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MAY 20

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NEW HONOURS



We are honoured to be one of the winners for **Best Overall Law Firms (Hong Kong)**, and be recognized as one of the leading **International Firms** for **Family Wealth Management, Intellectual Property (Copyright), Intellectual Property (Trademark)** and **Real Estate & REIT** in the 2020 China Business Law Awards which are based on nominations received from China-focused corporate counsel and legal professionals around the world.



The World's Leading Trademark Professionals 2020

We have received the highest ranking for **Trademark** prosecution and strategy and have also been recommended for **Trademark** enforcement and litigation for Hong Kong in the WTR 1000 publication which identifies the firms and individuals that are deemed outstanding in this area of practice.

"Wilkinson & Grist rises to the gold tier of the prosecution and strategy table this year. Since it was established 130 years ago, the full-service outfit has had a prominent trademark filing and enforcement practice in Greater China. For decades, Wilkinson & Grist has been serving and managing the trademark portfolios of famous brands, including Kao Corporation, Coca-Cola and Johnson & Johnson, and it recently obtained well-known trademark recognition for Ikea in China."



TRADE MARK SURVEY 2020

For consecutive years, we have been voted as a **Tier 1 Law Firm** for **Trademark Prosecution** work in Hong Kong in this annual world survey which provides in depth analysis and rankings for trade mark works. We are also recognized as a **Top Tier Law Firm** for **Trademark Contentious** work in Hong Kong.

CHAMBERS GLOBAL 2020

We are pleased to be ranked as one of the leading International Firms – **China for Intellectual Property** in Chambers Global 2020 Guide.

Congratulations

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

CHAMBERS GLOBAL 2020



Keith Ho



Andrea Fong



Yvonne Chua

In Chambers Global 2020, **Keith Ho**, Senior Partner and Head of our Dispute Resolution Practice Group, is ranked as **Leading Individual** for Dispute Resolution (International Firms) - China whereas **Andrea Fong** and **Yvonne Chua**, respectively Head and Consultant of our Intellectual Property Practice Group, are ranked as **Recognised Practitioner** and **Eminent Practitioner** for Intellectual Property - China respectively.



The World's Leading Trademark Professionals 2020



Andrea Fong



Mena Lo



Annie Tsoi



Yvonne Chua

Andrea Fong, **Mena Lo** and **Annie Tsoi**, respectively Head and Partners of our Intellectual Property Practice Group, have been ranked as **leading individual** in **Trademark** prosecution and strategy whereas **Mena** has also been ranked as **leading individual** in **Trademark** enforcement and litigation. **Yvonne Chua**, Consultant, has been listed as one of the **luminaries** in the WTR 1000 listings following an exhaustive qualification research process.



Andrea Fong

Andrea Fong, Head of our Intellectual Property Practice Group, has been named in IP Stars 2020 for her outstanding practice in **Trade Mark** in Hong Kong. This MIP Handbook is the indispensable reference guide and directory for global in-house counsel since 1993.



Yvonne Chua

Yvonne Chua, Consultant, Intellectual Property Practice Group, has been recognized for consecutive years as a **Leader** in the WIPR Leaders 2020, a one-stop guide to the leading IP practitioners in the world.



Yvonne Chua

Yvonne Chua, Consultant, Intellectual Property Practice Group, has been listed as one of the winners of the Client Choice Awards 2020 for **Intellectual Property: Trademarks** by Lexology which recognizes those individuals around the world that stand apart for the excellent client care they provide and the quality of their service.

Appointment

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

Andrea Fong, Partner and Head of our IP Practice Group, has been appointed by the Secretary of Financial Services and the Treasury as the Investigation Committee Convenor and concurrently a member of Investigation Panel A of the Hong Kong Institute of Certified Public Accountants for a term of one year from 1 February 2020 to 31 January 2021. The Investigation Panel is vested with statutory powers to investigate any irregularity concerning a certified public accountant or registered practice unit.

HK Institute of
Certified Public
Accountants

Hong Kong

Stamp Duty Ordinance reinterpreted: same-sex marriages are now recognized for stamp duty purposes

Traditionally, “marriage” was construed as a heterosexual marriage between a man and a woman for the purpose of the Inland Revenue Ordinance (Cap 112) (the “**IRO**”). However, this position has been changed following the judgment of the Court of Final Appeal (“**CFA**”) in *Leung Chun Kwong v Secretary for the Civil Service* (2019) 22 HKCFAR 127.

Background

In the *Leung Chun Kwong* case, the appellant successfully challenged the decision of the Commissioner of Inland Revenue (the “**Commissioner**”) to deny his eligibility to elect for joint assessment of salaries tax with his same-sex partner under section 10 of the IRO (the “**Tax Decision**”). The



David Choi



Leo Leung

Tax Decision was made by the Commissioner based on the ground that same-sex marriage did not fall within the meaning of section 2(1) of the IRO, which defined “spouse” as a husband or wife, and “husband” and “wife” as a married man and a married woman respectively.

The CFA held that the differential treatment in respect of the Tax Decision under the IRO cannot be justified since the restriction of the tax benefits to opposite-sex married couples is not rationally connected to the legitimate aim of protecting the institution of marriage, being heterosexual and monogamous, under Hong Kong law.

The CFA therefore concluded that a remedial interpretation of the IRO would be appropriate and ordered that, inter alia, for the purpose of IRO, the term “marriage” should now be read as including any legally recognized same-sex marriage according to the law of the place where it was entered into, and references to “husband and wife” shall be read as “a married person and his or her spouse”.

Stamp duty implications

Currently under the Stamp Duty Ordinance (Cap 117) (the “**SDO**”), for a sale or transfer of a residential property between “spouses”, the lower rates of Ad Valorem Stamp Duty (ie Scale 2) are applicable, and payment of both Buyer’s Stamp Duty and Special Stamp Duty are exempted. However, the term “spouses” is not defined in the SDO and has conventionally been understood to include opposite-sex married couples only.

In light of the remedial interpretation of the IRO as ordered by the CFA that a legally recognized same-sex marriage would now be recognized as a valid marriage for the purposes of the SDO, IRD has confirmed that exemption of Buyer’s Stamp Duty, Special Stamp Duty and charging Ad Valorem Stamp Duty at lower rates (Scale 2) as enjoyed by opposite-sex married couples under the SDO is also available to be claimed by any persons who are spouses of any legally recognized same-sex marriage elsewhere involved in residential property transaction.

Holding of general meetings during the Coronavirus (COVID-19) pandemic

In response to the COVID-19 pandemic, the HKSAR Government has introduced the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Cap 599G of the Laws of Hong Kong) (the “**Regulation**”), which became effective since 29 March 2020.



Michael Ma

Pursuant to the Regulation, group gatherings of more than eight persons are prohibited in any public place during the specified period (as the limit on the number of persons allowed for group gatherings has been raised from four to eight with effect from 8 May 2020, subject to any future change to be imposed by the Government).

Under Section 2 of the Regulation, “public place” is defined as “a place to which the public or a section of the public may or are permitted to have access from time to time, whether by payment or otherwise”. Therefore, if a general meeting is not held at a public place, it is not under the scope of the Regulation.

It is further provided in Paragraph 11 of Schedule 1 of the Regulation (“**Paragraph 11**”) that “group gathering at a meeting of a body that must be held within a specified period in order to comply with any Ordinance or other regulatory instrument that governs the operation of the body or its business” is exempted from the prohibition.

As a result, annual general meetings (“**AGMs**”) as required under the Companies Ordinance (Cap 622 of the Laws of Hong Kong) (“**CO**”) are generally exempted under Paragraph 11. Other types of general meetings are also exempted if the meeting must be held within a specified period in order to comply with any Ordinance or other regulatory instrument.

However, to combat the transmission of COVID-19 and reduce the health risks to individuals, companies are urged to explore the possibility of adjourning or delaying their general meetings. Companies are also advised to explore measures in relation to the conduct of a general meeting. Holding a hybrid meeting, which refers to a physical meeting together with a form of electronic participation using video-conferencing or other electronic means, may be a viable option. Pursuant to Section 584 of the CO, a company is permitted to hold a general meeting at two or more places by using technology that enables members who are not at the same place to listen, speak and vote, subject to the provisions of the company’s articles of association.

To further reduce the need of physical attendance, companies may consider encouraging members to vote by proxy and to submit their questions to management in writing in advance of the general meeting. Requiring members to preregister is also an option to manage the number of physical attendees.

Companies are advised to implement suitable precautionary measures at the meeting venue, for instance, screening of body temperature, requiring the use of face masks, providing hand sanitizers and arranging for physical distancing between seats. They may make arrangements to segregate physical attendees by using multiple meeting rooms with video-links provided to reduce the number of attendees at a single venue.

While the COVID-19 pandemic may have posed challenges to companies, it has nevertheless provided an opportunity for companies to rethink and review their current arrangements for the holding of general meetings.

Hong Kong Alert

Use of video-conferencing facilities for remote court hearings in response to the COVID-19 pandemic

In light of the COVID-19 pandemic, most court proceedings from late January to early May 2020 (ie the Generally Adjourned Period or GAP) have been generally adjourned. Given the unprecedented challenge it has brought to the operation of the courts, the judiciary has been actively considering expanding the scope of hearings by, *inter alia*, hearing submissions by video-conferencing and generally making use of technology.

On 2 April 2020, the judiciary issued the Guidance Note on Remote Hearings for Civil Business in the High Court – Phase 1 (VCF) (“**Guidance Note**”), setting out the practice for remote hearings by electronic means in civil cases in both the Court of First Instance (CFI) and the Court of Appeal (CA) during the GAP. In Phase 1, the essence is to replicate, with the use of the courts’ existing VCF, as closely as practically possible the core requirements of court hearings. The applications suitable for VCF hearing at this stage include all interlocutory applications and appeals at the CFI and the CA and civil appeals at the CA. Trials, however, are expressly excluded from this remote hearing arrangement.

In view of the competition for the use of limited VCF resource, only judges might take the initiative to propose remote VCF hearings in appropriate cases, and the courts will not entertain any corresponding application from parties. Hence, the availability of remote hearings appears to be limited during the GAP.

Despite the gradual resumption of court proceedings since early May, the judiciary has made clear recently that judges and judicial officers may continue to invite parties to explore the use of VCF where appropriate. It is hoped that legal practitioners and the judiciary would continue promoting and exploring the use of remote hearings following the end of the GAP.

China

Beijing Higher People's Court issued new guidelines for assessment of damages in intellectual property cases



Annie Tsoi

To better protect intellectual property rights in the PRC and to establish a unified mechanism for assessment of damages in intellectual property cases, the Beijing Higher People's Court published the Guiding Opinion on Assessment of Damages for Cases of Infringement of Intellectual Property Rights and Unfair Competition and Standard of Assessment of Statutory Compensation 《關於侵害知識產權及不正當競爭案件確定損害賠償的指導意見及法定賠償的裁判標準》 (the “**Guiding Opinion**”) on 21 April 2020. Key features of the Guiding Opinion include:-

1. Article 1.2 lays down four factors in deciding how damages are assessed, which include (1) actual loss caused to proprietors, (2) profit earned by infringers, (3) license fees and (4) statutory compensation.
2. Given the longstanding difficulty in proving quantum of damages, Article 1.3 clarifies that the burden of proof in proving the quantum of damages and the appropriate calculation method should rest with the plaintiffs. Nevertheless, if defendants disagree, the burden of proof would then shift to the defendants.
3. The Guiding Opinion explains the two pre-requisites to punitive damages (懲罰性賠償), namely “bad faith” (惡意) and “seriousness” (情節嚴重), and sets out instances where these pre-requisites would be found to exist.

4. The Guiding Opinion further stipulates the standard of assessment of statutory compensation in cases involving literary work (文字作品), musical work (音樂作品), artistic work (美術作品), photography work (攝影作品), video work (視頻類作品及製品), trademark infringement (侵害商標權) and unfair competition (不正當競爭案件), and sets out, for each category above, the aggravating and mitigating factors to be considered, and the weight to be attached, in determining the quantum of damages.

The Guiding Opinion supersedes the old guiding opinion published by the same court in 2005 which only concerned copyright infringement. It is expected that the Guiding Opinion would provide more certainty to the courts and proprietors of intellectual property rights in ascertaining the quantum of damages.

China Alerts

New provisions on registration of pledge of registered trademarks came into effect

On 22 April 2020, the China National Intellectual Property Administration (CNIPA) published a new set of “Provisions on Procedures for the Registration of Pledge of Exclusive Rights to Registered Trademarks” 《註冊商標專用權質押登記程序規定》 which came into effect on 1 May 2020, replacing the previous provisions published in 2009.

Key changes include:-

- (i) the CNIPA will issue the “Registration Certificate for Pledge of Exclusive Rights to Registered Trademarks” 《商標專用權質押登記證》 to the pledgor and pledgee within 2 working days from the date of registration, instead of 5 working days previously;
- (ii) the pledgor and pledgee are now required to sign, *inter alia*, a letter of undertaking in the prescribed form in order to register, amend, extend and/or revoke a pledge.

The full text of the Provisions (in Chinese) is available at <http://www.cnipa.gov.cn/zfgg/1148034.htm>.

Draft amendment bill to the PRC Copyright Law issued for consultation

On 30 April 2020, the Standing Committee of the National People's Congress issued a Draft Amendment Bill to the PRC Copyright Law 《中華人民共和國著作權法（修正案草案）》 for public consultation.

Apart from introducing increased amount of compensation for copyright infringement and statutory provisions for the copyright registration system, amendments of the Law are suggested with a view to strengthening the protection of internet copyright and the enforcement powers of the relevant departments.

Comments from the public may be submitted at www.npc.gov.cn before 13 June 2020.

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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