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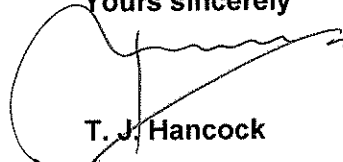
Dear Sirs

Consultation on Patent Reform

**I attach a copy of the submissions of The Asian Patent Attorneys
Association in relation to the above.**

With best wishes for a happy, healthy and prosperous 2012

Yours sincerely



T. J. Hancock

Encl.

**RESPONSE TO CONSULTATION PAPER
ON REVIEW OF THE PATENT SYSTEM IN
HONG KONG**

ASIAN PATENT ATTORNEYS ASSOCIATION
COUNCIL
PATENTS COMMITTEE
PATENTS REVIEW COMMITTEE

30TH DECEMBER 2011

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INTRODUCTION

This is the response of The Hong Kong Group of The Asian Patent Attorneys Association to the request of the Government of Hong Kong for views related to the future development of the Patent System in Hong Kong as outlined in their Consultation Paper issued on 4th October 2011.

INTRODUCTION TO ASIAN PATENT ATTORNEYS ASSOCIATION

The following views are the combined effort of the Council of the APAA Hong Kong Recognized Group, The Patents Committee of the APAA Hong Kong Recognized Group and The Patents Review Committee of that same Group in Hong Kong (collectively "APAA Hong Kong"). It also outlines the applicability and authority of APAA Hong Kong to respond in an authoritative way as the existing De Facto representative body of qualified patent attorneys in Hong Kong.

A.1 ASIAN PATENT ATTORNEYS ASSOCIATION

The Asian Patent Attorneys Association is a non-governmental organisation dedicated to promoting and enhancing intellectual property protection in the Asian region (including Australia and New Zealand). The association now has nearly 2000 members from 17 Recognised Groups in Australia, Bangladesh, Hong Kong, India, Indonesia, Japan, Korea, Macau, Malaysia, New Zealand, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam as well as from Brunei, Cambodia, Laos, Macau, Mongolia, Myanmar and Nepal. APAA has a Standing Committee on Patents (and other Standing Committees on different Intellectual Property subjects) with members from all Recognized Groups. That Standing Committee meets annually at the meetings of the Association, which attract well over 1,000 participants.

A.2 ASIAN PATENT ATTORNEYS ASSOCIATION (APAA) HONG KONG

The Hong Kong group was established in 1974 and currently comprises of 86 individual and 26 corporate members. Membership of APAA Hong Kong is open to individuals practising the profession of patent attorney as well as organisations which comprise such individuals and other practitioners in Hong Kong who demonstrate a specialisation in the field of intellectual property generally.

The majority of professionally qualified patent attorneys in Hong Kong have historically been and continue to be members of APAA Hong Kong.

APAA Hong Kong has regular meetings with the Intellectual Property Department (IPD) in Hong Kong, to exchange views and ideas on everyday practice and to pass on recommendations for any changes in Hong Kong's intellectual property laws that may be required out of the practical issues arising in day-to-day practice.

APAA Hong Kong also regularly circulates its members with information about meetings with the IPD, IPD circulars on practice, details of seminars, and welcomes comments from its members about Patents and other intellectual property law and practice in Hong Kong.

A.3 HONG KONG STANDING PATENT COMMITTEE

APAA Hong Kong has a Standing Committee on Patents (and others on different Intellectual Property subjects). Members of that Standing Committee attend the annual Standing Committee meetings during the conferences of APAA referred to above and maintain regular contact with their fellow committee members between meetings.

A.4 HONG KONG PATENTS REVIEW COMMITTEE

The Patents Review Committee of APAA Hong Kong was established by a vote of members at its 2010 Annual General Meeting following serious concerns surrounding the formation of certain new entities in Hong Kong. Those new entities had the stated and purported intention of establishing qualifications for recognising and certifying patent agents/attorneys in Hong Kong, but whose stated standards for membership may not in fact qualify for membership of APAA Hong Kong and could therefore be misleading to the public as to their qualifications. The Committee was also asked to consider suggested potential amendments to the Hong Kong patents system and the possible formalisation of a patent attorney qualification in Hong Kong.

The committee comprises a cross section of patent agents/attorneys qualified as both practising patent lawyers in Hong Kong and as patent agents/attorneys in numerous relevant jurisdictions around the world.

The objectives of the Committee were to provide an informed report of the patent profession position in Hong Kong, taking into account both local and international law, regulatory requirements, public interest and the commercial environment. They were to provide informed recommendations as to how best to develop a "Hong Kong Patent Attorney" profession with credibility both locally and internationally.

The objectives of the Committee include :

- (i) review of patent law and practice in Hong Kong,
- (ii) detailed comparison of the requirements for registration and qualification as a patent agent/attorney in major trading jurisdictions and in Asia,
- (iii) review of the objectives of patent/IP associations and institutes in Hong Kong, membership and qualification requirements, and appropriateness to be considered patent attorneys and deficiencies thereof,
- (iv) review the skills and qualifications held by those in Hong Kong having substantial patent practices and practising substantive patent law in Hong Kong,

- (v) determine qualifications and skills required to be considered a suitable person to practise as a patent agent/attorney in Hong Kong,
- (vi) identify the professional requirements expected by the public from patent agents/attorneys, and
- (vii) in view of the above, to report and advise upon establishment of a formal "Patent Attorney" profession in Hong Kong, including
 - a. what practice and work a "Patent Attorney" should conduct in the normal course of practice;
 - b. what skills, qualification, training and education a "Patent Attorney" should be expected to have in order to become a "Registered Patent Attorney".

Since the Committee was established, the Government announced its review of Hong Kong Patent Law and issued their Consultation Paper on 4 October 2011. The Committee has therefore worked together with the Council of APAA Hong Kong and The Standing Patents Committee of Hong Kong to adapt work already done in furtherance of the above objectives and to address the issues raised in that Consultation Paper.

CHAPTER ONE – HONG KONG PATENT LAW

PREAMBLE

Before considering whether any change or amendment to the Hong Kong patent system is required, a thorough appreciation and understanding of the following is required :

- (A) the existing Hong Kong patent system in the context of existing Hong Kong patent law and the Hong Kong legal system,
- (B) the international patent system, particularly prevailing international practices and trends in relation to substantive examination,
- (C) the influences, implications and relevance of foreign patent law on Hong Kong entities in respect of patent filing practices, and
- (D) the position of the Hong Kong patent system within the international patent system.

It is of fundamental importance that any changes to the Hong Kong patent system which results in a decrease in the presumption of validity of those patents would seriously risk losing the well established international respect of the Hong Kong patent system, and is highly likely to both stifle local innovation and deter foreign investment.

Relevant aspects of Hong Kong patent law and practice are summarised below to provide a context and basis for the comments and suggestions which follow.

A. CURRENT SYSTEM

- 1.1 APAA agrees with the outline of the system detailed in Chapter 1.1 to 1.11 of the Consultant Paper and agrees with the Strengths of the Court system as detailed at 1.12 to 1.14. The current system has a well established body of law, based on the common law system from which other laws in Hong Kong also derive. APAA would also add that the following benefits of the current system

should be carefully considered when assessing the need for change (if any), APAA believes the following features should be retained :-

- (i) it provides Hong Kong applicants with the opportunity to expeditiously and inexpensively establish priority in their own jurisdiction, in both the English and Chinese languages;
- (ii) it offers a patent system which provides a high presumption of validity of patents
- (iii) it offers a credible and well-established body of case law and a credible patent system *per se* for the benefit of domestic and internationally focused applicants;
- (iv) it provides the possibility for international and domestic applicants to obtain immediate protection until a standard patent is granted in Hong Kong for international and domestic applicants.
- (v) it avoids the pitfalls of a "utility model" patent system which does not undergo substantive examination (i.e. not being assessed for novelty and/or inventiveness). Whilst these systems may produce patents which proceed to registration relatively quickly, they also produce a large volume of very poorly drafted patents which introduce uncertainty in interpretation and/or scope. They also produce a large volume of patents for which the validity is questionable, as well as patents which are often invalid for lack of novelty and on other grounds. This all provides uncertainty to the public, both domestic and international, which is to be avoided.

By contrast, Hong Kong's patent system relies on patents which have been granted following credible substantive examination and which are thus presumed valid, so ensuring that the Hong Kong Patents Registry :-

- (a) is not polluted by poorly drafted patent specifications
- (b) is not polluted by a large volume of invalid patents
- (c) provides good and reliable information as to proprietary rights in Hong Kong.

EXISTING HONG KONG PATENT SYSTEM

1.2 Internationally, the Hong Kong patent system is respected, due to the relative certainty of its statutory provisions, the significant body of case law upon which it is based and the high presumption of validity of (standard) patents on the Hong Kong Register of Patents.

- 1.3 In particular, Hong Kong's system of "re-registration" of UK, European and Chinese examined patents provides a body of registered patents in Hong Kong with a high degree of presumed validity, having undergone full substantive examination.
- 1.4 Further, the Hong Kong patents system affords applicants the right to "first file" in Hong Kong by way of the Hong Kong short-term patent, so as to establish priority for foreign applications.

INTERPRETATION OF HONG KONG PATENTS

- 1.5 Irrespective of how and where a Patent is initially granted, there are essentially two methods of interpreting the scope and claims of any patent specification, namely :-
- (i) "purposive construction" as generally followed in the UK and UK based common law jurisdictions such as Australia, New Zealand and Canada. This is the system which currently prevails in Hong Kong; and
 - (ii) "doctrine of (mechanical) equivalents" as followed in other jurisdictions such as the US and China. This system does not apply in Hong Kong.
- 1.6 Common law jurisdictions by and large have patent legislation based upon the 1977 UK Patents Act and its predecessors. The case law in such jurisdictions is of an evolutionary nature and traditional UK case law is the foundation for interpreting the legislation and, most importantly, the basis for legally correct claim interpretation.
- 1.7 The fundamental and cornerstone decision relied upon for purposive construction when construing claims of UK patent specifications is the House of Lords (UK) decision by Lord Diplock in *Catnic Components Limited v. Hill and Smith Limited*, (House of Lords), 1981. The principles of this decision are current, and often cited and confirmed as relevant and correct authority in relation to claim interpretation in common law jurisdictions such as the UK, Australia, New Zealand and Canada.
- 1.8 A Hong Kong patent, whether based upon a UK, European or Chinese patent is a patent in its own right. The laws of claim interpretation must be applied

according to correct Hong Kong case law, irrespective of the origin of the Hong Kong patent.

- 1.9 It should be noted that although the authority of *Catnic* is still referred to under UK patent practice, the UK is considered by some to have departed to an extent from *Catnic* following introduction of the Protocol on the Interpretation of Article 69 of the European Patent Convention, which applies to the respective provisions of the 1977 UK Patents Act. Because of this, guidance from other jurisdictions may also be sought in order to interpret Hong Kong patent specifications.
- 1.10 Inevitably, the skills of qualified patent agents/attorneys from jurisdictions familiar with rules of interpretation relevant to Hong Kong are most appropriate for the interpretation of claims of Hong Kong patent specifications, from wherever those patent specifications might first originate. Establishing an OGP system will not, of itself, change the applicable laws on interpretation of patents in Hong Kong or the need for suitably qualified people to invoke those laws of interpretation.

VALIDITY OF HONG KONG PATENTS

- 1.11 In a similar way to the tests on construction of patents, the test for the validity of a patent and what constitutes prior art differs in each jurisdiction. Actions which may be considered novelty destroying in one jurisdiction may not be in another.
- 1.12 A common misunderstanding is that the validity of a Hong Kong patent is determined by the law of validity in the designated jurisdiction from which the Hong Kong patent was derived. For example, a ground of revocation under Hong Kong and UK law is lack of entitlement/lack of inventorship, whereas China has no such provisions. So, an entity not entitled to an invention may seek to record a "valid" Chinese patent in Hong Kong and yet will be exposed to an invalidity claim here due to lack of entitlement.
- 1.13 Similarly, "secret use" may deprive an invention of novelty in Hong Kong, whereas again in China this concept does not exist.

INFRINGEMENT OF HONG KONG PATENTS

- 1.14 As regards infringement, UK patent law will also be highly persuasive, particularly when considering claim interpretation, irrespective of whether a Hong Kong patent is based upon a Chinese, European or UK patent.
- 1.15 Actions which may be considered as infringement in Europe and China, and in some circumstances at present in the UK, may not necessarily be considered infringement of a claim of a Hong Kong patent.
- 1.16 It should be noted that the increasing number of Hong Kong patents being pursued in respect of Chinese patents poses a concern from both validity and infringement standpoints. This concern arises for a variety of reasons, including terms and language incompatibilities and conceptual differences between local Chinese patent law and Hong Kong patent law. Experience in review of Chinese patent claims and associated inconsistencies and differences is necessary to interpret and advise appropriately.
- 1.17 It must be understood that a Hong Kong patent, although based upon a designated patent granted elsewhere, is a patent in its own right. As such, the validity of a Hong Kong patent from a substantive aspect (novelty, inventive step and industrial application) is based upon the text of the Hong Kong patent. Thus, although drafted in the Chinese language, a Hong Kong patent based upon a granted Chinese patent must be interpreted using the principle of purposive construction, not the doctrine of equivalents under which a Chinese specification is interpreted in China.
- 1.18 It may be noted that although interpreting the scope of Chinese patents in mechanical and engineering technical fields under the principle of purposive construction can be problematic, this is less of a problem for pharmaceutical and chemical claims which are generally more structural in nature.

OTHER ASPECTS OF HONG KONG PATENT LAW

- 1.19 As stated above, a Hong Kong patent is granted under the Hong Kong Patents Ordinance, that Ordinance having its own processes and procedures.
- 1.20 As well as significant procedural and legal processes, several important aspects of law differ from the UK position in regard to extent and liability for damages for infringement of a patentee's exclusive rights, the extent of those

exclusive rights, the allowability of particular claim species and the interpretation of the scope of such species.

- 1.21 UK patent law has in recent years departed in some respects from traditional case law and precedent in order to align with the European Patent Convention. In order to interpret Hong Kong patents, it will therefore also be necessary to draw upon the authority or guidance of jurisdictions whose current law is more closely aligned with traditional UK case law.

PATENT CLAIM INTERPRETATION IN KEY JURISDICTIONS

1.22 Traditional common law jurisdictions

Hong Kong adopts the principles of purposive claim construction followed in the UK, Australia and Canada based on the groundbreaking decision of the House of Lords in *Catnic Components Limited v. Hill and Smith Limited*, (House of Lords), 1981, which established the purposive construction rule. In particular :

UK: The courts adopt a "purposive construction" under which three questions are asked:

- 1) Does the variant have a material effect on the way the invention works?

If yes, the variant is outside the claim.

- 2) Would the variant that has no material effect have been obvious at the date of publication to a reader skilled in the art?

If no, the variant is outside the claim.

- 3) Would a reader skilled in the art nevertheless understand from the language of claim that the patentee intended that strict compliance with the primary meaning was an essential requirement of the invention?

If yes, the variant is outside the claim.

In the UK, the most recent decision which has clarified some misconceptions that had developed in applying the purposive construction rule is *Kirin Amgen v Hoechst Marion Roussel Ltd (House of Lords)*, 2004.

Australia: The courts also adopt a "purposive" construction rather than a purely literal one. The "purposive" approach requires that

allowance be made for inherent difficulties in, or unforeseen implications of, drafting which have resulted in the literal construction not being the one the drafter has obviously intended. A fair return to the inventor in exchange for the contribution made by his or her invention is the underlying rationale for this approach.

In Australia, the most recent case which has clarified many aspects of the purposive construction approach is *Root Quality Pty Ltd. v. Root Control Technologies Pty Ltd. (Federal Court of Australia), 2001*.

Canada: The courts adopt a “purposive” construction and specifically do not take into account file wrapper content. The approach to purposive construction is to define which claim terms are essential and which are not. If an element is not essential, the substitution or omission of another element may still be an infringement. Identification of which elements are essential and non-essential is to be made:

- 1) on the basis of the common knowledge of the worker skilled in the art to which the patent relates;
- 2) as of the date the patent is published;
- 3) having regard as to whether or not it should have been obvious to the skilled reader at the time the patent was published that a variant of a particular element would not make a difference to the way in which the invention works, or
- 4) according to the intent of the inventor, expressed or inferred from the claims, that a particular element is essential irrespective of its practical effects;
- 5) without, however, resort to extrinsic evidence of the inventor’s intention.

In Canada, two landmark decisions on patent construction are: *Free World Trust v. Électro Santé (Supreme Court of Canada), 2000* and *Whirlpool Corp v. Camco Inc (Supreme Court of Canada), 2000*.

1.23 Other jurisdictions

Europe: Protocol on the Interpretation of Article 69 of the Convention:

Article 69 should not be interpreted in the sense that the extent of the protection conferred by a European patent is to be understood as that defined by the strict, literal meaning of the wording used in the claims, the description and drawings -- being employed only for the purpose of resolving an ambiguity found in the claims. Neither should it be interpreted in the sense that the claims serve only as a guideline and that the actual protection conferred may also extend, following a consideration of the description and drawings by a person skilled in the art, to what the patentee contemplated. On the contrary, it is to be interpreted as defining a position between these extremes which combines fair protection for the patentee with a reasonable degree of certainty for third parties.

Generally, UK case law on purposive claim construction is understood to meet the principles of patent claim construction under Article 69 in Europe, although there is some debate on this issue

China: The scope of claims is judged by a doctrine of equivalents -- whether the alleged infringement exhibits the "same overall function in substantially the same way to achieve substantially the same result" taking into account whether people skilled in the art can conceive of an equivalent without additional inventive work. Typically, equivalence is found with simple replacements of parts or exchanges of steps: substitution of equivalents; deconstructing or combining technical features; or intentionally omitting non essential technical features. Furthermore, the content of file wrappers is relevant (file wrapper estoppel).

US: The US doctrine of equivalents states, in essence, that if someone avoids literal infringement but has made an insubstantial departure from the claimed invention, they can be held liable as an infringer. In effecting this analysis, one compares the claim with the alleged infringing conduct, element by element. If someone has accomplished substantially the same function in substantially the same way to achieve substantially the same result there can be infringement.

In the US, the most recent case relying on the doctrine of equivalents approach is *Warner-Jenkinson v. Hilton Davis (Supreme Court), 1997*.

B. THE INTERNATIONAL PATENT SYSTEM AND TRENDS IN EXAMINATION PRACTICES INTERNATIONALLY

1.24 The patent system is an international system. Patent rights are pursued in particular jurisdictions based upon patentees' territorial commercial requirements, irrespective of the jurisdiction of origin of the technology.

1.25 Typically, a Hong Kong standard patent will not originate in Hong Kong. The majority of Hong Kong patent holders are domiciled in foreign jurisdictions. Being a relatively small jurisdiction, Hong Kong entities will only ever own a small portion of internationally registrable technologies, and hence will only ever own a small portion of Hong Kong patents.

INCREASING RELIANCE ON INTERNATIONAL SEARCH REPORTS AND OPINIONS FROM THE PCT "INTERNATIONAL" PHASE

During the international "PCT" phase of a patent application, an "International Search Report" and "International Preliminary Opinion on Patentability" are issued by the examining authority.

Although such searches and reports are of benefit to applicants, the searches and reports from the "International" phase are being utilised increasingly during subsequent "national" phases.

The trends in "patent examination" in the international forum are as follows :-

- (i) increasing reliance and guidance from the "International Search Report" and "International Preliminary Opinion on Patentability" issued during the "International Phase".
- (ii) increasing use of the PCT system allowing applicants to consider substantive aspects of a patent application and use the opportunity to possibly overcome

substantive objectives during the international phase centrally, rather than in each jurisdiction in which national applications are subsequently pursued.

- (iii) increasing willingness of many countries (e.g. Singapore) to grant patents based upon the results of the Search from the PCT at the international stage.

The above uses of the PCT searches and reports are all trends leading **away** from location examination and **towards** International Examination.

PATENT PROSECUTION HIGHWAY

- 1.26 The Patent Prosecution Highway (PPH) is an initiative by agreement between several patent offices. Accelerated patent prosecution is provided by sharing information between patent offices. Participating offices gain benefit from work previously done by another patent office. This reduces examination workload and improves patent quality.

Most significantly, PPH has been extended as a trilateral agreement between the European Patent Office, the Japanese Patent Office and the US Patent Office. PPH has also been recently further extended as a pilot programme between the US and Taiwan Patent Offices. All this demonstrates an increasing trend towards utilising foreign prosecution results.

Another trend **towards** International Examination and **away** from local examination.

MODIFIED EXAMINATION

- 1.27 The process of “modified examination” is where grant of a patent in one jurisdiction is based upon the grant of a patent in another jurisdiction considered to be reputable. The US Patent Office, the European Patent Office, the UK Patent Office, the Japanese Patent Office, the Australian Patent Office, the Chinese Patent Office.

“Modified examination” mitigates duplication of substantive examination. However, although granted on the basis of the grant in a foreign jurisdiction under “modified examination”, the law pertaining to validity and infringement remains the local law of the jurisdiction in which the patent is granted, not that of the originating jurisdiction.

Modified examination is a cost effective manner in which a patentee may prosecute patents in multiple jurisdictions without the expense of repetitive substantive examination in each jurisdiction in which the patent rights are pursued.

The current “re-registration” system in Hong Kong may be considered akin to a “modified examination” system, whereby examination and grant is based upon that in Europe, UK or China.

Modified examination is yet another international trend **away** from local examination.

RELIANCE ON “SEARCH RESULTS” FROM FOREIGN NATIONAL EXAMINATION

- 1.28 Search Results and Information Disclosure Statements (IDS) are legal requirements in some patent offices whereby applicants are required to furnish the results of examination reports pertaining to corresponding foreign counterpart applications. Reliance on “Search Results” and Information Disclosure Statements (IDS) from prosecution in foreign jurisdictions are further trends towards **less reliance** on local original examination.

INFORMAL MODIFIED EXAMINATION

- 1.29 Informal Modified Examination is a mechanism often utilised in jurisdictions lacking resources and experience in respect of substantive patent examination. It is also used in countries which have relatively small populations in comparison to the major jurisdictions with well established examining patent offices.

Such countries will generally not grant a patent until the applicant furnishes evidence of grant in a jurisdiction having a credible substantive examination Patent Office, and then request the applicant to amend the claims in the local application to correspond with those granted in the foreign jurisdiction. Informal Modified Examination results in patents with a high presumption of validity. Informal Modified Examination is a yet further trend **away** from local examination.

C. EXAMPLE “OGP” IN SINGAPORE

1.30 Singapore has an OGP system. Although the Singaporean Patent Office (IPOS) has provided an OPG for quite some years now, grant of such a patent is as follows :-

- (a) based upon the substantive examination in the International Phase,
- (b) based on that in a foreign jurisdiction (Modified Examination), or
- (c) based upon substantive examination by patent offices in Europe.

No substantive examination is conducted in Singapore. The prevailing processes for grant are following the above trends of International examination, Modified Examination, or "outsourcing" to European member state patent offices having low workloads. This also follows the trend in Europe whereby examination is conducted centrally in Munich, rather than local individual examination in each member state.

It should be noted that the cost to applicants for substantive examination in Singapore is high comparison with other larger commercial jurisdictions.

D. CURRENT "FIRST FILING" IN HONG KONG AND SHORT-TERM PATENTS

1.31 At present, Hong Kong does not offer a "first filing" for a standard 20-year patent. However a "first filing" so as to establish priority in Hong Kong DOES exist by way of a Hong Kong short-term patent, this patent having a maximum term of 8 years.

As such, Hong Kong patentees can already establish priority in their own jurisdiction expeditiously and inexpensively. Importantly, the Hong Kong application can serve as the basis for filing either foreign applications or a PCT international type application.

Although Hong Kong patent protection is generally obtained by way of a re-registered designated patent, the opportunity also exists to pursue patent rights by way of a Convention application into Hong Kong as a Hong Kong short-term patent. This provides intermediate protection for patentees between the time of filing the Hong Kong short-term patent up until a full-term standard patent for the same patent family is ultimately secured in Hong Kong.

There appears to be a misconception amongst some of those suggesting establishment of an OGP system in Hong Kong that further filing in Hong Kong is not possible. That is incorrect.

E. POTENTIAL RESTRICTIONS AND PRACTICAL IMPLICATIONS FOR HONG KONG APPLICANTS

- 1.32 The recently introduced codified national security requirements under Chinese patent law stipulates that prior to a Chinese entity filing a patent application outside China, it is necessary to obtain national security clearance. Although security clearance may be obtained by way of application to the relevant government body, a “first filed” patent application is the most common way in which such clearance is obtained. In the absence of objections, the technology is deemed “cleared”. In practical terms, for technologies derived in China, patent applications for such technologies are first filed at the Chinese Patent Office.
- 1.33 Many Hong Kong entities perform a portion of their research and development in China, as well as collaborative research projects. Such applicants must now effect “first filing” in China. Alternatively they must independently seek separate export technology approval. Such changes to the Chinese law are likely to result in less “first filings” in Hong Kong and therefore reduce any importance for establishing of a “20 year first filing” patent in Hong Kong.
- 1.34 Many Hong Kong entities who pursue patent rights have a nexus with China, and naturally pursue registration of patent rights in China for various reasons, including :-
- (i) commercial operations/manufacturing in China
 - (ii) manufacturing performed under license in China
 - (iii) to provide evidence of rights in origin of manufacture. This is required by many large foreign distributors as part of their due diligence requirements, to provide a defence to wilful infringement and to gain some additional degree of confidence of non-interruption of supply
 - (iv) prevent IP “hijacking” by PRC competitors or licensees and therefore reduce the risk of commercial interference
- 1.35 Such Hong Kong entities will always be filing patents in China which will undergo substantive examination in any event. They can presently pursue

Hong Kong patent rights by way of "re-registration" of the Chinese patent in Hong Kong and there is no benefit to them of having the ability to be substantively examined in Hong Kong.

F. FUTURE OF HONG KONG'S PATENT SYSTEM

- 1.36 It has been suggested that it may be convenient for Hong Kong applicants to be able to "first file" a "standard" (i.e. 20-year) patent application in Hong Kong so as to (a) establish priority conveniently and (b) have full 20-year patent rights in Hong Kong.
- 1.37 Such a "first filing" system would generally only be utilized by Hong Kong applicants. Foreign applicants would not obtain any legal or commercial advantage by establishing priority in Hong Kong.
- 1.38 Whether such a patent system would be utilized to the extent some may suggest, requires consideration in the light of how that proposed patent system might work, as well as considering how it might dovetail with codified provisions in Chinese patent legislation.
- 1.39 A "first filing" Hong Kong patent would need to undergo substantive examination (i.e. examination for novelty and inventiveness), to progress to grant. Any such substantive examination would need to be at a standard not lower than the standard of examination in the "designated patent office" under the existing re-registration system.
- 1.40 Should a Hong Kong "first filing" patent system be established, it would be imperative that the purity of the register be maintained so as to maintain a high presumption of validity as currently offered by the existing Hong Kong re-registration system. This is very much in the public interest, for both local and foreign entities.
- 1.41 It must be understood that the vast majority of Hong Kong patents are not first filing originating patents, but are applications based upon foreign originating multi-jurisdictional patent portfolios. At present, there is a high presumption of validity of these patents and a high respect for (a) the validity of Hong Kong patents and (b) the applicable body of law associated with such patents. This, at all costs, must not be jeopardized.

- 1.42 The requirements for establishment of a Patent Office which conducts substantive examination is a very onerous and large task. Typically, Patent Offices which conduct substantive examination, have numerous Examiners who undergo vigorous and detailed training. Such Patent Offices tend to be very long-established and serve a significant population base.
- 1.43 Singapore established a "substantive examination" system almost 10 years ago. However, in reality, the examination is either based upon the examination report of an international PCT application, or any substantive examination (if local examination is in fact requested) is outsourced to the Australian Patent Office.
- 1.44 Other jurisdictions in Asia which conduct substantive examination are ultimately persuaded quite readily by the grant of a patent in a jurisdiction in which substantive examination has been conducted and where sufficient experience exists. They operate a de facto modified examination in any event.
- 1.45 Several Patent Offices which purport to conduct substantive examination, particularly those in the Asian region, will not conduct examination until they have an opportunity to assess progress of a corresponding application in another jurisdiction and will then simply base their examination report on that of the European, UK or US Patent Office.

PRACTICAL IMPLICATIONS OF HONG KONG "FIRST FILING"

- 1.46 A Hong Kong "first filing" patent would almost certainly only be utilized by Hong Kong applicants. There is no commercial or legal advantage to a foreign applicant for establishing priority in Hong Kong.
- 1.47 To what extent a Hong Kong "first filing" system would be used, there is significant doubt for the following reasons:-
- (a) Under the amended Chinese patent law, as of 1 October 2010, it has been clarified that "an invention completed in China" must first obtain security clearance which effectively means a patent application must be first filed in China to satisfy the national security technology clearance requirements. Jail terms apply for breach of this requirement under the national security legislation.
 - (b) "Invention completed in China" is considered to mean any invention, research or development for which a substantial or reasonable portion

was done in China. Non-compliance with this law is a breach of national security legislation in China.

- (c) For Hong Kong applicants who manufacture in China, even though a portion of the invention may have been conceived or derived in Hong Kong, they will have a substantial or reasonable portion of the invention contributed to in their manufacturing and/or research facilities in China. As such, Hong Kong proprietors will still have to effect filing first in China, irrespective of whether there was a "first filing" system in Hong Kong.
- (d) Collaborative research conducted between hospitals, universities and the like in China and Hong Kong, will require the "first filing" to be effected in China so as to satisfy the national security clearance requirements.

1.48 It follows that a "first filing" in Hong Kong may only legally be made where development of the invention has not involved any input from China. In any event, Hong Kong applicants whose inventions fall into this category can already utilize the Hong Kong short-term patent for establishing priority.

1.49 In view of all of the above, it is in practical terms most unlikely that there is any significant or properly informed demand or compelling reason for having a Hong Kong stand-alone 20-year patent for the purpose of "first filing".

BENEFIT TO HONG KONG APPLICANTS OF "FIRST FILING"

1.50 It is argued that from a commercial standpoint the introduction of a Hong Kong "first filing" may be of benefit to Hong Kong applicants and that the establishment of a 20 year "first filing" patent system in Hong Kong would encourage Hong Kong applicants to utilise the patent system and foster innovation and commercialisation of technology originating from Hong Kong.

1.51 Notwithstanding the requirements for Hong Kong applicants to gain export technology approval for inventions "completed" in China and notwithstanding that a Hong Kong short-term patent application does in fact already allow priority to be established in Hong Kong and early enforceability, it may still be considered by some to be advantageous from a commercial standpoint for applications to gain enforceable Hong Kong patent rights at an earlier stage than by way of "re-registration". However, APAA Hong Kong believes the number of Hong Kong applicants who might benefit from this would be

extremely small, and the introduction of any such 20 year "first filing" must, in any event :-

- (i) not be at the expense of the benefits of the current system to both local and foreign applicants;
- (ii) be in accordance with the established case law applicable to Hong Kong
- (iii) not increase uncertainty and allow pollution of the Hong Kong Patents Register with invalid patents or patents of doubtful or questionable validity
- (iv) not significantly increase the cost and thereby reduce affordability of Hong Kong patents system to applicants.

FURTHER COMMENTS ASSUMING CHANGE IS TO BE MADE

- 1.52 As to whether substantive examination should be conducted in Hong Kong, in view of the above-mentioned very limited utilization of a 20-year "first filing" patent in Hong Kong, and in view of the relatively small population of Hong Kong and correspondingly small numbers who would be likely to request substantive examination in Hong Kong, it would not seem logistically plausible or economically viable to have the Hong Kong Patents Registry conduct substantive examination.
- 1.53 A "stand alone" 20-year patent for Hong Kong will probably be of very limited use or commercial interest to either domestic or international applicants. Such a patent may possibly be able to be utilized as a "Convention" or "PCT national phase" application, but the demand will be very small.
- 1.54 With respect to substantive examination, this would have to be outsourced in a way similar to the relatively recently introduced Singaporean patent examination system. This raises its own consistency concerns and would result in the majority of the work to be done in relation to examination flowing out of Hong Kong.
- 1.55 Assuming there is to be any change at all, a logical suggestion which would not undermine the integrity and respectability of the Hong Kong Registry from a substantive standpoint, may be as follows:-

- (i) introduction of a full 20-year Hong Kong standard patent, which may be filed either as a “first filing”, Paris Convention filing, or PCT national phase filing;
- (ii) adopt a “modified examination” patent system which utilizes the existing “designated” patent jurisdictions of China, UK and Europe and additional jurisdictions which are considered credible from a substantive examination perspective.

1.56 This would maintain the respectability and credibility of Hong Kong’s patent system, would satisfy domestic applicants’ apparent requirements to effect first filing in Hong Kong (although it is not accepted by APAA Hong Kong that there is any significant demand for such requirement), and be more in line with other jurisdictions such as Singapore.

1.57 It should be noted that jurisdictions are tending to base examination more on the results of searches and reports of “international PCT applications”. As such, moving towards a reliance on a local examination system in a small jurisdiction such as Hong Kong would be contrary to trends in other PCT and WTO member countries. It would appear to be counter-productive, counter-intuitive, and will potentially lower the standard, integrity and credibility of the Hong Kong Patents Register as a source of valid and valuable patent information.

MISCELLANEOUS

1.58 APAA Hong Kong is not aware of any significant call for establishment of an OGP System as mentioned in 1.18. of the Consultation Paper.

1.59 APAA Hong Kong does not believe that establishment of an OGP System with in-house substantive examination capability is even remotely viable. Hong Kong’s population is not sufficiently big to justify the huge investment that would be required to hire and accommodate suitably qualified examiners across the range of technologies that would be required. The examples of Europe and USA referred to between 1.24 and 1.30 support this. If all cost is to be passed on to users, the cost of filing in Hong Kong would be prohibitively expensive. If cost is to be subsidised by the Government, the level of that subsidy would be excessive with no corresponding or proportionate benefit to individuals or businesses in Hong Kong.

- 1.60 APAA Hong Kong does not consider that establishing an OGP System where substantive examination is outsourced would achieve any of the objectives of an OGP System as set out in 1.40. It will not be as highly cost effective as the current system, it will not facilitate patent users and the change to an OGP System will not of itself help encourage any increase in local investment in innovation.
- 1.61 APAA Hong Kong does not favour any suggestions of a Hybrid system whereby an OGP System is introduced with outsourced examination but whilst still maintaining the current re-registration system. We believe that by far the most significant majority of patentees internationally, when faced with the choice of filing through an OGP system in Hong Kong (whether or not examination is outsourced) or re-registering under the current system will invariably choose to proceed under the current system, particularly if that system is expanded to include additional “designated patent offices”.
- 1.62 Possible expansion of the current system by including more “designated patent offices”. If the current system is to be changed at all, this would be option favoured by APAA. However, very considerable care should be taken when considering the possible additional offices to be included. The factors identified in 1.52 of the Consultation Paper are important, as are the factors referred to at 1.1 above.

G. ANSWERS TO THE GOVERNMENTS SPECIFIC QUESTIONS

- 1.63 For answers to the specific issues posed at 1.56 of the Consultation Paper, they are summarized below :-

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

An OGP system in Hong Kong is likely to be only utilised by entities who have no commercial interest in the major jurisdictions of Europe and China.

Based on patent filing volumes and the global trends away from local examination, it is unlikely that such demand would ever be enough to justify the establishment of a substantive examining division at the Hong

Kong Patents Registry (even if that substantive examination work was outsourced).

An OGP system would not of itself promote local innovation. Any increased public awareness of patents by the introduction of such a system and any consequent increased interest in pursuit of patent rights and stimulation of innovation would be minimal.

The introduction of an OGP system in Hong Kong would **not** increase the quality of Hong Kong patents. The quality of Hong Kong Patents is already very high. Hong Kong patents are granted based upon the grant from three internationally respected patent offices, the European Patent Office, the UK Patent Office, and in more recent times the State Intellectual Property Office of China.

Any changes to the Hong Kong patent system which results in a decrease in the presumption of validity would lose the well established international respect of the Hong Kong patent system, and is likely to stifle local innovation as well as deterring foreign investment in Hong Kong.

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

The users of an OGP system in Hong Kong would be predominantly local Hong Kong entities who :-

- (a) had commercial reasons for requiring a Hong Kong based patent,
- (b) did not have a business interest in any foreign major jurisdictions, including China, and therefore did not have an opportunity for re-registration in Hong Kong, and
- (c) did not have legal restrictions dictating that the "first filing" must be in China.

The number of Applicants who would fulfil these criteria is minimal.

Sufficient Demand?

Although there may be a perception of demand from some Hong Kong entities, the level of such a demand would never be sufficient to justify the introduction of OPG in Hong Kong. It is **not** likely that such a system would be heavily utilised if introduced and it is unlikely that such demand would ever be enough to justify the establishment of a substantive examination division at the Hong Kong Patents Registry, in view of :

- (i) Hong Kong having a relatively low population,
- (ii) the only entities requiring such a patent would be Hong Kong entities,
- (iii) many Hong Kong entities will pursue patent rights in China in any event, which can be re-registered in Hong Kong,
- (iv) the cost of “outsourced” examination for a Hong Kong patent would place a very significant cost burden on Hong Kong applicants, many of who would already be pursuing patent rights in China and other major trading jurisdictions (including Europe), and can already obtain Hong Kong patent rights relatively inexpensively by “re-registration”, and
- (v) the existence of the Hong Kong Short-term Patent (see discussion below) which, if used appropriately, can provide perfectly suitable protection in Hong Kong.

Cost Effective System?

Regarding cost effectiveness, if an OGP system was introduced so as to replace the existing “re-registration” system, and particularly if no mechanism existed in Hong Kong for “modified examination”, then applicants for Hong Kong patents (both local and foreign applicants) would be exposed to paying very significant cost for substantive examination.

This would be very cost ineffective and would

- (i) dissuade Hong Kong applicants from obtaining Hong Kong patents,
- (ii) dissuade foreign applicants from pursuing Hong Kong patent rights.

If an OGP system was to be introduced into Hong Kong, APAA Hong Kong believes it could only be in addition to a “re-registration” and/or a “modified examination” based system. If those additional options were available, we do not believe that there would be any significant demand for local examination.

- (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?*

If an OGP patent system was introduced in Hong Kong, examination would need to be outsourced to other patent offices. In view of the likely limited usage of an OGP system and the vast resources required to establish a substantive examining patent office, a substantive examining division should not be established in Hong Kong.

If examination was outsourced, it would need to be to credible patent offices, and with consideration to language related issues. The credible patent offices are the USPTO, European Patent Office, SIPO, UK Patent Office, Australian Patent Office and Japanese Patent Office. Even if outsourced, APAA Hong Kong believes the cost of substantive examination would be very considerably higher than the cost under the current system with no significant advantage to patentees in terms of quality of 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)?*

Yes, the current system would be maintained.

A logical extension to the current Hong Kong patent system, which would not undermine the integrity and respectability of the Registry might be as follows :-

- (i) introduction of a full 20-year Hong Kong standard patent, which may be filed either as a "first filing", Paris Convention filing, or PCT national phase filing;
- (ii) introduce a "modified examination" patent system, utilizing the existing "designated" patent jurisdictions of China, UK and Europe, and in addition include further jurisdictions which are considered credible from a substantive examination perspective.

The above would maintain the respectability and credibility of Hong Kong's patent system and would satisfy domestic applicants' apparent requirements to effect first filing in Hong Kong. However, it is not

accepted by APAA Hong Kong that there is in fact any real or properly informed demand from local Hong Kong applicants for such a system.

CHAPTER TWO – SHORT TERM PATENTS

A GENERAL

- 2.1 The Hong Kong Short-term patent systems provides several SUBSTANTIAL benefits and advantages to both local and foreign proprietors in Hong Kong, and should be maintained due to such benefits and advantages. It is well suited to much of Hong Kong's industry and small and medium sized enterprises, which do not engage in original research and development on a significant scale but are more geared to "quick to market" technologies which do not require full 20 year patent protection. However, even for those industries in Hong Kong which do conduct larger scale research and may require full 20 year protection, the short-term patent still has an important role to play.
- 2.2 The Hong Kong Short-term patent is under-utilised by both local and foreign patentees for several reasons. There are only about 500 filings every year. There is a lack of awareness of the commercial advantages to applicants and a lack of knowledge of the manner in which such a "lesser" patent may be used. There is also lack of knowledge as to how to appropriately interpret the "International Type Search" report which is required for a Hong Kong Short-term patent.
- 2.3 Whilst Hong Kong does not offer a "first filing" for a standard 20-year patent, a "first filing" so as to establish priority in Hong Kong exists by way of the Hong Kong short-term patent. Hong Kong patentees can already establish priority in their own jurisdiction expeditiously and inexpensively. The Hong Kong short-term application can serve as the basis for filing either foreign applications or a PCT international type application. Applicants can also pursue patent rights by way of a Convention application into Hong Kong as a Hong Kong short-term patent. This provides intermediate protection for patentees between the time of filing the Hong Kong short-term patent up until the time a full-term standard patent has been granted.
- 2.4 APAA believes maintaining a "lesser patent" in the Hong Kong patent system is important for local entities and applicants and in order to assist in promoting local innovation. However, some degree of amendment to the law pertaining to the Hong Kong Short-term patent may be of assistance in providing a more useful patent, as well as mitigating against the likelihood of misuse or abuse. A Hong Kong Short-term patent system will not necessarily be appropriate to the commercial and technological requirements of all patentees. At an

international level, “lesser” type patents are generally utilised by local applicants much more than foreign applicants.

B. ANSWERS TO THE GOVERNMENTS SPECIFIC QUESTIONS

2.5 For answers to the specific questions posed at 2.31 of the Consultation Paper, please see below :-

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

The following benefits and advantages are amongst those afforded by the Hong Kong Short-term patent, which may provide some incentive to local innovation:

(i) Establishment of Priority

The Hong Kong Short-term patent allows local Hong Kong applicants to conveniently and cost effectively establish priority for subsequent patent filings in foreign jurisdictions utilising the Paris Convention, to which Hong Kong is a signatory.

A Hong Kong Short-term patent may not necessarily be commercially required for all applicants, but the ease of establishment of priority for local Hong Kong applicants provides a significant advantage to such applicants and then enables them to pursue their full range of patent rights in other more commercially relevant jurisdictions.

Such utilisation of the Hong Kong Short-term patent system is akin to the filing of “provisional patent applications” such as those provided in the US and Australian patent systems. This allows for convenient and cost effective establishment of a priority claim without having to undergo the expense and formalities of a “standard” patent application (i.e. application for 20 year patent), which is generally many times more expensive and complex.

A “provisional” patent application is a patent application which:

- (a) has a term of 12 months,
- (b) lapses after 12 months if “unpublished”
- (c) does not undergo substantive examination, and hence no examination fees are required to be paid, and
- (d) does not require formalities such as Power of Attorney, Assignment, Inventors’ Declaration or Notice of Entitlement

The Hong Kong Short-term patent system also allows Hong Kong applicants to conveniently and cost effectively establish further priority dates for subsequent improvements to an invention or technology throughout the Paris Convention period

(i.e. 12 months from earliest filing date). This is of particular commercial importance to applicants whose technology often involves further improvements, advancements and experimental data as an invention is developed, which may all be required for support of an application for patent rights.

In some areas of technical endeavour, in particular the chemical and pharmaceutical industries, it is very common to have multiple priority claims directed towards improvements and support data generated within the first 12 months. In fact, it is very common in the pharmaceutical industry for a patent application to have several priority claims. At times, such technologies may have upwards of 30 priority claims.

Without the possibility to establish priority relatively inexpensively by way of a "first filing" such as the Hong Kong Short-term patent, local applicants would need to undergo the process and expense of establishing priority by way of a "standard" patent application if priority was to be established in Hong Kong. The only mechanism for doing so would be by way of some type of OGP system.

Alternatively, the Hong Kong system could be amended to introduce a system similar to the US or Australian "provisional patent". However, this would still result in considerably increased costs to Hong Kong applicants.

(ii) Early Enforcement

In most jurisdictions which do not provide a "lesser" patent but instead have substantive examination and/or modified examination systems, enforcement of patent rights is not possible for several years whilst the application undergoes substantive examination.

In the absence of granted patent rights, applicants cannot fully enforce their rights, but may only bring those rights to the attention of third parties. However, a "lesser" patent such as a "Short-term patent", a "Utility Model" type patent or an "Innovation patent", typically progresses to grant in less than one year, which allows for early enforcement of patent rights. Different jurisdictions have different requirements regarding validation of a "lesser" patent prior to it being used for enforcement purposes. These include obtaining a "technical opinion" or "examination report" from a patent office prior to enforcement.

In Hong Kong, although it is necessary to obtain an "International Type Search" from a patent office, there is no codified requirement that any technical opinion should be obtained prior to enforcement. This may lead to a degree of abuse. However, any such abuse in Hong Kong is not widespread and increased use of the under utilised Short-term patent system will not result in any significant increase in abuse.

(iii) Defensive Purposes

The Hong Kong Short-term patent allows Hong Kong applicants to file patent applications directed towards their technologies which may be used defensively to counteract unfounded infringement allegations by third parties. It is not uncommon for allegations of infringement to be made at Trade Fairs in Hong Kong in order to

interfere with competitors' business at those Trade Fairs. Having a Hong Kong Short-term patent may, in some circumstances, show that an entity had pursued patent rights prior to those pursued by another party in a later patent.

(iv) Intervening Patent Rights

Obtaining granted patent rights in most jurisdictions takes several years. For "quick to market" type technologies, patent enforcement may not be available until after the commercial life of a product has ceased. The provision of a "lesser" type patent allows for enforcement of patent rights during the intervening period until "standard" patent rights are obtained. A Hong Kong Short-term patent allows for intervening rights, irrespective of whether or not an OGP patent system is introduced or whether a "re-registration" or "modified examination" system is in place. This is advantageous to both local and foreign applicants.

(v) Search Report

Unlike other jurisdictions such as China (PRC), it is necessary to obtain an "International Type Search" from an authorised examining patent office during the Short-Term Patent Application process. Such a report, although not necessarily indicating whether an invention is ultimately patentable, may provide applicants with an early indication of whether their technology could fall within the scope of other patents in another jurisdictions.

(vi) Promotion of Local Innovation

The above advantages will assist in the promotion of local innovation and help prevent a financial disincentive to the establishment of patent rights in Hong Kong before subsequent pursuit of patent rights in foreign jurisdictions.

(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?

A Hong Kong Short-term patent should be retained within the Hong Kong patent system. "Lesser" types of patent offer significant commercial and legal advantages to innovators as outlined above.

However, refinement of the Hong Kong Short-term patent system as well as further promotion and public awareness of the benefits of the Hong Kong Short-term patent are considered appropriate in order to (i) stimulate further use of the system and (ii) mitigate the likelihood for abuse.

(1) 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?

Three of the main purposes of “lesser” type patents are to:

- (a) allow innovators to obtain early potentially enforceable rights to innovations
- (b) provide such rights cost effectively, and
- (c) allow the public to be aware of the existence of potential patent rights.

The time required for full substantive examination of a patent can be several years, thus not meeting purpose (a) above.

The cost of full substantive examination and prosecution is significant, whether that examination is conducted in Hong Kong or outsourced (as would be more likely as Hong Kong does not have in-house examination resources under the current system and the the cost of establishing that in-house capability would be prohibitively high and would presumably need to be passed on to end users). For a Hong Kong Short-term patent to undergo full substantive examination is a financial disincentive, thus not meeting purpose (b) above.

The delay in publication of the claims of the patent as ultimately granted following any substantive examination will make it difficult to maintain a Hong Kong Short-term patent as an “application” for an extended period of time. Irrespective of whether there was pre-grant publication, this would cause uncertainty to the public and may also be a mechanism for abuse, thus not meeting the purpose (c) above.

As such, substantive examination for a Hong Kong Short-term patent is **not** considered appropriate and would be contrary to the universally accepted objectives of “lesser” types of patent. However, to allow more expedient usage of the Hong Kong Short-term patent and also mitigate the likelihood of abuse by those attempting to enforce invalid short-term patents, the following could be implemented:

- (a) prior to commencement of legal proceedings, examination of the patent must be undertaken (similar to the Australian “Innovation” patent system),
- (b) tightening up of the “groundless threats” provisions, particularly in relation to patents which have not been examined.

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

Currently, the Hong Kong Short-term patent has a maximum term of 8 years, which is generally considered an appropriate term for such a "lesser" patent.

However, the international trend is for provision of a 10 year term for "lesser" types of patent. If any change to the term was to be implemented at all, a change to 10 years would be the most appropriate.

(3) 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?

A Hong Kong Short-term patent does not have restrictions on the types of claim or subject matter, unlike some other jurisdictions for "lesser" type patents.

As there is no limit on the type of claim species in a Hong Kong Short-term patent and in view of the commercial applicability of the coexistence of "apparatus" and "method" type claims for an invention, it is appropriate that the total number of independent claims should **not** be limited to 1, provided all claims were considered "unified" (i.e they relate to the same technical concept).

In order to allow the public to ascertain the scope of a patent, it would also seem appropriate that the total number of permitted dependent claims should also be limited.

A suitable claim limitation for a Hong Kong Short-term patent could be :-

- (a) number of independent claims - 3
- (b) number of dependent claims - 22

This would not be considered an undue burden to either patentees or the public. The current limitation on the number of claims may help explain (at least in part) why the Hong Kong Short Term Patent System is under utilised at present.

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

At present, the Hong Kong Short-term patent has the high patentability threshold of a "standard" patent. If challenged, a Hong Kong Short-term patent must withstand any challenge to validity similarly as for a "standard" patent.

Maintaining a high "patentability threshold" would allow for maintaining the requirement to provide an International Search without the necessity for examination to be modified to a lower level or a level. A lower level of patentability produces a higher level of uncertainty. Uncertainty is to be avoided.

Furthermore, certainty of patentability threshold is likely to reduce abuse of Hong Kong Short-term patents, and maintain a relatively unpolluted Register of patents in Hong Kong. This benefits all who use the patent system.

(5) *What other changes are required?*

In addition to requiring examination prior to litigation, maintaining the requirement for furnishing an "International Type Search" report is recommended. This gives both the applicant and the public an indication of the potential validity and scope of a Hong Kong Short-term patent.

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

For reasons discussed above, APAA believes that the Hong Kong Short-term patent **must be maintained** in some form, whether or not some degree of amendment to the law is implemented. Maintaining the system will provide Hong Kong applicants with the above discussed advantages and benefits.

CHAPTER THREE

REGULATION OF PATENT AGENCY SERVICES IN HONG KONG

A. GENERAL

- 3.1 APAA Hong Kong generally favours the introduction of a system of regulation of those involved in the provision of services in the field of patents, especially if they use a title such as (registered or certified) patent agent or patent attorney. The nature and extent of that regulation will depend in part on the changes made to patent law (if any) following the Government review, particularly whether an OGP system is introduced. The general public and users of the patent system in Hong Kong must be protected and have a high level of confidence that those offering patent services are properly trained and qualified to undertake the services they offer and provide and are properly insured should those services not be up to standard.
- 3.2 It may help clarify the position of APAA Hong Kong if an explanation is given as to the general areas in which clients and users of the patent system in Hong Kong (both local and overseas) may require advice and assistance when they are considering obtaining patent protection (whether in Hong Kong or elsewhere in the world). Different aspects of patent law require different skills and qualifications from those giving the advice to ensure the public receive the best possible service and advice :--
- (a) Advice on how best to protect an idea or an invention generally. Patent law is only a part (albeit a very important part) of a more wide-ranging system of protection of intellectual property rights. Aspects of Copyright, Design, Trade Mark and Passing-off law may all be relevant as well as (or instead of) patent protection. Patents should not be looked at in isolation in this context.
 - (b) Drafting a patent specification and claims, whether for a full 20 year patent or a short-term patent. This is highly skilled work which should only be undertaken by properly qualified patent agents with relevant knowledge of the specific field of technology involved. They must be trained in searching patent data-bases for relevant prior art, assessing those search results as against the invention and then drafting a specification which explains the invention in the light of that prior art and claims which express the extent of the monopoly being claimed without those claims being drafted too widely or too narrowly.

- (c) Advice on when, where and how to file an initial “priority” patent application so as to have the best possible result for that particular client for that particular invention in that particular field of technology.
- (d) Advice on how, when and where to file other patent applications to maximise coverage for client’s patented invention elsewhere around the world in accordance with the client’s commercial needs and budget.
- (e) Advice on how best to exploit client’s patent rights (and other related intellectual property rights) by way of licensing, franchising, etc and structuring client’s affairs so that income and capital gains from that exploitation are dealt with most efficiently .
- (f) Advice on how best to enforce patent and related rights should problems be encountered in Hong Kong (and elsewhere).

3.3 It may also assist to clarify the categories of persons who may be offering the services referred to above to the public in Hong Kong. The terminology used to describe some of the people involved in providing those services in Hong Kong is often confused. There is no recognised or legal definition of “Patent Agent” or “Patent Attorney” in Hong Kong and it is not entirely clear what the government means by “Patent Agency Services”. The statement “a patent agent or patent attorney is a person who represents another in the prosecution of applications for patent, maintenance of patents granted and other related matters” conflates the meaning and role of an agent that is recognised (or not) by the Patents Registry with the professional services of an attorney, solicitor, patent attorney, patent agent, etc in relation to complex issues such as drafting and litigation of patents. An agent for patents or an agent for trade marks may be a very different animal from a professional patent or trade mark agent/attorney. It is also incorrect to say that the provision of services in relation to patents in Hong Kong is completely unregulated. There is regulation, but APAA Hong Kong believes that clarification and some consolidation of regulation is required in some areas. People giving relevant advice can be broadly summarised as follows :--

- (a) Lawyers, principally solicitors. All solicitors who handle legal work (including patent and other intellectual property work) are regulated by the Law Society and are covered by insurance for the protection of the public.
- (b) Patent Agents. These are fully qualified professionals with scientific backgrounds who have the professional skills and qualifications referred to at 3.2(b) above. In some jurisdictions, these professionals may be referred to as Patent Attorneys or Registered

Patent Attorneys. At present, there is no legal definition of either Patent Agent or Patent Attorney in Hong Kong, although both expressions are used in a general way (and somewhat inconsistently and inaccurately) to describe people providing any of the varied services referred to at 3.2 above. There is no regulating system governing these professionals in Hong Kong, but those who have secured their Patent Agent or Patent Attorney qualification outside Hong Kong (UK, Australia and New Zealand for the most part in Hong Kong), are still subject to the rules and regulations of the professional governing body in their "home" jurisdiction.

(c) Agents for Patents. There is no legal definition for this category. It is used meticulously by some solicitors on their notepaper to describe services they may offer in relation to patents and to distinguish from the very different and specialised services offered by Patent Agents, particularly when used as a capitalised term suggesting a special qualification. For similar reasons, solicitors meticulously describe themselves as "agents for trade marks" and not Trade Mark Agents.

(d) Others. Apart from the above, anyone may establish a business in Hong Kong and describe themselves as offering many of the patent services referred to at 3.2 above without regulation or insurance. APAA Hong Kong believes it is important for the protection of the public that this aspect is regulated.

Even within the professional categories referred to at (a) and (b) above, regulation is required to ensure that (for example) solicitors (acting as such without Patent Agent qualifications) do not draft patent specifications or claims and (again, for example only) that Patent Agents (again acting as such) do not advise on areas of law outside their specialisation in patents. APAA Hong Kong envisages that the government may not want to exclude persons altogether from acting as agents, but do urge adopting a restrictive position with respect to those holding themselves out as being professionally qualified when they are not (a position already covered by the Legal Practitioners Ordinance as regards persons pretending to be a solicitor or barrister).

BACKGROUND

3.4 Due to the origins of Hong Kong's patent law, the Hong Kong Patents Ordinance and its predecessors and all applicable jurisprudence, those jurisdictions where patent legislation is based on UK patent law and practice are the most relevant to Hong Kong (irrespective of the jurisdiction from which a Hong Kong patent may originally derive). The major sources of jurisprudence are the UK itself, Australia, New Zealand and Canada.

- 3.5 Many sections of the Hong Kong Patents Ordinance are very similar to the 1977 UK Patents Act, the principles and provisions of which are by and large similar to the legislation of other major common law jurisdictions, having ultimately been codified after many years of UK based case law.
- 3.6 Because of the above historical links and the common law foundation of the legal system in Hong Kong, the interpretation of patent claims in Hong Kong is strongly influenced by the principles adopted in the UK and upon those principles as amended and adapted in, particularly, Australia, New Zealand and Canada.
- 3.7 As the development of the patent system of the United Kingdom was essentially implemented in the major Commonwealth countries over the years, much of the case law is common to those countries. The style of patent drafting and the interpretation of patent claims can also be said to have adopted a UK approach.
- 3.8 From the above, It will be appreciated that patent agent/attorneys who are required to interpret the scope of claims and claim features for Hong Kong patents have been and should be suitably qualified in jurisdictions having the requisite legal principles of claim construction closest to traditional UK patent law and an understanding of the common law principles which underpin that law.
- 3.9 Many of the first generation technically qualified patent agents/attorneys (and subsequent migrants) in Hong Kong were from the UK, Australia, New Zealand and Canada and were originally trained and qualified members of their relevant professional patent associations. The case law in these jurisdictions is highly relevant to Hong Kong's patent practice, being based upon traditional UK case law.

EXISTING PATENT PROFESSION

- 3.10 Historically, several professional legal and patent agent/attorney firms in Hong Kong have been the main providers of substantive patent services to both local and foreign clients. In particular, there are several with substantive patent practices in patent specification drafting, prosecution of patent

applications in numerous foreign jurisdictions on behalf of local Hong Kong clients and providing professional patent agent/attorney services pertaining to validity and infringement, freedom-to-operate opinions and strategic foreign patent filing and prosecution work.

- 3.11 Many such firms have locally retained patent agents/attorneys qualified in jurisdictions having long-term established patent systems and laws based upon common law patent systems and practices similar to Hong Kong, particularly United Kingdom, Australia and New Zealand.
- 3.12 Such firms have, over an extended period of time, acted on behalf of local industry, local Hong Kong universities and government organizations to provide substantive patent services, in particular patent specification and claims drafting in Hong Kong.
- 3.13 Law firms and patent agent/attorney firms with long established patent practices and those with qualified patent agents/attorneys, including those suitably trained and skilled in the art of patent specification drafting, have been the corner stone of Hong Kong's patent profession to date.
- 3.14 Substantive patent practices have provided supervised training by qualified patent agents/attorneys to prospective Hong Kong practitioners and assisted them in undertaking applicable foreign patent agent/attorney examinations in jurisdictions applicable to Hong Kong. For example, a number of people from Hong Kong have gained a UK patent agent/attorney's qualification by passing the requisite written substantive examinations and undertaking the requisite professional training and mentoring over several years. This practice should be encouraged and allowed to continue.
- 3.15 Publicly available records of Hong Kong IPD clearly show that firms having the greater number of qualified patent agents/attorneys and substantive patent practices, those having historically invested in substantive patent practices, dominate the use of the Hong Kong patent system. The vast majority of Hong Kong patent filings for standard patents are from foreign originating patents. As such, Hong Kong firms with internationally qualified patent agents/attorneys tend to be those with the greatest recognition. Unless Hong Kong introduces an OGP system with substantive examination to be undertaken in Hong Kong, it is likely that this trend will continue, with proportionately less scope for "stand-alone" domestic patent prosecution work.

FUTURE REGULATION OF PATENT AGENCY SERVICES IN HONG KONG

A. HONG KONG PATENT ATTORNEY QUALIFICATIONS

- 3.16 Hong Kong already has persons practising here who qualify as patent agents or patent attorneys in their home jurisdictions. For example, both UK qualified solicitors and registered patent agents are permitted under the 1977 UK Patents Act to practice under the protected title of "patent attorney". Only registered patent agents may use the protected title "patent agent". The reason that "patent attorney" was included was because the legislators were concerned that patent agents who were not solicitors might otherwise infringe the provisions of the Solicitors Act, identical in terms on this point to Section 46 of the Legal Practitioners Ordinance;

"Any unqualified person who wilfully pretends to be, or takes or uses any name, title, addition or description implying that he is qualified or recognized by law as qualified to act as a solicitor shall be guilty of an offence and shall be liable on summary conviction to a fine of HK\$500,000"

- 3.17 APAA Hong Kong believes that Hong Kong should continue to allow and encourage suitably qualified Patent Agents/Patent Attorneys from countries with laws and legal systems with relevance to Hong Kong to live, work and practice in the patent field in Hong Kong. Their knowledge and international experience is of significant benefit to local and international clients both in relation to the interpretation of patents in Hong Kong and the securing and exploitation of patents elsewhere around the world. This would be in line with many other professions in Hong Kong (including the legal profession) and is consistent with Hong Kong's laissez faire policies generally. If a separate Patent Attorney profession is to be established in Hong Kong, it should not be at the expense of allowing suitably overseas qualified Patent Agents and Patent Attorneys to live, work and practice Patent Law in Hong Kong (although there should be an element of local regulation to ensure that only those properly qualified can practice and that high standards are required and maintained).
- 3.18 APAA Hong Kong believes that any system introduced in Hong Kong for regulating Patent Agents or Patent Attorneys should not simply restrict the carrying out of all work in the patent field to those who qualify to act as Patent Agents or Patent Attorneys in Hong Kong. Particularly bearing in mind the wide range of work undertaken by those in the patent field as outlined in 3.2

above, this would be far too restrictive and would operate (at least in part) as a “closed shop”, which is not in the best interests of the consumer and is not necessary in order to protect those using the patent system. APAA Hong Kong favours the more liberal approach adopted in UK whereby there is generally no restriction or qualification requirement for agents to act for others in patent applications or related matters, but it is the use of the “restricted titles” Patent Agent or Patent Attorney (or whatever title might eventually be chosen). That “protected title” may only be used by certain professionals who satisfy relevant requirements and are registered under appropriate regulations. This will ensure that high professional standards are required and maintained. Persons who did not qualify as Patent Agents or Patent Attorneys would be prohibited from using that “protected title” and anyone using that title when not so qualified would commit an offence. This would give the public confidence that, when dealing with a Patent Agent or Patent Attorney, they were dealing with someone suitably qualified, experienced and insured to deal with substantive patent issues.

- 3.19 Even for professionally qualified persons acting in the patent field and entitled to be “Patent Attorneys” under any proposed regulations, there should be an element of regulation to ensure that qualified Patent Agents with a technical scientific background and training in patent drafting do not unless otherwise qualified themselves handle patent related legal issues outside their field of expertise and, conversely, that solicitors not otherwise qualified do not handle the drafting of patent specifications and claims. Very different skill sets are involved in these different fields of endeavour.
- 3.20 The alternative to the more liberal regime contemplated in 3.18 above is to adopt a more rigid system whereby patent agency services can only be provided by those professionals who have satisfied prescribed criteria and are registered under the proposed regulations. This is unduly restrictive. It would be a significant departure from the current system. Such a fundamental shift is not necessary to protect the public or to ensure that suitably high standards are maintained.
- 3.21 Any formal regulation for a protected “Patent Agent” and/or “Patent Attorney” title in Hong Kong must be in keeping both with the law upon which Hong Kong patent law is established and with established and respected standards in the international forum. Formal qualifications, including education, training, requisite skills and experience for a “Patent Agent” and/or “Patent Attorney” in Hong Kong should be in keeping with the standards of jurisdictions having credible patent agent/attorney professions and systems.

- 3.22 Any formal qualification must be a professional qualification comparable to those in jurisdictions having a respectable rule of law, as does Hong Kong. Providing qualification in Hong Kong which falls short of the standards required by legal practitioners in Hong Kong and patent agents/attorneys in other comparable jurisdictions, or below that of other professions, will lack credibility and harm Hong Kong's strong international reputation.

HONG KONG PATENT ATTORNEY PROFESSIONAL BODY

- 3.23 The objects of a patent attorney professional body in Hong Kong should include :

- (1) keeping up with international standards of practice,
- (2) providing suitable education and training of local Hong Kong people to become patent attorneys,
- (3) identifying practitioners with suitable skills and experience to carry out patent attorney practice,
- (4) promoting public awareness of intellectual property,
- (5) providing a collegial supportive environment,
- (6) providing further training of its members,
- (7) enforcing professional standards of its members,
- (8) being representative of the patent attorney profession in Hong Kong,
- (9) providing confidence to the public that its members are suitably qualified and protect the public from unskilled practitioners,
- (10) supporting industry in its intellectual property requirements.

- 3.24.1 Education. This is an area in which APAA is already active. However, neither APAA nor any of the other bodies which offer training courses in relation to patents, offer anything remotely approaching the level required to qualify as a professional Patent Agent/Attorney (ie. with a scientific background and the ability to draft and interpret patent specifications and claims). For example, neither of the courses offered recently by APAA (in association with FICPI and SEAD) and HKIPA (with Warwick University) come close to qualifying those attending to describe themselves as Registered Patent Agents or Patent Attorneys. Both scientists and lawyers attending will have come away with an understanding of what is involved in drafting a patent specification,

but on its own that is well short of a professionally credible qualification entitling the attendee to use a “protected title”.

- 3.25 Education is an area which should be further developed. Ultimately, there is no reason why Hong Kong should not be able to offer a course or courses which will enable suitably qualified candidates to qualify as Patent Attorneys (either as scientifically qualified persons with the ability to interpret patents and draft patent specifications and claims or as lawyers with specialist patent related skills). APAA Hong Kong with its large and highly qualified range of members involved in a complete range of technical and legal areas relevant to patents is uniquely placed to take this aspect forward and is keen to do so as soon as the future direction of Hong Kong Patent Law has been decided (if not before). Any professional training of this type can only work if it is combined with the ability for students to see what they learn being applied in practice by appropriate trainee opportunities with suitably qualified professionals. Further, there is no reason why the offering of relevant education and courses should be confined to those in Hong Kong. Hong Kong should aim to become a centre of excellence for the offering of appropriate education and training for prospective patent professionals located around the world, particularly in Asia.

HONG KONG TO ESTABLISH LOCAL QUALIFICATIONS AND A LOCAL PROFESSIONAL BODY

- 3.26 As indicated, Hong Kong already has a well recognised body of professionals who act as de facto Patent Agent/sAttorneys. The majority of those professionals are members of APAA Hong Kong, as well as members of their own professional bodies in Hong Kong and/or their home jurisdictions.

In view of the longstanding and well established ties between APAA Hong Kong and the Hong Kong patent profession, and between APAA Hong Kong and the Hong Kong Intellectual Property Department, APAA Hong Kong is suitably and uniquely positioned to assist in and advise on the formation of any patent attorney qualification and professional controlling body for patent professionals in Hong Kong.

ANSWERS TO GOVERNMENT'S SPECIFIC QUESTIONS

- (a) 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?

Irrespective of whether or not Hong Kong introduces an OGP system, some form of regulation of those providing services as Patent Agents and/or Patent Attorneys is required.

- (b) 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?

A more liberal approach which restricts the ability to use "restricted terms" such as Patent Agent and Patent Attorney is preferred.

- (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?

Regulation should only relate to those aspects of patent agency services which relate to the provision of services where the public are entitled to expect those providing the services to have appropriate qualifications, skills and insurance. Those services are not confined to the drafting of patent specifications and claims.

CONCLUSION

APAA Hong Kong hope the above is useful, but is very happy to provide further information and to clarify and/or expand on any area which is unclear. APAA Hong Kong and its members are intimately involved in the patent system in Hong Kong on a daily basis and at all levels. We have a vast range of knowledge and experience on all aspects of patent law and practice in Hong Kong and elsewhere around the world and are happy to share that knowledge. We are very keen to ensure that any changes made to the patent system are for the benefit of all involved, particularly the end users.