



Happy Year of the Pig

In 2018, our lawyers and different practice groups at Wilkinson & Grist have again received recognition of their market leading roles. We gratefully thank all our clients for their continual support and trust throughout the year.

In this issue, we see exciting development in the IP field in both Hong Kong and China – the setting up of an IP specialist list in the Court of First Instance in Hong Kong and an IP court in Beijing as a subdivision of the Supreme People's Court. We also look at the draft patent examination guidelines in Hong Kong and the new E-Commerce Law in China with IP enforcement measures.

Lastly, as we welcome the Year of the Pig, we warmly wish for peace, prosperity and happiness to all.

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NEW HONOURS



The definitive guides to Asia-Pacific's leading regional and domestic law firms and lawyers

We are pleased to have been named as **Outstanding Law Firm** for Dispute Resolution, Intellectual Property and Restructuring & Insolvency in Hong Kong in Asialaw Profiles 2019, the guide to the best domestic and regional law firms and leading lawyers in the Asia-Pacific region. The guide provides law firm recommendations and editorial analysis of key practice areas and industry sectors across 25 jurisdictions. We are also **Highly Recommended** for Banking & Finance and Construction, and **Recommended** for Banking & Financial Services, Consumer Goods & Services, Real Estate, Technology & Telecommunications, Corporate/M&A and Investment Funds.



For consecutive years, we have been **Recommended** in the practice areas of Dispute Resolution: Litigation, Intellectual Property, and Restructuring and Insolvency in Hong Kong in The Legal 500 Asia Pacific 2019, The Client's Guide to the best law firms and top lawyers.

"Wilkinson & Grist is primarily known for handling contentious probate matters, shareholders' disputes and insolvency litigation. Clients include The Bank of East Asia, Chinachem and Citibank. It acted for a private client in connection with a dispute with his siblings with regard to the late tycoon, Henry Fok Ying Tung's estate. The team also advised the Department of Justice on an inquiry into the operation and monitoring of franchised buses, following a fatal accident in February 2018."

"Wilkinson & Grist has an 'excellent reputation in the IP field', particularly in relation to trade mark prosecution work."

"Wilkinson & Grist receives a mix of standalone instructions as well as referral work from international law firms, and regularly acts for liquidators of listed and private companies."



We are pleased to have been awarded in the 2018 Asian-mena Counsel & In-House Community: **Firm of the Year** for our Intellectual Property practice in Hong Kong. Over 2,000 in-house lawyers and buyers of legal services in 13 jurisdictions participated in this survey. This is the largest and most definitive poll of actual buyers of legal services, and hence an important survey of the legal market conducted in Asia and Middle East.

Congratulations

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



The definitive guides to Asia-Pacific's leading regional and domestic law firms and lawyers



Keith Ho



Andrea Fong



Raymond Chan



Michael Ma



Yvonne Chua



Cleresa Wong

Keith Ho, Head of our Dispute Resolution Practice Group, has been voted as market leading lawyer in Hong Kong in Dispute Resolution. **Andrea Fong** and **Yvonne Chua**, respectively Head and Consultant of our Intellectual Property Practice Group, have for consecutive years been voted as market leading lawyers in Hong Kong in Intellectual Property. **Raymond Chan** and **Michael Ma**, respectively Head and Partner of our Corporate Practice Group, are named as market leading and leading lawyers respectively in Corporate and M&A whereas **Cleresa Wong**, Consultant of our Real Estate Practice Group, is named as leading lawyer in Construction and Real Estate.



Keith Ho



Andrea Fong



Florence Lam



Lawrence Chan

Keith Ho, Head of our Dispute Resolution Practice Group, has been recommended in Hong Kong in Dispute Resolution: Litigation. **Andrea Fong** and **Florence Lam**, both Partners of our Intellectual Property Practice Group, have also been recommended in Intellectual Property. **Keith** and **Lawrence Chan**, both Partners of our Dispute Resolution Practice Group, have received the same honour in Restructuring and Insolvency.

Appointments

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

Lawrence Chan, Partner, Dispute Resolution Practice Group, has been re-appointed as an Adjudicator of the Registration of Persons Tribunal under section 3C of the Registration of Persons Ordinance for a period of 2 years from 1 December 2018 to 30 November 2020.

HKSAR
Registration of
Persons Tribunal

Lawrence has also been appointed as Chairman of the Appeal Tribunal Panel for a period of 3 years from 1 December 2018 to 30 November 2021. The Appeal Tribunal is to hear appeal cases against the decisions made by the Building Authority in the exercise of discretion conferred under the Buildings Ordinance.

HKSAR Appeal
Tribunal Panel

Lawrence has also been appointed as a panel member of the Administrative Appeals Board for a period of 3 years from 15 July 2018 to 14 July 2021. The Administrative Appeals Board (“AAB”) is an independent statutory body established under the AAB Ordinance in July 1994. The Board will hear and determine appeals against a decision made in respect of an appellant and which falls under its jurisdiction. The Board’s jurisdiction extends over certain administrative decisions made under the Ordinances or Regulations set out in the Schedule to the AAB Ordinance, such as matters on security personnel permits and business registration fees.

HKSAR
Administrative
Appeals Board

Appeal Panel (Estate Agents Ordinance)

Ivan Chu, Partner, Dispute Resolution Practice Group, has been appointed by the Secretary for Transport and Housing to be a member of the Appeal Panel (Estate Agents Ordinance) under section 32 of the Estate Agents Ordinance (Cap 511) for a period of 2 years with effect from 1 January 2019. The Appeal Panel is a statutory body established on 1 January 1999 under the Ordinance to hear and deliberate on appeals lodged under section 31 of the Ordinance against the licensing and disciplinary decisions of the Estate Agents Authority.

Intellectual Property Committee

Yvonne Chua, Consultant, Intellectual Property Practice Group, has been re-appointed as a member of the Intellectual Property Committee of the Law Society of Hong Kong for a term of 2 years commencing from 31 October 2018.

Licensing Executives Society China, Hong Kong Sub- Chapter

Annie Tsoi, Partner, Intellectual Property Practice Group, has been re-elected as council member (and as the treasurer) of the Licensing Executives Society China, Hong Kong Sub-Chapter (LESCHK) for the 2-year term 2019-2020. LESCHK is part of an international IP organisation with over 10,000 members around the world involved in the business of IP.

About Us

The Law Society of Hong Kong

John Budge, Consultant of our Dispute Resolution Practice Group, received a Gold Award in the 2018 Pro Bono and Community Work Recognition Programme of the Law Society of Hong Kong. John has been very involved in public service in Hong Kong for many years.



John Budge on the left with our Keith Ho, Senior Partner and Head of our Dispute Resolution Practice Group, on the right

Partners of our firm attended the 100th Anniversary Cocktail Reception of The Bank of East Asia at Grand Hyatt on 2 January 2019 to congratulate BEA on their success and contribution to the community.

The Bank of
East Asia



(From left to right) Our David Choi, Ivan Chu, Lawrence Chan, Andrea Fong, Florence Chan and Hannah Chow

Yvonne Chua, Esther Ho and Florence Lam, respectively Consultant and Partners of our Intellectual Property Practice Group, attended the 2018 CASH Annual Dinner cum Golden Sail Music Awards Presentation on 5 November 2018.

Composers
and Authors
Society of
Hong Kong
Ltd (CASH)



Our Yvonne Chua on the left with Professor Chan Wing Wah, Chairman of CASH, on the right

New Face

We warmly welcome the following newcomer to our firm.



Audrey Sze joined our Intellectual Property Practice Group in 2018. She obtained her LLB from the University of Leeds, UK and completed PCLL at The University of Hong Kong. Audrey handles contentious and non-contentious trade mark matters, including trade mark prosecutions, oppositions, revocations and invalidation proceedings in Hong Kong, China and overseas. She also offers strategic advice to clients on safeguarding trade name and trade mark rights.

Talks & Seminars

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

Hong Kong
Intellectual
Property
Department
(IPD)

Jessica Leung and **KY So**, respectively Partner and Senior Associate of our Intellectual Property Practice Group, conducted the “Practical Workshop for IP Managers” held by the IPD on 11 January 2019. This was the third re-run of four workshops in 2018-2019 at the request of the IPD under the IPD’s IP Manager Scheme. The workshops aim at equipping IP managers of SMEs with practical knowledge of managing the IP assets effectively and integrating IP assets into their overall business strategy.

Conferences

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

| | |
|------------------------------|---|
| INTA Annual Meeting | Boston, USA, 18 – 22 May 2019 |
| LES IMDM / Annual Conference | Yokohama, Japan, 24 – 28 May 2019 |
| ECTA Annual Conference | Edinburgh, UK, 26 – 29 June 2019 |
| AIPPI World Congress | London, UK, 15 – 18 September 2019 |
| MARQUES Annual Conference | Dublin, Ireland, 17 – 20 September 2019 |
| FICPI Open Forum | Vienna, Austria, 9 – 12 October 2019 |
| APAA Council Meeting | Taipei, Taiwan, 8 – 12 November 2019 |
| INTA Leadership Meeting | Austin, Texas, USA, 19 – 22 November 2019 |

Hong Kong

The Securities and Futures Commission explores potential regulation of virtual asset trading platforms

To address significant risks associated with investment in virtual assets such as cryptocurrencies, crypto-assets and digital tokens, the Securities and Futures Commission (the “**SFC**”) published a two-stage conceptual framework on 1 November 2018 to explore the regulation and licensing of virtual assets trading platform operators which offer trading, clearing and settlement services for virtual assets (“**Platform Operators**”).

In the first exploratory stage, interested Platform Operators may volunteer to participate in the SFC’s regulatory sandbox, wherein the SFC will observe their operations and abilities to comply with the proposed regulatory requirements and assess whether they are suitable for regulation.

If the SFC concludes that regulation is appropriate and can ensure adequate investor protection, it may grant a licence for Type 1 (dealing in securities) and Type 7 (providing automated trading services) regulated activities to qualified Platform Operators in the next stage, provided that they have “opted in” to the SFC’s regulatory jurisdiction by offering at least one virtual asset which falls within the meaning of “securities” under the Securities and Futures Ordinance (Cap 571). Licensed Platform Operators will need to operate under the close supervision of the SFC in the sandbox for a minimum of 12 months before they can negotiate with the SFC for removal or variation of certain licensing conditions and exit the sandbox.



Raymond Chan



Mena Lo

Draft patent examination guidelines on business method exclusion

To prepare for the roll out of the original patent grant system in 2019, the Intellectual Property Department is currently drafting the patent examination guidelines to provide instructions on the practice and procedure to be followed by the examiners in conducting substantive examination of patent applications. In preparing the guidelines, the Department has considered the prevailing examination guidelines/manuals of several major comparable patent offices, notably the European Patent Office and the patent offices in Australia, Mainland China, Singapore and the United Kingdom.

Patentability of business methods is one of the controversial topics as the Department drafts the guidelines. The law expressly excludes a scheme, rule or method for doing business from being patentable inventions. This said, provided that the specification of the claim is well-written and that the invention contains solutions to resolve certain technical problems or has certain technical characters or features, the invention may be patentable.

The business method exclusion is not limited to merely abstract matters or completed transaction but also includes such tools or steps. The expression “doing business” is not only restricted to financial or commercial activities. It covers administrative and managerial ideas as well. Examples of business methods include double entry bookkeeping and the idea of having three document trays - “in”, “out” and “too difficult”.

According to the initially drafted guidelines, the patentability of business methods should be assessed by using the following 4-step test (which is also the test to be adopted in assessing other excluded matters or activities):-

- (i) properly construe the claim;
- (ii) identify the actual contribution;
- (iii) ask whether it falls solely within the excluded subject matters/activities; and
- (iv) check whether the actual or alleged contribution is actually technical in nature.

The examiner will raise an objection against an invention which is distinguished solely by a set of business rules. However, if the actual or claimed contribution of an invention is indeed technical in nature, even though it is used in business, this may not fall within the scope of the exclusion as it is not a method of doing business.

Difficulties can arise from the use of a computer to implement a business method. Computers are self-evidently technical in nature and using computers to implement a business method may give rise to contentions that the invention has technical effect or makes a technical contribution or advancement. The draft guidelines will follow the approach in *Halliburton Energy Services Inc's Applications [2012] RPC 129* in disregarding some apparent technical effects - the fact that a patent application for an invention may provide a better way of conducting business is not relevant. Thus, the use of a computer to implement a pure better business method will not confer patentability.

Hong Kong Alert

Setting up of an intellectual property specialist list in the Hong Kong Court of First Instance

In late 2018, the Chief Justice decided to establish a specialist list on intellectual property cases in the Court of First Instance (“**the List**”). The Judiciary is in the process of preparing new practice directions to replace the existing one on the Trade Marks Ordinance and to amend the existing one on interlocutory applications. No effective date of setting up of the List has been announced yet.

This is another encouraging move by the Hong Kong Government to develop Hong Kong as a technology hub as part of the “Greater Bay Area” initiative.

China



Annie Tsoi

China steps up IP protection

With a view to strengthening IP protection in China, numerous new laws, provisions and measures were introduced in China such as the followings which took effect on 1 January 2019:-

(1) E-Commerce Law 《中華人民共和國電子商務法》

This new law promulgated by the Standing Committee of the National People's Congress seeks to codify various provisions previously under different laws and practices relating to e-commerce issues in particular the sale of goods and provision of services through the internet. Key features relating to intellectual property include:-

- a) *Actual Knowledge and Constructive Knowledge* - Under the new law, when the platform operators know or ought to know that the relevant goods or services infringe the intellectual property of others, they ought to take necessary measures against the online dealers, including removing, blocking, disconnecting and suspending the infringing contents.
- b) *"Notice and Take-down" Mechanism* - The new law formalizes the current practice adopted by many e-commerce platforms in China and introduces a comprehensive "notice and take-down" mechanism to address intellectual property disputes. Under the new law, once the platform operators receive infringement complaints or notices from intellectual property owners, the platform operators ought to promptly take necessary measures to include notifying the respective online dealer.
- c) *Counter-notice* – As in current practice, the online dealer is entitled to defend an infringement claim by submitting a counter-notice with prima facie proof of non-infringement to the platform operator who would then notify the intellectual property owner complaining. If the intellectual property owner fails to take court or administrative action within 15 days upon receipt of the counter-notice, the platform operator shall under the new law timely terminate all measures taken against the respective online dealer.

- d) *Joint and Several Liability* - Platform operators shall be jointly liable for the intellectual property infringements on the platform if the platform operators know or ought to know of such infringements but fail to take necessary measures to remove the infringing contents.
- e) *Fines* - If platform operators fail to take necessary measures in a timely manner to tackle the infringing contents, the relevant administrative department may order the platform operators to rectify the situation within a prescribed time. In the event of non-compliance, platform operators could be subject to a fine of RMB50,000-500,000, and up to RMB2,000,000 in serious cases.

It is expected that further implementing regulations or judicial interpretations will be released to address certain issues in the new law such as what gives rise to constructive knowledge of the platform operators.

(2) Provisions concerning Prohibitory Injunctions in Intellectual Property Disputes 《最高人民法院關於審查知識產權糾紛行為保全案件適用法律若干問題的規定》

On 13 December 2018, the Supreme People's Court (the "SPC") announced new provisions concerning prohibitory injunctions in intellectual property disputes. A prohibitory injunction is a court order that stops one party from taking or continuing to take an action that adversely affects another party until the matter is heard in court.

Under the current Civil Procedure Law, where a judgment may become impossible to enforce or such judgment may cause damage to a party because of the conduct of the other party to the case, the people's court may upon request order the preservation of the property of the other party, specific performance or injunction. Further, where an interested party whose legitimate rights and interests, due to an emergency, would suffer irreparable damage if the party fails to petition for property preservation promptly, may, before instituting a lawsuit or applying for arbitration, apply to the people's court for property preservation measures.

When a people's court receives an application for preservation in an emergency, it shall decide within 48 hours of receipt of the application. If the court accepts the application, such measures shall come into force immediately.

These new provisions issued by the SPC clarify that in such preservation applications:-

- a) any of the following circumstances constitutes an “emergency”:-
 - there is an imminent risk of illegal disclosure of the applicant’s commercial secret;
 - there is imminent harm to the personal rights of the applicant, including rights to privacy and publication;
 - the disputed intellectual property rights will soon be disposed of illegally;
 - existing or imminent infringement of the applicant’s intellectual property rights in time-sensitive situations such as trade fairs;
 - existing or imminent infringement in timely and popular programs being broadcasted; and
 - other circumstances warranting immediate preservation measures.
- b) the people’s court when deciding whether to grant the preservation order shall consider:-
 - whether the applicant has strong factual ground and legal basis, to include as to whether the validity of the intellectual property right the applicant seeks to protect is stable;
 - whether the applicant’s legal interest will suffer irreparable harm or the judgment on the case will become difficult to enforce in case the preservation order is not granted;
 - whether the harm suffered by the applicant in case the preservation order is not granted outweighs the harm suffered by the respondent if the preservation order is granted;
 - whether the preservation is likely to damage public interest; and
 - other factors that the court should take into account.
- c) when considering the validity of the intellectual property rights which the applicant seeks to protect, the people’s court shall comprehensively take into account:-
 - the type or nature of the rights involved;
 - whether the rights involved have undergone substantive examination;
 - whether the rights involved are being invalidated or revoked, and the likelihood of such;
 - whether ownership of the rights involved is being disputed; and
 - other factors that may cause the validity of the rights involved to become unstable.

- d) any of the following circumstances constitutes “irreparable harm” in intellectual property and unfair competition disputes:-
- where the respondent’s acts will cause irreparable harm to the applicant’s goodwill or personal rights including rights to privacy and publication;
 - where the respondent’s infringing acts are likely to get out of hand and substantially increase the level of damage suffered by the applicant;
 - where the respondent’s infringing acts will cause a significant drop in the relevant market share enjoyed by the applicant;
 - any other irreparable harm caused to the applicant.

Where the applicant fails to institute lawsuit or apply for arbitration in accordance with the law within 30 days after the people's court adopts preservation measures, the people's court shall revoke the preservation order.

(3) Intellectual Property Court 知識產權法庭

The Supreme People's Court launched an intellectual property court in Beijing on 1 January 2019 as a new step to effectively safeguard intellectual property rights.

This new court is a subdivision of the SPC and is responsible for handling civil and administrative appeals related to invention and utility model patents, new plant species, integrated circuit design, trade secret, software and anti-trust issues.

Parties who disagree with rulings made by intermediate people's courts at the city or prefecture level, or by specialized IP courts, can appeal directly to this new intellectual property court under the SPC instead of first appealing to provincial higher people's courts.

According to the SPC, this new intellectual property court mainly accepts IP-related cases that involve professional knowledge or expertise. The new court, with 30 judges selected from IP tribunals in 10 provinces across the country, has courtrooms, a litigation service center, a technical investigation department and a coordination office.

The new court is expected to provide people with easier judicial assistance and resolve IP-related cases more efficiently.

China Alert

New format of patent certificate

Effective from 4 December 2018, the China National Intellectual Property Administration (CNIPA) adopted a new format of patent certificate for patents published for grant on or after that date. Both old and new format of patent certificates have the same legal effect. Certificates issued in the old format cannot be replaced with the new format.

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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