



**LICENSING EXECUTIVES SOCIETY CHINA
HONG KONG SUB-CHAPTER**

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Division 3
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(Submitted by mail and by email)

Dear Sir/Madam:

**Response to Review of the Patent System in Hong Kong from
Licensing Executives Society China – Hong Kong Sub-Chapter**

On behalf of the Licensing Executives Society China – Hong Kong Sub-Chapter (“LESC-HK”), I would like to submit the views of our Society to the Government on the Review of the Patent System in Hong Kong.

The Licensing Executives Society International (LESI) is an association comprised of men and women who have an interest in the transfer of technology, or licensing of intellectual property rights - from technical know-how and patented inventions to software, copyright and trademarks. It has member societies throughout the world and the local chapter in Hong Kong is a Sub-Chapter of LES China. LES-HK has been an active promoter of the best practice of intellectual property management in Hong Kong. We have organized events to encourage knowledge exchange and networking in this area. Our membership consists of legal professionals, SMEs, MNEs, university technology managers as well as individual researchers. We have collected the views from our members and hope that our response would offer a comprehensive view, covering the non-government full spectrum of intellectual property management stakeholders for the Government’s consideration.



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In general, we support the view that a patent system needs to be reviewed, taking into consideration the needs and development of the society as well as efficient use of available resources. Our response follows the questions laid out in the consultation paper.

Chapter 1 – Standard Patents

a) *What benefits will an OGP system bring to Hong Kong? Will an OGP system promote local innovation and enhance patent quality?*

We do not feel that it is necessary for Hong Kong to have an OGP. We believe the current system of Standard Patent, which allows patents that had undergone substantive examination by leading patent offices (China, EU and UK) to be granted in Hong Kong through simple and inexpensive procedures, fully meets the requirements of a patent system which is user-friendly, inexpensive and ensures quality in the patent protection in Hong Kong. OGP which requires inventors to allocate more resources (both time and money) in dealing with substantive examination of their Hong Kong patents will deter rather than promote local innovation.

Instead of benefits, we feel that an OGP may unnecessarily drain Hong Kong of precious resources for other more urgent needs. A more direct way to promote innovation would be investment in education and research and not by an OGP system. A good patent can only start with good innovation arising from good research and education. On the intellectual property management side, it is important to educate stakeholders on what entails the quality of a “good patent” before we could arrive at the end result of “enhancing patent quality.”

b) *Will there be sufficient demand to support an OGP system in Hong Kong? Will it be a cost-effective system?*

The trend of commercialization is globalization. Hong Kong itself is too small a market. The majority view of our members is that it is very rare that an inventor would seek patent protection of his technology in Hong Kong alone. Even if an



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inventor does not aim far for filing in Western jurisdictions, it is most likely that he will file in China which is the “world factory” where most products are manufactured. If a patent applicant will be applying for patent in other jurisdictions, such as China, UK or the EU, then the current registration system for Standard Patents in Hong Kong would provide a simple and inexpensive mechanism for acquiring patent protection in Hong Kong. Looking at past statistics, we noticed a declining trend of standard patent filing in Hong Kong. We believe there will not be sufficient demand to support an OGP system in Hong Kong. It follows that an OGP system in Hong Kong will NOT be a cost-effective system.

Requiring substantive examination to be conducted in respect of Hong Kong patent applications (even if such examination is outsourced) goes against the trend of simplifying patent examination with a view to more expeditious grant of patents at reduced cost to the patent applicant. Several leading patent offices (such as USA, Japan and China), have entered into or are negotiating arrangements to enter into the “Patent Prosecution Highway”. The idea of the “Patent Prosecution Highway” is to reduce duplicate examination work being carried out by various patent offices, thereby reducing cost and increasing efficiency in patent grant. The current registration system of Standard Patents is in a way a materialization of the “patent prosecution highway”. OGP means creating an extra requirement for examination in Hong Kong (even if the examination is outsourced) and complicates, rather than streamlines, patent grant in Hong Kong.

c) *Should we introduce an OGP system in Hong Kong with substantive examination outsourced to other patent office(s), and, if so, which office(s) and why?*

As indicated above, we are in principle, NOT IN FAVOUR of introducing an OGP system in Hong Kong. If in the end the Government decides to introduce an OGP system, we would like to recommend that :



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1. the existing system of registration and grant of Standard Patents should be retained to provide a simple and inexpensive system for innovators to get patent grant in Hong Kong;
2. The substantive examination is outsourced instead of setting up the administrative structure for such examination in Hong Kong. Furthermore, the cost of setting up and operating the OGP system should be borne by the users of that system, rather than transferring such costs to all tax payers.
3. Hong Kong should consider joining the Patent Prosecution Highway to minimize cost and time needed for granting a patent.

d) *Irrespective of the answers to (c) above, should the current "re-registration" system be maintained, and, if so, should the system be modified as appropriate, including expansion to recognize the patents granted by other jurisdiction(s), and, if so, which jurisdiction(s)?*

We strongly recommend the continuance of the current "re-registration system" with the following modifications:

1. Allow more flexibility in the time to file request to record a designated patent application and to file application for registration and grant of a Standard Patent. The non-extendible 6-month periods under the current law are inflexible, alien to patent application procedures adopted in other jurisdictions, and kills a patent application if the applicant inadvertently misses a critical deadline. It is recommended that provisions be made for extension of time in carrying out the two steps in the re-registration process.
2. Expand the recognized jurisdictions eligible for the re-registration process to include other major economies like U.S.A, Japan and Korea. We agree with the consideration criteria cited in the consultation paper if such an expansion is desired.



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Chapter 2 – Short-Term Patents

e) *What benefits does the short-term patent system bring to Hong Kong? Does it promote local innovations?*

The short term patent system serves to increase the IP awareness of the community and there may well be, albeit limited, commercial need for this system. That being the case, we are agreeable to retaining the short-term patent until such time when the community is more sophisticated in IP protection.

We are not convinced that the short-term patent would promote local innovations.

f) *Should we retain the current short-term patent system in its existing form, or should we introduce changes to the system? If the latter, what sort of changes should be introduced?*

We would suggest changing the validity period of the short term patent from 8 years to 10 years to be more in line with international practice.

Furthermore, if the short-term patent system is to be continued, we would recommend more education be provided to the community on the enforceability of a short-term patent.

g) *Should we discontinue the short-term patent system altogether?*

Please see above.

Chapter 3 – Regulation of Patent Agency Services in Hong Kong

h) *Should Hong Kong have a regulatory regime for professionals providing patent agency services? Should the promulgation of a regulatory regime or otherwise be made dependent on whether an OGP system is to be implemented in Hong Kong?*



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A patent applicant would very much rely on the expertise of the patent attorney/agent to ensure that their patent application is properly drafted and that professional and knowledgeable expertise be provided on the patent filing strategy. E.g. a patent attorney/agent should advise the client on the pitfalls in enforcing short-term patents or registered designs which are granted without substantive examination.

That being the case, patent agency services should be properly regulated and only those professionals who have passed the appropriate examination and acquired the proper qualification could be accorded the title "patent attorney/agent". Furthermore, there should be a requirement for such patent attorneys/agents to demonstrate that their knowledge in this area is current. We believe the Government should be responsible for setting up such regulatory regime.

The regulatory regime for professionals providing patent agency services should be independent on whether an OGP system is to be implemented in Hong Kong.

- i) ***If a regulatory regime is to be introduced for providers of patent agency services,***
- (1) should we restrict the provision of such services to persons meeting certain qualifications or requirements only? Or should we limit the use of particular titles only but allow the provision of such services by any person?***
 - (2) should the regulation apply to all types of patent agency services or only to certain services e.g. the drafting and amendment of patent specifications under an OGP system?***

Please see above.



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Other Suggestions

- j) *How else should we position our system for the purposes of encouraging local innovation and attracting investors to use Hong Kong as a launching pad for their research and development operations?*

Please see above.

Yours faithfully

Alice NGAN

Chairman

LES China Hong Kong Sub-Chapter