Barker Brettell

Intellectual Property

PATENTS

How to prove a patent is active and working in Hong Kong

Many countries have laws that require a patented invention to be 'worked' within that country. 'Worked', in this context, means that demand for the invention should be met in that country by the patentee, with potential legal consequences if it is not. Hong Kong is one of those countries.

We are often asked how seriously working laws need to be taken - are they ever really enforced, and what are the practical consequences of ignoring them?

The short answer...

In the last 30 years no one at our firm has had any first-hand experience of working requirements being enforced in Hong Kong - that is something like 600 man-years' worth of experience. The risk of lack of working in Hong Kong causing you a problem is therefore very low.

Having said that, there is always a first time. However, in Hong Kong the worst that could happen if you were found not to have worked your invention would be that you would have to grant a compulsory license to a third party. Such compulsory licenses are typically not granted for free - they should be on reasonable terms (as determined by a court), and should include adequate remuneration for the patentee. They also would not be granted without an assessment of the facts of the case by a court.

The practical outcome of this is that the risk posed by ignoring the working requirements in Hong Kong is very small. Nevertheless, these laws are still technically in effect, and so for those who would like to know more, further detail is provided below.

What is working?

Typically working requires manufacture and/or use of the patented invention in Hong Kong to a level sufficient to meet local demand. The requirement for working a patented invention starts three years after the date the patent was granted. There is no requirement to work an invention that is the subject of a pending patent application, or after the patent expires.

In the event that it is possible to manufacture a patented product within Hong Kong, importation alone may not be sufficient to establish working. Similarly, 'nominal working', such as marketing of a patented product without making any sales, is not usually sufficient to establish

working in any country.

What happens if I don't work my invention?

If you don't work your invention in Hong Kong, a third party can apply to the Hong Kong court for a compulsory license to be granted to them. They can only do this if they have made 'reasonable efforts' by approaching you first to try and directly obtain a license, but have failed to reach any agreement.

If the application for a compulsory license is successful you will be required to grant the third party a license to use your patented invention in Hong Kong, on whatever terms the court decides.

An application for a license can only be made after three years from the date the patent is granted.

The application can be made on any of the following grounds:

1. Where the patented invention is capable of being commercially worked in Hong Kong, on the grounds that that the patented invention is not being worked, or is not being worked to the fullest extent that is reasonably practicable;

2. Where the patented invention is a product, on the grounds that demand for the product in Hong Kong is not being met on reasonable terms;

3. Where the patented invention is capable of being commercially worked in Hong Kong by manufacture, but it is being prevented or hindered from being worked -
   I. in the case of a product, by the importation of the product; or
   II. in the case of a process, by the importation of a product obtained directly by means of the process or to which the process has been applied;

4. If the proprietor of the patent refuses to grant a license or licenses on reasonable terms -
   I. the working or efficient working in Hong Kong of any other patented invention which involves an important technical advance of considerable economic significance in relation to the patent is prevented or hindered; or
   II. the establishment or development of commercial or industrial activities in Hong Kong is unfairly prejudiced; or

5. The conditions imposed by the proprietor of the patent is unfairly prejudiced regarding the grant of licenses under the patent, or on the disposal or use of the patented product or on the use of the patented process, the manufacture, use or disposal of materials not protected by the patent or the establishment or development of commercial or industrial activities in Hong Kong.

However, there are some caveats.

When an application is made for a license on the grounds that a patent is not being commercially worked in Hong Kong (or is not being worked to its full extent), the court will not grant a license if it considers that there has been insufficient time since the patent was granted for the patent owner to work the patent.

Further, the court will not grant a license unless it is satisfied that the applicant for the license has made reasonable efforts to obtain authorisation from the proprietor on reasonable commercial terms and conditions and that such efforts have not been successful within a reasonable period of time.

The patent owner may oppose the grant of a compulsory licensee, and the court must take that opposition into account when deciding whether or not to grant such a compulsory license.

As noted above, in our experience compulsory licenses are not an issue that arise regularly, if at all, and many patentees therefore choose to ignore the working requirements in Hong Kong entirely.

If you would like further information on protecting your innovation in Hong Kong, please contact us here or your usual Barker Brettell attorney.