

Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

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

Estimate 2002–03 **\$113.7m**

Establishment ceiling 2002–03 (notional annual mid-point salary value) representing an estimated 121 non-directorate posts at 31 March 2002 reducing by 21 posts to 100 posts at 31 March 2003 **\$53.8m**

In addition there will be an estimated seven directorate posts at 31 March 2002 and at 31 March 2003.

Capital Account commitment balance **\$117.4m**

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 Industry).</p>
---	---

Detail

Programme (1): Statutory Functions

	2000–01 (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	66.8	103.2 (+54.5%)	81.7 (–20.8%)	95.5 (+16.9%)

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;
- 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 2001, the department met all its performance pledges. The key performance measures are:

Targets

	Target	2000 (Actual)	2001 (Actual)	2002 (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	4	4	3
time taken to process or record 75% of applications for assignment of registered trade marks (months).....	3.5	3.5	3.5	3
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

Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

	Target	2000 (Actual)	2001 (Actual)	2002 (Plan)
time taken to process 70% of standard patent applications filed under the Patents Ordinance (months)	3	2.5	2.5	2
time taken to process 70% of short-term patent applications filed under the Patents Ordinance (months)	3	2	2	1.5
time taken to process 70% of design applications (months)	3	2.5	2.5	2

Indicators

	2000 (Actual)	2001 (Actual)	2002 (Estimate)
<i>For trade marks</i>			
applications for registration received	28 114	20 945	26 000
examination reports issued for trade mark applications	31 327	22 904	26 000
registry's responses to applicants' replies	31 099	38 288	35 000
trade marks registered	16 920	14 219	17 000
assignments of registered trade marks recorded	3 351	5 770	4 000
changes of records of registered trade marks completed ..	10 229	14 586	13 000
public searches conducted	17 010	13 894	15 000
<i>For patents</i>			
applications for standard patent received	8 295	8 914	9 000
applications for short-term patent received	274	312	330
standard patents granted	2 737	1 146	1 200
short-term patents granted	233	271	270
<i>For designs</i>			
applications for registration received	1 904	1 977	2 200
designs registered	2 684	2 864	3 000
<i>For copyright licensing bodies</i>			
applications for registration received#	—	1	2
applications for renewal of registration#	—	—	1
applications registered#	—	1	3

New indicator introduced in July 2001.

5 During 2001–02, the department awarded a 5-year contract to outsource its non-core activities, which included the development of new computer systems for trade marks and designs, enhancement of the patent computer system, on-going IT support and front/back office operations.

6 During 2001–02, the department resolved a greater number (up 30% on 2000–01) of trade mark cases that were ready for hearing.

Matters Requiring Special Attention in 2002–03

7 During 2002–03, the department will implement the new trade mark law and develop an e-business model for registration and processing of trade marks, patents and designs applications. To increase transparency and to enhance user-friendliness of the registration systems, more seminars/workshops will be provided to users. A more robust approach to examine trade mark registration applications will be adopted. This will result in a shorter timeframe for the examination of applications.

8 During 2002–03, we anticipate an increase in registrability hearings as a result of the commencement of the new trade mark law.

Programme (2): Protection of Intellectual Property

	2000–01 (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	10.9	13.6 (+24.8%)	15.7 (+15.4%)	18.2 (+15.9%)

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

Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

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;
- advising the Secretary for Commerce and Industry 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
- promoting our values concerning 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 During 2001–02, the department continued its efforts in launching territory-wide campaigns such as the “No Fakes” Pledge and the “I-Pledge” Campaign. The department also participated in various exhibitions, including the SME Market Day, Comics Festival, IT Festivals and iDEA Expo 2001. The “Creativity Fair” which took place at the Tamar Site in November 2001 was aimed at promoting creativity and respect for intellectual property rights.

12 Through seminars and other fora for school principals, teachers, school administrators, librarians, business organisations and civil servants, the department raised their level of knowledge on intellectual property and promoted compliance with intellectual property rights. A reference kit for business organisations entitled “Understand Intellectual Property” was distributed free of charge to business organisations, particularly small and medium enterprises, through their trade associations.

13 The department continued its secondary school visit programme into the fifth year with a view to fostering the awareness of intellectual property rights and to instilling a law-abiding and creative attitude among our young generation. In 2001, this programme covered 68 secondary schools and 26 540 students.

14 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 programme. The result of the survey in consecutive years has shown that there has been notable increases in the percentages of the public who have a good understanding of intellectual property rights.

15 The department worked closely with institutions on the protection of intellectual property. With the support of the Anti-piracy Alliance, the department produced a television series of 13 short episodes. The series dealt with piracy and counterfeiting activities and focused on how to avoid infringing other people’s intellectual property rights in everyday situations. Broadcast of the programme started in 2001. The second phase of the “Inventors’ Millennium Vision” was launched in 2000 in collaboration with the Hong Kong Inventors’ Association and was satisfactorily concluded in July 2001.

16 The department will host an APEC Training Seminar as part of the APEC enhancing programme from 25 February to 1 March 2002 and an APEC Intellectual Property Experts Group Meeting and a Symposium on Traditional Medicine from 19 March to 23 March 2002.

17 The key performance measures are:

Indicators

	2000 (Actual)	2001 (Actual)	2002 (Estimate)
visits, seminars, conferences and workshops	167	150	180
speeches and presentations.....	67	55	75
media interviews, briefings and press conferences	69	46	75
school visits.....	68	68	75

Matters Requiring Special Attention in 2002–03

18 During 2002–03, the department will:

- advise the Secretary for Commerce and Industry before and during the legislative process on the liberalisation of parallel importation of computer software products;
- advise the Secretary for Commerce and Industry after the public consultation exercise on various copyright issues held in November 2001;
- continue to participate in other international intellectual property activities;

Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

- continue to play a pro-active role in APEC and the Trade-Related Intellectual Property Rights Council of the WTO, and through such institutions to provide appropriate technical assistance to developing and least-developed economies overseas;
- expand dissemination of information on the website of the department;
- focus our education effort on students and the education sector and create a dedicated interactive website for teachers and students of primary and secondary schools;
- continue to interface and network with institutions and the public on good intellectual property management;
- organise seminars, exhibitions and fairs on intellectual property; and
- service the scheme of Government Intellectual Property Compliance Officers launched in January 2000.

Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

ANALYSIS OF FINANCIAL PROVISION

Programme	2000-01 (Actual) (\$m)	2001-02 (Approved) (\$m)	2001-02 (Revised) (\$m)	2002-03 (Estimate) (\$m)
(1) Statutory Functions.....	66.8	103.2	81.7	95.5
(2) Protection of Intellectual Property.....	10.9	13.6	15.7	18.2
	<hr/> 77.7	<hr/> 116.8 (+50.3%)	<hr/> 97.4 (-16.6%)	<hr/> 113.7 (+16.7%)

Analysis of Financial and Staffing Provision

Programme (1)

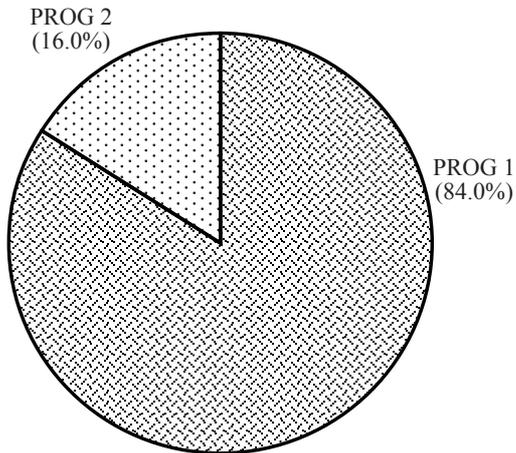
Provision for 2002-03 is \$13.8 million (16.9%) higher than the revised estimate for 2001-02. This is mainly due to salary increments for staff, provision for two new posts for legal and administrative support, and increased cashflow requirement for outsourcing of non-core services of the department, partly offset by the deletion of 23 posts and reduced operating expenses under the Enhanced Productivity Programme.

Programme (2)

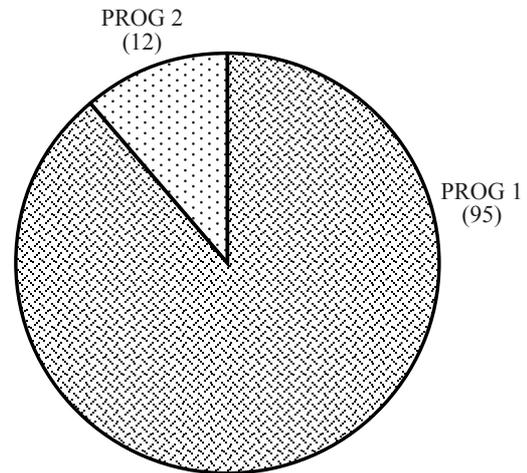
Provision for 2002-03 is \$2.5 million (15.9%) higher than the revised estimate for 2001-02. This is mainly due to the increased provision to strengthen the support for publicity and educational programmes to raise the awareness and respect for intellectual property rights, partly offset by reduced cashflow requirement for capital account items.

Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

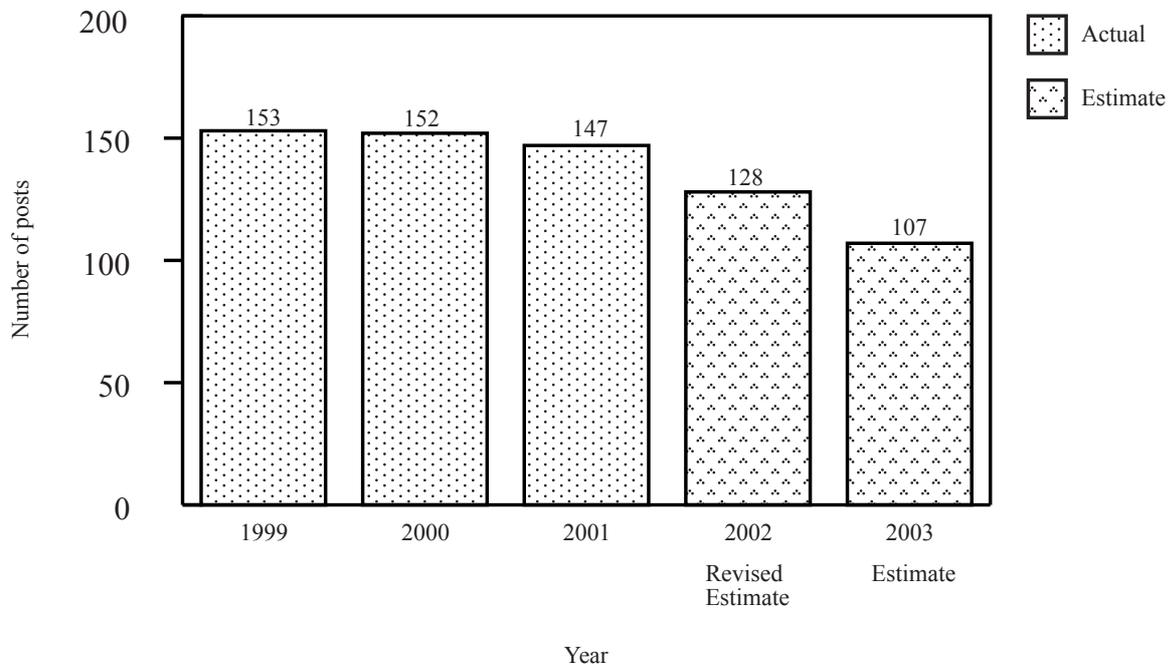
*Allocation of provision
to programmes
(2002-03)*



*Staff by programme
(as at 31 March 2003)*



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



Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

Sub-head (Code)	Actual expenditure 2000-01	Approved estimate 2001-02	Revised estimate 2001-02	Estimate 2002-03	
	\$'000	\$'000	\$'000	\$'000	
Recurrent Account					
000	Operational expenses	72,375	79,160	81,160	77,657
	Total, Recurrent Account	72,375	79,160	81,160	77,657
Capital Account					
II — Other Non-Recurrent					
700	General other non-recurrent	5,293	37,677	16,244	29,005
845	Publicity and educational programmes (block vote)	—	—	—	7,005
	Total, Other Non-Recurrent	5,293	37,677	16,244	36,010
	Total, Capital Account	5,293	37,677	16,244	36,010
	Total Expenditure	77,668	116,837	97,404	113,667

Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

Details of Expenditure by Subhead

The estimate of the amount required in 2002–03 for the salaries and expenses of the Intellectual Property Department is \$113,667,000. This represents an increase of \$16,263,000 over the revised estimate for 2001–02 and of \$35,999,000 over actual expenditure in 2000–01.

Recurrent Account

2 Provision of \$77,657,000 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 \$3,503,000 (4.3%) against the revised estimate for 2001–02 is mainly due to the deletion of 23 posts and reduced operating expenses under the Enhanced Productivity Programme, partly offset by salary increments for staff and the creation of two new posts for legal and administrative support in 2002–03. Management and control of the department's operational expenses take the form of a one-line vote.

3 As a vote-funded department, the department is subject to establishment control. The establishment at 31 March 2002 will be 128 permanent posts. It is expected that there will be a net deletion of 21 posts in 2002–03. Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2002–03, but the notional annual mid-point salary value of all such posts must not exceed \$53,794,000.

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

	2000–01 (Actual) (\$'000)	2001–02 (Original Estimate) (\$'000)	2001–02 (Revised Estimate) (\$'000)	2002–03 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	57,133	64,644	60,240	62,085
- Allowances	1,895	1,674	2,284	2,100
Departmental Expenses				
- General departmental expenses	13,347	12,842	18,636	13,472
	72,375	79,160	81,160	77,657

Capital Account

Other Non-recurrent

5 Provision of \$7,005,000 under *Subhead 845 Publicity and educational programmes (block vote)* is for expenditure incurred on organising publicity and educational programmes to increase the community's respect for and awareness of intellectual property rights.

Head 78 — INTELLECTUAL PROPERTY DEPARTMENT

Capital Account

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2001	Revised estimated expenditure for 2001-02	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	92	6,965	115,573
		Total	<u>124,454</u>	<u>92</u>	<u>6,965</u>	<u>117,397</u>