

Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

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

Estimate 2003–04	\$126.5m
Establishment ceiling 2003–04 (notional annual mid-point salary value) representing an estimated 97 non-directorate posts as at 31 March 2003 reducing by one post to 96 posts as at 31 March 2004.....	\$47.3m
In addition there will be an estimated seven directorate posts as at 31 March 2003 and as at 31 March 2004.	
Capital Account commitment balance	\$95.2m

Controlling Officer's Report

Programmes

Programme (1) Statutory Functions	These programmes contribute to Policy Area 6: Commerce and Industry (Secretary for Commerce, Industry and Technology).
Programme (2) Protection of Intellectual Property	

Detail

Programme (1): Statutory Functions

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	2003–04 (Estimate)
Financial provision (\$m)	75.5	95.5 (+26.5%)	90.8 (–4.9%)	111.5 (+22.8%)

Aim

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

Brief Description

3 The statutory functions involve:

- administering the trade mark registration system by examining trade mark applications, conducting 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;
- administering the designs registration system by processing design applications, maintaining the register of designs and making it available for public search; and
- administering the registration system of copyright licensing bodies by processing applications for registration and applications for renewal of registration, maintaining the register of copyright licensing bodies and making it available for public search.

4 In 2002, the department met all its performance pledges. The performance measures are:

Targets

	Target	2001 (Actual)	2002 (Actual)	2003 (Plan)
time taken to issue 70% of first examination reports or letters (months)	2#	4	3	2
time taken to process or record 75% of applications for assignment of registered trade marks (months).....	1@	3.5	3	1
time taken to process or record 80% of applications for change of records of registered trade mark (months).....	0.25β	1.5	1	0.25
time taken to process 70% of standard patent applications filed under the Patents Ordinance (months).....	0.5†	2.5	0.8	0.5

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	Target	2001 (Actual)	2002 (Actual)	2003 (Plan)
time taken to process 70% of short-term patent applications filed under the Patents Ordinance (months).....	0.5†	2	0.8	0.5
time taken to process 70% of design applications (months)	0.5†	2.5	0.8	0.5

The service target will be improved from 8 months to 2 months with effect from April 2003.

@ The service target will be improved from 3.5 months to 1 month with effect from April 2003.

β The service target will be improved from 1.5 months to 0.25 month with effect from April 2003.

† The service target will be improved from 3 months to 0.5 month with effect from April 2003.

Indicators

	2001 (Actual)	2002 (Actual)	2003 (Estimate)
<i>For trade marks</i>			
applications for registration received	20 945	20 446	21 000
examination reports issued for trade mark applications	22 904	18 098	18 000
registry's responses to applicants' replies	38 288	45 395	47 000
trade marks registered	14 219	16 240	17 000
assignments of registered trade marks recorded	5 770	4 908	5 300
changes of records of registered trade marks completed	14 586	17 609	18 000
public searches conducted	13 894	13 785	45 000
<i>For patents</i>			
applications for standard patent received	8 914	9 130	9 200
applications for short-term patent received	312	333	330
standard patents granted	1 146	2 176	2 100
short-term patents granted	271	265	270
<i>For designs</i>			
applications for registration received	1 977	2 183	2 100
designs registered	2 864	2 992	2 900
<i>For copyright licensing bodies</i>			
applications for registration received	1	2	2
applications for renewal of registration	—	1	3
applications registered	1	2	2

5 During 2002–03, the department launched, on a trial basis, on-line search of the trade marks register, hence over 200% increase in the number of public searches estimated for 2003. The department also maintained the 2001–02 level of resolution of trade mark cases that were ready for hearing.

6 The new Trade Marks Rules under the new Trade Marks Ordinance are targeted for commencement in the first half of 2003 with reduction of trade mark fees.

Matters Requiring Special Attention in 2003–04

7 We envisage that other e-business facilities e.g. e-filing, e-payment and on-line inspection of documents will be delivered in 2003 for trade marks, patents and registered designs. We shall focus on introducing user-friendly e-business facilities to our customers.

8 We shall also focus on enhancing the capacity of our staff to issue consistent and definitive first examination reports. We intend to deliver registration of trade marks under the e-business model in an efficient and user-friendly manner.

9 The anticipated increase of registrability hearings during 2002–03 materialised (up 70% compared with 2001–02). On the basis of overseas experience, we anticipate a further substantial initial increase of requests for registrability hearings upon the commencement of the new Trade Marks Ordinance in the first half of 2003.

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Programme (2): Protection of Intellectual Property

	2001-02 (Actual)	2002-03 (Approved)	2002-03 (Revised)	2003-04 (Estimate)
Financial provision (\$m)	16.1	18.2 (+13.0%)	17.3 (-4.9%)	15.0 (-13.3%)

Aim

10 The aim is to promote awareness of intellectual property rights, to enhance the reputation of Hong Kong in the protection of intellectual property rights in order to attract investment, 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

11 This programme area involves:

- advising the Secretary for Commerce, Industry and Technology 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;
- advising the Secretary for Commerce, Industry and Technology on developments at the World Intellectual Property Organisation, World Trade Organisation (WTO) and Asia-Pacific Economic Cooperation (APEC);
- 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
- in response to increasing integration of the economic activities of the HKSAR and Guangdong Province in the Pearl River Delta (PRD), the department has increased co-operation with Provincial authorities to assist HKSAR-based enterprises in protecting their intellectual property assets.

12 Since 1999, the department has commissioned an annual survey to measure changes in people's awareness of intellectual property and to assess the effectiveness of our promotion and public education programmes. The result of the survey in consecutive years has shown that there have been increases in the percentages of the public who have a good understanding of intellectual property rights.

13 Another priority of the department is to assist small and medium enterprises (SMEs) in matters relating to the protection of intellectual property rights. The department has organised and participated in various seminars explaining the protection of intellectual property to SMEs in different industries e.g. toys, watches, garments. The department will continue to strengthen its support for SMEs.

14 During 2002-03, the department increased its territory-wide campaigns such as the "No Fakes" Pledge and the "I Pledge" Campaign. The "I Pledge" Concert, which promoted commitment to use and buy only genuine goods and products, was held in the Hong Kong Coliseum in November 2002. The department also participated in various exhibitions, including the SME Market Day, Comics Festival, Business of Design Week 2002, World Congress of Accountants Hong Kong 2002, Hong Kong Computer Festival and Asia Game Show. A road-show exhibiting the history, functions, roles and missions of the department was staged in a popular shopping centre to celebrate the fifth year of the HKSAR.

15 Through seminars and other fora for school principals, teachers, school administrators, librarians, business organisations and civil servants, the department raised their level of knowledge about intellectual property and promoted compliance with intellectual property rights.

16 The department continued its secondary school visits programme into the sixth year. The objective is to encourage an attitude among students of respecting intellectual property rights. In 2002, we reached 75 schools and 23 057 students under this programme.

17 The department is co-operating in setting up an intellectual property protection information database with focus on Guangdong Province, the PRD, the Macao SAR and the HKSAR. A fact-finding study funded by the United Nations Development Programme was conducted in Guangdong Province with the objective of gaining a better understanding of the intellectual property protection systems in the Mainland, especially in the PRD. Activities being planned include a SME seminar with Trade Development Council and a workshop/road-show for SMEs in Guangdong. The outcome of these activities will provide a better business support framework for Hong Kong businessmen in Southern China.

18 In collaboration with Radio Television Hong Kong, the department produced an eight-episode TV series "Treasure Trove of Ideas" with a comprehensive coverage on various intellectual property rights. The series was broadcast on television for eight consecutive weeks in August and September 2002.

19 As part of our customer relationship management, we organised a briefing on the new Trade Marks Ordinance on 22 November 2002. A series of workshops to familiarise legal practitioners with the new Trade Marks Ordinance was held in January to March 2003.

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20 The key performance measures are:

Indicators

	2001 (Actual)	2002 (Actual)	2003 (Estimate)
Visits, seminars, conferences and workshops	150	140	140
Speeches and presentations	55	41	40
Media interviews, briefings and press conferences	46	24	30
School visits	68	75	75

Matters Requiring Special Attention in 2003–04

21 During 2003–04, the department will:

- advise the Secretary for Commerce, Industry and Technology on making permanent the suspension arrangement under the Copyright (Suspension of Amendments) Ordinance 2001 and other related amendments to the Copyright Ordinance and other issues raised as part of the follow-up of the copyright consultation exercise held in late 2001;
- continue to participate in other international intellectual property activities;
- continue to play a pro-active role in APEC and the Trade-Related Aspects of Intellectual Property Rights Council of the WTO, and through such institutions to provide appropriate technical assistance to developing and least-developed economies overseas;
- participate in activities organised by various institutions in Hong Kong on intellectual property protection for Hong Kong businessmen in Southern China;
- organise seminars, exhibitions and fairs on intellectual property;
- disseminate information through the internet on the intellectual property systems in the Mainland, HKSAR and Macao SAR; and
- strengthen out-reach to young people on intellectual property protection through media such as computer games and comics.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2001-02 (Actual) (\$m)	2002-03 (Approved) (\$m)	2002-03 (Revised) (\$m)	2003-04 (Estimate) (\$m)
(1) Statutory Functions	75.5	95.5	90.8	111.5
(2) Protection of Intellectual Property	16.1	18.2	17.3	15.0
	<u>91.6</u>	<u>113.7</u> (+24.1%)	<u>108.1</u> (-4.9%)	<u>126.5</u> (+17.0%)

Analysis of Financial and Staffing Provision

Programme (1)

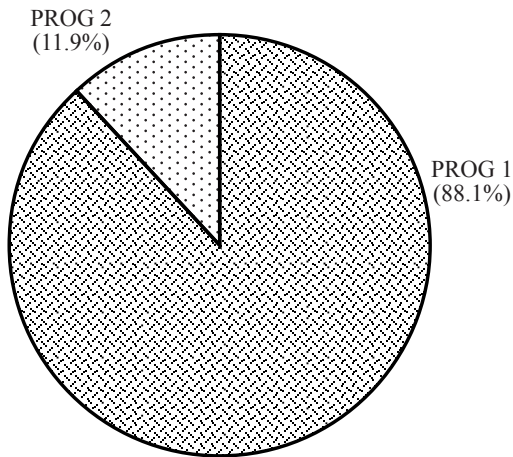
Provision for 2003-04 is \$20.7 million (22.8%) higher than the revised estimate for 2002-03. This is mainly due to salary increments for staff and increased cashflow requirement for outsourcing of non-core services of the department, partly offset by the full-year savings of posts deleted in 2002-03, the net deletion of one post and reduced operating expenses through efficiency savings.

Programme (2)

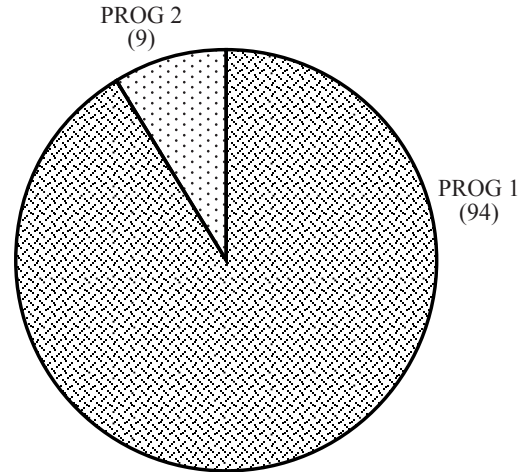
Provision for 2003-04 is \$2.3 million (13.3%) lower than the revised estimate for 2002-03. This is mainly due to the lapse of a supernumerary post for accommodating an officer on pre-retirement leave in 2002-03 and reduced cashflow requirement upon completion of a capital project.

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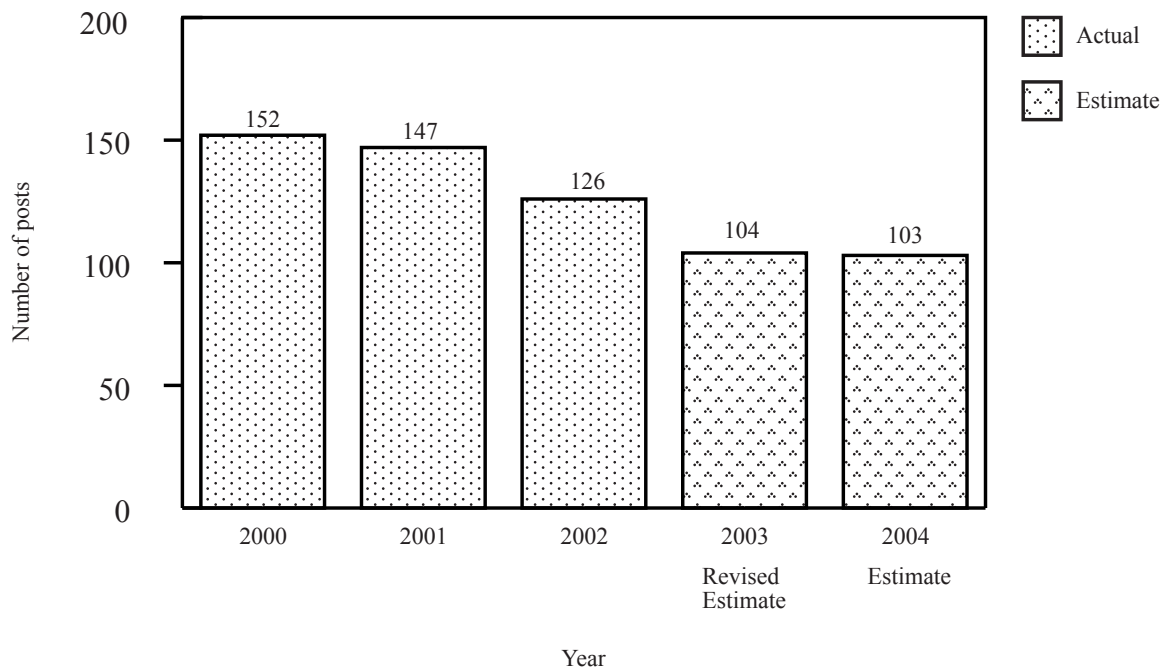
*Allocation of provision
to programmes
(2003-04)*



*Staff by programme
(as at 31 March 2004)*



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



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Sub-head (Code)	Actual expenditure 2001-02	Approved estimate 2002-03	Revised estimate 2002-03	Estimate 2003-04	
	\$'000	\$'000	\$'000	\$'000	
Recurrent Account					
000	Operational expenses.....	78,884	77,657	75,440	70,901
	Total, Recurrent Account.....	78,884	77,657	75,440	70,901
Capital Account					
II — Other Non-Recurrent					
700	General other non-recurrent	12,698	29,005	25,663	48,855
845	Publicity and educational programmes (block vote).....	—	7,005	7,005	6,786
	Total, Other Non-Recurrent	12,698	36,010	32,668	55,641
	Total, Capital Account	12,698	36,010	32,668	55,641
	Total Expenditure.....	91,582	113,667	108,108	126,542

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Details of Expenditure by Subhead

The estimate of the amount required in 2003–04 for the salaries and expenses of the Intellectual Property Department is \$126,542,000. This represents an increase of \$18,434,000 over the revised estimate for 2002–03 and of \$34,960,000 over actual expenditure in 2001–02.

Recurrent Account

2 Provision of \$70,901,000 under *Subhead 000 Operational expenses* is for the salaries and allowances of staff of the Intellectual Property Department and its other operating expenses. The decrease of \$4,539,000 (6.0%) against the revised estimate for 2002–03 is mainly due to the full-year savings of posts deleted in 2002–03, lapse of a supernumerary post for accommodating an officer on pre-retirement leave in 2002–03, the net deletion of one post and reduced operating expenses through efficiency savings, partly offset by salary increments for staff.

3 The establishment as at 31 March 2003 will be 104 permanent posts. It is expected that there will be a net deletion of one post in 2003–04. Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2003–04, but the notional annual mid-point salary value of all such posts must not exceed \$47,309,000.

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

	2001–02 (Actual) (\$'000)	2002–03 (Original Estimate) (\$'000)	2002–03 (Revised Estimate) (\$'000)	2003–04 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	59,113	62,085	58,979	57,823
- Allowances.....	2,095	2,100	1,759	1,475
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	—	—	—	144
Departmental Expenses				
- General departmental expenses.....	17,676	13,472	14,702	11,459
	78,884	77,657	75,440	70,901

Capital Account

Other Non-Recurrent

5 Provision of \$6,786,000 under *Subhead 845 Publicity and educational programmes (block vote)* is for expenditure incurred in organising publicity and educational programmes to increase the community's respect for and awareness of intellectual property rights.

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Capital Account

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2002	Revised estimated expenditure for 2002–03	Balance
			\$'000	\$'000	\$'000	\$'000
700		<i>General other non-recurrent</i>				
	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	4,451	24,799	93,380
		Total	124,454	4,451	24,799	95,204