

## Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

**Controlling officer:** the Director of Intellectual Property will account for expenditure under this Head.

<b>Estimate 2001–02</b> .....	<b>\$116.8m</b>
<b>Establishment ceiling 2001–02</b> (notional annual mid-point salary value) representing an estimated 140 non-directorate posts at 31 March 2001 reducing by nine posts to 131 posts at 31 March 2002.....	<b>\$54.6m</b>
In addition there will be an estimated seven directorate posts at 31 March 2001 and at 31 March 2002.	
<b>Capital Account commitment balance</b> .....	<b>\$129.6m</b>

### Controlling Officer's Report

#### Programmes

- Programme (1) Statutory Functions**
- Programme (2) Protection of Intellectual Property**

These programmes contribute to Policy Area 6: Commerce and Industry (Secretary for Commerce and Industry).

#### Detail

##### Programme (1): Statutory Functions

	1999–2000 (Actual)	2000–01 (Approved)	2000–01 (Revised)	<b>2001–02 (Estimate)</b>
Financial provision (\$m)	67.7	74.2 (+9.6%)	69.3 (–6.6%)	<b>103.2 (+48.9%)</b>

#### Aim

2 The aim is to provide cost-effective and efficient administrative systems for the registration of trade marks, patents and designs in Hong Kong.

#### Brief Description

3 The statutory functions involve:

- administering the trade mark registration system by examining trade mark applications, taking registrability and opposition hearings, maintaining the register of trade marks and making it available for public search;
- administering the patents registration system by granting short-term patents, registering patents granted by designated Patent Offices, maintaining the register of patents and making it available for public search; and
- administering the designs registration system by processing design applications, maintaining the register of designs and making it available for public search.

4 In 2000, the department met all its performance pledges. The performance measures are:

#### Targets

	Target	1999 (Actual)	2000 (Actual)	<b>2001 (Plan)</b>
time taken to issue 70% of examination reports or letters requesting applicants' clarifications on classification or specifications in respect of trade mark applications (months).....	8	5	4	<b>4</b>
time taken to process or record 75% of applications for assignment of registered trade marks (months).....	3.5	3.5	3.5	<b>3.5</b>
time taken to process or record 80% of applications for change of records of registered trade mark (months).....	1.5	1.5	1.5	<b>1.5</b>
time taken to process 70% of standard patent applications filed under the Patents Ordinance (months).....	3	2.5	2.5	<b>2.5</b>

## Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

	Target	1999 (Actual)	2000 (Actual)	2001 (Plan)
time taken to process 70% of short-term patent applications filed under the Patents Ordinance (months).....	3	2	2	2
time taken to process 70% of design applications (months).....	3	2.5	2.5	2.5

### *Indicators*

	1999 (Actual)	2000 (Actual)	2001 (Estimate)
<i>For trade marks</i>			
applications for registration received.....	19 885	28 114	26 500
examination reports issued for trade mark applications .....	20 568	31 327	26 500
registry's responses to applicants' replies .....	44 076	31 099	34 650
trade marks registered.....	17 135	16 920	17 640
assignments of registered trade marks recorded.....	2 976	3 351	3 600
changes of records of registered trade marks completed.....	10 170	10 229	12 500
public searches conducted .....	13 440	17 010	17 000
<i>For patents</i>			
applications for standard patent received.....	6 040	8 295	8 500
applications for short-term patent received.....	175	274	270
standard patents granted.....	2 502	2 737	2 000
short-term patents granted .....	117	233	190
<i>For designs</i>			
applications for registration received.....	1 800	1 904	2 000
designs registered.....	2 613	2 684	2 700

5 During 2000–01, the department contracted out some data input activities so as to reduce the cost of registry operations. The Finance Committee of the Legislative Council approved a sum of \$122.6 million for the department to outsource the computer services for three non-core activities.

6 During 2000–01, the department resolved a greater number (up 35% on 1999–2000) of trade mark cases that were ready for hearing.

### *Matters Requiring Special Attention in 2001–02*

7 During 2001–02, we intend to deploy a senior solicitor full time to increase our capacity to hear cases. We expect this measure will increase the total number of cases disposed of.

8 The department will perform a new statutory function of registration of copyright licensing bodies in accordance with the Registration of Copyright Licensing Body Regulation made under the Copyright Ordinance.

### **Programme (2): Protection of Intellectual Property**

	1999–2000 (Actual)	2000–01 (Approved)	2000–01 (Revised)	2001–02 (Estimate)
Financial provision (\$m)	10.6	14.1 (+33.0%)	14.3 (+1.4%)	13.6 (–4.9%)

### *Aim*

9 The aim is to promote awareness of intellectual property rights, to enhance the reputation of Hong Kong in the protection of intellectual property rights, to protect existing and new types of intellectual property rights in line with international standards, and to pay particular attention to laws required to fight against copyright piracy and trade mark counterfeiting.

### *Brief Description*

10 This programme area involves:

- advising the Secretary for Commerce and Industry on policies and legislation to protect intellectual property in Hong Kong and providing civil legal advice on intellectual property matters to government bureaux and departments;
- participating in consultations, negotiations and committees of experts leading to new or revised international intellectual property rights standards; attending and participating in international seminars, conferences, meetings, etc. on intellectual property rights matters; and

## Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

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- promoting the protection of intellectual property rights both in Hong Kong and overseas and conducting educational and publicity activities to foster intellectual property protection as a community value.

**11** To combat copyright infringement in Hong Kong, the Intellectual Property (Miscellaneous Amendments) Ordinance 2000 was passed by the Legislative Council on 27 June 2000. It aims to prevent bootlegging and facilitate prosecution of corporate piracy offenders. It will be brought into effect on 1 April 2001.

**12** During 2000–01, the department launched a number of territory-wide campaigns, including “The Real Generation”, a comic competition for tertiary students, a television variety show and a mini drama series on radio.

**13** The department organised seminars and published handbooks for civil servants, journalists, school principals and teachers on intellectual property matters relating to their daily work.

**14** The department prepared an intellectual property reference kit for business organisations. The kit will be ready for distribution in early 2001.

**15** The department has worked closely with related institutions. The Phase II of the “Inventors’ Millennium Vision” was launched in November 2000 in collaboration with the Hong Kong Inventors’ Association. A refresher course for Government Intellectual Property Compliance Officers on software asset management was organised with the assistance from the Business Software Alliance (which is non-profit making). Other copyright collecting societies offered speakers for seminars for school principals and teachers on copyright issues relating to education.

**16** The department has continued its secondary school visit programme with a view to fostering the awareness of intellectual property rights and to instilling a law-abiding and creative attitude among the young generation. In 2000, this programme covered 68 schools and 29 880 students.

**17** The department and other professional bodies co-organised the International Symposium “Hong Kong-An Intellectual Property Gateway”, which was held from 7 to 8 November 2000.

**18** The key performance measures in respect of protection of intellectual property are:

### *Indicators*

	1999 (Actual)	2000 (Actual)	2001 (Estimate)
visits, seminars, conferences and workshops .....	134	167	175
speeches and presentations .....	50	67	70
media interviews, briefings and press conferences .....	66	69	72
school visits .....	83	68	70

### *Matters Requiring Special Attention in 2001–02*

**19** During 2001–02, the department will:

- offer to host an Asia-Pacific Economic Cooperation Intellectual Property Expert Group Meeting/Conference in Hong Kong;
- continue to participate in other international intellectual property activities;
- focus our education effort on students and the education sector. We shall extend our educational initiatives to cover a handbook on proper intellectual property management for small and medium enterprises, an updated teaching kit for schools, and publicity campaigns to promote awareness of intellectual property rights among youngsters;
- continue to interface with related institutions and the public so as to impress them on the importance of good intellectual property management;
- organise seminars, exhibitions and fairs on intellectual property; and
- continue to commission an annual survey to measure whether there are any changes in people’s awareness about intellectual property as well as to assess the effectiveness of our education programme.

## Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

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### ANALYSIS OF FINANCIAL PROVISION

Programme	1999–2000 (Actual) (\$m)	2000–01 (Approved) (\$m)	2000–01 (Revised) (\$m)	2001–02 (Estimate) (\$m)
(1) Statutory Functions .....	67.7	74.2	69.3	<b>103.2</b>
(2) Protection of Intellectual Property.....	10.6	14.1	14.3	<b>13.6</b>
	78.3	88.3 (+12.8%)	83.6 (–5.3%)	<b>116.8</b> (+39.7%)

#### Analysis of Financial and Staffing Provision

##### Programme (1)

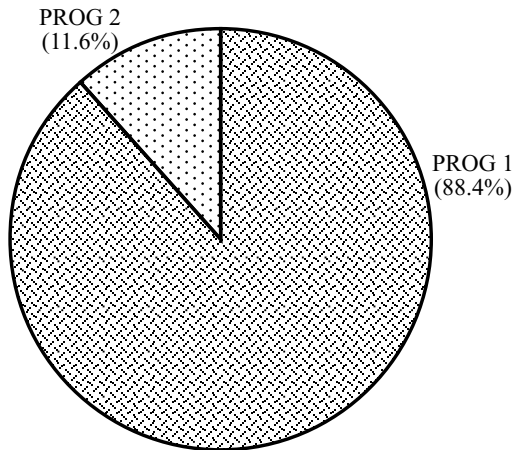
Provision for 2001–02 is \$33.9 million (48.9%) higher than the revised estimate for 2000–01. This is mainly due to salary increments for existing staff, filling of vacancies in 2001–02, provision for six new posts for the trade mark law reform and administrative support, and additional resources for outsourcing of non-core services of the department, partly offset by deletion of 15 posts and reduced operating expenses under the Enhanced Productivity Programme.

##### Programme (2)

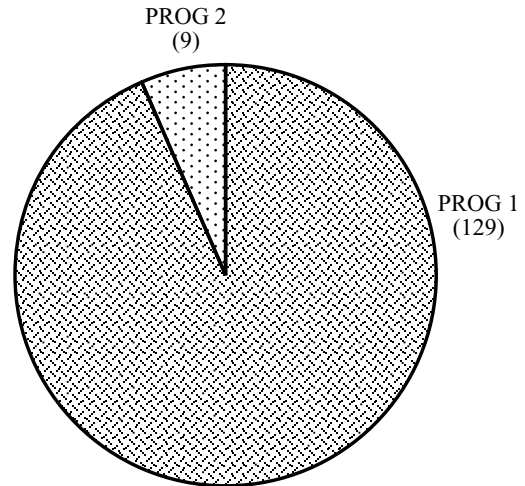
Provision for 2001–02 is \$0.7 million (4.9%) lower than the revised estimate for 2000–01. This is mainly due to the reduced provision upon completion of a publicity campaign to raise the awareness and respect for intellectual property rights, partly offset by increased provision for delivering a new strategy to change the community's attitude to intellectual property rights and outsourcing of non-core services of the department.

**Head 78 — INTELLECTUAL PROPERTY DEPARTMENT**

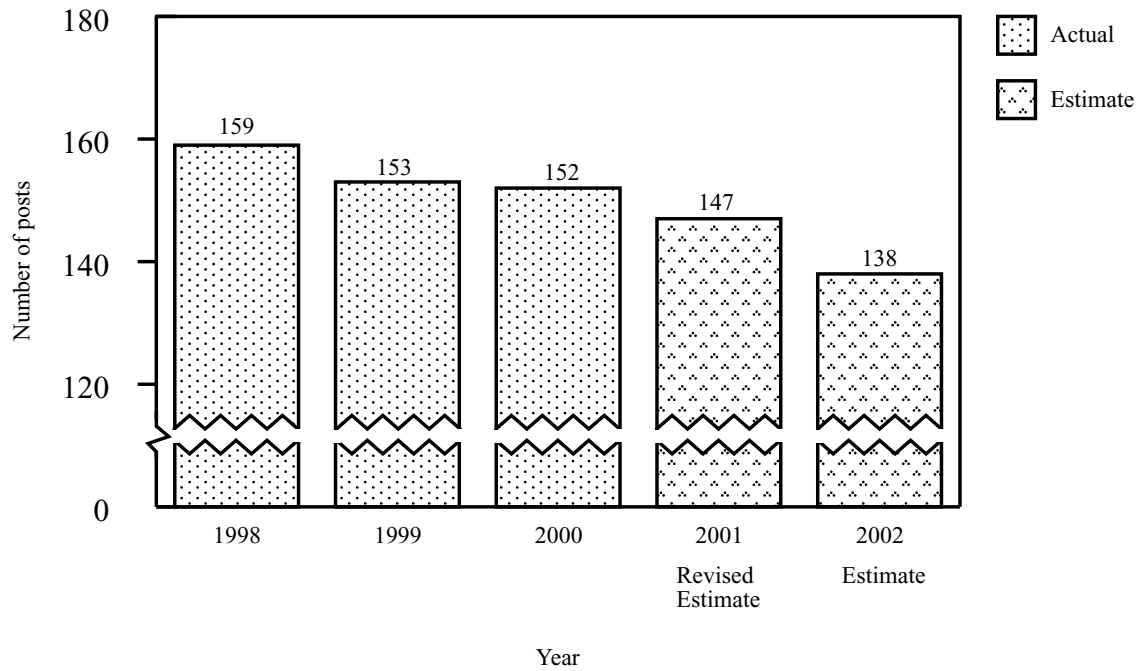
*Allocation of provision  
to programmes  
(2001-02)*



*Staff by programme  
(as at 31 March 2002)*



*Changes in the size of the establishment  
(as at 31 March)*



**Head 78 — INTELLECTUAL PROPERTY DEPARTMENT**

Sub-head (Code)	Actual expenditure 1999–2000	Approved estimate 2000–01	Revised estimate 2000–01	<b>Estimate 2001–02</b>
	\$' 000	\$' 000	\$' 000	<b>\$'000</b>
<b>Recurrent Account</b>				
000 Operational expenses .....	73,495	80,349	75,452	<b>79,160</b>
Total, Recurrent Account .....	73,495	80,349	75,452	<b>79,160</b>
<b>Capital Account</b>				
II — Other Non-Recurrent				
700 General other non-recurrent .....	4,791	7,927	8,163	<b>37,677</b>
Total, Other Non-Recurrent .....	4,791	7,927	8,163	<b>37,677</b>
Total, Capital Account .....	4,791	7,927	8,163	<b>37,677</b>
Total Expenditure .....	78,286	88,276	83,615	<b>116,837</b>

## Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

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### Details of Expenditure by Subhead

The estimate of the amount required in 2001–02 for the salaries and expenses of the Intellectual Property Department is \$116,837,000. This represents an increase of \$33,222,000 over the revised estimate for 2000–01 and of \$38,551,000 over actual expenditure in 1999–2000.

#### *Recurrent Account*

**2** Provision of \$79,160,000 under *Subhead 000 Operational expenses* is for the salaries and allowances of staff of the Intellectual Property Department and its other operating expenses. The increase of \$3,708,000 (4.9%) over the revised estimate for 2000–01 is mainly due to salary increments for existing staff, filling of vacancies and the creation of six new posts for the trade mark law reform and administrative support in 2001–02, partly offset by deletion of 15 posts and reduced operating expenses under the Enhanced Productivity Programme. Management and control of the department's operational expenses takes the form of a one-line vote. The controlling officer is given flexibility in the virement of funds within the subhead to facilitate the achievement of greater efficiency and enhanced productivity.

**3** As a vote-funded department, the department is subject to establishment control. The establishment at 31 March 2001 will be 147 permanent posts. It is expected that there will be a net deletion of nine posts in 2001–02. Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2001–02, but the notional annual mid-point salary value of all such posts must not exceed \$54,558,000 which will be reduced to \$51,509,000 upon the deletion of 15 posts in the course of the year.

**4** An analysis of financial provision under *Subhead 000 Operational expenses* is as follows:

	1999–2000 (Actual) (\$' 000)	2000–01 (Original Estimate) (\$' 000)	2000–01 (Revised Estimate) (\$' 000)	<b>2001–02 (Estimate) (\$'000)</b>
Personal emoluments				
- Salaries .....	58,022	63,937	57,330	<b>64,644</b>
- Allowances .....	2,987	3,115	2,208	<b>1,674</b>
Departmental expenses				
- General departmental expenses .....	12,486	13,297	15,914	<b>12,842</b>
	73,495	80,349	75,452	<b>79,160</b>

**5** Subject to the cash-limited ceiling of \$79,160,000 which will not be increased in the course of the year except for increases to the personal emoluments portion in line with the civil service pay adjustment, the controlling officer may deploy funds freely to meet requirements under each of the various expenditure components. The Administration will provide to Finance Committee quarterly financial reports showing actual spending and any redeployment of funds within *Subhead 000 Operational expenses* based on the above analysis.

## Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

### Capital Account

#### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2000	Revised estimated expenditure for 2000-01	Balance
			\$ 000	\$ 000	\$ 000	\$ 000
700		<i>General other non-recurrent</i>				
	007	Delivery of new strategy to change the community's attitude to intellectual property .....	9,317	—	3,800	5,517
	008	Implementation of an international registration system under Madrid Protocol .....	1,824	—	—	1,824
	009	Outsourcing of non-core services of Intellectual Property Department .....	122,630	—	400	122,230
		Total .....	<u>133,771</u>	<u>—</u>	<u>4,200</u>	<u>129,571</u>