29th December, 2011
From: Richard R Halstead,

To: Commerce and Economic Development Bureau of the Hong Kong Intellectual Property Department.

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RE: Response to Review of the Patent system in Hong Kong.

Dear Colleagues,

As a former practitioner in Hong Kong and ex-president of the Institute of Trade Mark Practitioners (HKITMP) I have retained a keen interest in matters relating to Intellectual Property as it concerns Hong Kong since my return to Europe in 1995. I still act for the world's largest manufacturer of electric motors, based in Hong Kong, and have many other Hong Kong/China-based clients.

I moved to Hong Kong in 1987 to take up a position with what was then Asia's largest Law firm, and at a time when the professions of Patent Agency and Trade Mark Agency were entirely unregulated, this being one of the core reasons why the HKITMP was founded i.e. as a means of ensuring to the outside world the professional credibility of its members. During my time in Hong Kong I also served as a committee member on behalf of Hong Kong in the Asian Patent Attorneys Association and on Hong Kong government committee's relating to TRIPS aspects of Intellectual Property. My academic qualifications are based on Engineering and Physics and my professional qualifications are both as a Member of the Institute of Trade Mark Attorneys (UK) and a Chartered Patent Attorney. My professional career has included work in Industry within the Patent departments of, respectively, GKN Plc. and Pilkington Brothers Plc., both very large multi-national companies, as well as in private practice in the UK, France and Hong Kong. I am currently a partner in a UK firm of Patent and Trade Mark attorneys whose clients include multi-nationals and academic institutions such as universities. I am regularly invited by the UK Patent Office (now calling itself the UK Intellectual Property Office) to attend clinics for providing impartial advice to its customers on all manner of IP related issues.

The foregoing information is solely intended to establish some credibility for what is discussed below but may also serve as a yardstick by which the others involved in this debate may be measured.

The profession of Patent agency has a long history, almost commensurate with the history of the grant of patents, beginning with what can loosely be described as vaguely worded patents based upon specific embodiments of inventions. This unfairly led to overly-broad monopolies being granted, such as the one awarded to Thomas Savery for a steam pump, which meant that a royalty had to be paid by Thomas Newcomen after he invented what was, in reality, an entirely different and better steam pump, called the atmoshpheric engine. The need for precision in Patent drafting soon became apparent, which explains why the profession of Patent Agency appeared on the scene during the mid nineteenth century and UK Patent Agents were even granted

rights of audience in the English High Court on appeal from the Patent Office, a right that they still enjoy. In order to better reflect this status and in particular their technical and legal qualifications they are now called Chartered Patent Attorneys, meaning that they all possess science degrees with which they are able to understand technology and the equivalent of a specialist Law degree with which they are able to draft and prosecute patent applications to protect inventions and competently advise on infringement and validity. Nevertheless, in the UK use of the term "Patent Agent" is still proscribed to those not on the Register, as is also the term "Patent Attorney".

This brings me to the Asian Patent Attorneys Association which is, of course, an association made up largely of lawyers who specialise in Patent Law to the extent that they actively litigate but who do not have any scientific or technical qualifications. To my knowledge, many of them are highly experienced and, in that role, are perfectly capable for the purposes of enforcing patents, but less so in understanding why a patent may be invalid and/or should be amended before any attempt is made to enforce it, simply as a consequence of the lack of a technical understanding of the patented invention and the associated prior art. As a means of avoiding confusion as to technical status, Hong Kong solicitor firms have traditionally used the phrase "Agents for Patents and Trade Marks".

From this background we then move on to the current situation in Hong Kong, and whether there is any reason to change it. Having already explained that people calling themselves patent attorneys in Asia do not necessarily have the technical qualifications for drafting, prosecuting and amending patents, it is therefore evident that any call for change should be considered very carefully, such that due weight is given to those who have the requisite professional qualifications and technical expertise, as well as experience in private practice or in industry.

If the UKIPO run IP clinics attended by invited IP professionals then it follows that despite their very long history in dealing with IP in general and patents in particular, the UKIPO still recognise they are not fully equipped to provide advice to the general public to the same level of competence as that of a professional. This is hardly surprising but is also a commendably responsible attitude to take.

As an originating source of granted patents, out of all the Patent Offices around the world that I have dealt with I find the UK Patent Office to be by far the most efficient, to the extent that, if given a sufficiently cogent reason, they regularly agree to accelerate Patent prosecution and hence the grant of patents which can then be registered elsewhere, including Hong Kong, within a year to 18 months from the UK filing date. It is a simple and relatively inexpensive procedure in which experienced UKIPO staff readily engage with Patent professionals to provide a good end result for consumers. They operate from a purpose built building with a staff of, I believe, some 1200, many of which have decades of experience in handling Patent applications and carrying out prior art searches, etc.

Hence, the first question I would ask in the current debate is: what is wrong with Hong Kong keeping the present system? A second question is: could Hong Kong ever hope to match the speed and experience of a UK-based patent granting system without throwing heaps of money at the issue? "Nothing" and "no" are answers that immediately spring to mind!

The European Patent Convention is a useful point of reference in this debate. Instead of 27 nations within the European Union (and some without), each granting national

patents, doing their own prior art searches and examinations, the EPC has a single unified examination system in which European patents are then registered (validated) in those countries of interest to the consumer. The fact that most consumers prefer to use the European Patent System rather than file nationally indicates that their choice has nothing to do with the ability to innovate. Hence, the attempt to correlate Hong Kong's lack of an originating patent system with its ability to innovate does not stand up to even the most cursory inspection.

What is far more important to users of any patent system and in particular to the general public is the credibility of what patents are issued. Since, in practice, I have found no material difference between the credibility of the patents issued by China or the UK including EP (UK) patents, I have to conclude that if any change is to be made to the current system in Hong Kong it should not be structural.

As a regular patent litigator, the biggest problem I see in the patent profession is the willingness of patentees to abuse the patenting process by seeking to enforce patents which they know are invalid. The US imposes a duty of candour on applicants and their advisors until a patent has issued but thereafter does not, although severe penalties can be imposed for improperly enforcing a patent that is clearly invalid. Speaking from experience, the abuse of the patent system is rampant and is far more likely to discourage innovation,if the only way that a patent can be shown to be invalid is via an expensive battle in the courts. That this is the situation is easily demonstrated when one compares patents granted around the world for the same invention – (the first enquiry I conduct when I am being asked to advise an alleged infringer) - and where it is very often the case that I find a patent granted in one country is much broader than in another because the quality of the novelty search has been poor. This is unfair to industry in general and hence rather than try to set up its own Hong Kong Patent Office in competition to the UK or Chinese Patent Offices, which are already doing a good job, I believe it would be better to require the owners of Hong Kong registered Patents which are intended to be enforced to sign a declaration that (1) the Patent is believed to be valid and (2) for all prior art known to the patentee but not cited during the originating patent examination procedure to be disclosed to the defendant prior to the launch of legal proceedings, with cost penalties available to the Court in the event that it finds the patent to be partially or wholly invalid as a result of the patentee's failure to disclose relevant prior art or failure to amend the patent once relevant prior art comes to its attention.

On the general issue of short term patents there appears to be some confusion as to what they are for. Are they to protect "simple inventions", whatever that means, or are they to protect all inventions in an inexpensive way? I don't know the answer, but if they are intended to be the equivalent of utility model patents, with a correspondingly low threshold of patentability, then I think it better to call them such. On the other hand, if they are intended to cover all inventions then I think great care needs to be taken to ensure that patents granted without any substantive examination are not abused in the manner as discussed above.

On the subject of use of the term "Patent Agent", the Hong Kong Law Society has traditionally been cautious about giving the impression of its members that they are the equivalent of professionally qualified Patent Agents or Patent Attorneys. However, the fact that many members of the Asian Patent Attorneys Association use the term "Patent Attorney" when they are not technically qualified as such is clearly problematic to the situation in Hong Kong concerning use of that term or the term "Patent Agent". Where the use of either term is intended to denote legal advisory services relating to

Patents or agency services for registering Patents in Hong Kong that have been professionally prepared and prosecuted elsewhere there is no problem, but difficulties will inevitably arise if patents are drafted in Hong Kong by unqualified people, by which I mean those who may have a legal qualification but do not possess a science degree or have the level of training required for drafting and prosecuting patent applications. Similarly, if e.g. a patent agent only has technical qualifications, such as a science or engineering degree, but no specialist legal training for drafting and prosecuting patent applications the end result is inevitably going to have a negative impact upon the quality of the patent obtained for consumers and the credibility of Hong Kong as the intended hub for innovation. Only recently I was asked to review a UK patent originating from a Chinese patent application which was prosecuted by a private limited company purporting by its name to deal in Intellectual Property throughout Asia and being linked to one of the UK Universities, where I advised the client that the scope of claim 1 as granted was far too narrow (and hence worth less than it should have been), particularly given that the novelty search carried out by the UK Patent Office had revealed **no relevant prior art**! This lead me to conclude that the Patent had not been professionally drafted or prosecuted. Therefore, if the intention is to ensure that Hong Kong becomes a hub for innovation then this particular example illustrates why it is important for inventors to know who they are dealing with, and in particular whether they are professionally qualified to draft and prosecute patent applications. A solution may be to set up a Register of professionally qualified Patent Agents in the manner as occurs in the United States. These would be people from anywhere with technical qualifications who have also had professional training for the purposes of drafting and prosecuting Patent applications before those originating Patent Offices around the world who carry out a competent search and examination before granting or refusing a patent. This would include US, UK, EP, Australian and Chinese qualified agents/attorneys provided only that there is competency in the chosen language medium.

I hope the foregoing comments are helpful in this debate, which I will continue to follow in the hope that whatever is eventually decided will bear the hallmark of Hong Kong's traditional pragmatism!

Yours Faithfully,

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