

LEGISLATIVE COUNCIL BRIEF

Patents Ordinance
(Chapter 514)
Registered Designs Ordinance
(Chapter 522)

INTELLECTUAL PROPERTY (MISCELLANEOUS AMENDMENTS) BILL (NO. 2) 2000

INTRODUCTION

At the meeting of the Executive Council on 5 December 2000, the Council ADVISED and the Chief Executive ORDERED that the Intellectual Property (Miscellaneous Amendments) (No. 2) Bill 2000, at Annex A, should be introduced into the Legislative Council to make miscellaneous amendments to the Patents Ordinance and the Registered Designs Ordinance.

BACKGROUND AND ARGUMENT

General Background

2. The Patents Ordinance and the Registered Designs Ordinance were enacted on 27 June 1997. They establish the intellectual property rights and registration system for patents and designs respectively. In the light of more than three years' operation of the two Ordinances, we propose some technical improvements to them.

3. The legislative proposals will achieve the following objectives –

- (a) to provide a legal basis for using electronic means of publishing notifications and advertisements for patents and designs;

- (b) to enhance and clarify provisions related to right of priority in patent and design applications;
- (c) to simplify patent application procedures;
- (d) to enhance the procedure for amending the schedule of Paris Convention countries and World Trade Organisation (WTO) members under the Patents Ordinance;
- (e) to align the wording in the Patents Ordinance with that in the relevant international agreement; and
- (f) to tie up some loose ends in the two Ordinances.

The Proposals

(A) Legal Basis for Electronic Publication of Patents and Designs

4. Many intellectual property authorities in the world, such as those in Japan, South Korea and the United States, offer the option of delivering services through electronic means. Hong Kong must keep pace with such global development which is consistent with growing public expectation. At present, both the Patents Ordinance and Registered Designs Ordinance stipulate the Government Gazette as the only publication in which notifications and advertisements for patents and designs can be made. We plan to allow for the electronic publication of patents and designs which should reduce costs and be more efficient. Our plan will be implemented in phases over the next three years.

5. DIP is both the Registrar of Patents and the Registrar of Designs. We **propose** to amend the Patents Ordinance and the Registered Designs Ordinance to empower DIP to specify publications other than the Government Gazette in which notifications and advertisements for patents and designs can be made. Such publications may include a publication in electronic form. The new Trade Marks Ordinance enacted in May 2000 has similar provisions for trademarks.

(B) Enhance and Clarify Priority Right Related to Patents and Designs

6. We **propose** to enhance section 110 of the Patents Ordinance by providing that a right of priority arising as a result of the filing of a patent application, may be assigned or transmitted either together with the application or independently. This will allow, for example, the owner of an invention who has filed a patent application in a Paris Convention country but who does not wish to seek patent protection in Hong Kong, to assign his right of priority to another party for applying for a short-term patent in Hong Kong based on the same invention. The proposal will give greater flexibility to the owner to make economic use of his intellectual property right.

7. For designs, we **propose** to amend section 15(1) of the Registered Designs Ordinance to clarify the right of a person's successor in title. The proposed amendment makes it clear that where a person has filed an application to register a design in a Paris Convention or WTO member country, his/her successor in title may also enjoy a right of priority in registering the same design in Hong Kong within a prescribed period.

(C) Simplify Patent Application Procedures

8. We **propose** to amend section 15(2)(e) and section 15(2)(f), and to repeal section 16(c) of the Patents Ordinance to remove the requirement that applicants must make a statement confirming that no claim to priority or non-prejudicial disclosure is made in the application. A statement will be required in the application only in cases where the applicant claims priority or non-prejudicial disclosure. This will simplify patent application procedures.

(D) Enhance the Procedure for Amending the Schedule of Paris Convention Countries or WTO Members

9. Section 153 of the Patents Ordinance empowers the Chief Executive in Council to add to or delete from Schedule 1 of the Patents Ordinance the name of any country, territory or area which has acceded to or denounced the Paris Convention or the WTO Agreement. This provision, however, does not cover the situation where a country which is already a Paris Convention country or a WTO member changes its name but has not denounced the Paris Convention or the WTO Agreement.

10. We **propose** to amend section 153 of the Patents Ordinance to enable the Chief Executive in Council to amend Schedule 1 of the Patents Ordinance to cater for such changes. The proposed amendment will bring the wording of section 153 into line with corresponding provisions in the Trade Marks Ordinance and the Registered Designs Ordinance.

(E) Align with an International Agreement

11. We have an obligation to comply with the provisions of the WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS Agreement) to protect intellectual property rights including patent rights. We **propose** to amend section 64(7)(b) of the Patents Ordinance to align its wording more closely with that of Article 31(l)(iii) of the TRIPS Agreement. Article 31(l)(iii) reads as follows - "the use authorized in respect of the first patent shall be non-assignable except with the assignment of the second patent".

(F) Other Miscellaneous Amendments

12. We **propose** to make some other minor technical amendments to the Patents Ordinance and the Registered Designs Ordinance so as to tie up loose ends and to repeal two obsolete rules.

THE BILL

Clauses 2(d), 10, 12, 17, 18 and 22 to 24 – Provide a Legal Basis for the Electronic Publication of Patents and Designs

13. **Clauses 12, 17, 23 and 24** replace references to the word "Gazette" in the relevant provisions of the Patents Ordinance, the Patents (General) Rules, the Registered Designs Ordinance and the Registered Designs Rules by references to the "official journal". **Clauses 2(d), 10, 18 and 22** provide the Registrar of Patents and the Registrar of Designs (i.e. DIP) with the power to specify a publication, which may be in electronic form, as the "official journal". This provides the legal basis for electronic publication of notifications and advertisements for patents and designs.

Clauses 3 and 4 – Simplify Patent Application Procedures

14. **Clauses 3 and 4** make it clear that where priority or non-prejudicial disclosure is not claimed in an application, the applicant is not required to state this fact. This will simplify patent application procedures.

Clause 6 – Align with an International Agreement

15. **Clause 6** amends section 64(7)(b) of the Patents Ordinance to align its wording more closely with that of Article 31(l)(iii) of the TRIPS Agreement.

Clause 7 – Enhance Priority Right Related to a Patent

16. **Clause 7** adds a new provision for the assignment and transmission of the right of priority under a patent either together with the application or independently.

Clause 11 – Enhance the Procedure for Amending the Schedule of Paris Convention Countries or WTO Members

17. **Clause 11** amends section 153 of the Patents Ordinance to empower the Chief Executive in Council to amend Schedule 1 of the Patents Ordinance to cover the situation where a country which is already a Paris Convention country or a WTO member changes its name, but which has not denounced the Paris Convention or the WTO Agreement.

Clause 19 – Clarify Priority Right Related to a Design

18. **Clause 19** makes it clear that where a person has filed an application to register a design in a Paris Convention or WTO member country, his/her successor in title may also enjoy a right of priority for the same design.

Clauses 2(a)-(c), 5, 8, 9, 13 to 16, 20, 21 and 25 – Minor Amendments

19. These clauses make minor technical amendments to the Patents Ordinance and the Registered Designs Ordinance, including in particular repealing the obsolete Registration of Patents Rules and the Registration of Patents (Fees) Rules made under the repealed Registration of Patents Ordinance, and to reflect the change in name of the Chinese Patent Office to State Intellectual Property Office in the Patents Ordinance.

20. The relevant provisions of the Patents Ordinance, the Patents (Designation of Patent Offices) Notice, the Patents (General) Rules, the Registered Designs Ordinance and the Registered Designs Rules to be amended by the Bill are at Annex B.

LEGISLATIVE TIMETABLE

21. The legislative timetable will be as follows -

Publication in the Gazette	8 December 2000
First Reading and commencement of Second Reading debate	20 December 2000
Resumption of Second Reading debate, committee stage and Third Reading	to be notified

BASIC LAW IMPLICATIONS

22. The Department of Justice advises that the Bill is consistent with the Basic Law.

HUMAN RIGHTS IMPLICATIONS

23. The Department of Justice advises that the Bill has no human rights implications.

BINDING EFFECT

24. The amendments will not affect the current binding effect of the Patents Ordinance and the Registered Designs Ordinance.

FINANCIAL AND STAFFING IMPLICATION

25. To allow for the electronic publication of patents and designs applications and information, the Intellectual Property Department (IPD) is required to develop new computer systems for patents registration and designs registration. The development and administration of such systems are covered in a capital item with commitment of \$122.63 million that has been created to meet the expenditure required for the outsourcing of non-core services of IPD. There are no financial or staffing implications for the other legislative proposals in the Bill.

ECONOMIC IMPLICATIONS

26. The proposed amendments will enhance the protection of intellectual property rights. This is in line with our international obligations and is conducive to the proliferation of innovative ideas, which are critical to the long term economic growth in Hong Kong.

PUBLIC CONSULTATION

27. We have received general support for the proposed amendments in a public consultation exercise. The Legislative Council Panel on Trade and Industry also supports the proposals.

PUBLICITY

28. A Legislative Council brief will be issued on 6 December 2000. A spokesman will be available to handle media enquiries.

ENQUIRIES

29. Enquiries on this brief could be referred to Mr Philip Chan, Principal Assistant Secretary for Commerce and Industry, on telephone number 2918 7480.

Commerce and Industry Bureau
5 December 2000