

Hong Kong Bar Association

Comments on Proposed Amendments to the Patents Ordinance

Submitted to the Bills Committee on Patents (Amendment) Bill 2015

Introduction

1. The Hong Kong Bar Association (“the HKBA”) provides the following comments on the Patents (Amendment) Bill 2015.

New sections 37R and 126A – Observations on standard patents (O) and short-term patents

2. The new sections 37R and 126A provide that a third party may file observations as to the patentability of a standard patent (O) and a short-term patent. The HKBA supports this new provision. It provides information to the Registrar, as well as the public, on possible grounds against the validity of the patent (if granted), and may result in preventing an invalid patent to be granted.

Examination of Short-Term Patents

3. The proposed S.127B, does not provide any limitation on the number of times that a person seeking to invalidate a short-term patent can make a request for substantive examination. In theory, one can apply to request substantive examination of the short-term patent again and again and the Registrar will be obliged to conduct the examination every time pursuant to s.127C. This might lead to abuse of the provision. A standard patent is only substantively examined once. This should also be the case for a short-term patent.
4. **Recommendation:** A request for substantive examination under subparagraph 127B(b) should not be allowed to be made after the short-term patent has already been subjected to substantive examination. This can be achieved by amending the initial wording of S.127B(2) to read:

"If a request for substantive examination of the patent has not already been made, any person"

Section 129 – Enforcement Proceedings in relation to short-term patents

5. The current section 129(1) (to be renumbered section 129(2)) places the legal burden of proving the validity of a short-term patent on the patentee. This has recently been confirmed by the Court of Appeal in *SNE Engineering Ltd v Hsin Chong Construction Co Ltd* [2015] 4 HKLRD 517 at paragraph 103. There is no such burden on a standard patentee.

6. This provision was included in the Patents Ordinance as a safeguard specifically because the patentability of short-term patents would not have been examined before grant. The Secretary for Trade and Industry addressing the Legislative Council on 28 May 1997 said:

“However, the absence of a requirement for substantive search and examination for short-term patents has raised concern about possible abuses. Accordingly, we have included four specific safeguards in the Bill. A second safeguard is to clarify in the Bill the fact that a short-term patent has been registered shall be of no account in any proceedings before a court for the enforcement of rights conferred under the ordinance to be enacted. This means that the onus always rests on the plaintiff or the patent owner to prove that his patent is a valid one.”¹

7. However, the proposed new section 129(1) requires that a short-term patent be examined or that the process of examination have been commenced before proceedings can be commenced. A short-term patent will, therefore, have been examined before the court makes a final decision in the enforcement proceedings. Once the short-term patent has been examined, there is no longer the need for the provision in current section 129(1) (proposed section 129(2)) that the patentee of a short term patent bears the burden of establishing validity. If there has been substantive examination then the patent should be treated like any other patents.
8. **Recommendation:** The current section 129(1) be amended to provide that it only applies to short-term patents that have not been substantively examined. This can be done by adding after “short term patent” in the first part of the sub-section the words “which has not been substantively examined.”

Rules of the High Court

9. The Patents Ordinance was enacted in 1997. Despite the lapse of 18 years, the Rules of the High Court have not been amended to reflect the provisions of the new Patents Ordinance. Order 103 that is intended to apply to patent actions is headed “The Registration of Patents Ordinance and the Patents Act 1977”. A copy of Order 103 is appended.
10. Order 103 Rule 1 defines the “Ordinance” as the old Registration of Patents Ordinance and the “Act” as the Patents Act 1977. The Registration of Patents Ordinance was repealed when the Patents Ordinance was enacted in 1997, and subject to minor exceptions “existing registered patents”² are governed by the Patents Ordinance. Order 103

¹ Legislative Council debate 28 May 1997, p86.

² That is, patents registered under the Registration of Patents Ordinance.

Rules 26 and 29 were, however, amended as part of the Civil Justice Reform, which suggests that Order 103 was considered applicable to patent actions under the Patents Ordinance.

11. In *Re Wui Loong Scaffolding Works Co Ltd* [2002] 1 HKLRD 166 Chu J (as she then was) at paragraph 11 decided that Order 103 had no direct application to the new Patent Ordinance. The Court of Appeal in *SNE Engineering v Hsing Chong Construction* (at paragraphs 110 to 111) appeared to decide that at least Order 103 Rule 21 applies. However, the decision is not clear on this point.
12. While the Rules in Order 103 are slightly outdated³ they do provide useful guidance for the conduct of patent actions. Order 103, has 8 rules: Rule 21 to Rule 27 and Rule 29 (there are no Rules 2 to 20 and Rule 28). The Rules are summarised below:
 - (a) Rules 21 to 23 deal with particulars of pleading and set out a practice that continues to be adopted in Hong Kong for patent pleadings in Hong Kong.
 - (b) Rule 24 restricts evidence that may be adduced to evidence that relates to the particulars that have been pleaded. This is unobjectionable.
 - (c) Rule 25 provides that admissions must be requested. This is unobjectionable.
 - (d) Rule 26 (which was amended as part of the CJR) deals with case management and should be in force. Order 25 Rule 1(2)(h) specifically states that Order 25 (which deals with case management generally) does not apply to patent infringement actions. Rule 26 (4) and (5) make reference to applications under section 8(1) of the old Registration of Patents Ordinance and are no longer necessary.
 - (e) Rule 27 deals with the appointment of a scientific advisor. This is a useful provision.
 - (f) Rule 29 deals with applications to rectify the register. This is unobjectionable.
13. A complete update of the Rules of the High Court dealing with patents proceedings may take some time. In the interim it will be useful to clarify the applicability of the current Order 103 and repeal those provisions that relate only to the old Registration of Patents Ordinance.

³ The English Rules of Court relating to patent actions has been amended twice since 1997.

14. **Recommendation:** The HKBA proposes (as an interim measure) that the bill amends Order 103 of the Rules of the High Court by:
- (a) Amending the heading of Order 103 to read “The Patents Ordinance”.
 - (b) Amending Order 103 Rule 1 to define the Ordinance as “the Patents Ordinance”.
 - (c) Repealing Order 103 Rule 26 (4) and (5).

Hong Kong Bar Association
18th December 2015

HONG KONG BAR ASSOCIATION

CAP 4A THE RULES OF THE HIGH COURT Order 103 THE REGISTRATION OF PATENTS ORDINANCE: THE PATENTS ACTS 1949 TO 1961 AND 1977**1. Definitions (O. 103, r. 1)**

In this Order-

"existing patent" (現存的專利) means a patent mentioned in section 127(2)(a) or (c) of the Act;

"the Act" (法令) means the Patents Act 1977; (1977 c. 37 U.K.);

"the Ordinance" (條例) means the Registration of Patents Ordinance (Cap 42).

19. Actions for infringement: particulars of pleading (O. 103, r. 19)

(1) The plaintiff in an action for infringement of a patent must serve with his statement of claim particulars of the infringements relied on.

(2) If a defendant in such an action disputes the validity of the patent, he must serve with his defence particulars of the objections to the validity of the patent on which he relies in support of the allegation of invalidity.

(3) If a defendant in such an action alleges, as a defence to the action, that at the time of the infringement there was in force a contract or licence relating to the patent made by or with the consent of the plaintiff and containing a condition or term void by virtue of section 44 of the Act, he must serve on the plaintiff particulars of the date of, and parties to, each such contract or licence and particulars of each such condition or term.

(4) A defendant to such an action who applies by counterclaim in the action for a declaration under section 8(1) of the Ordinance must, with his counterclaim, serve particulars of the grounds on which he relies in support of his counterclaim.

20. Particulars of infringements (O. 103, r. 20)

Particulars of infringements of a patent must specify which of the claims in the specification of the patent are alleged to be infringed and must give at least one instance of each type of infringement alleged.

21. Particulars of objections (O. 103, r. 21)

(1) Particulars of objections to the validity of a patent must state every ground on which the validity of the patent is disputed and must include such particulars as will clearly define every issue which it is intended to raise.

(2) If the grounds stated in the particulars of objections include want of novelty or want of any inventive step, the particulars must state the manner, time and place of every prior publication or user relied upon and, if prior user is alleged, must-

- (a) specify the name of every person alleged to have made such user,
 - (b) state whether such user is alleged to have continued until the priority date of the claim in question or of the invention, as may be appropriate, and, if not, the earliest and latest date on which such user is alleged to have taken place,
 - (c) contain a description, accompanied by drawings, if necessary, sufficient to identify such user, and
 - (d) if such user relates to machinery or apparatus, state whether the machinery or apparatus is in existence and where it can be inspected.
- (3) If in the case of an existing patent-
- (a) one of the grounds stated in the particulars of objection is that the invention, so far as claimed in any claim of the complete specification, is not useful, and
 - (b) it is intended, in connection with that ground, to rely on the fact that an example of the invention which is the subject of any such claim cannot be made to work, either at all or as described in the specification,
- the particulars must state the fact and identify each such claim and must include particulars of each such example, specifying the respects in which it is alleged that it does not work or does not work as described.

22. Amendment of particulars (O. 103, r. 22)

Without prejudice to Order 20, rule 5, the Court may at any stage of the proceedings allow a party to amend any particulars served by him under the foregoing provisions of this Order on such terms as to costs or otherwise as may be just.

23. Further particulars (O. 103, r. 23)

The Court may at any stage of the proceedings order a party to serve on any other party further or better particulars of infringements or of objections.

24. Restrictions on admission of evidence (O. 103, r. 24)

- (1) Except with the leave of the judge hearing any action or other proceeding relating to a patent, no evidence shall be admissible in proof of any alleged infringement, or of any objection to the validity, of the patent, if the infringement or objection was not raised in the particulars of infringements or objections, as the case may be.
- (2) In any action or other proceeding relating to a patent, evidence which is not in accordance with a statement contained in particulars of objections to the validity of the patent shall not be admissible in support of such an objection unless the judge hearing the proceeding allows the evidence to be admitted.
- (3) If any machinery or apparatus alleged to have been used before the priority date mentioned in rule 21(2)(b) is in existence at the date of service of the particulars of objections, no evidence of its user before that date shall be admissible unless it is proved that the party relying on such user offered, where the machinery or apparatus is in his possession, inspection of it to the other

parties to the proceedings, or, where it is not, did his best to obtain inspection of it for those parties.

25. Proceedings for infringement: admissions must be requested (O. 103, r. 25)

(1) In an action for infringement of a patent (whether or not any other relief is claimed) each party must, within 14 days after service of a reply or answer or after the expiration of the period fixed for service thereof, write to each other party from whom he requires an admission for the purpose of the action or proceedings requesting him to make the admission, and the party receiving the request must within 14 days after the receipt thereof reply in writing making the admission or stating that he refuses to make it.

(2) No order shall be made authorizing a party to any such action or proceedings to serve any interrogatory on any other party unless the first-mentioned party requested that other party in accordance with paragraph (1) to admit the facts sought to be proved by the answer to the interrogatory and the other party refused or failed to comply with the request.

26. Proceedings for infringement: case management summons (O. 103, r. 26) (L.N. 152 of 2008)

(1) In such an action, and in such proceedings, as are referred to in rule 25(1), the plaintiff or petitioner must-

(a) within one month after the date on which the last reply to a request made under rule 25(1) is received or after the date on which the period fixed for making such a reply expires, whichever first occurs, or

(b) if no request for an admission is made by any party to the action or proceedings, within one month after service of a reply or answer or after the expiration of the period fixed for service thereof,

take out a case management summons as to the place and mode of trial returnable in not less than 21 days, and if the plaintiff or petitioner does not take out such a summons in accordance with this paragraph, the defendant or respondent, as the case may be, may do so. (L.N. 152 of 2008)

The summons may be heard in chambers or in court as the Court thinks fit.

(2) The Court hearing a summons under this rule may give such directions-

(a) for the service of further pleadings or particulars,

(b) the discovery of documents,

(c) (subject to rule 25(2)) for the service of interrogatories and of answers thereto,

(d) for the taking by affidavit of evidence relating to matters requiring expert knowledge, and for the filing of such affidavits and the service of copies thereof on the other parties,

(e) for the service on the other parties, by any party desiring to submit experimental proof, of full and precise particulars of the experiments proposed and of the facts which he claims to be able to establish thereby,

(f) for the making of experiments, tests, inspections or reports,

(g) for the hearing, as a preliminary issue, of any question that may arise (including any question as to the construction of the specification or other documents),

and otherwise as the Court thinks necessary or expedient for the purpose of defining and limiting the issues to be tried, restricting the number of witnesses to be called at the trial of any particular issue and otherwise securing that the case shall be disposed of, consistently with adequate hearing, in the most expeditious manner.

Where evidence is directed to be given by affidavit, the deponents must attend at the trial for cross-examination unless, with the concurrence of the Court, the parties otherwise agree.

(3) Order 24, rules 1 and 2, shall not apply in an action for infringement of a patent.

(4) No action for a declaration under section 8(1) of the Ordinance shall be set down for trial unless and until a summons under this rule in the action or proceedings has been taken out and the directions given on the summons have been carried out or the time fixed by the Court for carrying them out has expired.

(5) An action for a declaration under section 8(1) of the Ordinance shall not be tried sooner than 21 days after the action has been set down for trial.

27. Appointment of scientific adviser (O. 103, r. 27)

(1) In an action for infringement of a patent and in any proceedings under the Ordinance, the Court may at any time, and on or without the application of any party, appoint an independent scientific adviser to assist the Court or to inquire and report on any question of fact or of opinion not involving questions of law or construction.

(2) The Court may nominate the scientific adviser and shall settle the question or instructions to be submitted or given to him.

(3) The remuneration of any adviser appointed under this rule shall be fixed by the Court and shall include the costs of making any report and a proper daily fee for any day on which he is required to attend before the Court.

(4) Order 40, rules 2, 3, 4 and 6, shall apply in relation to an adviser appointed under this rule and any report made by him as they apply in relation to a Court expert and a report made by him.

29. Application for rectification of register of patents in Hong Kong (O. 103, r. 29)

An application to the Court for an order that the register of patents be rectified must be made by originating summons, except where it is made by way of counterclaim in proceedings for infringement or by originating summons in proceedings for an order under section 52 of the Trustee Ordinance (Cap 29).

(L.N. 152 of 2008)

(Enacted 1988)