Licensing Executives Society
China - Hong Kong Sub-Chapter

CONSULTATION ON REGULATION OF PATENT AGENCY SERVICES

COMMENTS FROM

LICENSING EXECUTIVES SOCIETY CHINA, HONG KONG SUB-CHAPTER ("LESC-HK")

(A) <u>Possible Interim Measures</u>

The interim measures should have regard to the early building and recognition of a regulated patent agency profession through increasing the awareness of users of the relevant qualifications and experience of Patent Agents. In this connection -

(i) Should we draw up and publish a list or register of Patent Agents with their qualifications for public information as a first step?

It is perhaps too immature to draw up and publish a list or register of Patent Agents in the interim when even the basic framework for inclusion or removal of persons from the list or register is not yet available. It is important to have a holistic approach and we should decide on what professional titles we should control, for what purpose, how to do so and the like before rushing to establish any register or list.

Presently, the term "Patent Agent" is not a defined term and is not a protected title regulated in Hong Kong. Hence anyone can call himself/herself a Patent Agent even though he/she may not have any relevant qualification, patent knowledge or experience at all. If the Administration were to proceed with establishing a list or register of Patent Agents, whether as a temporary measure or permanently, LESC-HK supports the regulation of the title "Patent Agent" (including its variations) so that any person using the title "Patent Agent", "Registered Patent Agent" or "Hong Kong Registered Patent Agent" and the like must have passed the relevant examinations and fulfilled certain criteria as further elaborated in this paper. Similar registers have already been adopted in many countries, such as Australia, China, Europe and the US. On the other hand, for reasons set out below, as well as the need not to mislead the public into thinking that persons having the title "Patent Agent",

"Registered Patent Agent" or "Hong Kong Registered Patent Agent" and the like have had legal training and can provide legal advice on patent matters, LESC-HK does not support giving non-legally trained persons the title "Patent Attorney", "Registered Patent Attorney" or "Hong Kong Registered Patent Attorney" and the like.

Since having a list or register of "Patent Agents" would allow members of the public to assume that those individuals using that title actually possess objectively recognized patent expertise, training and qualification, it is also of paramount importance that there should be a parallel mechanism whereby these Patent Agents may be removed from the list or register under certain specified conditions, whether the list or register is an interim one or a permanent one.

It should be noted that in the United Kingdom, persons with science degree who have passed patent examinations are given the title "registered patent agents", "patent agents" or "registered patent attorneys". The title is controlled, but no area of work is reserved for persons with such title1. In fact, solicitors are entitled to call themselves "patent attorneys" without contravening the law (see S 278 of the CDPA). As a result, LESC-HK does not believe that titles such as "patent attorney", "patent lawyer", "patent solicitor", "patent barrister", "attorney for patents" etc. should be regulated and any lawyer who has been practising patent law, whether in advice, litigation, commercial transactions, may continue to use such titles as appropriate.

(ii) If so what are the criteria for inclusion in the proposed list or register and what specific information should be provided? Should the provision of information be entirely voluntary?

As a world-class city, Hong Kong should adopt criteria similar to other advanced legal jurisdictions, particularly common law jurisdictions such as Canada, Australia and the United Kingdom. The US and China can also be referred to for guidance due to their close business connections with Hong Kong and the fact that these jurisdictions are usually of great importance to users of patent services.

High standards in line with those adopted in the common law jurisdictions are important in order to ensure that public interest is well protected and the high integrity of the Hong Kong legal system is maintained. In the interest of the public, to further transparency and to

[1] http://www.legislation.gov.uk/ukpga/1988/48/part/V/crossheading/patent-agents.

ensure the integrity of the interim list or register of Patent Agents ("Interim Register"), the standard required for inclusion should be no less stringent than for Patent Agents of these other reputable jurisdictions.

In almost all of the well-developed foreign patent systems, in order for a person to be entitled to use the title of "Patent Agent", the following are generally mandatory requirements:

(a) have a qualification in the field of science and technology;
(b) undergo a period of professional training under the supervision of a professional in the field of patents (this can be 2 to 3 years depending on the jurisdiction); and
(c) pass the required patent specific examinations.

It is generally expected that the Administration would aim at improving and promoting Hong Kong as having a sophisticated and world-class patent system. It is therefore all the more important that any person calling himself/herself a "Patent Agent" must have reached a high standard of competency and qualification in patents law and practices, no less than those of other sophisticated jurisdictions that Hong Kong considers itself to be on par with.

On the other hand, patent practice is by its nature almost always international in that users would wish to file in more than one country, and not just in Hong Kong (which is often considered a small market). Moreover, due to international treaties, the law and practice of patent in most developed nations are similar to a certain extent. Thus, patent practitioners are often required to have some knowledge of the patent systems in different jurisdictions and to advise on a "global strategy". As a result, since Hong Kong does not currently have its own qualification system and it is unclear when or whether it will have one, it is inevitable that the Interim Register will need to include all those Patent Agents who have been qualified in other jurisdictions, provided that it should be specified on the Interim Register against the names of the Patent Agents:

(a) his/her official qualification;
(b) the country in which the specific Patent Agent has attained and still maintains such qualification; and
(c) the year in which such qualification is attained.

The provision of such information must be mandatory rather than voluntary.

In addition, in order to gain respect from the international community and to increase the attractiveness of Hong Kong as an IP hub, Hong Kong should have a clear definition of the protected titles “Patent Agent”, “Registered Patent Agent” or “Hong Kong Registered Patent Agent” and such definition should be consistent with international norms. In other words, no person should be allowed to use such controlled titles unless he or she has passed the relevant examinations and still keeps compliance with the regulatory or governing standards as required under their qualifying jurisdictions.

The purpose of the Interim Register is therefore to allow users to know which practitioners truly have the technical expertise to help them draft and prosecute their patent applications and for which countries. On the other hand, users can continue to engage other practitioners in conducting their patent litigations or transactions.

(iii) Which party should administer the list or register? What could be the means of publication? Should this be an administrative arrangement or backed up by the law?

The list or register should be maintained by an independent organization to ensure impartiality and fairness. As with many other countries such as Europe, US, Singapore and China, the Intellectual Property Department of Hong Kong (“IPD”) would seem to be the most appropriate body to administer the Register.

Alternatively, as in other countries, specific statutory or professional bodies, such as the Professional Standards Board in Australia and the Chartered Institute of Patent Attorneys in the United Kingdom, may be responsible for maintaining and hosting the Interim Register or the future permanent register.

Given the need to have proper definitions of the controlled titles, the Interim Register should be backed by legislation to give creditability and integrity, to avoid abuse and to provide legal deterrent against possible breach. The Interim Register should be made available to the public, for example, both by maintaining a hard copy at the IPD and an online version on IPD’s website where members of the public can easily access. The Administration should therefore plan ahead for legislative change before setting up the Interim Register.

(B) <u>Implementation Steps</u>

(i) Should we in the first instance seek to control the use of titles, or should this be implemented in the next stage after putting in place the list or register in sub paragraph (a) above?

The control of the title "Patent Agent", "Registered Patent Agent" or "Hong Kong Registered Patent Agent" and the like and the Interim Register should go hand-in-hand.

If Hong Kong were to control the use of the title "Patent Agent" and its variations, members of the public must be able to cross-check against the Interim Register whether or not a certain person who claims to be a "Patent Agent" is indeed a technically qualified person. On the other hand, without defining the category of practitioners regulated under the title and controlling its use, it is also difficult to publish any Interim Register. Hence the Administration should seek to control the use of the title by legislation as soon as possible and at the same time proceed with establishing the Interim Register.

It is however important to note that any definition of the term "Patent Agent" or any control on the use of this title should not affect the current practice of solicitors and other practitioners in continuing to advise clients on patents and include their patent experience in their profiles or marketing materials. These practitioners are only restricted from using the designated title of "Patent Agent" and its variations which have specific connotation in the minds of the users and the industry.

(ii) What specific titles should be controlled?

As explained earlier, LESC-HK supports regulating only the title "Patent Agent", "Registered Patent Agents", "Hong Kong Patent Agents", "Hong Kong Registered Patent Agents" and their variations (such "Agents for Patents"). As these terms clearly connote a specialist meaning as discussed above, particularly when they are associated with specific qualifications in certain jurisdictions, the use of such titles should be subject to scrutiny by the Administration or other appropriate professional body.

Having said that, controlling the use of these titles is a separate issue from controlling the work that those without such titles can or cannot do. We do not believe that all practices in patents require a Patent Agent qualification. Even in other jurisdictions, solicitors without specific patent qualification are entitled to conduct and advise on patent infringement actions,

commercial issues (including contract issues such as assignment and licensing of patents), etc. Further, some patent work such as the filing of "request to record a designated patent application" and "request for registration and grant" of a Hong Kong standard patent, payment of maintenance fees and renewal fees, etc., require no technical skills at all and can be done by persons not having a "Patent Agent" qualification. We believe that this should continue to be the case.

From a practical standpoint, the areas that truly require specific technical qualification are in the areas of original patent drafting and prosecution (including responding to office actions) which require substantial technical skills and in depth knowledge of the specific area of the invention in question and the art and language of patent drafting. This is also the most risky area since a poorly drafted or prosecuted patent is essentially worthless both within Hong Kong as well as internationally (should the patent application progresses to the international stage). In other words, general practitioners who are admitted to appear before the Hong Kong Courts should be entitled to continue to handle the non-technical areas in patent matters.

(iii) What are the criteria to be adopted in determining qualified persons or firms? For example, should qualifications (foreign or local), passing accredited examinations, or taking accredited courses be adopted as the criteria?

First of all, as patent qualifications are achieved by and given to individuals and not to a firm, primarily, it will be an individual who would be a qualified Patent Agent, and who can use the relevant title and not the firm in general.

Regarding the criteria to be adopted, LESC-HK supports a two-stage approach.

In the first stage, pending the full enactment of the rules and regulations for listing practitioners onto a permanent register and providing conditions whereupon such practitioners may also be delisted from such register, an Interim Register may be set up listing all Patent Agents who are already officially qualified in their respective jurisdictions. Please refer to our comments in Section A(ii). These Patent Agents will be required to list, after their full name, their technical qualifications, the year and the country in which they obtained and still maintain such qualifications.

It is expected that such persons should have the qualities commonly required in those leading jurisdictions, including having a scientific or technical degree, having undergone a

period of professional and practical training, and having passed patent specific examinations accredited by independent and credible organizations, and still keeps compliance with any regulatory or governing standards in the relevant jurisdictions.

In addition, since Patent Agents are specialized in their own particular technical field such as mechanical, electronic, life science and the like, there should also be a "note to users" on the Interim Register suggesting that users should ascertain for themselves the particular technical areas in which the relevant Patent Agents are qualified to advise, before engaging the Patent Agents for their patent applications.

In the second stage when the Interim Register will be faded out and a permanent register of Patent Agents will be established, proper examination should be put in place and only those with technical background and who are able to pass such examination can be listed on the permanent register ("Permanent Register").

In this respect, it is noted that Hong Kong businesses and patent applicants may have significant commercial interests abroad, and many patent applications drafted in Hong Kong will proceed to be filed internationally. In such cases, if an application is not drafted to fulfil certain minimum international requirements and expectations, it may cause significant economic hardship to the applicants, including the loss of market position and/or exclusivity. This is especially the case for patent applications where significant deficiencies in the originally-filed document cannot be "remedied or cured" at a later stage. Such deficiencies may also give rise to terminal flaws which result in an unallowable and/or unenforceable patent application both in Hong Kong and abroad.

Any negative reputation of Hong Kong generating defective applications (and we note that some countries have already been labelled with such negative reputation) would be an embarrassment to both Hong Kong and the local patent profession. It certainly affects not only outbound businesses, but also incoming foreign direct investment and decisions on establishing R&D centres and business hubs in Hong Kong. In other words, setting a minimum standard protects both the interests of Hong Kong businesses/investments and Hong Kong's future reputation as a technology and patent exporter and also an IP hub.

(iv) Should we rely on foreign qualifications and accreditation, or should we establish an indigenous system?

Prior to Hong Kong establishing its own indigenous system, it would be practical to rely on foreign qualifications and accreditations as further elaborated in Section A(ii).

Moving forward, Hong Kong may wish to establish its own indigenous system if it is genuinely determined to build up a full-fledged independent patent system and related businesses. However, this may involve significant resources and would need to be balanced against the actual need in Hong Kong, which is a relatively small market.

Cost of an indigenous system may be reduced by cooperating with or outsourcing to existing foreign organisations administering patent examinations in other common law jurisdictions. However, any indigenous system must be of the highest standard on par with other well-developed and sophisticated countries with mature patent systems.

Patent Agents, even those listed on the Interim Register and/or those registered in other jurisdictions, should therefore be required to pass the local HK patent examination (when it is established) in order to be listed on the Permanent Register.

(C) If we were to establish an indigenous system to oversee the use of titles, qualifications and other professional matters (which may be seen as a pre-requisite to implementing the ultimate goal of permitting only qualified persons or firms to provide patent-related services), we need to think through the various implications.

(i) How to administer the conferral of qualifications and accreditation of examinations and courses, and put in place the necessary education programmes?

As recognized above, any indigenous system will involve significant set-up and running costs and if the number of persons interested in obtaining such qualification is not high, it may not justify the costs and investment to be incurred. Care should be given and feasibility studies should be undertaken to gauge the level of potential interest before rushing to set up such a system and to minimize costs.

Assuming that it is the general consensus of the professionals and the users that such indigenous system should be set up, a proper local Hong Kong patent examination should be formulated to qualify practitioners onto the Permanent Register. At the same time, there should be a mechanism whereby listed Patent Agents may be disqualified and removed from the Permanent Register.

There should also be continuing educational programmes which listed Patent Agents have to attend on an annual basis in order to remain on the Permanent Register. In this respect, the Administration can work with overseas organizations and universities to provide courses whether remotely (through distance or internet learning) or in conjunction with local educational institutions to provide the necessary education programmes and examinations.

The more difficult issue would be whether to adopt the training requirements as in other countries. We do view that this is important - just as solicitors are required to complete 2 years of practical legal training as a trainee prior to attaining the qualification of a solicitor, Patent Agents, with high technical skills, should also undergo some form of practical training before being granted the qualification. It is reasonable and sensible to require a definite period of practical training as a prerequisite condition for the "Patent Agent" qualification. However, since there is only a limited number of experienced patent agents available to provide on-the-job training in Hong Kong, we may need to consider allowing remote supervision by experienced patent agents based in other "approved" jurisdictions.

Conversely, we are opposed to establishing a second-rate qualification system, solely to increase the number of Patent Agents on the Permanent Register as this will compromise the integrity and public confidence in any such a register. It would be misleading and not in the public interest to include persons without adequate qualifications, experience, training or apprenticeship onto the Permanent Register since such register will inevitably mislead the public into believing that any Patent Agent listed on the Permanent Register must have reached the minimum standard as they would have expected from other developed countries.

As noted above, having unqualified and inexperienced persons providing technical patent drafting and prosecution work could have serious consequences for the public, including potential loss of rights, compromised and inadequate protection, and a dilution of Hong Kong's reputation for its top-notch legal service standards and integrity.

(D) The interim measures should also have regard to the existing patent agency services.

(i) Should there be any grandfathering arrangement for existing service providers to facilitate their transition to the new regulatory regime? Are there any other alternatives to grandfathering?

Since the regulatory control is over the use of designated and well-defined title of “Patent Agents” (and its variations) and all Patent Agents with a technical background who have been duly qualified and remain so qualified in their home countries may be listed on the Interim Register, we do not believe there is any need to grand-father any person onto the Interim Register at all.

Similarly, there is no need for any grandfathering arrangement for the Permanent Register. The intention of the Permanent Register is to have all persons interested to be listed, whether or not they are already qualified Patent Agents listed on the Interim Register, to take formal examination and go through prerequisite practical training before they can qualify for the Permanent Register. This maintains a minimum level of competency for all persons listed on the Permanent Register, and is undoubtedly the fairest way of allowing all capable persons to have the opportunity to take the examination and to qualify for the Permanent Register.

Without any grandfathering arrangement, the integrity and standard of the Interim and Permanent Registers can be upheld and can provide assurance to users and members of the public that whoever is on such Registers indeed has passed the requisite patent specific requirements that one would come to expect in all reputable jurisdictions. This is in line with the purpose of setting up such a register in the first place.

We therefore oppose to the grandfathering of any practitioners who cannot demonstrate that they have met such objective high standards or assessments but merely to be included because of having some form of past experience in the patent field. Even one who may have been allegedly practising patent law for a long time does not necessarily mean that such person indeed meets such objective standards. We should be careful to ensure that all who are on the Registers have indeed met such criteria.

An example perhaps of what should have been avoided is the Singapore approach which initially provided a “grandfathering” arrangement for people who did not have appropriate tertiary technical qualifications and whose standard of patent drafting did not meet the requisite level in other common law jurisdictions. Experience has shown that confusion will be caused to the public regarding the level of competency of such unqualified persons in drafting patent specifications, thus placing the users, businesses and patent applications at risk.

It should be noted however that LESC-HK is not proposing that general practitioners who are not on the Interim or Permanent Register should be prohibited from practising patent law at all. Indeed solicitors can and would necessarily continue to practise patent law including litigation, commercial agreements, infringement advice, and various procedures under the Patents Ordinance which require no technical skills, etc. The inability to be included on the Interim or Permanent Register should not affect their abilities to continue to practice in those areas. The purpose of the Registers is to guide users to approach those Patent Agents with the relevant technical qualifications to assist them with their patent drafting and prosecution work that requires technical skills.

(ii) Regarding the grandfathering arrangement, what are the criteria to be adopted, such as working experience, qualifications and training?

For the reasons given above, there should not be any grandfathering arrangement for either the Interim Register or the Permanent Register.

(iii) Should the parties benefiting from the grandfathering arrangement be allowed to use the same or different titles as qualified persons or firms, or to provide a full or limited range of the regulated services?

Please refer to our comments above.

(iv) Should the grandfathering arrangement be provided only for a finite period to encourage the beneficiaries to obtain the necessary qualifications under the new regime? If so, how long should the period be?

Please refer to our comments above.

<u>Implementation timetable</u>

(E) Considerable time is needed to build up the local patent agency profession, nurture the human resources and expertise required and, if needed, establish an indigenous system overseeing the profession. But this should not hold back the introduction of an OGP system.

(i) Of the possible interim measures identified above, which of them can be introduced before the OGP system? Can a list or register of Patent Agents with their qualifications be drawn up at an earlier stage?

As discussed above, the Interim Register can be implemented before the OGP system.

(ii) Should the control of the use of particular titles be introduced before the OGP system? Would it be different if we go for the establishment of an indigenous system to oversee the use of titles?

As discussed above, the control of the use of specific titles of “Patent Agents”, “Registered Patent Agents”, “Hong Kong Patent Agents”, “Hong Kong Registered Patent Agents” (and their variations) should be introduced at the same time as the Interim Register.

Currently, without such control, confusion is already caused to members of the public. Inevitably, unqualified persons are taking undesirable advantage of the unwary, causing damage to both the local and international reputation of the patent profession.

(iii) As for the ultimate goal of regulating the provision of services, should this be only considered until there is sufficient experience in the operations and requirements of the new OGP system?

The OGP system and regulation are not necessarily interlinked as even though there is currently no OGP system, there are indeed demand and issues regarding the provision of patent services. The two issues can and should be addressed separately.

As discussed above, we believe that the drafting of original patents (which is a highly technical and risky area) should be controlled and should only be handled by qualified Patent Agents who have, amongst others, gone through proper studies and examinations.

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About LESC-HK

In 2001, Licensing Executives Society China, Hong Kong Sub-Chapter (LESC-HK), was established to promote licensing and to serve the interests of members resident in Hong Kong, by organizing local meetings and seminars that cater for the needs of the Hong Kong licensing community.

LESC-HK is a sub-chapter of the Licensing Executives Society China which in turn is a member society of Licensing Executives Society International Inc. (LESI). LESI is the umbrella organization for 27 national and regional Societies, each composed of members

who are engaged in licensing of intellectual property rights and the transfer of technology, from technical know-how and patented inventions to software, copyright, design and trademarks.

The Societies, including LESC-HK, are business-oriented associations with a collective worldwide membership of over 10,000 individuals who include business executives, lawyers, patent and trade mark attorneys, government organizations and officials, consultancy firms, engineers, scientists, academics, universities and research and development organizations.