

立法會
Legislative Council

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Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 20 April 2021, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex

Members present : Hon CHUNG Kwok-pan (Chairman)
Hon Jimmy NG Wing-ka, BBS, JP (Deputy Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon YIU Si-wing, BBS
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Martin LIAO Cheung-kong, GBS, JP
Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon SHIU Ka-fai, JP
Hon CHAN Chun-ying, JP
Hon LAU Kwok-fan, MH

Member absent : Hon MA Fung-kwok, GBS, JP

Members attending : Hon Frankie YICK Chi-ming, SBS, JP
Hon CHAN Han-pan, BBS, JP
Hon Elizabeth QUAT, BBS, JP
Hon Holden CHOW Ho-ding

**Public officers
attending**

: Agenda item III

Innovation and Technology Bureau

Dr David CHUNG, JP

Acting Secretary for Innovation and Technology

Ms Annie CHOI, JP

Permanent Secretary for Innovation and Technology

Innovation and Technology Commission

Ms Rebecca PUN, JP

Commissioner for Innovation and Technology

Mr Indiana WONG

Assistant Commissioner for Innovation and Technology
(Funding Schemes)

Agenda item IV

Commerce and Economic Development Bureau

Dr Bernard CHAN, JP

Under Secretary for Commerce and Economic
Development

Mr Eric CHAN, JP

Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)²

Intellectual Property Department

Mr David WONG, JP

Director of Intellectual Property

Ms Joyce POON

Assistant Director of Intellectual Property (Patents and
Designs)

Mr Leslie SHAY
Senior Solicitor (Patents and Designs) 1

Clerk in attendance : Mr Boris LAM
Chief Council Secretary (1)3

Staff in attendance : Mr Terence LAM
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

Miss Zoe YIP
Clerical Assistant (1)3

Action

I. Information paper issued since last meeting

Members noted that no information paper was issued since the last meeting.

II. Date of next meeting and items for discussion

(LC Paper No. CB(1)776/20-21(01) -- List of outstanding items for discussion

LC Paper No. CB(1)776/20-21(02) -- List of follow-up actions)

2. Members noted that the next regular Panel meeting would be held on 18 May 2021 at 2:30 pm to discuss the following items proposed by the Administration –

- (a) Hong Kong's participation in the Belt and Road Initiative; and
- (b) Promotion of inward investment.

3. Members also noted that at the invitation of the Hong Kong Productivity Council ("HKPC"), the Panel would visit HKPC on 11 May 2021 to better understand the work of HKPC and its latest development.

(Post-meeting note: Four Panel members and one non-Panel Member joined the visit on 11 May 2021.)

III. Latest progress of Innovation and Technology Fund and funding injection proposal

(LC Paper No. CB(1)776/20-21(03) -- Administration's paper on "Latest Progress of Innovation and Technology Fund and Funding Injection Proposal"

LC Paper No. CB(1)776/20-21(04) -- Paper on the funding schemes under Innovation and Technology Fund prepared by the Legislative Council Secretariat (updated background brief))

4. The Chairman drew members' attention to Rule 83A of the Rules of Procedure which provided that members should not speak on a matter in which they had a direct or indirect pecuniary interest, except where they disclosed the nature of that interest.

Presentation by the Administration

5. At the invitation of the Chairman, Acting Secretary for Innovation and Technology ("S for IT (Atg)") briefed members on the latest progress and enhancement measures of various funding schemes under the Innovation and Technology Fund ("ITF") and sought members' support for the proposed injection of \$4.75 billion into ITF in 2021-2022 and 2022-2023 respectively, i.e. \$9.5 billion in total, to continue its operation. Details were set out in the Administration's paper (LC Paper No. CB(1)776/20-21(03)).

Discussion

Hong Kong's gross expenditure on research and development

6. Ir Dr LO Wai-kiwok was supportive of the Administration's funding proposal. Noting that the Administration had implemented various measures to encourage research and development ("R&D") in recent years, he asked whether the Administration had plans to update the goal set in 2017 to double the ratio of gross expenditure on R&D ("GERD") to gross domestic product ("GDP") to 1.5% by 2022.

7. Permanent Secretary for Innovation and Technology ("PS(IT)") replied that the Administration had been actively taking forward a range of work in promoting innovation and technology ("I&T") development which was gradually bearing fruits. The ratio of GERD to GDP remained virtually unchanged at 0.7% in the decade preceding 2017, rose to 0.86% in 2018 and then to 0.92% in 2019. The Administration would continue to encourage private investment in I&T and work towards achieving 1.5% by the end of the current Government's five-year term of

office. In the meantime, the Administration was considering setting long term goals on Hong Kong's I&T development and would report to the Legislative Council in due course.

8. S for IT (Atg) added that the expenditure of ITF had increased substantially in the past four years. During such period, about 53.6% of the total expenditure was spent on supporting R&D, about 13% on facilitating technology adoption, about 26% on nurturing I&T talents, about 3.1% on supporting technology start-ups and about 4.2% on fostering an I&T culture.

Encouraging private investment in innovation and technology

9. Mr CHAN Chun-ying expressed support for the proposed injection into ITF as I&T was a key driver for economic development. Noting that Hong Kong's GERD had reached \$26.3 billion in 2019, up from \$16.7 billion in 2014, Mr CHAN considered it necessary to drive the momentum for R&D from government-led to public-private participation, which would make R&D funding more sustainable. In this connection, he asked how the Administration would, under the prevailing difficult economic environment, encourage the private sector to invest more on R&D and strengthen cooperation among local universities, R&D enterprises and private companies.

10. PS(IT) responded that the Administration had all along been encouraging private companies to invest in R&D and partner with local universities. As a general rule, ITF required private companies to share the costs of the funded projects. For collaborative R&D projects, private companies were normally expected to contribute a higher proportion of the total project costs in order to be entitled to the ownership of the intellectual property ("IP") rights arising from the projects. To further stimulate private investments in I&T, the Administration had, among other initiatives, provided private companies cash rebates equivalent to 40% of their eligible contribution to R&D projects under the R&D Cash Rebate Scheme, together with enhanced tax deduction for their spending on qualifying R&D activities.

11. Ms Elizabeth QUAT opined that in order to catch up in the I&T race, the Administration should proactively attract more venture capitalists to invest in I&T startups in Hong Kong. She urged the Administration to (a) invite more venture capital ("VC") funds, regardless of their place of incorporation, to invest in local I&T startups under the Innovation and Technology Venture Fund ("ITVF"); (b) open for application by VC funds for becoming ITVF's co-investment partners ("CPs") throughout the year; and (c) relax the eligibility of ITVF's investee companies to cover all I&T startups in the entire Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") provided that priority be given to local I&T startups with adequate presence in Hong Kong. Ms QUAT also sought clarification on whether the private investment of over \$500 million (as at February 2021) attracted by ITVF

as mentioned in paragraph 7(o) of the Administration's paper referred to the cumulative amount of private investment since ITVF's establishment in 2017.

12. Commissioner for Innovation and Technology ("CIT") replied that the Government, through ITVF, had invested more than \$100 million in 19 local I&T startups, attracting private investment of over \$500 million since the launch of ITVF in 2017. The Innovation and Technology Commission ("ITC") entered into agreements in December 2020 with three new VC funds to become CPs, making a total of nine VC funds participating in ITVF. Currently, CPs might invest in local I&T startups which had business operations in other parts of the Greater Bay Area. ITC would welcome more VC funds to participate in ITVF and would explore the feasibility of accepting VC funds' applications for admission throughout the year.

13. Dr Junius HO considered that the Administration should formulate measures to enable ITF to be self-sustainable in the long run. He enquired whether the Administration would consider granting funding under ITF on the condition that the grants be converted into shares of the funded enterprises/organizations in the future; and if so, requested the Administration to provide information on its assessment on the market value of the shares that ITF could recoup in the long run.

(Post-meeting note: The Chinese and English versions of the information provided by the Administration were circulated to members respectively on 27 and 28 May 2021 (LC Paper No. CB(1)957/20-21(01).)

14. S for IT (Atg) and PS(IT) responded that ITF, since its establishment in 1999, sought to finance projects that contributed to I&T upgrading in manufacturing and service industries. Given that ITF was not intended to bring about monetary returns, funded organizations (save for investee companies invested by ITVF) were not required to provide shares to the Government in exchange for ITF's financial assistance. Separately, the Hong Kong Science and Technology Parks Corporation ("HKSTPC") and the Cyberport had launched funds to invest in their I&T tenants/incubatees.

15. PS(IT) stressed that there were currently eight unicorn enterprises in Hong Kong and one of them valued over \$50 billion. These unicorn enterprises, being local companies actively operating in Hong Kong, had contributed to the overall Hong Kong economy although they did not generate any financial returns for ITF. At the request of Dr CHIANG Lai-wan, PS(IT) undertook to provide information on the total funding amount granted to the SenseTime Group Limited, one of the local unicorn enterprises, under ITF over the years.

(Post-meeting note: The Chinese and English versions of the information provided by the Administration were circulated to members respectively on

27 and 28 May 2021 (LC Paper No. CB(1)957/20-21(01).)

Implementation progress

16. Regarding the implementation progress of individual funding schemes under ITF, Mr CHAN Chun-ying asked about the reason why only five applications (up to end January 2021) had been approved under the Mainland-Hong Kong Joint Funding Scheme ("MHKJFS") since its launch two years ago. He also enquired whether the training grant under the Reindustrialisation and Technology Training Programme ("RTTP") at an average amount of about \$14,000 (as at end January 2021) was sufficient to fund the relevant training in advanced technologies.

17. CIT replied that MHKJFS was introduced in April 2019 to support and encourage universities and research institutes in Hong Kong and the Mainland to conduct collaborative R&D projects, covering Mainland provinces outside Guangdong. Guangdong institutions would be covered by the Guangdong-Hong Kong Technology Cooperation Funding Scheme. Applications received under MHKJFS would first be assessed by the Ministry of Science and Technology and ITC separately. Then both sides would compare the assessment results and agree on a list of applications for further consideration. Only those supported by both sides would continue to be processed. Since MHKJFS was newly launched and because of the Coronavirus Disease-2019 ("COVID-19") pandemic in 2020, a longer time was taken for both sides to convene panel meetings to assess the applications and then compare the assessment results before agreeing on the list of supported applications. Where appropriate, ITC would request the applicants concerned to refine their project proposals with reference to the panels' comments. As at end February 2021, eight applications which were supported by both sides had completed the entire approval process. Another four applications were expected to be approved shortly. PS(IT) added that RTTP subsidized local enterprises to train their staff in advanced technologies. The amount of training grant at an average amount of about \$14,000 was considered sufficient.

Pooling innovation and technology talents

18. The Deputy Chairman and Mr SHIU Ka-fai expressed support for the proposed injection into ITF. While the National 14th Five-Year Plan had indicated clear support for Hong Kong to develop into an international I&T hub, the Deputy Chairman enquired about the Administration's assessment on the amount of technology talents, with breakdowns by expertise and qualification, required by Hong Kong in this respect. They also sought details on the measures to attract I&T talents from all over the world to Hong Kong. Mr SHIU noted that some Mainland researchers had left Hong Kong during the social unrest in the second half of 2019 and asked about the changes in the number of Mainland I&T talents working in Hong Kong in the past few years.

19. PS(IT) responded that to expand the local I&T talent pool, the Administration had adopted a three-pronged approach of nurturing, retaining and attracting talents through a variety of funding schemes and enhancing the talent admission regime. Over the past few years, particular focus was placed on R&D talents. The Research Talent Hub ("RTH") had not only successfully attracted local graduates in Science, Technology, Engineering and Mathematics ("STEM")-related disciplines to pursue a career in the R&D sector, but also provided incentives for technology companies to employ STEM graduates from well-recognized non-local institutions to conduct R&D work in Hong Kong. Besides, the Chief Executive announced in the 2020 Policy Address that the Administration would launch the Global STEM Professorship Scheme to support local universities in recruiting internationally renowned I&T scholars and their teams to undertake teaching and research work in Hong Kong. Looking ahead, HKSTPC would actively explore ways to attract and nurture talents in the fields of technology business management and advanced manufacturing, including co-organizing training programmes with the Vocational Training Council ("VTC").

20. PS(IT) added that although there were signs that some Mainland I&T talents hesitated to come to Hong Kong during the period of social unrest, their number gradually resumed to the previous level following the restoration of order. The Administration did not have exact figures on the number of Mainland I&T talents working in Hong Kong, but would consider forecasting, as far as possible, the number of technology talents required in the future.

Commercialization of research outcomes

21. Noting that the projects funded by the Innovation and Technology Support Programme ("ITSP") had generated over 300 IP rights between April 2017 and end-February 2021, the Deputy Chairman asked about the ratio of the funded projects to the IP rights so generated which had successfully been commercialized. For research outcomes and IP rights which had yet to be commercialized, the Deputy Chairman was keen to be briefed on whether the Administration had studied the reasons behind and followed up with the concerned research teams, with a view to enhancing commercialization of their research outcomes.

22. PS(IT) responded that ITSP projects were mainly platform projects that belonged to midstream R&D and were further away from the commercialization phase. It was not uncommon that technology companies had to undertake a series of ITSP-funded R&D projects before the concerned technologies could be realized. An example was one of the local unicorn enterprises which had received several rounds of ITF funding support in their early years of development. Nevertheless, about 33% of the completed and ongoing ITSP projects had been commercialized, generating cumulative commercialization income of more than \$3.74 billion over

the years. Such ratio was indeed higher than those of other similar funds outside Hong Kong. The Administration would continue to explore ways to help research teams to realize and commercialize research outcomes of ITSP projects.

23. PS(IT) further advised that unlike ITSP, the Enterprise Support Scheme ("ESS") provided funding for private companies to carry out in-house more downstream applied R&D activities. 53% of the completed and ongoing ESS projects had been commercialized. Despite different commercialization rates, ITSP and ESS projects were both important because a balanced mix of midstream and downstream R&D activities was crucial in facilitating Hong Kong's I&T development.

24. Dr CHIANG Lai-wan was disappointed that despite the current Government's substantial investment in I&T, traditional financial services together with other pillar industries remained the driving force of Hong Kong's GDP growth. Local researchers still found it difficult to realize their research outcomes in Hong Kong resulting in many locally developed technologies being eventually commercialized in other neighbouring cities. While casting doubt on the effectiveness of the measures and strategies adopted by the Administration in developing I&T, Dr CHIANG urged the Administration to conduct a comprehensive review on Hong Kong's I&T policies.

25. Dr CHIANG Lai-wan further suggested that local universities should make reference to overseas experience and enhance their capabilities of technology transfer by (a) engaging investors and I&T practitioners in their Technology Transfer Offices ("TTOs"); and (b) vesting the concerned IP rights with investors who funded the commercialization of the research outcomes.

26. CIT advised that TTOs of the seven designated universities had been provided with an annual funding of up to \$8 million each through ITF to enhance their work on technology transfer. The Administration encouraged the universities to share the benefits brought about by commercialization of research outcomes with their research teams and noted that they had drawn up their own IP ownership arrangements. Apart from funding TTOs, the Administration provided through the Technology Start-up Support Scheme for Universities ("TSSSU") six designated universities an annual funding of up to \$8 million each to support their teams in starting technology businesses and commercializing their R&D results. TSSSU applications would first be evaluated by selection panels set up by the universities, which comprised investors, external assessors and representatives of the universities, before they were submitted to ITC for approval. PS(IT) added that the Administration respected the autonomy of universities. While IP ownership arrangement varied among universities, the universities generally shared IP rights and the associated benefits with the related R&D teams and the respective faculties.

Making use of innovation and technology to improve people's daily life

27. Mr Christopher CHEUNG and Mr LAU Kwok-fan supported the funding proposal. Mr CHEUNG was disappointed that although the Administration had been promoting I&T and smart city development for over 10 years, he could hardly see how technologies had improved the daily life of the general public. Mr CHEUNG asked about the Administration's plans to realize the research outcomes of ITF-funded projects.

28. Mr LAU Kwok-fan added that the Administration should update legislations and regulations that impeded I&T development and applications. While noting that the Electrical and Mechanical Services Department had launched the E&M InnoPortal to strengthen collaboration between the public sector and the I&T sector and to encourage the application of innovative technologies to improve services of the public sector organizations, he asked what other initiatives the Administration would take to promote application of I&T solutions in the daily lives.

29. S for IT (Atg) stressed that it often took a long time for R&D work to materialize. Following the launch of the special call for projects under the Public Sector Trial Scheme ("PSTS") for the prevention and control of the COVID-19 epidemic, a number of R&D outcomes had been applied to local use in daily life. PSTS funded 205 projects between April 2017 and end-February 2021, benefitting over 130 different organizations to conduct over 280 trials. Some examples of signature projects under ITF were set out in Annex I of the Administration's paper.

30. S for IT (Atg) also advised that the Technology Voucher Programme had been regularized since February 2019 to subsidize local enterprises in using technological services and solutions to improve productivity, or upgrade or transform their business process. The Office of the Government Chief Information Officer established in April 2019 the Smart Government Innovation Lab ("Smart Lab") to encourage and facilitate wider adoption of I&T in government departments by matching the business needs of the departments with information technology solutions offered by the industry. The Smart Lab would continue to strengthen the exchange and collaboration between government departments and the industry by arranging seminars, thematic workshops and technology fora. Moreover, the new initiatives set out in the Smart City Blueprint for Hong Kong 2.0 released in December 2020 would also create new opportunities for I&T companies to realize their I&T solutions in Hong Kong.

Research and Development Centres under the purview of the Innovation and Technology Commission

31. Mr Holden CHOW said that the Democratic Alliance for the Betterment and Progress of Hong Kong was supportive of I&T development and promotion of re-

industrialization in Hong Kong, and the funding proposal. Mr CHOW noted that between 2015-2016 and 2018-2019, the total commercialization income received by the five R&D Centres under the purview of ITC (about \$0.19 billion) was far less than their operating expenditure (about \$1.15 billion in total) or the R&D expenditure (about \$2.31 billion in total). He requested the five R&D Centres to increase their commercialization income and enhance their cost-effectiveness. He also asked whether the five R&D Centres had other outputs, be it tangible or intangible, in addition to technology products and solutions which had been realized.

32. S for IT (Atg) responded that the R&D Centres had launched various technology products to assist the public in fighting COVID-19. PS(IT) supplemented that the R&D Centres were platforms for coordinating applied research and facilitating technology transfer. From 2017-2018 onwards, a new indicator "level of industry income" had been adopted to assess the R&D Centres' performance, which covered industry contribution to their R&D projects, income arising from licensing/royalty and contract services, etc., with a target level set at 30%. The indicator replaced the previous indicator "level of industry contribution", which measured only the industry contribution pledged in respect of their R&D projects with a target level of 20%. All the R&D Centres met the 30% target during the past few years. PS(IT) also advised that the R&D Centres undertook a number of platform projects belonging to midstream R&D which were intended for the benefit of the industry as a whole. As these platform projects were far from the commercialization phase, the said indicator was not intended to reflect the performance of the R&D Centres in this regard.

Online enquiry services

33. Mr WONG Ting-kwong supported the proposed capital injection into ITF. Noting that the Administration had consolidated the services of four small and medium enterprise ("SME") centres to provide "four-in-one" integrated services since October 2019 to support local enterprises in identifying suitable funding schemes, Mr WONG suggested that the Administration should further consider answering local enterprises' questions relating to funding applications through instant online messaging software apart from face-to-face meetings and enquiry hotlines. Mr WONG also urged ITC to take the lead in establishing a centralized online platform providing information on all government funding schemes. Ir Dr LO Wai-kwok added that the Administration should set up a centralized frontline office to promote the funding schemes and provide one-stop service to help R&D institutions and I&T companies submit ITF applications.

34. S for IT (Atg) replied that the HKPC had organized fund fairs to promote government funding schemes. Interested enterprises might seek assistance from the SME Centres, for instance, the SME One under HKPC. He took note of Mr WONG Ting-kwong's suggestion and agreed to consider enhancing the

Administration's online services.

Publicity

35. Ir Dr LO Wai-kwok suggested that ITC should produce television mini-series, with reference to the series on "Searching For Land" produced by the Development Bureau, to increase the understanding of the general public on the importance of I&T to Hong Kong's future development. Mr Holden CHOW added that VTC, which administered RTTP, should step up publicity to promote not only the advanced manufacturing industry, but also the prospect of vocational training to secondary students.

Others

36. Mr Holden CHOW asked whether the proposed injection into ITF was related to the Advanced Manufacturing Centre ("AMC") in the Tseung Kwan O Industrial Estate under development by HKSTPC.

37. PS(IT) replied that the development of AMC was expected to be completed in 2022. In the meantime, HKSTPC was following up with enterprises which had expressed interest in taking up the floor space of AMC. While the proposed injection into ITF had no direct relation with the development of AMC, local manufacturers might apply for subsidies under the Re-industrialisation Funding Scheme to set up new smart production lines in AMC.

38. Mr WONG Ting-kwong considered that the Administration should start promoting the Hong Kong-Shenzhen Innovation and Technology Park ("the Park") and attracting investments before completion of the Batch 1 development of the Park. The development timetable of the Park should be made known to the I&T industry so as to enable the industry to draw up corresponding plans to tie in with the opening of the Park in 2024, the earliest. He asked how the Administration would attract multinational R&D companies to set up bases and build a talent pool in the Park.

39. S for IT (Atg) responded that the Administration had been making use of ITF funding to provide financial support to the R&D centres/laboratories established in Hong Kong by world-renowned universities and research institutes. The proposed injection of \$9.5 billion would enable ITF to continue its operation.

Summing up

40. The Chairman concluded that the Panel supported in principle the proposed injection of \$9.5 billion into ITF to continue its operation. He also stressed the need for the Administration to step up its efforts to publicize the success stories of ITF-funded projects, with a view to attracting more overseas investors, including

VC funds, to invest in Hong Kong.

IV. Implementation of the Original Grant Patent system

(LC Paper No. CB(1)776/20-21(05) -- Administration's paper on "Implementation of the Original Grant Patent System"

LC Paper No. CB(1)776/20-21(06) -- Paper on the new patent system launched in December 2019 prepared by the Legislative Council Secretariat (background brief))

Presentation by the Administration

41. At the invitation of the Chairman, Under Secretary for Commerce and Economic Development ("USCED") briefed members on the implementation of the Original Grant Patent ("OGP") system which was launched in Hong Kong on 19 December 2019. He said that the patent system was a key component of the IP protection infrastructure. The Administration launched the OGP system to ensure that the local patent system advanced with the times and supported Hong Kong's development as an international I&T centre. He further told members that the Patents Registry had received a total of 312 OGP applications in the first 15 months of the implementation of the system. The overall volume of applications exceeded the initial projection of about 100 to 200 applications for the first year. Details of the implementation of the OGP system were set out in the Administration's paper (LC Paper No. CB(1)776/20-21(05)).

Discussion

Duration of the substantive examination process

42. Noting that the Patents Registry would normally take about two to three years to complete the entire examination process from application to grant of an OGP, Dr CHIANG Lai-wan urged the Administration to expedite the substantive examination process with a view to shortening as far as possible the processing time.

43. USCED responded that the China National Intellectual Property Administration and other overseas IP offices took about two to three years to complete similar examination process. He assured members that the fees charged by the Patents Registry under the OGP system were in general competitive among the mainstream patent offices in the international community.

Patent statistics

44. Ir Dr LO Wai-kwok was pleased to note that the number of OGP applications received by the Patents Registry in the first 15 months of implementation of the OGP system had exceeded the initial projection. Dr Junius HO asked about the Administration's assessment on the future trend and enquired whether there was any government funding to assist OGP applicants with the patent application costs.

45. As patent statistics could be used as a yardstick to measure the inventive performance of a country/region, Ir Dr LO Wai-kwok enquired whether the Administration had set any targets on the number of OGP applications in Hong Kong having regard to its participation in the development of the Greater Bay Area into an international I&T hub. He was also keen to be briefed on Hong Kong's research capability, with reference to the number of patent applications filed by Hong Kong-based applicants worldwide.

46. USCED and Director of Intellectual Property ("DIP") responded that among the 312 OGP applications received by the Patents Registry in the first 15 months of the implementation of the OGP system, 117 applications were filed by Hong Kong residents or local enterprises. When compared with the annual average of around 280 applications for standard patents filed via the "re-registration" route in the past seven years, the number of OGP applications indicated that the trade had responded positively to the new OGP system. The Intellectual Property Department ("IPD") had all along been actively exploring ways to refine the mechanism and procedures of the OGP system in order to enhance its user-friendliness and would continue to promote the OGP system to potential applicants.

47. USCED and DIP further advised that patent protection was territorial in nature. It required the filing of individual patent applications for each territory in which protection was sought. It was thus not uncommon for invention owners to file patent applications only in jurisdictions which they were going to market and distribute their services and products. Currently, IPD only maintained statistics on the number of patent applications filed in Hong Kong.

48. USCED added that IPD had been working closely with its Mainland counterparts in strengthening IP cooperation and promoting the development of IP trading in both places through the Guangdong/Hong Kong Expert Group on the Protection of Intellectual Property Rights which was set up in 2003. In 2020, the Expert Group proactively explored cooperation opportunities in the Greater Bay Area through organizing a wide array of activities, for example, the Guangdong-Hong Kong-Macao Greater Bay Area High Value Patent Portfolio Contest 2020, the 2020 Guangdong/Hong Kong Seminar on Intellectual Property and Development of Small and Medium Enterprises (Online), and the 2020 Guangdong-Hong Kong-Macao Greater Bay Area Intellectual Property Trade Expo.

49. Ir Dr LO Wai-kwok was disappointed that the Administration did not maintain statistics on the patent applications filed by Hong Kong-based applicants worldwide, not to mention other types of figures which helped measure Hong Kong's I&T capability such as the asset values of companies set up in the Hong Kong Science Park and the Cyberport. Ir Dr LO and the Chairman suggested that the Administration should consider gathering the requested information from other patent offices on a regular basis.

50. DIP agreed to explore whether it was possible to extract relevant data from the statistics on non-resident patent applications published outside Hong Kong, such as by the five largest IP offices in the world.

(Post-meeting note: The information provided by the Administration was circulated to members on 24 May 2021 (LC Paper No. CB(1)942/20-21(01).)

Global recognition of the Original Grant Patent System

51. As patent protection was territorial in nature and given the small local market in Hong Kong, the Chairman asked whether the non-local OGP applicants had in parallel filed corresponding patent applications for the same inventions in other jurisdictions.

52. Dr CHIANG Lai-wan suggested that the Administration should explore measures to facilitate OGP applicants in seeking corresponding patent protection in other parts of the Greater Bay Area and even strive for the recognition by the patent offices in Guangdong and Macao of the patents granted in Hong Kong in the long run, so as to tie in with the development of the Greater Bay Area.

53. USCED reiterated that patent protection was territorial, and patents were granted by patent offices of different jurisdictions in accordance with their own laws and regulations. Nevertheless, the Administration would in due course consider initiating discussions with the patent offices of other jurisdictions (including the Mainland) for establishing arrangements to facilitate OGP applicants to seek patent protection outside Hong Kong.

54. USCED added that according to the survey conducted by IPD, non-local OGP applicants had cited "saving time for obtaining a standard patent grant" as one of the major reasons for choosing to file OGP applications in Hong Kong. In fact, the OGP system had not only facilitated applicants to file applications directly in Hong Kong for obtaining standard patent protection, but also helped them secure the first or earliest filing dates for the applications so that the applicants could enjoy a right of priority when they filed a corresponding patent application for the same invention in any Paris Convention country or World Trade Organization member country or

territory within 12 months after the date of filing of the OGP application. As such, the OGP system could, through the mainstream patent systems of the international community, facilitate OGP applicants to seek patent protection in other countries or regions and introduce their products/services to other markets outside Hong Kong.

55. USCED further advised that the Administration had been sparing no efforts in collaborating with IP authorities of the Mainland and Macao to promote IP trading and IP commercialization. The Hong Kong Trade Development Council had also developed the Asia IP Exchange, an online platform and database showcasing IPs around the globe, to facilitate international IP trade and connection for global IP players. Over 28 000 tradeable IP listings were available at the portal.

Benefits of the Original Grant Patent system

56. Noting that the OGP applications so far received by the Patents Registry involved three main technical areas of electricity, mechanical engineering and chemistry, Dr Junius HO asked how the implementation of OGP system could help promote the development of re-industrialization in Hong Kong. He was also keen to be briefed on the indirect economic benefits that could be brought about by the OGP system.

57. DIP responded that the Administration had grouped the patent applications under the OGP system into three main technical areas of electricity, mechanical engineering and chemistry, the scope of which was broad covering all the eight major technical fields under the International Patent Classification. Since the implementation of the OGP system in Hong Kong, the Patents Registry had received OGP applications related to, among others, cancer drugs and face masks.

58. USCED and DIP added that I&T was a key policy agenda of the current-term Government. The Administration had invested a huge amount of resources and provided both hardware and software support to nurture startups and foster I&T development in Hong Kong. The Survey of Startups in Hong Kong revealed that there were 3 360 startups operating in major public and private co-work spaces and incubators in Hong Kong in 2020, up from 2 625 in 2018. The patent system enabled the technology startups to seek protection of their inventions by preventing others from exploiting their patented inventions. It also entitled the patent owners to sell, license or otherwise commercialize their IP rights. In view of the rapid I&T development in Hong Kong in recent years, it was expected that the demand for intermediary services for IP protection, management and trading activities would continue to increase.

Updating Hong Kong's copyright law

59. The Chairman expressed concern that the existing copyright law was outdated and could not catch up with the international development to enhance copyright protection in the digital environment. He asked whether the Administration had plans to re-start the legislative exercise to amend the Copyright Ordinance (Cap. 528) ("CO") in the near future.

60. USCED replied that the Administration had tried to amend CO on two previous occasions but failed, which reflected the controversial nature of the copyright issues. The Administration noted that the positions taken on the copyright regime among major stakeholders remained diverse. For the time being, the Administration did not envisage that it could come up with a package of proposals acceptable to various stakeholders. Representatives of the relevant trades also indicated that they had no intention of requesting the Administration to re-start the Copyright (Amendment) Bill 2014 legislative amendment exercise. Taking into account the experience of the two previous exercises, the Administration would have to be cautious and pragmatic when seeking to enhance CO.

61. USCED added that the Administration would nevertheless continue to enhance Hong Kong's IP regime. Apart from launching the OGP system in 2019, the Administration had amended CO in 2020 to enhance copyright exceptions for persons with a print disability, in order to bring those exceptions in line with the standards set out in the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled; and amended the Trade Marks Ordinance (Cap. 559) in 2020 to prepare for the implementation in Hong Kong of the international registration system under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks.

V. Any other business

62. There being no other business, the meeting ended at 4:29 pm.