

Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

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

Estimate 2000–01	\$88.3m
Establishment ceiling 2000–01 (notional annual mid-point salary value) representing an estimated 145 non-directorate posts at 31 March 2000 rising by 14 posts to 159 posts at 31 March 2001	\$58.7m
In addition there will be an estimated seven directorate posts at 31 March 2000 and at 31 March 2001.	
Capital Account commitment balance	\$13.3m

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: Trade and Industry (Secretary for Trade and Industry).</p>
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Detail

Programme (1): Statutory Functions

	1998–99 (Actual)	1999–2000 (Approved)	1999–2000 (Revised)	2000–01 (Estimate)
Financial provision (\$m)	63.5	72.4 (+14.0%)	68.9 (–4.8%)	74.2 (+7.7%)

Aim

2 The aim is to provide cost-effective and efficient administrative systems for the registration of trade marks, patents and designs to provide a better service to business 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 1999, the department met all its performance pledges. The performance measures are:

Targets

	Target	1998 (Actual)	1999 (Actual)	2000 (Plan)
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	8	5	6
time taken to process or record 75% of applications for assignment of registered trade marks (months)	3.5	3.5	3.5	3.5
time taken to process or record 80% of applications for change of records of registered trade mark (months)	1.5	1.5	1.5	1.5
time taken to process 70% of standard patent applications filed under the Patents Ordinance (months)	3	3	2.5	2.5

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	Target	1998 (Actual)	1999 (Actual)	2000 (Plan)
time taken to process 70% of short-term patent applications filed under the Patents Ordinance (months).....	3	3	2	2
time taken to process 70% of design applications (months)	3	3	2.5	2.5

Indicators

	1998 (Actual)	1999 (Actual)	2000 (Estimate)
<i>For trade marks</i>			
applications for registration received	17 631	19 885	19 200
examination reports issued for trade mark applications	18 637	20 568	20 400
trade mark applications re-examined	39 264	44 076	45 600
trade marks registered	13 578	17 135	17 400
assignments of registered trade marks recorded.....	2 903	2 976	3 000
changes of records of registered trade marks completed.....	9 485	10 170	10 000
public searches conducted.....	10 617	13 440	13 000
<i>For patents</i>			
<i>under the repealed Patents Ordinance</i>			
patents registered	21	N.A.§	N.A.§
<i>under the new Patents Ordinance</i>			
applications for standard patent received	19 139	6 040	6 000
applications for short-term patent received	113	175	160
standard patents granted.....	2 434	2 502	1 800
short-term patents granted.....	51	117	120
<i>For designs</i>			
applications for registration received	1 660	1 800	1 700
designs registered.....	2 712	2 613	2 400

§ Not applicable

5 During 1999–2000, the department contracted out some data input activities so as to reduce the cost of registry operations. The department will continue to explore other non-core activities suitable for contracting out.

6 During 1999–2000, the department resolved a greater number of outstanding trade mark cases and was able to reduce the waiting time for opposition hearings by more than 11%.

Matters Requiring Special Attention in 2000–01

7 During 2000–01, subject to legislative approval, a new trade mark law will be enacted to streamline the registration system.

8 During 2000–01, we intend to meet the hearing times achieved in 1999–2000 despite a significant increase in the number of cases requiring hearings particularly registrability hearings.

Programme (2): Protection of Intellectual Property

	1998–99 (Actual)	1999–2000 (Approved)	1999–2000 (Revised)	2000–01 (Estimate)
Financial provision (\$m)	6.9	12.1 (+75.4%)	12.5 (+3.3%)	14.1 (+12.8%)

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 Trade 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;

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- 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
- 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 intellectual property rights infringement in Hong Kong, steps are being taken (i) to include piracy and counterfeiting offences in Schedule 1 to the Organised and Serious Crimes Ordinance (Cap 455); (ii) to prevent bootlegging by creating an offence of unauthorised possession of video recording equipment in a place of public entertainment; and (iii) to clarify the law to facilitate prosecution of corporate copyright piracy offenders. The amendments to Schedule 1 to Cap 455 were approved by the Legislative Council on 12 January 2000. The Intellectual Property (Miscellaneous Amendments) Bill, which deals with items (ii) and (iii), was also introduced into the Legislative Council on 26 January 2000.

12 During 1999–2000, the department launched a number of territory-wide campaigns, including the “Get Real” campaign and the “I Pledge” campaign which aim at raising awareness of intellectual property rights among Hong Kong people.

13 The department has worked closely with related institutions. Many trade marks owners provided their consent for the department to use or display their trade marks in a number of exhibitions or promotional materials on intellectual property protection. For example, the exhibition on old trade marks in the Celebration of the 125th Anniversary of the Trade Marks Registry, the road show for the “Get Real” campaign, and the Announcement of Public Interest. The “Inventors’ Millennium Vision” was launched in October 1999 in collaboration with the Hong Kong Inventors Association.

14 The department has prepared a series of handbooks on the protection of intellectual property rights for civil servants, journalists and teachers.

15 The department has continued its secondary school visit programme with a view to fostering the awareness of intellectual property rights and instilling a law-abiding and creative attitude among the young. In 1999, this programme covered 83 schools and 33 225 students.

16 To liaise with other industries, the department co-organised the International Symposium on Intellectual Property and Information Technology 1999, which was held from 4-5 November 1999.

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

Indicators

	1998 (Actual)	1999 (Actual)	2000 (Estimate)
visits, seminars, conferences and workshops.....	107	134	140
speeches and presentations	45	50	55
media interviews, briefings and press conferences	65	66	70
school visits	97	83	83

Matters Requiring Special Attention in 2000–01

18 During 2000–01, the department will:

- continue to participate in international intellectual property activities particularly in the lead up to the Trade Related Aspects of Intellectual Property Rights review of HKSAR’s intellectual property legislation which will take place in mid-2000;
- consider the need for further legislation to combat intellectual property rights infringements;
- focus our education effort on students, the education sector and small and medium enterprises (SME), including preparing more sophisticated teaching materials for adults, publicity campaigns to promote awareness of intellectual property rights among youngsters and SMEs;
- 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 the effectiveness of our education programme.

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ANALYSIS OF FINANCIAL PROVISION

Programme	1998-99 (Actual) (\$m)	1999-2000 (Approved) (\$m)	1999-2000 (Revised) (\$m)	2000-01 (Estimate) (\$m)
(1) Statutory Functions	63.5	72.4	68.9	74.2
(2) Protection of Intellectual Property	6.9	12.1	12.5	14.1
	<hr/> 70.4	<hr/> 84.5 (+20.0%)	<hr/> 81.4 (-3.7%)	<hr/> 88.3 (+8.5%)

Analysis of Financial and Staffing Provision

Programme (1)

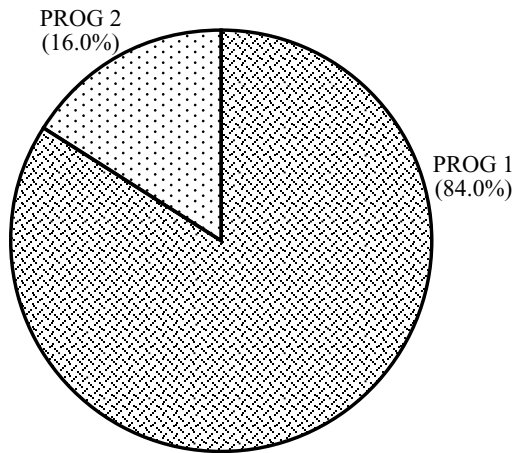
Provision for 2000-01 is \$5.3 million (7.7%) higher than the revised estimate for 1999-2000. This is mainly due to salary increments for existing staff, full-year provision for vacancies filled in 1999-2000, provision for 14 new posts for the trade mark law reform and administrative support, and additional resources for implementation of an international registration system under Madrid Protocol, partly offset by reduced operating expenses under the Enhanced Productivity Programme.

Programme (2)

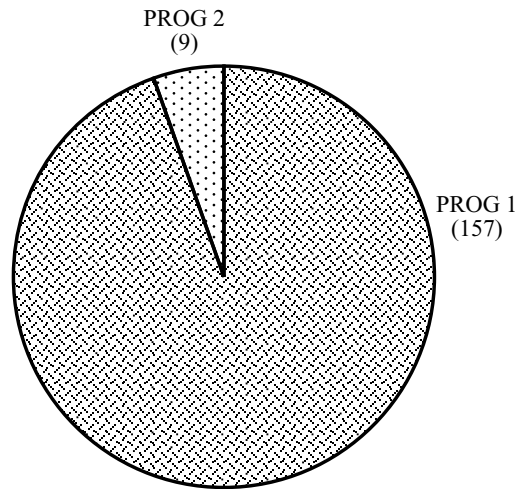
Provision for 2000-01 is \$1.6 million (12.8%) higher than the revised estimate for 1999-2000. This is mainly due to the additional provision for promotion and publicity campaigns on protection of intellectual property rights in 2000-01.

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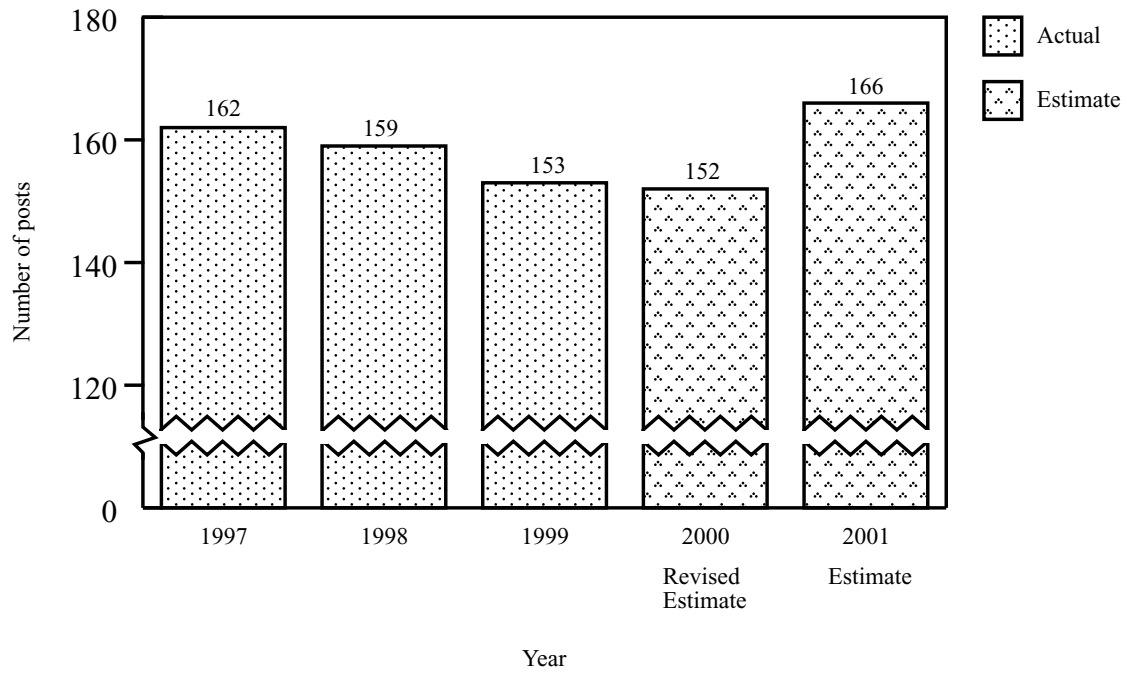
*Allocation of provision
to programmes
(2000-01)*



*Staff by programme
(as at 31 March 2001)*



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



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Sub-head (Code)	Actual expenditure 1998-99	Approved estimate 1999-2000	Revised estimate 1999-2000	Estimate 2000-01	
	\$'000	\$'000	\$'000	\$'000	
Recurrent Account					
000	Operational expenses	—	78,500	74,812	80,349
	Salaries	57,618	—	—	—
	Allowances	3,583	—	—	—
	General departmental expenses	7,409	—	—	—
	Total, Recurrent Account	<u>68,610</u>	<u>78,500</u>	<u>74,812</u>	<u>80,349</u>
Capital Account					
II — Other Non-Recurrent					
700	General other non-recurrent	1,831	6,000	6,574	7,927
	Total, Other Non-Recurrent	<u>1,831</u>	<u>6,000</u>	<u>6,574</u>	<u>7,927</u>
	Total, Capital Account	<u>1,831</u>	<u>6,000</u>	<u>6,574</u>	<u>7,927</u>
	Total Expenditure	<u><u>70,441</u></u>	<u><u>84,500</u></u>	<u><u>81,386</u></u>	<u><u>88,276</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2000–01 for the salaries and expenses of the Intellectual Property Department is \$88,276,000. This represents an increase of \$6,890,000 over the revised estimate for 1999–2000 and of \$17,835,000 on actual expenditure in 1998–99.

Recurrent Account

2 Provision of \$80,349,000 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 \$5,537,000 (7.4%) over the revised estimate for 1999–2000 is mainly due to salary increments for existing staff, full-year provision for vacancies filled in 1999–2000 and the creation of 14 new posts for the trade mark law reform and administrative support in 2000–01, partly offset by 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 2000 will be 152 permanent posts. It is expected that 14 posts will be created in 2000–01. Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2000–01, but the notional annual mid-point salary value of all such posts must not exceed \$58,744,000.

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

	1998–99 (Actual) (\$'000)	1999–2000 (Original Estimate) (\$'000)	1999–2000 (Revised Estimate) (\$'000)	2000–01 (Estimate) (\$'000)
Personal emoluments				
- Salaries	57,618	63,504	58,151	63,937
- Allowances	3,583	2,960	3,178	3,115
Departmental expenses				
- General departmental expenses	7,409	12,036	13,483	13,297
	68,610	78,500	74,812	80,349

5 Subject to the cash-limited ceiling of \$80,349,000 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. As part of the pilot on one-line vote 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.

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Capital Account

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.99	Revised estimated expenditure for 1999–2000	Balance
			\$'000	\$'000	\$'000	\$'000
700		<i>General other non-recurrent</i>				
	005	Temporary staff to clear the trade marks applications.....	1,000	246	574	180
	006	Three-year publicity campaign to increase the awareness and respect for intellectual property rights.....	8,000	—	6,000	2,000
	007	Delivery of new strategy to change the community's attitude to intellectual property	9,317	—	—	9,317
	008	Implementation of an international registration system under Madrid Protocol	1,824	—	—	1,824
		Total	<u>20,141</u>	<u>246</u>	<u>6,574</u>	<u>13,321</u>