

Welcome Message

The second quarter of 2017 has been an eventful one for Wilkinson & Grist. With the generous support of our clients and friends, we hosted a well-received cocktail party and shared a joyful evening with our guests. We will continue our commitment to excellence in serving and assisting our clients.

On the legal front, the passage of the Arbitration and Mediation Legislation (Third Party Funding) (Amendment) Bill 2016 and the Arbitration (Amendment) Bill 2016 is a welcomed development to our existing arbitration law and further strengthens Hong Kong's position as a leading international arbitration centre.

At the same time, we shall closely monitor the development regarding the Companies (Amendment) Bill 2017 on enhancing transparency of beneficial ownership of Hong Kong companies and we look forward to providing support to our clients on issues related thereto.

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NEW HONOURS



The Guide to the leading regional and domestic law firms in Asia-Pacific

We are pleased to have been named as **Outstanding Law Firm** for Dispute Resolution & Litigation and Intellectual Property in **Hong Kong** in this Asialaw Profiles 2017 Guide. We are also **Highly Recommended** for Construction & Real Estate and Restructuring & Insolvency and **Recommended** for Banking & Finance and Corporate/M&A Practice.



IP RANKINGS 2017 ASIA'S BEST LAW FIRMS FOR INTELLECTUAL PROPERTY

We are pleased to be identified as **Tier 1 Law Firm** for **Copyright/Trademarks** and top tier law firm for **Patents** in both the jurisdictions of **China (International)** and **Hong Kong** by Asian Legal Business (ALB) in its latest issue of 2017 IP Rankings. ALB drew information from firm submissions, interviews, editorial resources and market suggestions to identify and rank the top firms for intellectual property in Asia.



The World's Leading Patent Professionals 2017

We are pleased to be named as a **Leader** in Hong Kong for our Patent practice on Litigation and Transactions and Patent Prosecution in the IAM Patent 1000, a guide to leading private practice patent professionals and firms in the world's key jurisdictions.

"Wilkinson & Grist provides an exemplary service and identifies optimal strategies for the protection of intellectual property. Its lawyers work with exceptional diligence and are valuable partners."



Asia IP 2017 Trademark Survey

We are ranked once again as **Tier 1 Law Firm** for **Hong Kong** in **Trademark Prosecution** and top tier in **Trademark Contentious** work in this 2017 Trademark Survey – an in-focus guide from Asia IP published by Apex Asia that contains comprehensive rankings of the best firms and editorial depth coverage of key trademark developments across Asia.

Congratulations

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



The Guide to Asia-Pacific's Market-Leading Lawyers and Leading Lawyers



Keith Ho



Cleresa Wong



Andrea Fong



Raymond Chan



Michael Ma



Yvonne Chua

Keith Ho, Senior Partner and Head of our Dispute Resolution Practice Group, has been voted as Market-Leading Lawyer in Hong Kong in Dispute Resolution & Litigation. **Andrea Fong** and **Yvonne Chua**, respectively Head and Consultant of our Intellectual Property Practice Group, have received the same honour in Intellectual Property. **Raymond Chan** and **Michael Ma**, respectively Head and Partner of our Corporate Practice Group, are also named as Market-Leading and Leading Lawyers respectively in Corporate/M&A Practice whereas **Cleresa Wong**, Head of our Real Estate Practice Group, is also named as Leading Lawyer in Construction & Real Estate.



The World's Leading Patent Professionals 2017



Andrea Fong



Yvonne Chua

Andrea Fong and **Yvonne Chua**, respectively Head and Consultant of our Intellectual Property Practice Group, are named amongst the very few in this elite group of individuals for their Patent practice on Prosecution, and Litigation and Transactions respectively in Hong Kong. The IAM Patent 1000 2017 is unique in being a one-stop resource that focuses exclusively on naming best-in-class patent prosecution, licensing and litigation practitioners on a global basis.

*“**Andrea Fong** is knowledgeable about both patents and trademarks, she is a far-sighted all-round IP sage.”*

*“**Yvonne Chua** wields over 35 years of IP law experience. Over a glittering career, the sharpened litigator has handled a plethora of sophisticated cross border issues.”*



Who's Who Legal: Trademarks 2017

Who's Who Legal: Patents 2017



Andrea Fong



Yvonne Chua

Andrea Fong and **Yvonne Chua** have again been recognized as the world's leading Trademark Lawyers in Who's Who Legal: Trademarks 2017, a comprehensive guide to the leading practitioners in the field comprising over 1,000 lawyers from 574 firms across over 80 jurisdictions. Yvonne is also named as a leading lawyer in the Who's Who Legal: Patents 2017.



LITIGATION 2017
WOMEN IN BUSINESS LAW 2017 – TRADE MARKS & PATENTS



Keith Ho



Andrea Fong



Mena Lo



Yvonne Chua



John Budge

Keith Ho and **John Budge** have been named as one of the world's leading practitioners in the area of Litigation in Hong Kong in the Expert Guides published by Legal Media Group. **Andrea Fong**, **Mena Lo** and **Yvonne Chua** are all named in the area of Trade Marks in Hong Kong in the Women in Business Law Guide, and Yvonne is further named in the area of Patents in Hong Kong in the same Guide.

Appointments

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

Cleresa Wong, Partner and Head of our Real Estate Practice Group, was appointed by the Chief Executive as a member of the Telecommunications (Competition Provisions) Appeal Board for two years from 31 August 2017. The Appeal Board is an independent statutory body established under the Telecommunications Ordinance (Cap 106) to determine appeals against the opinion, determinations, directions or decisions of the Communications Authority in relation to the competition provisions of the Ordinance.

Telecommunications
(Competition
Provisions) Appeal
Board

Mena Lo, Partner, Intellectual Property Practice Group, will continue to serve as member of the Intellectual Asset Management Team of MARQUES for a further term of 2 years starting from 1 September 2017. The mission of the Team is to assist members within the organisation in raising the profile and awareness of brands as valuable business assets in addition to legal assets.

Intellectual Asset
Management Team
of MARQUES

New Face

We warmly welcome the following newcomer to our firm.



Katrina Kwan joined our Dispute Resolution Practice Group as an associate in January 2017. She obtained her degree in Bachelor of Laws and PCLL from City University of Hong Kong and studied LLM in Tsinghua University in 2015 with two scholarships. She was admitted as a solicitor in Hong Kong in February 2015. Katrina has experience in handling a variety of commercial litigation matters, including shareholders' disputes, contractual disputes, debt recovery and judicial review.

About Us

Hong Kong
Watch Trades
& Industries
Ltd

Our congratulations to Chairman Mr Harold Sun of the Federation of Hong Kong Watch Trades & Industries Ltd and his newly appointed Board as we continue to serve as their Honorary Legal Advisor.



(From left to right) Our Partners Mena Lo, Raymond Chan, Paul Liu, Andrea Fong and Cleresa Wong; Mr Harold Sun, Chairman; Mr William Shum, Vice-Chairman; Mr Paul Cheng, Secretary General; Dr Stanley Lo, Director of Brand Development Division; Mr Frankie Shang, Director of Education & Training Division

Our Firm had the pleasure of hosting a cocktail party on 8 June 2017 for our clients. The cocktail was very well received with more than 120 guests attending. We all had an enjoyable evening with the company of good friends and long-term clients of the Firm, and thank them for their long-standing support and trust in our work.

W&G's
Cocktail Party



W&G's Gelato Day

Gelato was served to all staff of the Firm on a Friday afternoon. It was a nice enjoyable treat to beat the summer heat in August!



Talks & Seminars

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

Lawrence Chan and **Chloe Ma**, Partners, Dispute Resolution Practice Group, were invited by the Hong Kong Institute of Chartered Secretaries to give a talk on how to restore the listing status of a company in the Hong Kong Stock Exchange during the symposium “香港特許秘書公會第四十三期聯席成員強化持續專業發展講座” held in Hangzhou (杭州) during 24-27 May 2017. The talk was attended by more than 150 attendees being senior officers and management of local and foreign listed companies.

Hong Kong
Institute of
Chartered
Secretaries



(From left to right) Our Lawrence Chan and Chloe Ma; Ms Samantha Suen, Chief Executive of The Hong Kong Institute of Chartered Secretaries

Florence Lam and **Charlie Liu**, respectively Partner and Senior Associate of our Intellectual Property Practice Group, conducted the “Practical Workshop for IP Managers” held by the Intellectual Property Department (IPD) on 10 August 2017. This was the second re-run of four workshops in 2017-2018 at the request of the IPD under the IPD’s IP Managers Scheme. The workshops aim at equipping IP Managers with practical knowledge of managing the IP assets effectively and integrating IP assets into their overall business strategy.

Hong Kong
Intellectual
Property
Department

Conferences

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

MARQUES Annual Conference

Prague, Czech Republic, 19 – 22 September 2017

PTMG Autumn Conference

Toronto, Canada, 4 – 7 October 2017

APAA Council Meeting

Auckland, New Zealand, 4 – 7 November 2017

INTA Leadership Meeting

Washington DC, USA, 7 – 10 November 2017

Hong Kong



Michael Ma

Proposed regime to enhance transparency of beneficial ownership of companies

Recent government efforts to combat money-laundering and anti-terrorist funding in order to comply with Hong Kong's Financial Action Task Force ("FATF") member obligations ahead of the FATF mutual evaluation in 2018 take the form of a proposed legislative regime. Such a regime seeks to enhance the transparency of beneficial ownership of Hong Kong companies, which is currently not required to be registered unless by specified financial institutions under the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap 615) ("AMLO").

Two consultations were conducted in early 2017 and the Consultation Conclusions ("Conclusions") were released in April. The following is a summary of its features:

(I) Defining beneficial ownership

A beneficial owner is any person or entity with an interest of more than 25% in a company. This represents an increase from the 10% threshold currently stipulated under the AMLO.

(II) A company's duty to keep a PSC register or requirement to register PSC

A legal entity immediately above the company in the company's ownership chain and any person meeting the definition of a beneficial owner (a "PSC") are required to be registered under the proposed regime. The Conclusions also propose that any entry should be destroyed 6 years after an individual or a legal entity ceases to be registrable, following privacy concerns raised by the Privacy Commissioner during the consultation exercises.

The Conclusions propose that a company must take reasonable steps to identify and ascertain its registrable individuals and legal entities including reviewing a company's register of members, articles of association, statement of capital, relevant covenants or agreements, and serving a notice on persons or legal entities to provide information.

(III) Inspection of PSC register

While the original consultations included a public PSC register available for inspection upon request, the Conclusions now only require that the register be accessible to competent authorities. This is a step-up from the current AMLO regime which is not accessible other than with a court order.

(IV) Sanctions for non-compliance and false statement

Criminal sanctions for non-compliance with the PSC register regime will be similar to those that currently apply to the existing registers of members, directors and company secretaries.

The proposed regime is generally well-received by market participants and is widely viewed as an important step to bring Hong Kong in line with the international standards of similar regimes of other advanced economies.

In this connection, the Government has introduced the Companies (Amendment) Bill 2017 to the Legislative Council to seek to implement the above proposals.

Amendments to the Arbitration Ordinance in relation to third party funding and arbitration of disputes involving intellectual property rights

With the passage of the Arbitration and Mediation Legislation (Third Party Funding) (Amendment) Bill 2016 ("Third Party Funding Bill") and the Arbitration (Amendment) Bill 2016 ("Arbitration Bill") on 14 June 2017, third party funding of arbitration, mediation and related proceedings is now clearly permitted under Hong Kong law and disputes over intellectual property rights ("IPRs") can be resolved through arbitration.

Third party funding

The amendments provide for measures and procedures that would safeguard the integrity of the third party funding arrangement, including the following:

- (i) The requirement for the funded party to give written notice to each of the other party to the arbitration and the arbitration body of the fact that a



Florence Lam

- funding agreement has been made, the name of the third party funder, and if a funding agreement has ended, the fact that it has ended and the date of the funding agreement ended.
- (ii) Information relating to the arbitral proceedings under the arbitration agreement or an award made in those arbitral proceedings may be communicated by a party to a person for purpose of having, or seeking, third party funding of arbitration from the person, but no further communication is permitted unless the further communication is made to protect or pursue a legal right or interest of the party, to enforce or challenge the arbitral award in legal proceedings before a court, to comply with a legal or regulatory obligation, or to obtain advice from professional advisers in connection with the third party funding.
 - (iii) A code of practice will be developed with clear ethnical and financial standards for funders.

Arbitration of disputes involving IPRs

The amendment to the Arbitration Ordinance by the Arbitration Bill provides that an IPR dispute is capable of settlement by arbitration as between the parties to the IPR dispute. A dispute over an IPR includes a dispute over (i) the enforceability, infringement, subsistence, validity, ownership, scope, duration or any other aspect of an IPR; (ii) a transaction in respect of an IPR; and (iii) any compensation payable for an IPR. The definition of an IPR is very broad, encompassing both registered and unregistered rights, right that is or is not protectible by registration. The amendment will be effective on 1 January 2018.

This has expanded the scope of arbitration as the current arbitration law does not indicate the subject matters that are capable of resolution by arbitration, and hence the arbitrability of IPRs is unclear.

An award made in arbitral proceedings over IPRs only binds the parties to the proceedings, and does not affect any right or liability between a third party licensee and a party to the arbitral proceedings whether arising in contract or by operation of law.

Both amendments to Hong Kong's arbitration law are welcomed development and in line with Hong Kong being one of the major centres of international arbitration, in particular the Hong Kong government's promotion of Hong Kong as an IP trading hub.

China

Revision to Catalogue for the Guidance of Foreign Investment Industries of the PRC

The Catalogue for the Guidance of Foreign Investment Industries (Revised in 2017) (the “2017 Catalogue”) came into effect in July 2017 and replaces its previous version (the “2015 Catalogue”).



Raymond Chan

Major changes introduced by the 2017 Catalogue:

1. Changes to the structure of the Catalogue

First, instead of the three historical categories of Encouraged, Restricted, and Prohibited, the 2017 Catalogue contains only two major categories: (i) the Encouraged category; and (ii) the Special Administrative Measures (Negative List) for Foreign Investment Access (“Negative List”).

Second, eleven restrictive and prohibitory restrictions which applied to both domestic and foreign investments (such as development and operation of large-scale theme parks, golf courses, construction of villas, lottery, and pornography industries) in the 2015 Catalogue no longer appear in the 2017 Catalogue.

2. Thirty less restricted and prohibited industries

The 2017 Catalogue contains thirty less categories of restricted and prohibited industries compared to the 2015 Catalogue. The catalogues of restricted and prohibited industries being taken out from the 2017 Catalogue concentrate in the services, manufacturing, and mining industries.

3. Six new encouraged industries

These include the development and manufacturing of food for special medical purposes; research, development and manufacturing of virtual reality and augmented reality devices; research, development and manufacturing of key components for three-dimensional printing devices; establishment and operation of urban parking facilities; etc. This further encourages foreign investments towards advanced technology, energy-saving and environmental protection fields.

4. Record filing system for establishment of FIE

Pursuant to the 2017 Catalogue and the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (Revised in 2017) (外商投資企業設立及變更備案管理暫行辦法 (2017 年修訂)):

- (i) so long as the proposed investments do not fall under the Negative List, the incorporation of and amendments to a foreign invested enterprise should follow the record-filing system;
- (ii) only affiliated mergers and acquisitions (being the takeover of an affiliated domestic company by a domestic company, enterprise or natural person through use of a foreign company lawfully established or controlled by it) which involve foreign investments, enterprise incorporation and amendments, shall still be subject to the Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) and the approval of MOFCOM.

5. Culture industry

Under the 2015 Catalogue, foreign investments were prohibited from the business of publication of books, newspapers, journals, audio-visual products and digital publications.

The restriction has further been extended to the business of editing the aforesaid under the 2017 Catalogue.

6. New prohibited industries

The 2017 Catalogue has added three prohibited industry categories: (1) on-demand selection of television broadcast programme and the installation services for facilities for satellite television broadcasts (廣播電視視頻點播業務和衛星電視廣播地面接收設施安裝服務); (2) public information dissemination services on the internet (互聯網公眾發佈信息服務); and (3) research institutes of humanities and social sciences (人文社會科學研究機構).

China Alerts

SIPO introduced new administrative measures for patent priority examination

In June 2017, the State Intellectual Property Office of China published the new Administrative Measures for Prioritized Examination of Patent Applications 《專利優先審查管理辦法》 (the “New Measures”), which took effect on 1 August 2017 and replaced the measures of 2012. The New Measures aim at extending the scope of prioritized examination to utility model and design patent applications as well as re-examination and invalidation proceedings. In particular, overseas patentees can now fast track their applications under certain new conditions.

The New Measures consist of 15 Articles, setting out wider grounds and simplified filing requirements for priority applications under prosecution, re-examination and invalidation proceedings respectively, and delineating the obligation of applicants to respond to official notifications within the prescribed time limits. The New Measures also stipulate timeframes for concluding prioritized cases of all types of patent applications under different procedures.

China's first cyberspace court established in Hangzhou

Following the success of the e-commerce online court of Zhejiang Court (浙江法院電子商務網上法庭), the Hangzhou Internet Court (杭州互聯網法院) (the “Court”) was officially established on 18 August 2017 as the first cyberspace court in China. The Court has jurisdiction to hear all e-commerce and internet-related cases in Hangzhou. In contrast with traditional courts, all procedures of the Court take place on the internet, including filing, mediation, trial, cross-examination and delivering decision, etc. Further, parties can appeal the Court's decisions to the Intermediate People's Courts.

The Court's establishment is an encouraging development to the IP sector as it offers clients and practitioners a more efficient and convenient option to resolve internet-related disputes in China, where IP infringements remain an area of major concern. In light of recent legal reforms, it is expected that the Court will serve as a blueprint for the Chinese Government to set up more specialist cyberspace courts across the country in the near future.

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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