Promoting Hong Kong as a Licensing and IP Trading Hub

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Overview of Licensing
What is Licensing?

- Licensing happens when an owner of IP (licensor) confers upon another person (licensee) permission to use the licensor’s IP directly or via an agent.

- This permission is recorded in a contract which sets out the licensed rights.

- The contract defines:
  - the IP permitted to use/exploit
  - exclusive, sole or non-exclusive use/exploit
  - specific time period
  - specific market regions
  - royalties and schedules of payment

- Licensing is common in merchandising, brand extension and technology transfer.
Ecosystem of Licensing

The intermediary services supporting licensing include legal, accounting, venture capitalists, consultants and media.
IPs involved in Licensing

- Trademarks
- Copyrights
- Patents
- Designs

Types of IPs
Latest Development of Licensing
**IP Registrations in Hong Kong**

- **Trademarks** dominate the IP registrations in Hong Kong.
- 13,209 Hong Kong trademarks had been registered in 2017 in Hong Kong, accounting for **37%** of the total.
- Hong Kong trademark registrations had grown by 19% over the past 5 years, **6%** higher than those of other countries.
- **Merchandising** is most common IP (Trademark) licensing in Hong Kong.

<table>
<thead>
<tr>
<th>No. of Trademarks Registered in HK</th>
<th>Year</th>
<th>Growth Rate 2013-17 5 Years</th>
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<tbody>
<tr>
<td>HK Trademarks</td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>11,144</td>
<td>12,095</td>
</tr>
<tr>
<td>Trademarks from Other Countries</td>
<td>31,464</td>
<td>34,251</td>
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<tr>
<td>Share of HK %</td>
<td>35%</td>
<td>35%</td>
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*Source: Intellectual Property Department, HKSAR*
Global Market on Licensed Merchandises

Retail Sales of Licensed Merchandise Worldwide 2016

USD 262.9B

Source: LIMA Annual Global Licensing Industry Survey 2017 Report
Promising Asian and China market for Licensed Merchandises

- Asia was the 3rd largest licensing market in the world in 2016, with a 11.3% global market share.
- Asia was the fastest growing region in the world, 8.8% in 2016, doubling the world’s average (4.4%).
Market Trend of IP (Trademark) Licensing

Brand Extension to Brand Experience
- Booming China Market
- Growing Theme Park Business
- Co-branding & Crossover

New Forms of IPs
- Digital IPs
- Game & Content IPs
- Art & Cultural IPs

New Retail Model
- Direct-To-Retail
- Social Media & E-commerce
- Pop-up Stores
Support Measures of HKSAR Government for Promoting Hong Kong as a IP Trading Hub
Promoting Hong Kong as an IP Trading Hub

Year 2013 - Formed the Working Group on IP Trading

Year 2015 - Released report of recommendations on 28 measures under 4 strategic areas:

i. Enhancing the IP protection regime
ii. Supporting IP creation and exploitation
iii. Fostering IP intermediary services and manpower capacity
iv. Pursuing promotion, education and external collaboration efforts
Enhancing the IP Protection Regime

Application of “Madrid Protocol” to Hong Kong

- HKSAR Government has decided to adopt the “Madrid Protocol” in Hong Kong, aiming to facilitate the registrations and management of Hong Kong’s registered trademarks in other jurisdictions and vice versa.

- Upon legislative amendments enacted and preparatory work completed, the Government plans to seek the application with implementation taking place in 2022 at the earliest.
Enhancing the IP Protection Regime

Rolling out the new patent system by 2019

Introduction of an “Original Grant Patent” (OGP) system will be the major enhancement of the local patent system.

- Applicants are able to file standard patent applications directly in Hong Kong without the prior need of first applying for grant of a corresponding patent in any designated patent office outside Hong Kong.

- The Hong Kong Patents Registry will conduct both formal and substantive examinations of each OGP patent application.
Supporting IP Creation and Exploitation

Providing tax deduction
• Applicable to capital expenditure incurred for the purchase and creation of IPs.

Providing Funding Schemes

By CreateHK
• CreateSmart Initiative - Support the development and promotion of creative industries in Hong Kong
• Film Development Fund - Support the long-term development of the local film industry

By Innovation and Technology Commission
• Innovation and Technology Fund - Encourage and assist Hong Kong companies to upgrade their technological level and introduce innovative ideas to their businesses
Fostering IP Intermediary Services

Hong Kong is a prime venue for IPR dispute resolution through arbitration and mediation

• In June 2017, Hong Kong amended the Arbitration Ordinance to allow third party funding of arbitration and mediation, reinforcing the city as a leading centre for international dispute resolution.

• The amendments relating to IP arbitration have come into operation on 1 Jan 2018, attracting parties to resolve their IPR disputes by arbitration in Hong Kong.
Pursuing promotion, education and external collaboration efforts

**IP Manager Scheme**
- Assisting SMEs to build up IP manpower capacity
- 6 training programmes and 10 workshops were conducted with over 1,500 attendees

**Free IP Consultation Services**
- Supporting by the Law Society of Hong Kong
- Assisting SMEs to develop effective IP management and commercialisation strategies
- Advisory areas cover the registration, management, licensing and due diligence of IPs

**Publications**
- IP Audit & Due Diligence Booklet
- IP Licensing Booklet
HKTDC Promotions for Licensing

- HK International Licensing Show
- Asian Licensing Conference
16th HKTDC International Licensing Show
8-10 Jan 2018
The Marketplace for Licensing in Asia
HK International Licensing Show

- 388 Exhibitors from 12 Countries & Regions
- 80% Exhibitors from Overseas
- Asia’s Largest
- World’s 2nd Largest
- 22,583 Visitors
- 91% from APEC Economies
HK International Licensing Show

Top Global Licensors
Global Brands

HK Homegrown IPs

Top Licensing Agents

1,000+ properties
HK International Licensing Show

Government-led Country & Region Pavilions

Taiwan Pavilion
Korea Pavilion
Thailand Pavilion
Japan Pavilion
Chinese mainland
Malaysia Pavilion
HK International Licensing Show

Value-added Services:
Business Matching Meetings, Mascot Parade, IP Previews & Showcases, Media Events
Sponsor:

7th Edition
8-9 Jan 2018
1,508 audiences with
98% from APEC Economies
30 speakers from
renowned global brands
Promotion of Licensing and Hong Kong IPs:
Tram Body Wrap, Media Events, Social Media Postings, Advertorials, Onsite Interviews......
HKTDC Promotions for IP Trading

- Business of Asia IP Forum
- Asia IP Exchange
- Business IP Zones in Trade Fairs

More Promotions by HKSAR IPD
Business of IP Asia Forum (BIP Asia)

Organisers:

A Forum to Discuss Latest IP Trends, Strategies and Development

Breakout Sessions to Equip SMEs with Essential IP Information

- IP Manager Training Programme
- Start-ups and IP Business Opportunities
- Anti-counterfeiting Strategy for Brand Protection
- Managing an IP Asset
- Industry-specific IP topics for fashion, food
- International IP Dispute Resolution
Business of IP Asia Forum (BIP Asia)

A Platform Connecting IP Owners, IP Seekers and Service Providers

BIP 2017
2,500+ participants with
97% from 16 APEC Economies

Organisers:

Exhibition Hall with FREE IP consultation

Luncheon and Networking Events
8th Edition
Date: 6-7 Dec 2018 (Thu – Fri)
Venue: Hall 5FG, HKCEC
Theme: IP and Innovation in the New Socio-technological Landscape
Entrepreneurship-oriented
- A dedicated track of breakout session for start-ups: IP for Entrepreneurs & Start-ups
- IP Manager Training Programme
- Onsite Complimentary IP Advisory Services
• A Free Online IP Trading Platform
• Showcases 27,000+ IP Listings around the Globe
• 22,000+ Registered Users from 116 countries and regions
• 30 Strategic Partners from APEC Member Economies

Partners outside Hong Kong:

Partners in Hong Kong:
AsiaIPEX Enables SMEs to:

- Conduct Quick and Precise **IP Search** by Industry, IP Types, Country/Region
- **Submit IP Demands** and Link up with IP Owners
- Look for IP Service Providers
- Apply for a Free IP Advisory Session
Offer IP Consultation Service at Exhibitions with Strong IP Angle

- HKTDC Hong Kong International Lighting Fair Autumn Edition
- HKTDC Hong Kong Electronics Fair (Spring Edition)
- HKTDC Hong Kong International Medical Devices and Supplies Fair
- HKTDC Hong Kong Electronics Fair (Autumn Edition)
- HKTDC Hong Kong International Film & TV Market (FILMART)
More Promotions on IP Trading

Short Videos of Success Stories of Hong Kong’s IP Commercialisation
More Promotions on IP Trading

• TV Announcement in the Public Interest (API)
• Print advertisements
• Online advertisements and advertorial
• Dedicated website - “Hong Kong – The IP Trading Hub” www.ip.gov.hk
Thank You