

Newsletter

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Wilkinson & Grist
Solicitors & Notaries



2012 has been a strong year for Wilkinson & Grist gaining recognition on various fronts for our corporate, dispute resolution as well as intellectual property practices.

Whilst the global economy continued to underperform, intellectual property filings worldwide kept growing significantly. For the first time, China has overtaken the United States as the country with the most patent filings. This is good news as the sustained growth in IP filings is an indication of companies' continuing wish to innovate and will no doubt benefit the IP industry and our practice.

As the year of the Dragon draws to a close with the year of the Snake arriving in February 2013, we warmly wish all our clients and associates happiness and prosperity.

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Message from our Senior Partner

I am extremely honoured and happy to have succeeded as the senior partner from Catherine Chong who together with our predecessors has set up very high professional standards for our firm and to some extent made life easier for me.

Modern technology and innovative business ideas have resulted in rapid changes to, and tremendously increased the pace of, the practice of law. Very often we may not have sufficient time to step back and take a closer look of our client's ultimate goal and devise appropriate strategy for him to achieve his goal effectively. Junior lawyers being supervised or led by senior lawyers may provide a solution, but I firmly believe a large part of the answer lies in the attitude and mindset of the lawyer himself.

To us at Wilkinson & Grist, "patience, perseverance and planning" are always remembered and adopted at all clients' front. Patience in understanding, listening to and dealing with our client will help to enhance and buttress our relationship with him. Perseverance in research and review of his files and pursuit of his goal will enable us to identify the relevant issues and earn his appreciation. Lastly it is important to be pro-active and plan ahead for our client. As an illustration, one should not ask any question from our client's opponent to which one does not know the answer. Question should only be raised if one knows how to respond to any answer which may be given by the opponent. Adoption of such approach will likely earn our client's respect and confidence.

Providing effective and good quality service to our clients has always been the aim of Wilkinson & Grist. With the adoption of the above approach and the correct state of mind on our part, we are confident that our aim will be fulfilled and maintained.



Michael Chan

NEW AWARDS

Corporate INTL



Corporate Law Firm of the Year in Hong Kong

We are honoured to have been chosen as the winner of the 2012 Corporate Intl Magazine Global Award for **Corporate Law, Firm of the Year in Hong Kong**. This achievement is the result of the nomination, research and judging process that has taken a full 12 months and we are pleased with this recognition.



We have again been named as a **Highly Recommended Firm** in Hong Kong for **Dispute Resolution** and **Intellectual Property** practices in this 2013 Guide.

*“Wilkinson & Grist has a very strong dispute resolution and litigation practice. Peers and clients still talk about the firm’s role in the Nina Wang estate case, which attracted media attention not just domestically, but globally. The litigation team acted for Chinachem Charitable Foundation in relation to its inheritance from the estate. **John Budge** and **Keith Ho** have both been recommended by peers as ‘go-to’ names for the practice.”*

*“The firm’s intellectual property group has been highly recommended.” “As well as a full range of commercial IP matters, the firm has acted in relation to a number of trademark and copyright infringement cases and passing off actions. The firm’s Beijing arm has a number of patent attorneys and trademark agents and works closely with the Hong Kong office on cross-border issues. **Yvonne Chua** and **Anne Choi** have been commended for their ‘brilliant’ practice.”*



**THE CLIENTS' GUIDE TO
THE ASIA PACIFIC
LEGAL PROFESSION**

We are pleased to have again achieved ranking as a **Tier 1 Firm** in **Intellectual Property** in this 2013 Guide.

*“Wilkinson & Grist undertakes the full range of IP transactions.....The group also has a strong litigation offering. Practice head **Anne Choi** and **Yvonne Chua** are recommended.”*

We have also been named as a **Recommended Firm** in other practice areas, namely **Corporate (including M&A), Dispute Resolution and Restructuring and Insolvency**.

*“Hong Kong giant Wilkinson & Grist has developed a credible PRC practice, with managing partner **Raymond Chan** singled out”.*

*“Wilkinson & Grist has continued to earn accolades with its representation of Chinachem Charitable Foundation in a probate dispute involving the estate of Asia's richest woman, Nina Wang. **Keith Ho** led on that case, and “does an amazing job”. **John Budge** is one of the senior names in Hong Kong..”*

*“Wilkinson & Grist's workload combines corporate restructuring, rescheduling and rescue, receiverships, liquidation and individual insolvency. Key contacts include **Keith Ho**, who is currently chairman of the Insolvency Law Committee of the Law Society of Hong Kong; and **Lawrence Chan**, who is also well regarded in the insolvency arena.”*

Asia IP

The 2012 Trademark Survey on top trademark firms in Asia published by APEX Asia in September 2012 has in consecutive years ranked our firm as a **Tier 1 Law Firm** for Hong Kong in both **Trademark Prosecution** and **Trademark Contentious** work.



Hong Kong Mediation Law Firm of the Year

Our firm has been awarded the **Hong Kong Mediation Law Firm of the Year**, as published in the Acquisition International Legal Awards 2012 which recognises law firms across the globe for their experience and skills across key practice areas and sectors.

Congratulations

We are proud of the recognition given to our partners and congratulate them on their achievements.



Anne Choi



Yvonne Chua

Anne Choi and **Yvonne Chua** have consecutively been named as **Leading Individuals** in **Intellectual Property** practice in Hong Kong in this Client's Guide to the Asia Pacific Legal Profession 2012.

WHO'S WHO LEGAL

The International Who's Who of Business Lawyers COMMERCIAL MEDIATION 2012



John Budge

John Budge, partner, Litigation and Dispute Resolution Practice Group, has again been named as an expert and a leader in the field of commercial mediation in Hong Kong.

Announcing New Partner

We are delighted to announce that **Annie Tsoi** of our Intellectual Property Practice Group has been admitted into the partnership as of October 2012.

Annie joined our Intellectual Property Practice Group in March 2011. In the past nine years, Annie has acted for a wide range of clients in different industries in the intellectual property arena, specializing in regional trademark prosecution and related contentious work.



Annie Tsoi

New Faces

We warmly welcome the following newcomers to our firm.

Dorothy Ma joined our Litigation and Dispute Resolution Group in June 2012. She graduated from The University of Hong Kong with a double degree, namely Bachelor of Laws in conjunction with Bachelor of Business Administration, and completed her Postgraduate Certificate in Laws ("PCLL") in 2007. She was admitted as a solicitor in Hong Kong in August 2009. Before joining our firm, Dorothy focused her practice on debt recovery matters, land-related disputes and matrimonial litigation. Her experience in these areas will add strength to our Litigation and Dispute Resolution Group.





Alex Chung joined our Company & Commercial Practice Group in July 2012. He graduated from the Queensland University of Technology in Australia with a dual degree in Bachelor of Laws (Hons) and Bachelor of Business majoring in Accountancy. Alex passed his Overseas Lawyers Qualification Examination in 2011 and was admitted as a solicitor in Hong Kong on 7 July 2012. Before joining us, Alex worked in a law firm in Queensland, Australia, advising clients on taxation law, estate planning and asset protection.



Vivian Or joined our Intellectual Property Practice Group in July 2012. She obtained her Bachelor of Laws degree from the University of London in 2007 and completed her PCLL at The University of Hong Kong in 2009. Having been admitted as a solicitor in Hong Kong in March 2011, her main area of practice has been in regional trade mark prosecution and related contentious work with particular focus on China.



Dominic Lau joined our Litigation and Dispute Resolution Group in July 2012. He graduated from The University of Hong Kong and obtained his Bachelor of Laws degree in 2006, and his PCLL in 2007. He was admitted as a solicitor in Hong Kong in March 2009. His past experience included personal injuries claims and general litigation. His main area of practice is now in commercial litigation.



Hulka Lo joined our Company & Commercial Practice Group in August 2012 and was admitted as a solicitor in Hong Kong in November 2012. She graduated with a Bachelor of Business Administration (Law) degree in 2007 and a Bachelor of Laws degree in 2009 from The University of Hong Kong. She then completed her PCLL in 2010 at The University of Hong Kong. Her practice now focuses on corporate, banking and commercial advisory matters.



Rachel Tam joined our firm as a trainee solicitor in August 2010. After her traineeship, she joined our Litigation and Dispute Resolution Group and was admitted as a solicitor in Hong Kong in November 2012. Rachel obtained her Bachelor of Laws degree and PCLL from The University of Hong Kong. Rachel is assisting our clients in enforcement proceedings, probate proceedings, disciplinary investigations conducted by regulators and employment issues.

Appointments

Through strong participation in major national and international bodies, our lawyers contribute to the community.

Lawrence Chan, partner, Litigation and Dispute Resolution Practice Group, has been appointed by the HKSAR Government as a Member of the HKSAR Passports Appeal Board for a term of three years from 1 September 2012. The Board would determine appeals against any decision of the Director of Immigration regarding the issuance, validity period, amendment, or cancellation of a passport.

HKSAR Passports
Appeal Board

Lawrence has also been appointed as an Adjudicator of the Immigration Tribunal for a term of two years as from 1 October 2012. The Tribunal was established to deal with appeals lodged against the making of a Removal Order by the Director of Immigration or against the Director's decision not to issue a Certificate of Entitlement.

Immigration
Tribunal

Andrea Fong, partner, Intellectual Property Practice Group, has been re-elected as Council Member of the Asian Patent Attorneys Association for a three year term commencing 31 October 2012.

APAA

Mena Lo, partner, Intellectual Property Practice Group, has been appointed as a member of the Design Committee of APAA for a three year term commencing 31 October 2012.

APAA

Michael Chan, senior partner, and **Ivan Chu**, partner, Dispute Resolution Practice Group, have both been appointed to the Appeal Tribunal Panel constituted under section 48 of the Building Ordinance (Cap. 123) for the period from 1 December 2012 to 30 November 2015 and both will serve as chairman of appeal panels.

Building Appeal
Tribunal Panel

Ivan has also been appointed as a member of the Non-local Higher and Professional Education Appeal Board under section 26(5) of the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493) for the period from 8 December 2012 to 7 December 2015.

Non-local Higher
Professional
Education Appeal
Board

John Budge, partner, Litigation and Dispute Resolution Group, has recently been elected as Chairman of the Hong Kong Mediation Accreditation Association Limited. With the support of the Chief Justice and Secretary for Justice, the Association has been formed as the premier accreditation body with regard to the mediation industry in Hong Kong.

Hong Kong
Mediation
Accreditation
Association Limited

John has also been appointed by the Secretary for Justice as a member of the Steering Committee on Mediation which is set up by the Department of Justice as part of its continuing efforts to promote the wider use of mediation to resolve disputes in Hong Kong.

Steering
Committee on
Mediation

Yvonne Chua, partner, has been invited to continue serving as a member of the Steering Committee of the Hong Kong Breast Cancer Registry ("BCR") for the term of service from January 2013 to December 2014. Being the most comprehensive and representative registry on breast cancer in Hong Kong, the BCR was established in 2007 by the Hong Kong Breast Cancer Foundation, a non-profit organization committed to breast cancer education, patient support, research and advocacy.

Hong Kong Breast
Cancer Registry

About Us

LESI Management and Delegates Meeting

Our Yvonne Chua was elected as President Elect of Licensing Executives Society International at the International Management and Delegates Meeting held in Toronto in October 2012.



Yvonne Chua (front row 2nd from right) with Mr Kevin Nachtrab, President (in the middle) and other members of the new board.

2012 CASH Annual Dinner

Our Anne Choi and Andrea Fong attended the 2012 Annual Dinner of the Composers and Authors Society of Hong Kong Limited on 28 November 2012.

From left to right - Mr Spencer Lee, Deputy CEO of CASH, our Andrea Fong, Anne Choi and guest.



Innovation and Design Tech Expo and the World SME Expo

Our **Yvonne Chua** attended the joint opening ceremony of the Innovation and Design Tech Expo and the World SME Expo held on 6 December 2012 and met with the Chief Executive of the HKSAR The Hon CY Leung.



Chief Executive, The Hon CY Leung (4th from right), Yvonne Chua (1st from right)

Talks & Seminars

We are pleased to be involved in, and contribute to, legal education in Hong Kong, China and other regions.

Yvonne Chua, partner, Intellectual Property Practice Group (middle), was moderator at the IPR Dispute Resolution and Business Strategy Conference jointly organized by LES China, LES China Hong Kong Sub-chapter and LES Chinese Taipei which took place at the Xiamen University on 9 September 2012.

Joint Conference
of LES China,
LESCHK & LES
Chinese Taipei



Yvonne Chua was also invited to take part in the 15th Hong Kong/Korea Business Round-table held in Hong Kong on 12 September 2012 at the Hong Kong Convention & Exhibition Centre to speak on IP protection. The Korean delegation was led by the former Prime Minister of Korea and current Chairman of Korean International Trade Association Dr Han Duck-soo. The Chairman of Hong Kong delegation was Mr Christopher Cheng.

Hong Kong/Korea
Business
Round-table



Yvonne Chua at front row (4th from left), The Hon John Tsang, Financial Secretary of HKSAR (7th from left), Mr Christopher Cheng (6th from left).

BIP
Asia Forum

Yvonne Chua, chaired the thematic session on “Global IP Business: Trends and Strategies” of the Business of IP Asia Forum 2012 held on 7 December 2012 and jointly organized by the Hong Kong Trade Development Council and Hong Kong Design Centre.

She was also a panel speaker on “Practical Legal Tips for Entering the Chinese Market”.



(From left to right) Yvonne Chua; Mr Grégoire Bisson, Director, Hague Registry, Brands and Designs Sector, World Intellectual Property Organization; Mr Wolf Meier-Ewert, Counsellor, Intellectual Property Division, World Trade Organization; Mr Q Todd Dickinson, Executive Director, American Intellectual Property Law Association.

Asian Licensing
Conference 2013

Mena Lo, partner, Intellectual Property Practice Group, spoke at “The Licensing Workshop – Licensing from a Legal Perspective” session of the Asian Licensing Conference 2013 held on 8 January 2013 at the Hong Kong Convention and Exhibition Centre.



Publications

We are happy to provide upon request copies of the following published articles written by our lawyers.

“China – Second draft of proposed Copyright Law amendments released” - Mena Lo	World Trademark Review LEXOLOGY 12 Sept 2012
	Intellectual Asset Management Magazine 12 Sept 2012
“Hong Kong – Combination of two English words held to lack distinctiveness” - Helen Tang	World Trademark Review Daily 20 September 2012
“Hong Kong – Do you PAYEASE?” - Helen Tang	Intellectual Asset Management Magazine 26 Sept 2012
	World Trademark Review LEXOLOGY 26 Sept 2012
“Hong Kong – Registrar considers whether internet use qualifies as trademark use” - Lily Cheung	World Trademark Review LEXOLOGY 17 Oct 2012
	Intellectual Asset Management Magazine 17 Oct 2012
“China – Government pledges ‘No More counterfeit Software’ ” - Annie Tsoi	Intellectual Asset Management Magazine 21 Nov 2012
	World Trademark Review LEXOLOGY 21 November 2012
“Guide to protecting intellectual property rights in China”	HKTDC Dec 2012

Forthcoming Conferences

Our members will be attending the following conferences and will be delighted to make arrangements in advance for meeting with clients and associates.

LES Global Technology Impact Forum	Geneva, Switzerland, 19 – 22 January 2013
LESI Management & Delegates’ Meeting	Rio de Janeiro, Brazil, 5 – 7 April 2013
LESI Annual Conference	Rio de Janeiro, Brazil, 7 – 10 April 2013
INTA	Texas, USA, 4 – 8 May 2013
ECTA Annual Conference	Bucharest, Romania, 19 – 22 June 2013
LES Pan European Conference	Davos, Switzerland, 23 – 25 June 2013

Hong Kong



Hannah Chow



Rosalind Yung

“On 26 October 2012, two further measures were announced..... to cool down speculation in the residential real estate market.”

Amendments to the Stamp Duty Ordinance

On 26 October 2012, two further measures were announced by the Financial Secretary to cool down speculation in the residential real estate market. With effect from 27 October 2012, (i) the rates of the existing Special Stamp Duty (“SSD”) have been raised and the property holding period which is relevant for determining the rate of the applicable SSD has been extended; and (ii) a Buyer’s Stamp Duty (“BSD”) has been imposed on conveyancing transactions involving buyers who are non-Hong Kong permanent residents.

SSD was first introduced on 20 November 2010. It is payable on top of the ad valorem stamp duty on the disposal of a residential property within two years of its purchase, unless the transaction is exempted from payment of SSD. Under the new measure, transactions involving residential properties acquired on or after 27 October 2012 are subject to new rates of SSD if they are disposed of within 36 months of their acquisition. SSD is assessed on the sale price or the market value of the property (whichever shall be higher) as follows:

- (i) 20% if the property is disposed of within 6 months of its acquisition;
- (ii) 15% if the property is disposed of after 6 months but within 12 months of its acquisition; and
- (iii) 10% if the property is disposed of after 12 months but within 36 months of its acquisition.

BSD is chargeable in addition to the current ad valorem stamp duty and SSD (where applicable). Effective from 27 October 2012, BSD is payable on the acquisition of a residential property unless the transaction is exempted from BSD or the buyer is a Hong Kong permanent resident (all corporate entities including Hong Kong companies are counted as non-Hong Kong permanent residents). BSD is charged at a flat rate of 15% on the stated consideration or the market value of the property (whichever is higher). If only one of the buyers is a non-Hong Kong permanent resident, BSD is still payable at the full rate regardless of the share of the property acquired by the non-Hong Kong permanent resident unless one of the exemptions applies.

The Bill to amend the Stamp Duty Ordinance has been presented to the Legislative Council in January 2013. Before the new legislation is enacted, SSD is paid based on the old SSD rates. As soon as the Bill has been enacted, the balance of SSD representing the difference between the old rates and the new rates and the applicable BSD are required to be paid within 30 days after the new law has been passed.

China

Amendments to Civil Procedure Law relating to IP litigation in China

Amendments to the Civil Procedure Law of China passed on 31 August 2012 took effect on 1 January 2013. The aim of the amendments is to strike a balance between efficiency and fairness to the parties. The amendments relevant to IP litigation are summarized below.

Time for submitting evidence

Provisions are introduced to expedite civil proceedings. In particular, evidence must be timely submitted. Where an application for a time extension is not supported by cogent reasons, other than refusing the application as in the past, the court now also has the option of granting the extension upon payment of a penalty.

Re-examination of final and conclusive decision

Previously, application to a higher court for re-examination of a final and conclusive court decision must be made within 2 years from the effective date of the final decision. This time period is now shortened to 6 months. Further, upon acceptance of the application, the higher court must make its decision within 3 months unless there are special circumstances justifying the delay.

Service of court documents

Service via fax, email or other means is now valid, if this is not challenged by the other party, thereby avoiding the cumbersome procedure of service out of the jurisdiction. Moreover, where service on a foreign party is effected by substituted service i.e. by public announcement when service via other means fail, the announcement period is now 3 months instead of 6 months as in the past.

Where personal service is made, formerly the court would require an acknowledgement be made by the party served or a relative residing with him. Leaving the court documents at the address would constitute valid service only when such party refused to sign the acknowledgement, and when other procedures on attempted service had been complied. Now, service of court documents may be effected by leaving the same at the address of the party being served provided that it is evidenced by photographs or video recordings.



Howard Tsang



Helene Jin

“The aim of the amendments is to strike a balance between efficiency and fairness to the parties.”

Access to judgments and decisions

Formerly, not all judgments and decisions are freely accessible. The amendment now provides that the public may “check and view” legally effective judgments and decisions. But it is yet to be seen whether this free public access will include the public getting a photocopy, such as making them available online, through other means.

Consolidation of judicial opinions

Various clarifications to the law previously brought about by judicial opinions, interpretations and the like from time to time have now been formally recognized and consolidated into the new law. They include provisions for urgent pre-action evidence preservation, pre-action and in-action property preservation, attendance of court proceedings by expert witnesses, acceptance of electronic data such as email contents and mobile phone messages as evidence.



Mena Lo

".中國" (".cn" in Chinese) domain names now open for public registration

Pursuant to the Notification of Adjustment on .CN Domain Name Registration Service published by the China Internet Network Information Center, starting from 29 October 2012, the standalone top-level domain name “.中國” (”.cn” in Chinese) is open to the public for registration.



KY So

Prior to the change, it was only possible to register “.中國” domain names consisting of solely Chinese characters. It is now possible to register domain names ending with “.中國” consisting of Chinese characters, English alphabets and/or Arabic numbers either independently or as a combination. Hyphens in “.中國” domain names can also be included.

With the public launch of standalone “.中國” domain names, “.cn” and “.中國” domain names must now be registered and renewed separately. In other words, although registrants of full-Chinese “.中國” domain names would automatically be assigned corresponding full-Chinese “.cn” domain names (e.g. “高露雲.中國” and “高露雲.cn”) prior to 29 October 2012 which could be renewed together with a single renewal fee, after 29 October 2012, the existing “.中國” domain name and its corresponding “.cn” domain name must be renewed separately with two renewal fees.

In order to capture the attention of Chinese businesses and consumer public and to prevent cyber-squatting, registration of “.中國” domain names is highly recommended.

“It is now possible to register domain names ending with “.中國” consisting of Chinese characters, English alphabets and/or Arabic numbers.....”

China allows trademark registration on retail and distribution services, on a limited scale

As from 1 January 2013, China allows trademarks to be registered in connection with retail and distribution of several medicine-related goods.

Specifically, seven items of retail and distribution services are added in Class 35 under a new sub-class 3509. These are retail and distribution services of 1) pharmaceutical, veterinary, sanitary preparations and medical supplies; 2) medicine; 3) pharmaceutical preparations; 4) sanitary preparations; 5) medical supplies; 6) veterinary medicine; and 7) veterinary preparations.

This allowance is a notable shift from the pre-2013 rules and practice, under which retail and distribution services in general are per se not available for trademark registration in China.

For examination purposes, these “new” services are expressly considered dissimilar to all existing services in Class 35 such as “sales promotion (for others)”, or the actual goods (being retailed or distributed) in Class 5.

There is a transition period ending on 31 January 2013, during which all applications for these “new” services will be treated as having the same filing date. To the extent the applied-for marks are the same or similar, their priority will be determined in accordance with the following: first by way of prior use in China (before 1 January 2013), failing which, by agreement and finally by drawing lots.

All applicants, be they domestic or foreign, are required to submit supporting corporate documents (with appropriate Chinese translation) showing that their authorized business scope includes such retail and distribution services applied-for. The specification applied-for should be carefully worded to avoid rejection by the Trade Mark Office. Interested clients are suggested to seek legal advice in view of these new requirements.



Howard Tsang



Annie Tsoi

“This allowance is a notable shift from the pre-2013 rules and practice.....”

“.....these “new” services are..... dissimilar to all existing services in Class 35.....”



Howard Tsang



Templar Fang

“The big question is whether or not the IPO will have sufficient resources to cope with such increased powers.”

New amendments to Chinese Patent Laws under discussion

On 10 August 2012, the State Intellectual Property Office published the draft amendment to the Patent Law (the “draft”) for discussion purposes. The recommendations are as follows:

Extended powers of discovery

Under the current law, a patent owner may under general civil procedural laws apply to the court to preserve evidence regarding infringing goods and related documents. This is now expressly stated in the draft.

At the administrative level, currently the local intellectual property offices (“IPO”) have the power to inspect and detain goods, as well as to inspect and make photocopies of related documents, and interrogate the infringers, only in cases where the goods and/or technology in question are/is falsely represented as being patented by the unauthorized use of a patent number or other indications. The draft proposes to extend such powers to infringement cases. In addition, the infringer will now be subject to a warning or penalty if he fails to co-operate with the IPO.

Enlarging the scope of damages

Currently only the court (not the administrative authority) has the power to award general damages, the amount of which depends on the loss suffered by the patent holder or the unlawful profit made by the infringer. Where there is difficulty in quantifying this amount, statutory damages of up to RMB1,000,000.00 (around USD166,667.00) can be awarded.

The draft proposes to increase the award. First of all, punitive damages up to three times that of the general damages/statutory damages are introduced. Moreover, the IPO will also be empowered to determine and award statutory/punitive damages.

IPO empowered to initiate raid actions in infringement cases

Raids are presently only initiated upon the complaint of a patent owner. The draft gives the IPO the power to initiate actions if the infringement will disturb the order of the market. Sanctions include order of cessation of infringement by the infringer, confiscation of unlawful profits, confiscation or destruction of the infringing goods and/or equipment for the making of the goods, and a fine not exceeding four times the unlawful profit (or not exceeding RMB200,000

(about USD33,330) when there is no unlawful profit or there is difficulty in determining this profit).

Procedures to accelerate adjudication of patent infringement cases when patent is subject to invalidation proceedings

Currently, in order to delay the patent infringement proceedings at courts or action at IPOs, it is rather common for the infringer to first file an invalidation application at the Patent Re-examination Board (“the Board”), and to follow with an appeal to the court where the Board has maintained the validity of the patent. Pending final and conclusive determination by the court, generally the infringement proceedings or action will be stayed. The draft now proposes that the decision of the Board in maintaining or refusing the validity of the patent cannot operate to stay the proceedings or action, and further the decision will be published and take effect immediately.

The proposals above will facilitate more effective handling of patent infringement cases at administrative level, and will reduce costs but the big question is whether or not the IPO will have sufficient resources to cope with such increased powers.

Second draft of proposed Copyright Law amendments released

In July 2012, the National Copyright Administration of China (“NCAC”) released the second draft of the proposed amendments to the Copyright Law. Significant amendments were made to the first draft following heated discussions and strong objections, particularly, from the music industry on provisions relating to statutory license and extended management right of collective copyright management organizations (“CCMO”).

Amendments proposed in the first draft relating to statutory license and extended management right of CCMO include the following:

Statutory license:

- After a sound recording is first published for three months, provided that certain conditions are met, other producers may use the music composition to make new recordings without the authorization of the copyright owner.
- Radio and television stations may, subject to certain conditions, broadcast a published audio work without the authorization of the copyright owner. However, where the work involved is an audio-visual work, permission of the original producer is required.



Mena Lo

“The..... proposals were heavily criticized by the music industry.....”

“The rights of CCMO are now limited.....”

Extended management right:

Unless the copyright owner opts out of coverage specifically in writing, CCMO may represent and exercise the right of a copyright owner even if the copyright owner is not a member of CCMO, that is, the copyright owner's rights are, by default, handed over to CCMO.

The above proposals were heavily criticized by the music industry as opening the gate to infringement and expanding the rights of CCMO to an inappropriate extent.

Voices of the music industry were heard and the above two provisions relating to statutory license were deleted from the second draft of the proposed amendments. Further, the rights of CCMO are now limited to the extent that where CCMO obtains authorization from copyright owners and can represent the interest of copyright owners at a nationwide level, CCMO can exercise the copyright and related rights of the copyright owners in relation to (i) broadcasting of literary, music, artistic or photographic works by radio and television stations; and (ii) public dissemination of published works of music or audio-visual works through self-service song selection system by operators of such system unless the right owners opt out of coverage in writing.

NCAC is expected to release a third draft of the proposed amendments after it has considered in detail all feedback received from the public, trade and right holders on the second draft of the amendments.

Notice: This newsletter is intended for general information only and should not be taken as legal advice of Wilkinson & Grist. For any enquiries, please contact Ms Anita Kwan at anitakwan@wilgrist.com.

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