attorneys Association (Hong Kong Group), Committee on Intellectual Property of the Hong Kong Bar Association, Hong Kong Chinese Patent Attorneys Association, Hong Kong Institute of Patent Attorneys, Hong Kong Institute of Patent Practitioners, Hong Kong Institute of Trade Mark Practitioners, and IP Committee of Law Society of Hong Kong.

proposals.

**Commerce and Economic Development Bureau
Intellectual Property Department
June 2018**

**List of Modified Fees for Existing Items and
Proposed New Fees under the New Patent System**

A. Proposed modifications to fees of existing chargeable services

	Matters or proceedings	Existing Amount (HK\$)	New Amount (HK\$)
<i>Application for standard patent (Re-registration) (“standard patent (R)”)</i>			
1.	On filing request to record a designated patent application —		
	(a) if the filing is in paper form		380
	(b) if the filing is by electronic means	380	275
2.	On filing request for registration of a designated patent and grant of a standard patent (R) —		
	(a) if the filing is in paper form		380
	(b) if the filing is by electronic means	380	275
<i>Application for short-term patent</i>			
3.	On filing application for grant of a short-term patent —		
	(a) if the filing is in paper form		755
	(b) if the filing is by electronic means	755	545
<i>Renewal of standard patent</i>			
4.	Request for renewal of a standard patent —		
	(a) Request for renewal for each year from the 4 th to 10 th year		450
	(b) Request for renewal for each year from the 11 th to 15 th year	540	620
	(c) Request for renewal for each year from the 16 th to 20 th year		850

B. Proposed fees of new chargeable services

	Matters or proceedings	Amount (HK\$)
<i>Claiming priority in application for standard patent (Original Grant) (“standard patent (O)”)</i> or <i>short-term patent</i>		
1.	Application for restoration of priority right in application for —	405
	(a) standard patent (O); or	
	(b) short-term patent	
2.	Filing of statement of priority in application for —	135
	(a) standard patent (O); or	
	(b) short-term patent	

	Matters or proceedings	Amount (HK\$)
<i>Application for standard patent (O)</i>		
3.	On filing application for grant of a standard patent (O) —	
	(a) if the filing is in paper form	480
	(b) if the filing is by electronic means	345
4.	Advertisement fee for standard patent (O) application	68
5.	Additional fee for late payment of filing fee or advertisement for standard patent (O) application during the grace period	95
6.	Request for substantive examination of standard patent (O) application	4,000
<i>Request for post-grant substantive examination of short-term patent</i>		
7.	Request for substantive examination of short-term patent	4,000
<i>Review of the Registrar of Patents' provisional opinion</i>		
8.	Request to review the Registrar's provisional opinion on —	1,700
	(a) refusing standard patent (O) application; or	
	(b) revoking short-term patent	
<i>Post-grant application for amending standard patent (O) or short-term patent</i>		
9.	Application to amend specification of standard patent (O) or short-term patent	1,700
10.	Filing of notice of opposition to application to amend specification of —	1,525
	(a) standard patent (O); or	
	(b) short-term patent	
11.	Filing of counter-statement to resist opposition to amend specification —	325
	(a) standard patent (O); or	
	(b) short-term patent	
<i>Request for hearing</i>		
12.	Request for hearing in —	1,700
	(a) review of Registrar's provisional opinion; or	
	(b) post-grant application for amending standard patent (O) or short-term patent	
13.	Filing notice of intention to appear at hearing for opposition or resisting opposition (concerning opposition to application to amend specification of standard patent (O) or short-term patent)	1,700

Annex B

Examples of other consequential or technical amendments

These amendments cover the following areas:

- (a) procedures for claiming non-prejudicial disclosure (which occurred no earlier than six months before the date of filing of the relevant OGP application) of an invention underlying an OGP application;
- (b) procedures for making reference to the Registrar to determine the entitlement to apply for an OGP application;
- (c) filing requirements for a divisional application for an OGP application;
- (d) disclosure requirements concerning a patent application for an invention requiring the use of micro-organisms;
- (e) requirements concerning sequence listing for invention in a patent application which involves nucleotide and amino acid sequences;
- (f) translation requirements relating to a previous application based on which priority is claimed in a patent application or for the purpose of filing a missing description or drawing for a patent application; and
- (g) amendments to various section headings, and restructuring / consolidation of certain existing provisions of the PGR for better clarity and reader-friendliness.