

**Council for Trade-Related Aspects of
Intellectual Property Rights**

Original: English/
anglais/
inglés

**MAIN DEDICATED INTELLECTUAL PROPERTY
LAWS AND REGULATIONS NOTIFIED UNDER
ARTICLE 63.2 OF THE AGREEMENT**

HONG KONG, CHINA

The present document reproduces the text¹ of the Judgement of the Court of Final Appeal of the Hong Kong Special Administrative Region Final Appeal No. 11 of 2002 (Civil) concerning certain sections of the Patents (General) Rules, as notified by Hong Kong, China under Article 63.2 of the Agreement (see document IP/N/1/HKG/3).

**Conseil des aspects des droits de propriété
intellectuelle qui touchent au commerce**

**PRINCIPALES LOIS ET RÉGLEMENTATIONS CONSACRÉES À LA
PROPRIÉTÉ INTELLECTUELLE NOTIFIÉES AU TITRE
DE L'ARTICLE 63:2 DE L'ACCORD**

HONG KONG, CHINE

Le présent document contient le texte¹ du jugement de la Cour d'appel en dernier ressort de la Région administrative spéciale de Hong Kong, Appel en dernier ressort n° 11 de 2002 (au civil) concernant certaines sections des Règles relatives aux brevets (dispositions générales), notifié par Hong Kong, Chine au titre de l'article 63:2 de l'Accord (voir le document IP/N/1/HKG/3).

**Consejo de los Aspectos de los Derechos de Propiedad
Intellectual relacionados con el Comercio**

**PRINCIPALES LEYES Y REGLAMENTOS DEDICADOS A LA PROPIEDAD
INTELLECTUAL NOTIFICADOS EN VIRTUD DEL PÁRRAFO 2
DEL ARTÍCULO 63 DEL ACUERDO**

HONG KONG, CHINA

En el presente documento se reproduce el texto¹ de la Sentencia del Tribunal de Apelación en Última Instancia de la Región Administrativa Especial de Hong Kong, China, Apelación en última instancia N° 11 (Civil) de 2002, sobre determinados artículos del Reglamento (General) de Patentes, notificado por Hong Kong, China en virtud del párrafo 2 del artículo 63 del Acuerdo (véase el documento IP/N/1/HKG/3).

¹ In English only./En anglais seulement./En inglés solamente.

FACV000011/2002

FACV No. 11 of 2002

IN THE COURT OF FINAL APPEAL OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
FINAL APPEAL NO. 11 OF 2002 (CIVIL)
(ON APPEAL FROM CACV NO. 186 OF 2002)

Between:

MERCK SHARP & DOHME LIMITED Appellant

AND

THE REGISTRAR OF PATENTS Respondent

Court: Mr Justice Bokhary PJ, Mr Justice Chan PJ, Mr Justice Ribeiro PJ, Mr Justice
Silke NPJ and Lord Millett NPJ

Date of Hearing: 25 November 2002

Date of Judgment: 5 December 2002

J U D G M E N T

Mr Justice Bokhary PJ:

1. I agree with the judgment of Mr Justice Ribeiro PJ.

Mr Justice Chan PJ:

2. I agree with the judgment of Mr Justice Ribeiro PJ.

Mr Justice Ribeiro PJ:

3. In this appeal, it falls to be considered whether certain sections of the Patents (General) Rules ("the Rules") are *ultra vires*. The relevant provisions are those which lay down a one month time-limit for effecting registration of a court order for amendment of a patent made under s 46 of the Patents Ordinance, Cap 514 ("the Ordinance") and which preclude the Registrar of Patents ("the Registrar") from granting any extension of time for registration. They are s 39(1) and that part of s 100(2) of the Rules which refers to s 39(1) (together "the relevant rules").

The facts

4. A pharmaceutical patent, namely, European Patent Publication No. EP 0411 668 ("the European Patent"), was filed by the appellant, a United Kingdom company, at the European Patent Office on 3 August 1990.

5. On 1 March 1995, the European Patent Office granted the European Patent with the United Kingdom as the designated country.

6. On 29 November 1995, Rotta Research Laboratorium S.p.A. ("Rotta") lodged an opposition to the European Patent on the ground, *inter alia*, that it was anticipated.

7. An application (no. 96002052) was filed to register the European Patent in Hong Kong on 17 December 1996. It was registered as Patent No 81 of 1997 ("the Hong Kong Patent"). By virtue of s 3(1) of the Patents (Transitional Arrangements) Rules, the Hong Kong Patent is a "deemed standard patent" and is deemed to have been filed in Hong Kong on 3 August 1990. The actual date of registration in Hong Kong was 16 January 1997.

8. As a result of the opposition proceedings initiated by Rotta, the European Patent's specification was substantially amended. A substantive amendment was made to its Claim 1 and its Claims 2 to 6 inclusive were deleted. On 18 March 1998, the Opposition Division of the European Patent Office decided to maintain the European Patent as so amended.

9. Where opposition or revocation proceedings result in the designated patent's specification being amended in the designated patent office, s 43 of the Ordinance places a duty on the proprietor of a Hong Kong patent granted on the basis of the designated patent to take steps to have the Hong Kong patent amended in like manner. He is required to file the amended specification with the Patents Registry and, upon the Registrar recording the amendment in the register, the Hong Kong patent is treated in law as having been duly amended.

10. Agents acting on the appellant's behalf accordingly wrote to the Registrar on 25 February 1999, giving notice that the European Patent had been amended as a result of opposition proceedings and requesting a corresponding amendment to the Hong Kong Patent pursuant to s 43.

11. The Registrar replied on 3 March 1999, stating that s 43 was inapplicable to the Hong Kong Patent by virtue of the transitional provisions contained in s 3(2) and Schedule 1 of the Patents (Transitional Arrangements) Rules. It was suggested that the appellant should apply to the court for amendment under s 46 of the Ordinance.

12. It was not until 21 March 2001, some two years later, that an Originating Motion (HCMP 1626/2001) was filed with a view to amending the Hong Kong Patent pursuant to s 46. However, nothing has turned on the evident delay.

13. The matter came before Madam Justice Yuen who, on 10 October 2001, acceded to the application, noting that the amendment was sought in order to make the Hong Kong Patent correspond with the European Patent as amended. Her Ladyship ordered :-

"..... that the Registrar of Patents amend the specification of Patent No. 81 of 1997 so that Claim 1 shall be deleted and there shall be substituted therefor a fresh Claim 1 as set out in a schedule, which schedule follows the wording of the amended European (UK) Patent, and secondly that Claims 2 to 6 inclusive of the specifications and the sections headed '*Revendications*' and '*Patentanspruche*' shall be deleted."

14. Delays in the filing of notice of Yuen J's order then ensued. The draft order was not approved by the court until 22 October 2001 and was not sealed until 29 October. The sealed order was then apparently sent to Jersey in the Channel Islands and subsequently returned with the documentation needed for filing with the Registrar. It was only on 12 November 2001 that notice of the order was filed at the Patents Registry, together with a stamped Patents Registry Form P8.

Refusal of registration

15. Section 39(1) of the Rules is in the following terms :-

"The proprietor of a patent in respect of which the specification has been amended by court order under section 46 of the Ordinance shall, within 1 month of the making of such a court order, file with the Registrar notice of such amendment."

16. In the light of this rule, the Registrar concluded that the filing was two days out of time and, by letter dated 7 December 2001, refused registration, adding that consideration should be given to applying to the court to extend the time limit.

17. The latter suggestion was presumably made on account of s 100 of the Rules, which precludes the Registrar himself from granting any time extension in respect of s 39(1) filings. Section 100 provides as follows :-

"(1) The times or periods prescribed by these Rules for doing any act or taking any proceeding under the Rules, other than times or periods prescribed in the provisions mentioned in subsection (2), may be extended by the Registrar if he thinks fit, upon such notice to the parties and upon such terms as he may direct; and such extension may be granted even though the time or period for doing such act or taking such proceeding has expired.

(2) The provisions referred to in subsection (1) are sections [inter alia] 39(1)"

The decisions below

18. The appellant applied to Madam Justice Kwan for an extension of time for filing notice of Yuen J's order (see [2002] 2 HKC 475). It was argued that the court had power to extend time by virtue of O 3 r 5 of the High Court Rules or in its inherent jurisdiction. Kwan J rejected those arguments. Although her Ladyship stated that she was inclined to exercise her discretion in favour of extending time, she held that there was no jurisdiction to do so.

19. The appellant took the matter on appeal (see [2002] 2 HKC 482), advancing the same arguments based on O 3 r 5 and the inherent jurisdiction. The Court of Appeal agreed with Kwan J's reading of ss 39(1) and 100(2) of the Rules and held that the court lacked jurisdiction to extend time. The appellant also sought to argue that for the purposes of s 39(1), the court should treat Yuen J's order as having been made on 29 October, the date when it was sealed, so that notice was tendered for filing within time. That argument also failed. The Court of Appeal held that the date of "the making" of the court order in s 39(1) meant the date the order was pronounced, namely, 10 October 2001. The appeal was therefore dismissed.

The application for leave to appeal

20. On the application for leave to appeal to this Court, two developments occurred. First, the Registrar, who had previously not taken any part in the proceedings, applied to be joined as a party. This was no doubt in deference to certain remarks (which I would endorse) made by Rogers VP in the Court of Appeal as to the desirability of the Registrar exercising the right of audience granted to him by s 131 of the Ordinance where points of principle may arise.

21. Secondly, the parties were invited, prior to the hearing, to address the Appeal Committee as to whether an issue arose as to the *vires* of the relevant rules.

22. After hearing argument, the Appeal Committee ordered that the Registrar be joined as a respondent and granted leave to appeal on the basis, *inter alia*, of the *ultra vires* question.

The status of the Hong Kong Patent

23. The position resulting from the events described above is highly unsatisfactory in two respects. The first relates to the status of the Hong Kong Patent and the second, to the status of the order of the court made by Yuen J.

24. Hong Kong does not operate an independent patent examination office to determine the patentability of any invention. Instead standard patents are granted in reliance upon and reflecting grants made by the patent offices designated under s 8 of the Ordinance, including the European Patent Office. While, as Rogers VP pointed out in the Court of Appeal ([2002] 2 HKC 483, para 5), once the grant has been perfected, a Hong Kong patent acquires a legal life of its own, it remains true that during the process of grant, the nature and scope of the Hong Kong patent to be granted is determined by and co-extensive with the designated patent upon which it is based.

25. Thus, prior to grant, s 31(2) of the Ordinance prohibits any amendment to the title, abstract, or any claim or drawing in the pending application for a standard patent unless a like amendment has been made to the corresponding application for a designated patent.

26. Moreover, as noted above, if the specification of the corresponding designated patent in respect of a standard patent granted in Hong Kong has (whether before or after the Hong Kong grant) been amended in the designated patent office following opposition or revocation proceedings, s 43 of the Ordinance places the proprietor of the Hong Kong patent under a duty to file a verified copy of the amended specification and requires the Registrar to effect a corresponding amendment to the Hong Kong patent.

27. Mr Justice Sakhrani, in **Intel Corporation v Via Technologies Inc** (Unreported, HCA 4265/2001, 30 July 2002), stated the position thus :-

"The only instance in which revocation or amendment of a designated patent takes effect in Hong Kong is where a designated patent granted in the European or Chinese Patent Offices is revoked or amended following prescribed opposition or revocation proceedings as defined in section 2(1) of the Patents Ordinance and section 54 of the Patents (General) Rules. These relate to post-grant revocation or opposition proceedings. Those proceedings, although instituted after the grant of the patent, are in fact part of the process of the grant in those two designated patent offices. Any patent revoked in such proceedings is therefore treated as though it had never been granted and any patent amended in them is treated as though it had been granted in the amended form. That being so, the proprietor must apply to revoke or amend the standard patent as the case may be (sections 43 and 44 of the Patents Ordinance) and the Court has a corresponding power to revoke following such proceedings (section 91(1)(i) of the Patents Ordinance)."

See also Pendleton, Garland and Margolis, *The Law of Intellectual and Industrial Property in Hong Kong*, Butterworths, Vol 1, para V[853].

28. The present case is of course one which, but for the transitional provisions mentioned above, would fall squarely within s 43, making an amendment to harmonise the Hong Kong Patent with the amended European Patent mandatory.

29. Instead, because the appellant's attempt to register the amendment failed as a result of non-compliance with the immovable time-limit imposed by the relevant rules, the specification of the Hong Kong Patent in our register continues to mirror that of the *unamended* European Patent even though the latter no longer exists and cannot provide any basis for grant of the Hong Kong Patent as registered. The entry in the register is therefore misleading, a situation not conducive to the public interest.

The status of Yuen J's order

30. Equally unsatisfactory is the status of Yuen J's order. In making that order, her Ladyship directed the Registrar to amend the Hong Kong Patent in the terms specified. The Registrar has, however, refused to give effect to that order, founding his refusal on the relevant rules, which were in fact promulgated by him. That such should be the resultant legal position is startling.

31. This is particularly so since s 51(9) of the Ordinance makes it clear that the register is only "prima facie evidence of anything required or authorized by this Ordinance to be registered". In relation to orders for amendment made under s 46, the court's making of the order is the legally operative act which, by virtue of s 46(3), is deemed to take effect from the date of the grant. Entry of that order on the register is merely the means for publishing and providing prima facie evidence of the fact of such amendment. It follows that from the date of pronouncement of Yuen J's order, the Hong Kong Patent's specification had been amended as a matter of law. Yet, applying the relevant rules, registration of that order has been refused, providing a second reason for regarding the register as misleading.

Ultra vires

32. There is no doubt that if, in purporting to make subordinate legislation, a public authority acts beyond the powers conferred by the enabling Ordinance, such legislation may be struck down by the courts as *ultra vires* and of no legal effect: see, for example, **Hoffmann-La Roche & Co A G v Secretary of State for Trade and Industry** [1975] AC 295, per Lord Diplock at 365.

33. In my view, s 39(1) of the Rules and such part of s 100(2) of the Rules as refers to s 39(1), are patently *ultra vires*.

"Rules of court"

34. This is firstly because the rule-making power relating to s 46 applications and orders is not given to the Registrar but to the Rules Committee of the High Court.

35. Section 46 of the Ordinance is materially in the following terms :-

"General power to amend specification after grant

(1) Subject to section 103, the proprietor of a patent granted under this Ordinance may apply to the court to amend the specification of the patent and the court may by order allow any such amendment subject to such conditions as it thinks fit.

(2)

(3) An amendment of a specification of a patent under this section shall have effect and be deemed always to have had effect as from the grant of the patent.

(4)

(5) Upon receipt of the court order and supporting documents filed in the prescribed manner the Registrar shall record the amendments to the specification of the patent and shall publish this and advertise the fact by notice in the Gazette.

(6)

(7) Rules of court may provide for the notification of any application under this section to the Registrar and for his appearance on the application and for giving effect to any order of the court on the application."

36. It is clear that s 46 contains its own specific provisions for the making of rules to deal with matters falling within its compass. Thus, s 46(7) expressly provides for the making of rules for giving effect to any order of the court made upon a s 46 application. It is a power clearly covering such matters as the setting of time limits for the filing of such orders. Crucially, it provides for such rules to be "*rules of court*" (not rules made by the Registrar.

37. Section 2(1) of the Ordinance defines "court" as "the Court of First Instance". It follows that the "rules of court" contemplated by s 46(7) are the rules regulating the practice and procedure of the Court of First Instance made under s 54 of the High Court Ordinance, Cap 4, by the Rules Committee constituted under s 55 of that Ordinance. The s 54 rule-making powers are plainly apt to cover the rules of court envisaged under s 46 of the Ordinance.

(a) Thus, s 54(1) provides :-

"The Rules Committee constituted under section 55 may make rules of court regulating and prescribing the procedure (including the method of pleading) and the practice to be followed in the High Court in all causes and matters whatsoever in or with respect to which the High Court has jurisdiction (including the procedure and practice to be followed in the Registries of the High Court) and any matters incidental to or relating to that procedure or practice."

(b) Section 54(2)(i) adds :-

"Without prejudice to the generality of subsection (1), rules of court may be made for the following purposes (i) regulating matters which could heretofore be or which have heretofore been provided for or regulated by rules of court;....."

38. It follows that in purporting to make the relevant rules with a view to regulating how s 46 orders are carried into effect, the Registrar was assuming powers which the legislature had not given him. He was therefore acting *ultra vires*.

39. This conclusion is reinforced by s 149(1)(a) of the Ordinance, which relevantly provides :-

"(1) The Registrar may make rules

(a) for the purposes of any provision of this Ordinance authorizing the making of rules (other than rules of court) with respect to any matter;"

40. The Registrar is accordingly given power to make rules "other than rules of court". It is therefore made abundantly clear that he is not to have any power to make rules of court, such as those envisaged under s 46(7) of the Ordinance.

"Upon receipt"

41. The second reason why the relevant rules are *ultra vires* is that they are inconsistent with the terms of s 46(5) of the Ordinance.

42. As noted above, the court is empowered by s 46(1) to amend the patent's specification and, once ordered, s 46(3) deems the amendment to take effect as from the grant of the patent. When the order is tendered for filing, the Registrar's duty, specified by s 46(5), is as follows :-

"Upon receipt of the court order and supporting documents filed in the prescribed manner the Registrar shall record the amendments to the specification of the patent and shall publish this and advertise the fact by notice in the Gazette."

43. In the present case, Yuen J's order and supporting documents were submitted on 12 November 2001 for registration, accompanied by the Patent Registry's Patents Form 8. As appears from references to s 46 on the face of the Form, it was the administratively "prescribed manner" then adopted by the Patent Registry for the filing of s 46 orders.

44. Section 46(5) therefore required the Registrar to record the amendments and to place a notice in the Gazette publishing and advertising such amendments "upon receipt" of the documents on 12 November 2001. The Registrar's role in this context is purely administrative. He has no discretion. Nothing in the Ordinance gives him power to qualify the duty placed on him.

45. Yet, it is precisely such a qualification that the relevant rules seek to import. They unlawfully purport to allow the Registrar to refuse to register the court's amending order "upon receipt" on the ground that such receipt occurred after expiry of a self-imposed time limit which, to make matters worse, has been made incapable of extension. The relevant rules are accordingly, for this additional reason, *ultra vires* and of no legal effect.

The Registrar's position

46. In the printed Case filed on behalf of the Registrar, the Court was informed that the Registrar and the supervising policy Bureau have caused draft amending subsidiary legislation (LN 157 of 2002) to be tabled before the Legislative Council with a view to removing the time-limit imposed by s 39(1) and to amending s 100(2) by deleting reference to s 39(1). The Registrar nevertheless sought, in his Case, to uphold the decisions below and to maintain that the relevant rules are *intra vires*.

47. However, at the commencement of this appeal, Mr Martin Liao, counsel instructed for the Registrar, informed the Court that the Registrar now accepts that he cannot justify retaining the time-limit laid down by the relevant rules and concedes that those provisions are *ultra vires*. The Registrar properly acknowledges that he has a duty to ensure the correctness of the Register and that the relevant time-limits are not conducive to that duty. He appropriately considers that he should in any event seek to have them formally expunged by amending legislation.

48. As I am of the opinion that subordinate legislation should be declared *ultra vires* and that the appeal should be allowed on a ground not previously raised, I have set out above the basis for my conclusion that the Registrar's concession is rightly made.

49. I would accordingly declare s 39(1) and that part of s 100(2) which refers to s 39(1) *ultra vires* and of no legal effect. I would also direct the Registrar to record the amendments to the specification of the Hong Kong Patent pursuant to s 46 of the Ordinance, in accordance with the order of Yuen J dated 10 October 2001. It is unnecessary to deal with the other grounds relied on by the appellant.

50. The Court had previously been informed by Mr Stephenson that he was appearing on the appellant's behalf on a complimentary basis. He did, however, seek an order for costs to cover disbursements, quantified at \$18,000.00. Mr Liao submitted that there should be no order as to costs. I consider that in the circumstances, the appellant should have an order for costs in its favour in the sum of \$18,000.00, to be paid forthwith.

Future applications under s 46

51. It is to be hoped that the Rules Committee will in due course formulate appropriate rules of court to deal with applications and orders made under s 46 of the Ordinance.

52. In the meantime, a court making such an order should consider whether any ancillary directions regarding its implementation should be given. It may, for example, consider directing that notice of its order amending the patent should be filed at the Patents Registry within a stated period, giving the parties to the proceedings and the Registrar (whether or not a party to the proceedings) leave to apply to the court for any further directions relevant to implementation of its order.

Mr Justice Silke NPJ:

53. I agree.

Lord Millett NPJ:

54. I agree.

Mr Justice Bokhary PJ:

55. The Court unanimously allows the appeal, directs the Registrar to record the amendments to the specification of the Hong Kong Patent pursuant to s 46 of the Ordinance and awards the appellant costs in the sum of \$18,000 to be paid forthwith.

(Kemal Bokhary)
Permanent Judge

(Patrick Chan)
Permanent Judge

(R A V Ribeiro)
Permanent Judge

(William Silke)
Non-Permanent Judge

(Lord Millett)
Non-Permanent Judge

Representation:

Mr Paul Stephenson (instructed by Messrs Horvath & Giles) for the appellant

Mr Martin Liao (instructed by the Department of Justice) for the respondent