

4 January 2012

Division 3
Commerce, Industry and Tourism Branch
Commerce and Economic Development Bureau
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2 Tim Mei Avenue
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by hand and by fax: 21473065

Dear Sir,

Review of the Patent System in Hong Kong

The Hong Kong General Chamber of Commerce is pleased to submit our views on the issues raised in the consultation document on the captioned. They are as follow:-

Standard Patent System

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

a.1 An “original grant” patent (“OGP”) system should only be set up in Hong Kong if it :-

- (i) serves the critical mass better to justify a significant change in the system;
- (ii) is at reasonable costs; and
- (iii) enhances the growth of the patent system in Hong Kong.

a.2 An OGP system does not necessarily bring such benefits to Hong Kong as stated above. We should not set up an OGP system for the sake of having one or promoting the image of Hong Kong if it does not serve the interests of the users of the system.

a.3 Innovation and patent quality may not be bred or promoted *per se* by an OGP system or its form of registration as economic, sociological and other factors could be more prevalent, such as the respect and facility for protection of patent by enforcement.

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

b.1 It is unlikely that inventors would deploy costs and resources of going through a rigorous substantive examination (whether conducted in Hong Kong or outsourced) to obtain a patent in Hong Kong (which protects their inventions only in Hong Kong). Inventors may rather spend such costs and resources on substantive examinations that lead to a grant of patent elsewhere which give them protection in

a much wider market (e.g. Mainland China). Some inventors and businessmen may forsake the Hong Kong OGP applications, given the constraints of limited budgets and in the absence of a co-existing “re-registration” system. The OGP system may not be cost-effective in the light of the above factors.

(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?

c.1 There is no compelling need to set up an OGP system in Hong Kong. However, if Hong Kong is to set up an OGP system, the Government should take time to organize and maintain a large team of examiners and develop a comprehensive technical database at reasonable costs. The outsourcing of substantive examinations to other patent offices (at least in the short to medium term) appears to be necessary to operate the OGP system and gives credibility to the system.

c.2 The State Intellectual Property Office (“SIPO”) of the People’s Republic of China (“PRC”) and the European Patent Office are among the obvious choices for outsourcing of substantive examinations as they are reputable and functioning well in the existing “re-registration” system in Hong Kong.

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

d.1 The current “re-registration” system should be maintained. This caters for those inventors who have gone through substantive examinations of their inventions elsewhere (e.g. Mainland China) to protect their inventions in those territories which are important markets to them and yet wish to register their patents in Hong Kong (if the costs are reasonable). See the factor outlined in Paragraph b.1 above.

d.2 Appropriate expansion to recognize the patents granted by other jurisdictions is to be welcomed. U.S.A. is an obvious candidate as it is an important market for technologies and innovations.

Short-Term Patents

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

e.1 The short-term patent system provides a fast and affordable system to protect simple inventions. It provides inventors with an appropriate niche in terms of costs in proportion to the commercial life span and value of the invention (as compared with a standard patent).

e.2 The short-term patent system also brings Hong Kong in line with other jurisdictions where similar short-term or “lesser patents” exist (e.g. “utility models” in Mainland China). Nonetheless, the Hong Kong short-term system covers a wider range of inventions than other jurisdictions where “lesser patent” exists.

e.3 To a certain extent, the short-term patent system may help local inventors because of its affordability and appropriate niche as an alternative to expensive standard patents (subject to the limitations of the short-term patent).

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

On the whole, the current short-term patent system should be retained.

If we introduce changes to the short-term patent system, what sort of changes should be introduced?

(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?

f.1 It is not practicable to require substantive examination at the time of application for, and as a condition to, registration of the short-term patent. This defeats the flexibility and affordability of the system which are its advantages.

f.2 However, if the timing of the substantive examination is before the commencement of legal infringement proceedings, then substantive examination may be supported in principle. The effect of this is that :-

(a) if a short-term patent was granted on the basis of an “unclean” report, substantive examination should be carried out as a condition to the registrant being permitted to commence infringement proceedings;

(b) if the short-term patent was granted on the basis of a “clean” report, substantive examination should not be a condition to the registrant being permitted to commence infringement proceedings.

f.3 In the event that substantive examination is adopted, either the patent owner or a third party should be able to request examination with the costs being borne by the requesting party. In this regard, it is noted that the Patent Ordinance (Section 129) already places on the owner the onus of proving the validity of his short-term patent in enforcement proceedings in court.

f.4

It is suggested that the existing position of the system be maintained with regards to Points (2), (3) and (4) below.

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

(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?

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

(5) What other changes are required?

f.5 No further views on (5).

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

g.1 Not for the time being. (However, the final answer may depend essentially on what forms of changes are introduced with regard to the patent system.)

Regulation of Patent Agency Services in Hong Kong

- (h) **Should Hong Kong have a regulatory regime for professionals providing patent agency services? Should the promulgation of a regulatory regime or otherwise be made dependent on whether an OGP system is to be implemented in Hong Kong?**
- h.1 If an OGP system is not introduced in Hong Kong, there is no practical need to consider the introduction of a regulatory regime for patent professionals in Hong Kong. The existing system in its present form provides for choices and flexibility in terms of selection of professionals. However, if Hong Kong adopts an OGP system, then a regulatory regime could be helpful, as registration requirements provide a way to maintain a level of competence among key users of the system.
- h.2 No definitive views are offered currently on the questions/issues raised for consultation, as they depend substantively on what changes, if any, are made to the system (i.e. whether an OGP system is introduced at all; if so, whether substantive examination is conducted in Hong Kong or outsourced to be carried out overseas).
- h.3 The primary functions of patent professionals are to serve the system. The actual shape of the system should be determined prior to providing suggestions and answers to whether and, if so, how, the patent professionals are to be regulated.
- (i) **If a regulatory regime is to be introduced for providers of patent agency services,**
- (1) **should we restrict the provision of such services to persons meeting certain qualifications or requirements only? Or should we limit the use of particular titles only but allow the provision of such services by any person?**
- i.1 If the goal of a registration system is to ensure a minimum level of competency for practice, then the use of particular titles should be limited to those meeting the registration qualifications.
- (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?**
- i.2 Such a regulation should only apply to tasks that require a minimum level of definable competencies. Clerical matters, such as filing, paying annuities, etc., need not be subject to registration requirements.

Yours faithfully,


Shirley Yuen
CEO