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**Legislative Council**

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**Panel on Commerce and Industry**

**Meeting on 20 April 2021**

**Background brief on the new patent system launched in December 2019**

**Purpose**

This paper provides background information on the new patent system launched on 19 December 2019. It also provides a summary of views and concerns expressed by members of the Panel on Commerce and Industry ("the Panel") during previous discussions on the subject.

**Background**

2. The Patents (Amendment) Bill 2015 was passed into law in June 2016 as the Patents (Amendment) Ordinance 2016 to provide for the essential legal framework for an original grant patent ("OGP") system and a refined short-term patent ("STP") system<sup>1</sup> (collectively referred to as "the new patent system"). Thereafter, the Registrar of Patents made the Patents (General) (Amendment) Rules 2019 ("PGAR") to specify the detailed practices and procedures required for implementing the new patent system. The new patent system came into operation on 19 December 2019.

Original grant patent system

3. The new OGP system, which runs in parallel with the "re-registration" system for the grant of standard patents, offers an alternative route for seeking

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<sup>1</sup> Refinements to the 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. STPs have a maximum protection term of eight years (subject to renewal upon expiry of the fourth year).

standard patent protection for a maximum term of 20 years 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 office outside Hong Kong (which is otherwise a pre-requisite to seeking standard patent protection in Hong Kong under the "re-registration" system). Since the launch of the new patent system, the Patents Registry<sup>2</sup> has taken on a new role of undertaking tasks relating to substantive examination to determine whether an OGP application has satisfied the examination requirements for a patent grant under the law, apart from simply conducting "formality examination" by verifying information and documents filed in support of a patent application.

#### Fees of the new patent system

4. PGAR introduces new fee items under the new patent system, and modifies some of the fee items under the "re-registration" system for the grant of standard patents and STPs. The major new fee items and modified fee items are in **Appendix I**. A full summary<sup>3</sup> of the patents fees under the new patent system is available at the website of the Intellectual Property Department ("IPD").

#### Benefits of the new patent system

5. According to the Administration, the new patent system (a) helps reduce the patenting costs and time for obtaining standard patents in appropriate cases; (b) promotes filing flexibility as standard patent applicants may choose to use OGP or the "re-registration" route according to their individual business needs; (c) safeguards against potential abuse of the STP system through the introduction of post-grant substantive examination; and (d) promotes local innovation and attracts enterprises to set up research and development ("R&D") operations in Hong Kong, thereby facilitating the development of Hong Kong's innovation and technology sector.

#### **Previous discussions**

6. The Administration briefed the Panel on the latest implementation progress of the new patent system and sought the Panel's support for retaining a time-limited directorate post in IPD on a permanent basis at the meetings on 15 November and 20 December 2016 respectively. The Panel also discussed

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<sup>2</sup> The Patents Registry under the Intellectual Property Department is responsible for registration of patents and processing patent applications in Hong Kong.

<sup>3</sup> See a summary of the patents fees under the new patent system ([https://www.ipd.gov.hk/eng/forms\\_fees/Summary\\_Fees\\_of\\_new\\_patent\\_system\\_eng.pdf](https://www.ipd.gov.hk/eng/forms_fees/Summary_Fees_of_new_patent_system_eng.pdf))

with the Administration the proposed legislative amendments to the Patents (General) Rules (Cap. 514C) at the meeting on 19 June 2018. The major views and concerns expressed by members are summarized below.

### Development of human capital of the patent industry

7. Members enquired about the Administration's plan in the next five to 10 years for the grooming of local patent talents in conducting substantive examination of patent applications and supporting the operation of the new patent system. They suggested that the Administration should step up efforts in promoting science, technology, engineering and mathematics education to nurture more talents for the patent industry.

8. The Administration advised that in addition to the on-going training programmes organized by IPD on intellectual property ("IP") management and commercialization for enterprises to build up their relevant manpower capacity, City University of Hong Kong and The University of Hong Kong also offered patent-related courses. The Administration planned to commission a dedicated IP manpower survey in early 2017 to identify the manpower capacity and training needs of the local IP industry, including the patent industry. The findings of the survey were projected to be available in end 2017 or early 2018.

9. The Administration further advised that it had entered into a cooperative agreement with the State Intellectual Property Office of the Mainland ("SIPO")<sup>4</sup> in 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. Three Senior Intellectual Property Examiners and two Intellectual Property Examiners I of IPD, who had been deployed to assist in implementing the new patent system, were receiving/would receive training by SIPO on the substantive examination of OGP applications and STPs. The development of human capital for the patent industry in Hong Kong would very much depend on the number of OGP applications received and the technical areas involved in such applications. IPD would keep in view its establishment to ensure that there was sufficient manpower for handling patent applications and examination of different disciplines under the new patent system.

### Fee structure and level

10. Members enquired whether the proposed fee level for relevant services provided by the Patents Registry under the new patent system was competitive and comparable to other patent offices outside Hong Kong.

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<sup>4</sup> The patent authority in the Mainland has changed its official English title from "State Intellectual Property Office" to "China National Intellectual Property Administration" since 28 August 2018 whereas its official Chinese title has remained unchanged.

11. The Administration advised that it had studied the fees chargeable by several major patent offices outside Hong Kong including European Patent Office and the respective patent offices in Australia, Mainland of China, Singapore and the United Kingdom, and considered that the proposed fee level under the new patent system was in general competitive among these places. Besides, the proposed introduction of 3-tier progressive annual renewal rates for standard patents was also in line with the prevailing international practice. It aimed to reduce the cost of patent renewal during the early period of patented inventions while discouraging unnecessary prolongation of the protection term of those patented inventions with little/diminishing market or commercial exploitation value.

#### Competitiveness of the new patent system

12. As patent protection was territorial in nature, some members queried whether there would be sufficient demand to sustain a cost-effective new patent system in Hong Kong given the small local market. The Administration advised that the establishment of the new patent system was a strategic move to promote R&D as well as IP trading activities in Hong Kong. Accepting Chinese as one of the official languages for patent applications and allowing local companies to apply for standard patent protection directly in Hong Kong, the new patent system would provide an efficient and user-friendly filing route for local applicants. Upon establishment of the new patent system, Hong Kong would be in a better position to negotiate for setting up Patent Prosecution Highway ("PPH")<sup>5</sup> with the patent offices of other jurisdictions to expedite the examination process, which would facilitate OGP applicants to seek patent protection in other jurisdictions, thereby enhancing the attractiveness of the new patent system.

#### Setting up Patent Prosecution Highway with the patent offices of other jurisdictions

13. Members opined that Hong Kong should set up PPH with other patent offices as early as possible. They asked about the preconditions for Hong Kong to set up PPH.

14. The Administration advised that it was essential for a patent authority to build up its international credibility in patent examination so that it could be in a better position to negotiate with other patent authorities for PPH. Given that SIPO had entered into PPH with at least 20 patent offices and that SIPO would provide technical assistance in conducting substantive examination of patent

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<sup>5</sup> Under a PPH agreement, a patent applicant can request an accelerated processing of patent application at the patent office of second filing, when the patent office of the first filing has already found corresponding patent claims allowable.

applications filed under the OGP route in Hong Kong, the Administration would consider initiating discussions with other patent authorities for establishing bilateral and plurilateral PPHs in due course after rolling out the new patent system. Separately, the Administration would also explore with SIPO on the possibility of setting up PPH or arrangements of similar effects.

### Bolar exemption

15. Some members pointed out that the poor were usually deprived of receiving treatments by patented drugs and medical devices of high costs. Concerning that the patent law might contradict with the Government's policy direction on caring for the disadvantaged, these members enquired whether the Administration would negotiate with pharmaceutical companies with patent protection of their drugs in Hong Kong to enable the use of the relevant drugs in the public hospitals at a lower price, thereby reducing the Government's financial burden in respect of public medical expenses.

16. The Administration advised that some countries had specifically provided for Bolar exemption in their patent laws which allowed manufacturers of generic drugs to conduct studies, tests or trials of a patented pharmaceutical invention to obtain marketing approval without the patent owner's permission and before the patent protection expired. The Bolar exemption facilitated the generic drug producers to obtain approval for marketing their generic drugs which helped lowering the cost of drugs dedicated for treatment of specific diseases. The Administration would review the patent law from time to time, including whether the Bolar exemption should be introduced.

### **Council question**

17. At the Council meeting of 22 April 2020, Mr Kenneth LEUNG asked a written question on the implementation of the new patent system. He asked whether the Administration had plans to set up PPH or bilateral arrangements with the patent offices in other jurisdictions to expedite the examination of patent applications and whether the fee charged by the Patents Registry for substantive examination of an OGP application complied with the "user pays" principle.

18. The Administration advised that the current priority was to gain more indigenous experience and knowledge in conducting substantive examination, so that Hong Kong's OGP system could build up the recognition for its capacity to conduct examination in line with international standards and deliver sound output in terms of both quantity and quality. This was essential to equip Hong Kong with sufficient strength to initiate discussions with other patent offices (including the China National Intellectual Property Administration) in exploring

the possibility of pursuing cooperation agreements on a reciprocal basis, so as to facilitate OGP applicants in seeking corresponding patent protection in other economies. Such facilitation might be achieved by establishment of mechanisms which allowed the applicants to request one patent office to expedite the examination of their patent applications, on the basis that another patent office had already allowed the corresponding patent claims.

19. The Administration also advised that the fee charged by the Patents Registry for substantive examination of an OGP application was set pursuant to the established principles of "user pays" and overall full-cost recovery.

### **Latest position**

20. The Administration will brief the Panel on 20 April 2021 on the implementation of the OGP system.

### **Relevant papers**

21. A list of relevant papers is shown in **Appendix II**.

Council Business Division 1  
Legislative Council Secretariat  
13 April 2021

### Fees of the new patent system

Major new fee items under the new patent system as introduced by the Patents (General) (Amendment) Rules 2019 include:

- (a) respective fees for an original grant patent ("OGP") application by paper and electronic means at \$480 and \$345;
- (b) advertising fee for an OGP application at \$68;
- (c) fee for substantive examination of an OGP application or a short-term patent ("STP") at \$4,000;
- (d) fee for making a request to review the Registrar of Patents ("the Register")'s provisional refusal of an OGP application or provisional revocation of an STP upon substantive examination at \$1,700; and
- (e) fee for requesting a hearing relating to the review of the Registrar's opinion during review of the Registrar's provisional refusal of an OGP application; provisional revocation of an STP; or a request to amend the specification of an OGP/STP at \$1,700.

2. Major modified fee items under the "re-registration" system for the grant of standard patents and STPs include:

- (a) the introduction of preferential fees for electronic filing of patent applications. For standard patent application under the "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 are respectively reduced from \$380 to \$275 whereas the official fee for electronic filing of an STP application is reduced from \$755 to \$545. On the other hand, the respective fees of paper-filing of a standard patent application and an STP application remain at \$380 and \$755; and
- (b) the introduction of a three-tier progressive annual renewal rates for standard patents that respectively apply to the 4<sup>th</sup> to 10<sup>th</sup> year (at \$450 per year); 11<sup>th</sup> to 15<sup>th</sup> year (at \$620 per year) and 16<sup>th</sup> to 20<sup>th</sup> year (at \$850 per year) of the protection term of standard patents, for replacing the flat rate for annual renewal (payable upon expiry of the 3<sup>rd</sup> year) of a standard patent throughout its entire protection life span of 20 years at \$540.

## List of relevant papers

Date of meeting	Meeting	Paper
15/11/2016	Panel on Commerce and Industry	<p>Administration's paper on "Progress of implementation of the patents reform and review of the manpower support for the implementation"  <a href="#">(LC Paper No. CB(1)90/16-17(05))</a></p> <p>Background brief on progress of implementation of the patents reform prepared by the Legislative Council Secretariat  <a href="#">(LC Paper No. CB(1)90/16-17(06))</a></p> <p>Minutes of meeting  <a href="#">(LC Paper No. CB(1)309/16-17)</a></p>
20/12/2016	Panel on Commerce and Industry	<p>Administration's paper on "Proposed creation of one permanent directorate post of Assistant Director of Intellectual Property in the Intellectual Property Department"  <a href="#">(LC Paper No. CB(1)311/16-17(03))</a></p> <p>Administration's follow-up paper  <a href="#">(LC Paper No. CB(1)406/16-17(01))</a></p> <p>Minutes of meeting  <a href="#">(LC Paper No. CB(1)462/16-17)</a></p>
10/4/2017	Establishment Subcommittee	<p>Administration's paper on proposed making permanent of the supernumerary Assistant Director of Intellectual Property (DL2) post  <a href="#">(EC(2016-17)24)</a></p> <p>Administration's supplemental information paper  <a href="#">(LC Paper No. ESC84/16-17(02))</a></p> <p>Administration's follow-up paper  <a href="#">(LC Paper No. ESC89/16-17(01))</a></p> <p>Minutes of meeting  <a href="#">(LC Paper No. ESC127/16-17)</a></p>



Date of meeting	Meeting	Paper
2/6/2017	Finance Committee	<p>Recommendation of the Establishment Subcommittee (<a href="#">FCR(2017-18)12</a>)</p> <p>Administration's follow-up paper (<a href="#">LC Paper No. FC250/16-17(01)</a>)</p> <p>Minutes of meeting (<a href="#">LC Paper No. FC186/17-18</a>)</p>
19/6/2018	Panel on Commerce and Industry	<p>Administration's paper on "Proposed amendments to the Patents (General) Rules for implementing the new patent system" (<a href="#">LC Paper No. CB(1)1097/17-18(07)</a>)</p> <p>Updated background brief on progress of implementation of the patents reform prepared by the Legislative Council Secretariat (<a href="#">LC Paper No. CB(1)1097/17-18(08)</a>)</p> <p>Minutes of meeting (<a href="#">LC Paper No. CB(1)1313/17-18</a>)</p>
13/3/2019 (issue date)	Legislative Council Brief	<p>Legislative Council Brief on "Patents (General) (Amendment) Rules 2019" issued by Commerce and Economic Development Bureau (<a href="#">File Ref.: CITB 06/18/23</a>)</p>
22/4/2020	Council	<p>Question No. 17 on "New patent system" raised by Hon Kenneth LEUNG (<a href="#">Government press release</a>)</p>