

Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

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

Estimate 2013–14..... **\$121.5m**

Establishment ceiling 2013–14 (notional annual mid-point salary value) representing an estimated 114 non-directorate posts as at 31 March 2013 rising by six posts to 120 posts as at 31 March 2014 ... **\$65.2m**

In addition, there will be an estimated nine directorate posts as at 31 March 2013 and as at 31 March 2014.

Controlling Officer's Report

Programmes

<p>Programme (1) Statutory Functions Programme (2) Protection of Intellectual Property</p>	<p>These programmes contribute to Policy Area 6: Commerce and Industry (Secretary for Commerce and Economic Development).</p>
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Detail

Programme (1): Statutory Functions

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	2013–14 (Estimate)
Financial provision (\$m)	76.6	90.6	88.4 (–2.4%)	93.6 (+5.9%)
				(or +3.3% on 2012–13 Original)

Aim

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

Brief Description

3 The statutory functions involve:

- examining trademark applications, conducting registrability and opposition hearings, maintaining the register of trademarks and making it available for public search;
- examining patent applications, granting short-term patents, registering patents granted by designated Patent Offices, maintaining the register of patents and making it available for public search;
- examining design applications, maintaining the register of designs and making it available for public search; and
- examining applications for registration of copyright licensing bodies, maintaining the register of copyright licensing bodies and making it available for public search.

4 The registers of trademarks, patents and designs are all maintained in electronic format. The Department has provided electronic searching, filing, payment and publication services in respect of registration of trademarks, patents and designs since 2003. Using interactive services, owners of registered rights or their agents can directly make changes to particulars of owners and agents of trademarks, patents and designs, apply for extension of time for trademark applications and register assignments and assents for registered trademarks and trademark applications. These changes are updated on the Registries' records instantly. The electronic services have been well received. In 2012, the proportions of electronic filings for trademark, patent and design applications were 57 per cent, 60 per cent and 58 per cent respectively.

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5 The key performance measures in respect of statutory functions are:

Targets

	Target	2011 (Actual)	2012 (Actual)	2013 (Plan)
<i>For trademarks under the Trade Marks Ordinance (Cap. 559)</i>				
providing first response for trademark applications within two months (%)φ	97	99	99	97
providing second response for trademark applications within three months (%)Ω...	80	83	84	80
delivering hearing decisions on trademarks within six months (%)	96@	100	100	96
<i>For patents under the Patents Ordinance (Cap. 514)</i>				
processing standard patent applications within ten days (%)§	86	88	90	86
processing short-term patent applications within ten days (%)§	86	89	89	86
<i>For designs under the Registered Designs Ordinance (Cap. 522)</i>				
processing design applications within ten days (%)§	99	100	100	99

φ Calculated from the date of the Trade Marks Registry's notice confirming receipt of all the required information for substantive examination.

Ω Calculated from the date of expiry of first opinion or from the date of applicant's reply to first opinion.

@ Target revised from 95 per cent to 96 per cent as from 2013.

§ Calculated from the date of application.

Indicators

	2011 (Actual)	2012 (Actual)	2013 (Estimate)
<i>For trademarks under the Trade Marks Ordinance</i>			
applications received	32 559	35 530	35 500
applications successfully registered	24 122	26 383	28 460
first response issued for trademark applications	26 626	31 955	40 260
second response issued for trademark applications.....	3 689	3 612	3 700
hearing decisions issued.....	143	173	160
<i>For patents under the Patents Ordinance</i>			
applications for standard patents received	13 493	12 988	12 900
applications for short-term patents received	615	645	640
standard patents granted.....	5 050	5 035	5 050
short-term patents granted.....	517	515	510
<i>For designs under the Registered Designs Ordinance</i>			
applications received	2 353	2 552	2 660
designs registered.....	4 478	4 549	4 710
<i>For copyright licensing bodies under the Copyright Ordinance (Cap. 528)</i>			
applications received	0	0	0
applications successfully registered	0	0	0
applications for renewal of registration.....	5	5	5

Matters Requiring Special Attention in 2013–14

6 During 2013–14, the Department will continue to meet the challenges associated with the increased filing of trademark applications in the provision of quality registration services to the public.

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Programme (2): Protection of Intellectual Property

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	2013–14 (Estimate)
Financial provision (\$m)	24.0	24.6	25.6 (+4.1%)	27.9 (+9.0%)

(or +13.4% on
2012–13 Original)

Aim

7 The aims are to promote awareness of intellectual property (IP) rights, to enhance the reputation of Hong Kong in the protection of IP rights in order to attract investment and encourage innovation, and to protect existing and new types of IP rights in line with international trends and standards. Particular attention is paid to providing support for small and medium enterprises (SMEs) to help them protect their IP assets in Hong Kong and in the region, with a focus on promoting active prevention of IP rights infringement.

Brief Description

8 This programme area involves:

- advising the Secretary for Commerce and Economic Development (SCED) on policies and legislation to strengthen protection of IP in Hong Kong;
- providing civil legal advice on IP matters to government bureaux and departments;
- advising SCED on relevant developments at the World Intellectual Property Organization, World Trade Organization (WTO) and Asia-Pacific Economic Cooperation (APEC);
- participating in consultations, negotiations and committees of experts leading to new or revised international IP rights standards; attending and participating in international seminars, conferences, meetings, etc. on IP rights matters;
- promoting IP services provided by Hong Kong professionals, facilitating the understanding of IP laws and systems in the Mainland by Hong Kong enterprises operating in the region; and
- strengthening co-operation with the Guangdong Province and the Pearl River Delta region so as to assist Hong Kong SMEs operating in the Mainland in protecting and managing their IP assets.

9 The Department has continued its territory-wide campaigns such as the “No Fakes Pledge” Scheme and “I Pledge” Campaign to encourage pride in the selling and buying of genuine goods among Hong Kong retailers, tourists and local consumers. In 2012, nine trade associations with 795 retail merchants, covering 6 196 outlets in Hong Kong, took part in the “No Fakes Pledge” Scheme. For the “I Pledge” Campaign, the Department has collaborated with the right-holders and youth associations to organise two “I Pledge” events, an on-line game design competition and an annual event at the Ocean Park.

10 The Department has continued its primary and secondary school visits programme into the sixteenth year with the aim of promoting respect for IP rights in the younger generation. In 2012, this programme covered 111 schools and 33 929 students. To promote awareness of IP rights among students and young people, the Department has continued to organise an interactive drama programme in primary and secondary schools and seminars in tertiary institutions.

11 SMEs have remained one of the prime targets of our promotion and education efforts. Through seminars and exhibitions organised by the Department itself or in collaboration with others, the Department has helped SMEs understand the importance of protecting their IP rights and raise their awareness of innovation and IP management, particularly on the kind of IP solutions that they seek and the kind of IP that might be available for sale in the target market.

12 The Department conducted benchmark surveys (one targeted for the general public and the other for the business community) from October to December 2012 to evaluate the awareness level on IP. The surveys are expected to be completed by the first quarter of 2013.

13 In 2012, the Government worked with stakeholders to enhance copyright protection in the digital environment and explored measures against on-line copyright infringement. To ensure that proceedings before the Copyright Tribunal can be dealt with efficiently and cost-effectively, a new set of the Copyright Tribunal Rules was being prepared.

14 The Government considered the views received in response to the public consultation and the recommendations of the Advisory Committee on the review of patent system in Hong Kong. It is expected that proposals on the future positioning of the system will be announced in the first quarter of 2013.

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15 The key performance measures in respect of IP protection are:

Indicators

	2011 (Actual)	2012 (Actual)	2013 (Estimate)
visits, seminars, conferences and workshops	101	84#	85
speeches and presentations	52	56	56
media interviews, briefings and press conferences	26	25	25
school visits	67	111Δ	100

The decrease was due to a reduction in the number of visits from overseas and the Mainland and also a lesser number of seminars owing to the completion of the two-year Intellectual Capital Management Programme in March 2011.

Δ The school visit programme was largely determined by the number of requests from schools. In the five years ending 2011, the actual number of school visits conducted per annum were 84, 71, 73, 91 and 67 respectively. All requests from schools have been met. For the school year starting in September 2011, having regard to the in-house training requirement, certain school visits arranged in the fourth quarter of 2011 had been rescheduled for the first quarter of 2012. As a result, the number of school visits in 2012 was higher than previous years. It is expected that the demand for school visits will be maintained at a high level in 2013 due to the general increase of IP awareness.

Matters Requiring Special Attention in 2013–14

16 During 2013–14, the Department will:

- continue to provide policy, legal and technical advice to the Commerce and Economic Development Bureau (CEDB) on enhancing copyright protection in the digital environment and on legislative proposals to update the Copyright Ordinance and its subsidiary legislation;
- continue to provide policy, legal and technical advice to CEDB in relation to formulation of the Administration’s detailed proposals on the future patent system in Hong Kong;
- continue to play a proactive role in the APEC and the Trade-Related Aspects of IP Rights Council of the WTO, and, through such institutions, to provide appropriate technical assistance to developing and least-developed economies overseas;
- support the business community in strengthening their IP protection in the Mainland through the Guangdong/Hong Kong Expert Group on the Protection of IP Rights;
- disseminate information through the Internet on the IP systems in the Mainland, Hong Kong Special Administrative Region and Macao Special Administrative Region;
- strengthen the out-reach effort to young people on IP protection through school visits and promotion activities;
- organise promotion and education activities specially for SMEs with emphasis placed on the prevention of IP infringement;
- continue collaboration with stakeholders to strengthen and publicise the “No Fakes Pledge” Scheme to promote the sale of genuine products; and
- continue to promote the understanding of the value of IP trading.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2011-12 (Actual) (\$m)	2012-13 (Original) (\$m)	2012-13 (Revised) (\$m)	2013-14 (Estimate) (\$m)
(1) Statutory Functions.....	76.6	90.6	88.4	93.6
(2) Protection of Intellectual Property ...	24.0	24.6	25.6	27.9
	100.6	115.2	114.0 (-1.0%)	121.5 (+6.6%)
				(or +5.5% on 2012-13 Original)

Analysis of Financial and Staffing Provision

Programme (1)

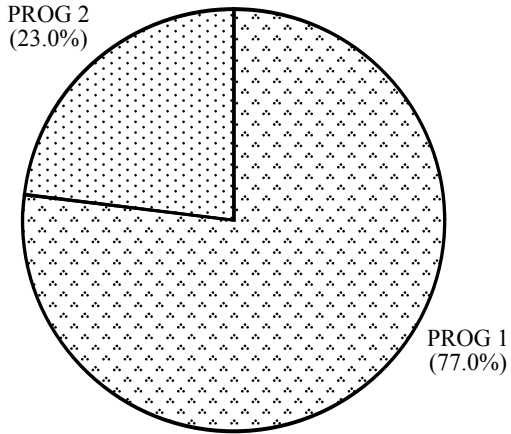
Provision for 2013-14 is \$5.2 million (5.9%) higher than the revised estimate for 2012-13. This is mainly due to the increased salary provision arising from the creation of one post to enhance information technology support and one post to replace a non-civil service contract position, the filling of existing vacancies, and the increased requirements in personnel related expenses and general departmental expenses.

Programme (2)

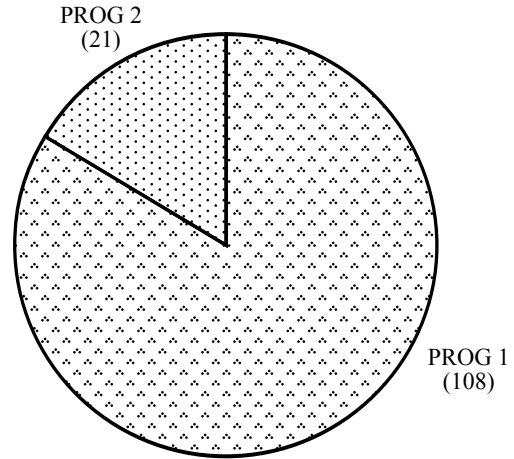
Provision for 2013-14 is \$2.3 million (9.0%) higher than the revised estimate for 2012-13. This is mainly due to the increased salary provision arising from the creation of four posts to replace four non-civil service contract positions, the filling of existing vacancies, and the increased requirements in personnel related expenses, partly offset by the reduced requirements in other charges.

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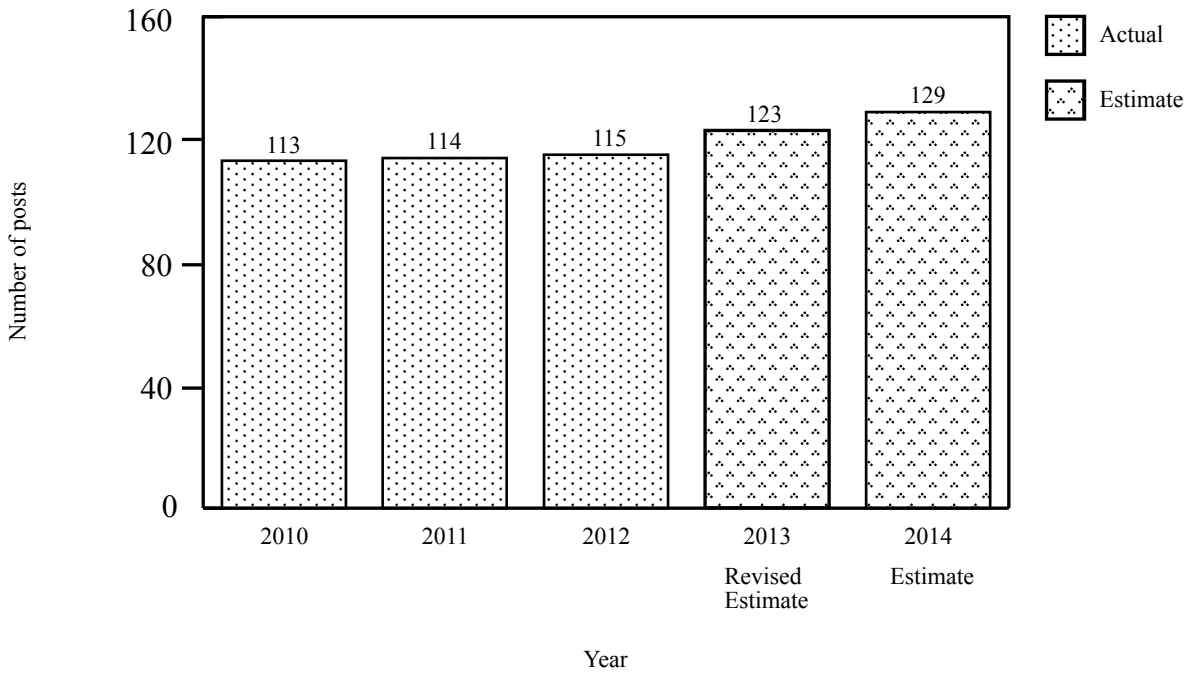
*Allocation of provision
to programmes
(2013-14)*



*Staff by programme
(as at 31 March 2014)*



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



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Sub-head (Code)	Actual expenditure 2011-12	Approved estimate 2012-13	Revised estimate 2012-13	Estimate 2013-14	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	100,556	115,177	113,970	121,505
	Total, Recurrent	100,556	115,177	113,970	121,505
	Total, Operating Account.....	100,556	115,177	113,970	121,505
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	Total Expenditure	<u>100,556</u>	<u>115,177</u>	<u>113,970</u>	<u>121,505</u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2013–14 for the salaries and expenses of the Intellectual Property Department is \$121,505,000. This represents an increase of \$7,535,000 over the revised estimate for 2012–13 and of \$20,949,000 over actual expenditure in 2011–12.

Operating Account

Recurrent

2 Provision of \$121,505,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Intellectual Property Department.

3 The establishment as at 31 March 2013 will be 123 permanent posts. It is expected that there will be a net increase of six posts in 2013–14. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2013–14, but the notional annual mid-point salary value of all such posts must not exceed \$65,239,000.

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

	2011–12 (Actual) (\$'000)	2012–13 (Original) (\$'000)	2012–13 (Revised) (\$'000)	2013–14 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	65,886	70,397	69,784	75,753
- Allowances	1,780	3,140	2,318	2,949
- Job-related allowances.....	—	1	1	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution	190	258	197	268
- Civil Service Provident Fund contribution	1,287	1,972	2,088	2,967
Departmental Expenses				
- General departmental expenses	22,948	29,509	29,142	29,667
Other Charges				
- Publicity and educational programmes	8,465	9,900	10,440	9,900
	100,556	115,177	113,970	121,505