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Consultation on Patent Reform

Background

This submission is made by The Hong Kong Institute of Trade Mark Practitioners Limited ("**HKITMP**"), the membership of which consists of solicitors, barristers, trade mark agents and patent agents, who are principally engaged in trade mark and other intellectual property practice. The HKITMP's aim is to protect the interests of trade mark owners and owners of other intellectual property rights, for which purpose we are active in regular liaison with the Intellectual Property Department and other relevant industry bodies.

The HKITMP acts as a conduit and forum for discussion, and promotes the views of the professionals who engage in intellectual property works.

This submission on behalf of the HKITMP has been prepared by the HKITMP's Patents Committee, consisting of Council members who have a particular interest and expertise in the issue of "patent reform" and patent law and practice.

The views expressed are from a legal and policy perspective in our capacity as solicitors and intellectual property law practitioners, acting independently without regard to the views of any particular body or organization.

It is pertinent to note that our members include most of the leading intellectual property practices in Hong Kong. This includes Messrs Deacons and Messrs Marks & Clerk who have been over the last ten years filed more patents on behalf of their

clients than any other organization. Collectively members of the HKITMP represent over 65% of the major patent filers in Hong Kong. Hence, whilst this is one letter we represent numerous lawyers and agents and thousands of entities who have and continue to apply for patents in Hong Kong.

Submission

1. Following the Release of the Consultation Paper "Review of the Patent System in Hong Kong" a number of perspectives were provided in many areas, including areas of

(a) Standard Patent System and Original Patent Grant ("OPG")

(b) Short Term Patent System and

(c) Regulation of Patent Agency Services. This submission provides background to and commentary upon these and other issues.

2. This submission examines the current mechanism for patent grant, judicial authority, international trends and motivations in patent rights, to provide a context for these issues.

3. But as an opening remark, the Institute is **strongly against OPG** for Hong Kong, but is open to an orderly regulation of patent practitioners.

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Standard Patent System (Chapter I)

Before an assessment is made as to whether it is necessary to modify the existing patent system with OGP is made, it is useful to review the commercial and legal issues underpinning the existing patent system of Hong Kong.

As territorial rights, Patents are issued under specific national laws, in accordance with overarching minimum requirements of relevant international treaties, such as the Paris Convention and Patent Cooperation treaty.

Furthermore, in Hong Kong's case, the underpinning judicial precedent for the Patents Ordinance, particularly in relation to the determination of interpretation and validity, are the decisions of United Kingdom and Commonwealth Common Law courts.

As the relevant precedent and legislation draw heavily upon Commonwealth Common Law tradition, issued patents by the internationally recognised United Kingdom and European Patent Offices are of a relatively high standard. Highly trained and experienced examiners conduct relatively thorough examination across a wide range of technologies, resulting in patents in these jurisdictions which have a strong presumption of validity.

Priority Date

The priority date (date at which the invention is assessed for novelty/inventive step) may be established by a Hong Kong applicant (or any applicant for that matter) in a number of ways, outlined below. Once priority is established further applications may be filed in countries which meet the above criteria, on a case by case and technology by technology basis.

A priority date may be established by first filing (e.g. in the United States, China, or by filing a Hong Kong (short term) patent), thereby allowing a 12 month "Convention Period" in which further applications must be filed. If the further applications which claim priority to the first filing are filed within 12 months from the priority date, these filings will inherit the priority date established by the first filing.

Hence, the presence or (current) absence of an OGP patent in Hong Kong does NOT affect the right of an applicant to establish a priority date. Priority may be established in a number of ways through a number of different mechanisms by a Hong Kong applicant.

Motivation

Pursuit of patent rights can be an expensive, time consuming and difficult process, as patents are only granted by countries to inventions that are novel, inventive, and industrially applicable.

As such, motivation behind filing patents once a priority date has been established is typically any one of the following:

(i) selecting countries of **commercial relevance**,

(ii) selecting countries where research has been undertaken,

(iii) selecting countries where infringement is occurring,

(iv) selecting countries where a market exists for the protected product,

(v) selecting countries where a competitor is filing/ commercially active.

Examination

The determination of whether or not a patent application is capable of becoming a granted patent is approached by countries around the world in many different ways.

Global trends are towards mutual recognition of work conducted by other patent offices, (e.g. so called Patent Prosecution Highway, where bilateral agreements exist between major substantive patent examination offices).

The present re-registration system of Hong Kong offers the following advantages:

- It is relatively quick, low cost and efficient mechanism by which a 20 year standard patent may be obtained in Hong Kong;
- Re-registration is based upon the progression of a corresponding Designated Application through rigorous substantive examination in the Designated Patent Offices, which provides a high presumption of validity of granted patents;
- Determination of infringement and validity is conducted under established doctrine of precedent and statutory law in accordance with the rule of law.

Due to Hong Kong's unique position and rule of law, established approaches to interpretation and determination of validity, and re-registration process of patents granted by recognised Designated Patent Offices, the patent quality of existing patents is relatively high.

Further details of the Hong Kong Patent system can be found within the attached Annexure, submissions by HKITMP entitled "*Consultation on Patent Reform*".

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

As a relatively small "City State" with a relatively small population on a global scale, it is anticipated that the presence of an OGP system is unlikely to stimulate local innovation, and may in fact increase cost to the relatively small number of local applicants.

There have been a number of perspectives advanced that the inclusion of an OGP will stimulate local innovation.

However, the Institute respectfully submits that there is no credible empirical evidence advanced by proponents that the presence of an OGP system (with additional costs associated with pursuing grant) will necessarily have any effect on stimulating local innovation. Hong Kong has an existing patent system in place which is arguably flexible enough to provide local individuals, companies and corporations needs, and at the same time meet international treaty obligations.

One of Hong Kong's many strengths is that in as far as public finance is concerned it has adopted "a user pays system". This has served HKG well for generations since it means the taxes are relatively low. If the user does not pay for resources and services then the tax payers and public of HKG will have to pay. Why would HKG people (the overwhelming majority who are not inventors) wish to subsidize a patent system and a limited number of inventors and commercial entities who may wish to file patents?

The government itself has to consider the proper allocation of resources to best support and maintain a stable economy and to provide reliable services and infrastructure for everyone to use and enjoy. Expenditure on things like education, health and security are critical to the well-being and harmony of society.

The capital and operating revenue available to the government has been rather precarious over the last few years.

Article 107 of the Basic Law says that HKG must keep a balanced budget. In a climate of dwindling revenue the government must still balance its books. Indeed this may from time to time mean cuts to expenditure. HKG situation is not helped by the fact that its surplus has been eroded by poor investment decisions which may be in some quarters being blamed on the poor economic outlook.

Allocating already dwindling funds to a speculative venture does not seem to be prudent in the current economic recession. Indeed we would not be surprised if there were protests if such subsidies were granted in the face of more widespread struggles with basic livelihood issue.

Businesses must ensure that they have sufficient capital to operate and the costs of the current registration system are relatively low compared to other normal business costs for rent and staffing. If HKG is serious about being a business hub, then the businesses would need to include China in their patent portfolio anyway to protect their ability to manufacture and to provide a basis for preventing competitors manufacturing in China. Of course the current re-registration system allows an

owner/inventor to designate China as the basis for an inexpensive patent registration in HKG.

Supporting the spurious call for an "original grant" patent system would have two sure consequences: First, it would increase expenditure; and secondly it would increase the size of the civil service. Both of these consequences would rightly attract public concern.

The public well understand that the costs of fiscal imprudence are high. The impact in the PIGS Grouping (Portugal, Italy, Greece and Spain) are well discussed in the media particularly in Greece. In the next 6-12 month we will know whether those countries can remain in the Euro zone and whether they have the discipline to balance their budgets. Whilst balancing the budget is not the only indicator of how healthy the economy is intuitively we believe that improper allocation of resources will contribute to the undermining of public confidence in the Government.

If funds are to be allocated to the Intellectual Property Department those funds are best used to ensure that the services currently offered are adequate.

We refer in particular to the services of the Trade Marks Registry. Hong Kong is known for its service industry and perhaps takes pride in that reputation. Unfortunately the time taken to examine trade marks and dealing with disputes between parties has arguably fallen behind the service provided by the Trade Marks Office in Beijing. This may well be because of budget constraints in being able to employ more staff and train such staff. The delay is more acute in the case of contentious matters that require a hearing (e.g. oppositions and revocation matters). It is currently taking between 24 and 36 months to be given date for a formal hearing at the Registry.

Similarly, the formalities aspect of Patent Re-Registration is falling behind published charter of service, with substantial delay in processing relatively simple applications.

The government should consider how the existing Patent and Trade Marks Registries can be properly staffed so that published service targets can be met. This is no time for introducing a completely new system for examining patents.

For an OGP system to work numerous technical staff would need to be identified, trained and supervised. It is arguable that the patent review may be even more difficult to handle than the review of trade marks. Accordingly, the introduction of OGP is likely to **decrease** patent quality unless a substantial investment of time and resources is made in administering outsourced local examination and/or conducting local examination by the Hong Kong government. In the current economic climate, it is considered that resources may be better directed than in pursuing OGP, and its increased need for public funds.

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

It is submitted there will NOT be sufficient demand to support OGP, and accordingly, it is unlikely to be a cost effective system. Even if this is

'outsourced' it is submitted that the OGP system would add unnecessary complexity, costs and administrative burdens to local applicants.

Motivation by local and multinational entities in pursuing a Hong Kong Patent via the OGP route is likely to be relatively low and as such it is anticipated that there is likely to be limited demand. Multinational entities are particularly unlikely to pursue OGP, having established priority in their (home/head office) jurisdiction, and likely to be pursuing substantive examination in jurisdictions only of key relevance.

Why file a Patent in a Particular Country?

As noted above, once a priority date has been established, patents are typically pursued:

(i) Jurisdictions of **commercial relevance,**

(ii) Countries where research has been undertaken (as a first filing to comply with local laws requiring this e.g. China, United States),

(iii) Countries where infringement is occurring

(iv) Countries where a market exists for the protected product

(v) Countries where a competitor is filing/ commercially active

(vi) Countries where IP Hijacking may be occurring (e.g. China).

Some of the above influences in deciding in which country to pursue patent rights are discussed in more detail below.

(A) LEGAL REQUIREMENTS

Some countries have National "first filing" requirements (national security laws) which compel the filing of patent applications for inventions developed/completed within that jurisdiction to be first filed in that jurisdiction.

Alternatively (or in addition), following first filing, for some types of technologies it can be necessary for approval by relevant government departments to be provided before a patent application claiming priority to the first filed application may be filed. If this requirement is not met, sanctions include potential invalidity of applications claiming priority to that first filed application.

Some countries (such as China) require that a preliminary 'secrecy examination' is conducted if an overseas filing is to be the 'first filing' to which other applications may claim priority. Practically, the route preferred by most applicants is to file in China, together with a request for secrecy examination because this process codifies the time frames which must be met by the relevant state departments, and provides a mechanism for obtaining 'deemed' secrecy clearance.

As such, to comply with the relevant requirements, for inventions that may be developed wholly or partly in China, it would be necessary to first file these inventions in China or undergo secrecy examination.

There remains some uncertainty as to how the law applies to inventions which may be developed partly in China, and partly in Hong Kong; however, to reduce risk these may be first filed in China.

(B) MOTIVATION

Due to relatively high costs of filing, examination, prosecution and maintenance, patent rights are rarely pursued in every jurisdiction. This can be seen in the Figure 2.5 shown below in relation to National Phase entries by Office.

Practically speaking therefore, inventions developed in Hong Kong may not be first filed in Hong Kong; as the invention may be developed for the United States, European or Chinese markets, and may not be developed for the local market.

Accordingly, the absence or presence of capacity for examination to be conducted is unlikely in itself to affect the motivation of local corporates or individuals to first file/ later file in Hong Kong.

(C) TIMING

It may be preferable for certain applicants to obtain relatively quick grant of certain patent applications; and in some cases it may be advantageous to defer progression of a case as long as possible depending on progression of corresponding applications.

There exist various mechanisms by which timing from filing to grant may be expedited in most patent systems. It generally takes around 3-5 years from filing before grant occurs if a standard patent is pursued in the Designated Patent Offices. Many applicants, including those from Hong Kong and from overseas abandon patent applications during the examination phase due to relevant prior art, cost, timing or commercial or strategic reasons.

Depending on how it is implemented, local examination could increase pendency of applications, as has occurred in overseas jurisdictions such as the United States, where the USPTO is struggling with increasing delays and lack of resources to assess an increasing number of applications.

As such, the time taken for progression of the case to grant may be advantageous or detrimental depending upon the applicant's interests.

(D) COSTS

Drafting and preparation of a patent application by a competent attorney requires detailed consideration, analysis and often a number of rounds of iteration between the inventor and attorney. However, preparation of a specification suitable for filing in a relevant jurisdiction (and providing the capacity for filing in due course in other jurisdictions) is only one part of the process.

Examination and prosecution of the application to grant; and even grant itself represents a dialogue between the attorney, inventor and Patent Office. Fees charged by the Patent Office to offset wages and associated overheads for conducting examination are ultimately borne by the applicant.

Conducting substantive examination of patent applications is a time consuming, expensive and complex process. In certain countries (e.g. Singapore) the patentee can select whether they wish for substantive examination to be conducted (which is outsourced to patent offices of other countries); or whether the case is to proceed to grant with the same scope as another corresponding granted patent in another country (effectively modified examination). If the former route is selected, examination is effectively conducted by an external examining authority.

Hong Kong, as a relatively small market, has an existing patent system sufficient to meet the needs of applicants, without the introduction of OGP.

Indeed since the cost for applying for and securing patents in HKG is currently modest (in fact, it is very cheap compared to the extremely high costs involved in countries where an "original grant" system is in place) and patent owners and inventors are potentially able to extend their rights more widely than if they were compelled to pay for a separate originating patent in HKG. There is no proof of inventors and or companies being fettered in their business by the financial cost of having to apply in UK or PRC before they can apply in HKG. Assuming for a moment that the government did adopt an "original grant" patent system and that it follows the professed "user pays" policy, then the cost for an original grant may be as much, if not more, than the current system of basing a HKG patent on a patent published and granted in the UK or PRC.

Major users of the Patent System- an International Perspective

These above motivations can be considered when assessing the filing patterns of many multinational corporations.

As in all patent systems around the world, numerically, it is corporations (not individuals) from certain countries (such as Japan, Korea and the US) that have dominated the grant of patents by respective patent offices around the world. These filing strategies are directed towards specific countries, according to specific trends in particular industries - including electronics, telecommunications and pharmaceuticals. The below chart shows the top 20 applications filed by applicants in 2010; and is drawn from figures published by WIPO in 2010.

http://www.wipo.int/pressroom/en/articles/2011/article_0004.html

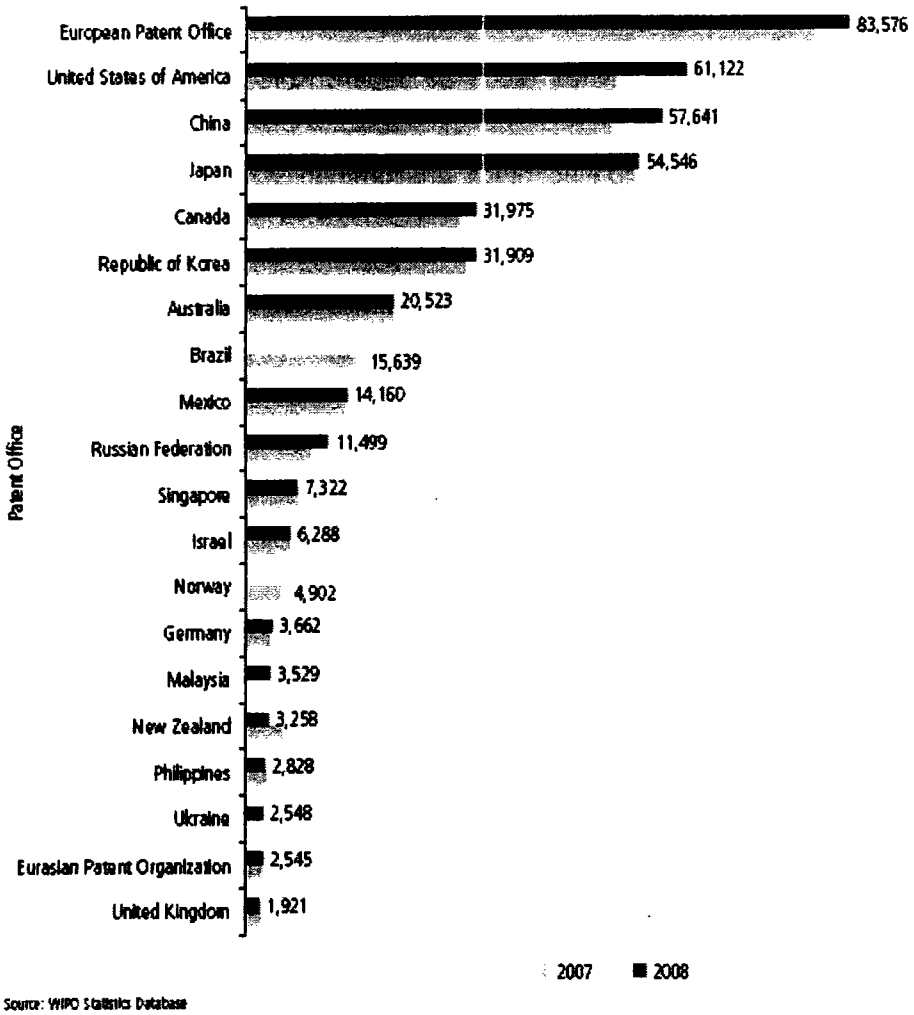
2010 RANKING	APPLICANT'S NAME	COUNTRY OF ORIGIN	PCT APPLICATION PUBLISHED IN 2010
1	PANASONIC CORPORATION	Japan	2,154
2	ZTE CORPORATION	China	1,863
3	QUALCOMM INCORPORATED	United States of America	1,677
4	HUAWEI TECHNOLOGIES CO., LTD.	China	1,528
5	KONINKLIJKE PHILIPS ELECTRONICS N.V.	Netherlands	1,435
6	ROBERT BOSCH GMBH	Germany	1,301
7	LG ELECTRONICS INC.	Republic of Korea	1,298
8	SHARP KABUSHIKI KAISHA	Japan	1,286
9	TELEFONAKTIEBOLAGET LM ERICSSON (PUBL)	Sweden	1,149
10	NEC CORPORATION	Japan	1,106
11	TOYOTA JIDOSHA KABUSHIKI KAISHA	Japan	1,095
12	SIEMENS AKTIENGESELLSCHAFT	Germany	833
13	BASF SE	Germany	818
14	MITSUBISHI ELECTRIC CORPORATION	Japan	726

15	NOKIA CORPORATION	Finland	632
16	3M INNOVATIVE PROPERTIES COMPANY	United States of America	586
17	SAMSUNG ELECTRONICS CO., LTD.	Republic of Korea	578
18	HEWLETT-PACKARD DEVELOPMENT COMPANY, L.P.	United States of America	564
19	FUJITSU LIMITED	Japan	476
20	MICROSOFT CORPORATION	United States of America	469

As the PCT filing statistics below demonstrate, in 2007, 2008 these (often) multinational corporations pursue aggressive filing strategies around the world jurisdictions of commercial and strategic relevance. **As a whole; the filing by multi-national corporations account for a significant proportion of both international and national phase entries.**

http://www.wipo.int/ipstats/en/statistics/pct/pdf/901e_2009.pdf

Figure 2.5. PCT National Phase Entries by Office, 2007 and 2008



Source: WIPO Statistics Database

Recent trends in filing by non-Chinese applicants in SIPO demonstrate a significant increase in filings pursued for invention patents in China. There is also evidence of a

significant increase in percentage terms in filings by Chinese applicants in other jurisdictions; however, these filings are of a relatively low numerical base initially.

International Trends in Examination

Overall, due to costs associated with the Patent Examination process, there are overwhelming international trends in **favour of reducing the amount of local examination.**

Due to rapidly increasing backloads at most of the major examining offices, there has been a number of international agreements between certain of the major substantive examining patent offices (USA, KIPO, JPO, AU, SIPO, EPO) facilitating recognition of the examination/ search results of another Patent Office. As such, on an international level, there is an emphasis on reducing local examination; and tentative steps towards proceeding based upon examination by one patent office around the world.

Modified Examination allows for the grant of a patent in one recognised substantive examining jurisdiction to be recognised in another (often smaller) jurisdiction. Validity and infringement is determined according to the law of the other, often smaller jurisdiction, although there is a presumption of validity based upon grant in the recognised jurisdiction.

Under many systems, there is an obligation upon local patent practitioners to submit search results and examination results of related applications in other countries to that country's Patent Office, with serious penalties for failure to do so. The Examiner is then able to review work performed by examiners of other countries around the world, in the assessment of the substantive validity of the application. As such, for example, a US examiner is informed of the progression of a related case in Europe, and in particular the EP Examiner's search results and Office Action. This information is submitted to the US Patent Office by the US Patent Attorney, at the direction of the Patent Attorney managing the Patent family.

Implications of Introducing OGP

Accordingly, administering and overseeing examination (either conducted locally or outsourced) would represent added and unnecessary expense which would ultimately need to be borne by the government or the patent applicant. Whilst there may be some calls for an "original grant" patent system, the government must scrutinize whether there is any sound reasoning behind the call and whether there is proof of such need.

Fiscal prudence alone demands that the arguments and assumptions of those calling for funding are meticulously scrutinized.

Introduction of OGP in any event, would be in direct contravention of the international trends noted above, and is likely to be under utilised by local applicants in view of the absence of demonstrated need for OGP 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?

It is submitted that the Standard Patent System presently in place is similar to outsourced substantive examination, relying as it does upon the progression of corresponding Designated Patents through substantive examination by credible patent offices.

Examination is outsourced to other credible substantive examining jurisdictions through Designated Patent Applications, and upon publication and grant of the outsourced examination, a patent application can be pursued in Hong Kong.

(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)?

Yes, the current re-registration system should be maintained, as it provides a cost effective, relatively easy system which provides certainty of granted patents.

If the system is to be amended, careful consideration should be given as to how the established Common Law and Related Legislative history would fit with any new recognised jurisdictions.

The approach to interpreting claim language in Hong Kong follows the purposive, Catnic approach, particularly in determining the scope of functional claim language. (Catnic refers to the fundamental decision by the House of Lords (UK) by Lord Diplock as to the principles employed in interpreting claim language - Catnic Components Limited v. Hill and Smith Limited, (House of Lords), 1981.

This may be contrasted with the "mechanical equivalents" doctrine employed by the United States, and China. As such, there is already some tension as to how a Chinese patent, granted as a result of Chinese Examination would be interpreted by a Hong Kong court applying a purposive construction.

Accordingly, it is proposed that the status quo should be preserved, or if further jurisdictions are to be recognised such jurisdictions should be consistent with the Ordinance and underlying body of precedent. If recognition is extended to any further jurisdictions, it would be necessary to also bear in mind Hong Kong's international reputation, and credibility.

Short-Term Patent System (Chapter 2)

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

The inclusion of the Short Term Patent system provides significant benefits to Hong Kong applicants, and to a lesser extent, international applicants.

This trend is consistent with other patent systems, where the local applicants of that system utlilise the short term patent more so than international applicants (e.g. Germany, Japan, Australia).

(i) Rapid Protection (Protection and Litigation Perspectives)

The short term patent system is a mechanism by which inventions of limited commercial life span may be protected, with limited formality based examination, and reduced compliance costs.

The rapid progression through formalities examination allows for early enforcement of patent rights, similar to many other international jurisdictions. (Note that in some jurisdictions it may be necessary for expedited examination of the patent to be conducted before actions enforcing rights may be undertaken.)

Also, the existence of pending rights in Hong Kong, while pursuing re-registration of a Designated Patent in Hong Kong in due course, can be of strategic importance, particularly in respect of consumer oriented technologies.

(ii) Establishment of Priority

The short term patent system is a mechanism by which priority may be established, to which further successive applications may be filed in jurisdictions of interest. In this way, the short term patent application may be utilised in a manner similar to that as 'provisional' patent applications. Typically, provisional patent applications may be used to establish priority in Australia, United States, and Canada. One or more provisional patent applications may be lodged within a twelve month period from the earliest provisional filing, with an overall filing combining the other provisional patent applications. Thus the short term patent system allows for further development from the initial filing date to be undertaken, but also protects the initial inventive concept from the earliest priority date.

Under the Hong Kong system, a short term patent can progress to grant, upon submission of a search report from a Patent Office. However, there is no requirement for the contents of this search report to be addressed by the patentee, which may permit potentially invalid patents to be retained on the register.

Finally, the short term patent system allows applicants to gain an indication of potential patentability of their invention, by obtaining an international type search from an examining authority, without needing to undergo substantive examination.

(b)	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?

It may be appropriate to modify certain aspects of the short term patent system, these being discussed in further detail below.

(i)	Should we introduce substantive examination? If so, when should it be carried out? Should it be a mandatory requirement or optional? Should it be a condition for commencement of infringement proceedings? Should the question of whether a substantive examination be carried out be left to the choice of the patent owner or a third party, and who should bear the costs?

An update to the Hong Kong Short Term Patent may be considered, to ensure that public awareness of the Short Term patent is heightened, that the secondary role of the Short Term patent in providing intermediate protection is retained and that the Short Term patent is not misused.

Undertaking Substantive Examination can be a time consuming and difficult process, which could detract from the overall usefulness of the Short Term patent, in providing the advantages noted above. Conducting Examination upon the Short Term Patent would increase cost, time and delay in progression to grant, and would be against international trends.

However, it may be appropriate to restrict enforcement of the Short Term patent in Hong Kong unless examination of the claim scope has been undertaken.

Alternatively, liability for the issuance of groundless threats may need to be clarified in relation to Short Term patents (for example in issuing a letter asserting infringement where there is an "X" citation)

Either such modification may reduce the possibility for invalid patents being asserted against third parties by rogue patentees.

(ii) Should we extend the current term of protection? If so, how long should the term of protection be?

In view of the objective of short term patents to provide a secondary level of patent protection, it may be appropriate to extend the term to 10 years.

This would place the HK Short Term Patent on a similar footing as the German "Short Term" patent applications. It is noted that the Australian equivalent "innovation patent" has a life span of 8 years.

(iii) Should we relax the present restriction on the number of claims that may be included in each patent application? If so, how many claims should be allowed in each patent application or should there be no restriction at all?

At present, although the "type" of claims are not limited in a Short Term Patent, the number of independent claims are limited to one independent claim.

It is suggested that as an invention may necessitate apparatus, system and method claims, it may be more appropriate to increase the number of independent claims permitted to three; and perhaps to restrict the maximum number of claims to approximately 20.

This would assist in ensuring certainty of the protection conferred by a Short Term patent, but within defined boundaries.

(iv) Should we lower the threshold for patentability for short-term patents? If so, what alternative threshold should be applied?

Subjective assessment of patentability of a patent (including making an assessment of inventive step and to a lesser degree novelty) mean that it can be difficult to identify the 'threshold' of inventiveness that may be applicable.

Inventions that appear to be 'obvious' because they are merely easy to implement, may be in patent terms relatively inventive. Similarly, difficult to implement inventions may actually be mere workshop modifications, with the difficulty arising from the type of equipment available rather than from the actual idea itself.

Furthermore, the difficulty in avoiding the introduction of 'hindsight' in interpreting the inventiveness of an application can also render the assessment of an inventive step more difficult.

Accordingly, it is not submitted that there is any necessity for modifying the threshold for determination of the patentability of short term patents.

(v) What other changes are required?

(c) Should we discontinue the short-term patent system altogether?

No. The short term patent system should NOT be discontinued, and should be maintained.

In view of the above considerations it is submitted that the Short Term Patent system plays an important role in the Patent System in Hong Kong. In addition, in the absence of an OGP or compelling reasons to introduce such a system, the Short Term patent system provides an effective 'second tier' of patent protection for both domestic and foreign applicants.

Regulation of Patent Agency Services in Hong Kong (Chapter 3)

The term "Patent Agency Services" includes both substantive aspects as well as non-substantive aspects of Patent Services.

As patents are both technical and legal documents, they require a good understanding of technology and a high level of comprehension to interpret. Accordingly, many jurisdictions have minimum requirements as to degree qualifications and postgraduate Intellectual Property qualifications, as well as a period of intensive training and mentoring.

However, as with most professions, aspects of patent practice which may deal with routine and seemingly administrative aspects associated with patents and patent applications must be properly performed or else serious consequences may result. These consequences may potentially include an inadvertent and incomplete loss of patent rights in Hong Kong and internationally, or failure to adequately protect an invention.

Non-substantive aspects of patent practice which include production of filing documentation, effecting payment of and issuing reminders for renewals may be performed by persons not qualified in Patent Law, under supervision of appropriate qualified professionals.

(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?

If considered necessary for Hong Kong to include a regulatory regime for professionals providing substantive patent agency services, any such regulation should be "light-touch regulation".

Introduction of a regulatory regime for patent practitioners should not be considered dependent upon the introduction of an OGP System in Hong Kong. The issue of OGP is not logically determined by whether or not substantive patent practitioners should be regulated 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?

(i)	If a regulatory regime is to be introduced for providers of patent agency services,
(2)	Or should we limit the use of particular titles only but allow the provision of such services by any person?

Provision of substantive aspects of patent agency services should be restricted to appropriately qualified and experienced practitioners.

Provision of non-substantive services would usually be performed by persons under the supervision of such appropriately qualified persons, or employed by law firms having appropriate insurance and systems in place to perform such non-substantive patent agency services.

It may be confusing for the public to differentiate between titles of "Patent Agent" or "Patent Attorney" or "Registered Patent Attorney" to different persons performing substantive/non-substantive patent attorney services.

Instead, it may be more appropriate to focus on regulation of the nature of the services provided rather than the title of the person providing the services.

(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?

In view of the nature of a patent specification as a technical and legal document, and in view of the international aspects associated with preparing such a legal document, it is considered that the provision of substantive patent agency services must only be provided by persons having at least the following:

(i) technical qualification in a field of Science or Engineering pertaining to patentable subject matter;

(ii) further intellectual property qualification, including familiarity and understanding of Legal Process, Laws pertaining to Registered Designs, Trade Marks, International Patent Systems, Drafting and Interpretation and Validity of Patent Specifications;

(iii) a place of residence in Hong Kong;

(iv) appropriate period of training by a Patent Attorney in substantive aspects of patent work including, searching, drafting and validity and infringement and provision of advice thereupon.

(v) Professional Statement of good fame and Character.

This restriction is applicable to all substantive patent activities, irrespective of whether or not an OGP system is introduced.

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?

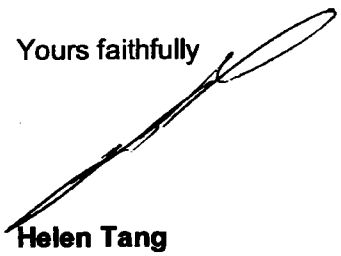
Provision by the HKTDC of an up front grant for obtaining patent protection should be monitored more closely.

There is an increasing incidence of grant funds being obtained and directed towards overseas drafting agencies in Taiwan and United States. Outsourced drafting removes the inventor from ongoing interaction with the patent process, which can compromise the extent of the disclosure and ultimately the potential validity of the patent application. Furthermore, the practice of outsourcing drafting overseas means that the local patent profession is not developed by (local taxpayer originated) government funds.

The provision of grants funding for patent procurement by the HKTDC should be re-evaluated. Other jurisdictions (such as Singapore) now allow for significant deductions from revenue, rather than providing an up front grant fee.

Arranging for enhanced deductible expenses associated with obtaining patent protection ensures that the IP obtained is more directly aligned with the needs of the business.

Yours faithfully



Helen Tang
President