

## Welcome Message

In the past quarter we see continual advancement in different areas of the law and practice in Hong Kong and China. We have proposal by the HKSAR Department of Justice to enter into a more comprehensive framework with the Mainland for reciprocal recognition and enforcement of judgments on civil and commercial matters. The new regime for open-ended fund companies is a move by the Government to bolster Hong Kong as a full-service asset management hub. In China, we welcome the establishment of the Beijing Internet Court and the proposals to update the regulations relating to enterprise names and to improve transparency in accounting information relating to IP rights.



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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, Intellectual Property and Restructuring & Insolvency in **Hong Kong** in this Asialaw Profiles 2018 Guide. We are also **Highly Recommended** for Construction & Real Estate and **Recommended** for Banking & Finance and Corporate/M&A Practice.



### Asia IP 2018 Trademark Survey

We are ranked once again as **Tier 1 Law Firm** for **Hong Kong** in **Trademark Prosecution** and a **top tier firm** in **Trademark Contentious** work in this 2018 Trademark Survey – an in-focus guide from Asia IP published by Apex Asia that contains comprehensive rankings of the best IP firms and editorial depth coverage of key trademark developments across Asia.



We are pleased to be nominated as a **top tier firm** in **Hong Kong** in Commercial & Transactions, Family & Probate and Insolvency in Benchmark Litigation Asia-Pacific 2018, the definite guide to the region's leading dispute resolution law firms and lawyers.



# Congratulations

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

asialaw  
**PROFILES** 2018

asialaw  
**LEADING LAWYERS**

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



Keith Ho



Andrea Fong



Raymond Chan



Michael Ma



Yvonne Chua



Cleresa Wong

**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. **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 named as Market-Leading and Leading Lawyers respectively in Corporate/M&A Practice whereas **Cleresa Wong**, Consultant of our Real Estate Practice Group, is named as Leading Lawyer in Construction & Real Estate.





LITIGATION 2018  
TRADE MARKS 2018  
WOMEN IN BUSINESS LAW 2018



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 areas of Trade Marks in Hong Kong and Women in Business Law.



Keith Ho

**Keith Ho** is listed as a Dispute Resolution Star for his outstanding practice in Hong Kong in Insolvency, Commercial and Transactions in Benchmark Litigation Asia-Pacific 2018.





## *Who's Who Legal: Trademarks 2018*

## *Who's Who Legal: Patents 2018*



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 2018, a comprehensive guide to the leading practitioners in the field comprising over 1,000 lawyers across over 80 jurisdictions. Yvonne is also named as a leading lawyer in the Who's Who Legal: Patents 2018.



Andrea Fong

**Andrea Fong** has been named as IP Stars 2018 for her outstanding practice in Trade Mark in Hong Kong. The MIP Handbook is the indispensable reference guide and directory for global in-house counsel since 1993.

## Appointment

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

Hospital  
Authority of  
Hong Kong

**Yvonne Chua**, Consultant, Intellectual Property Practice Group, has been re-appointed as a Member of the Cluster Clinical Ethics Committee for Kowloon Central Cluster of the Hospital Authority of Hong Kong for a term of 3 years with effect from 1 September 2018.



## About Us

Our Gelato Day returned for a second year on a Friday afternoon in August. It was a nice enjoyable treat to all staff of the Firm during the summer heat.

W&G's  
Gelato Day





## Talks & Seminars

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

### APEC Workshop

**Yvonne Chua**, Consultant, Intellectual Property Practice Group, was moderator of the Session on ‘Licensing of Copyright and Brand Licensing in Creative Industries’ at the Workshop held on 14 and 15 June 2018 in Hong Kong as organized by the Intellectual Property Department of the HKSAR in collaboration with the Intellectual Property Offices of Mexico and Korea under the cooperation framework of the Intellectual Property Rights Experts Group (IPEG) of Asia Pacific Economic Cooperation (APEC). The Workshop aims at promoting best practices in licensing for SMEs in creative industries.



*Our Yvonne Chua (4<sup>th</sup> from the left); to her right Mr Miguel Angel Margain, Chair of the IPEG of APEC; then Ms Ada Leung, JP, Director of HKSAR Intellectual Property Department; with other speakers of the session*

### Hong Kong Intellectual Property Department

**Annie Tsoi**, Partner of Intellectual Property Practice Group, upon invitation by the Intellectual Property Department (IPD) gave a talk on “IP Management and Protection in the Mainland 內地的知識產權管理與保護” as part of the IP Manager Scheme organized by the IPD in Hong Kong on 6 July 2018. The talk was attended by over 150 attendees being IP managers of local SMEs.

### Hong Kong Intellectual Property Department

**Shireen So** and **Florence Lam**, Partners of our Intellectual Property Practice Group, conducted the “Practical Workshop for IP Managers” held by the IPD on 3 August 2018 and 7 September 2018 respectively. These were the first and second 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.*

PTMG Autumn Conference	Dubrovnik, Croatia, 3 – 5 October 2018
INTA Leadership Meeting	New Orleans, USA, 6 – 9 November 2018
LES AP Regional Conference	New Delhi, India, 11 – 14 November 2018
APAA Council Meeting	New Delhi, India, 17 – 21 November 2018
LES 1 <sup>st</sup> Asia-Pacific YMC Conference	Hong Kong, 30 November 2018

## Hong Kong

### Consultation paper on proposed arrangement between Hong Kong and the Mainland on reciprocal recognition and enforcement of judgments in civil and commercial matters

The Department of Justice (“**DoJ**”) published a consultation paper in July 2018 to put forward proposed arrangement between Hong Kong and the Mainland on reciprocal recognition and enforcement of judgments (“**REJ**”) in civil and commercial matters (the “**Proposed Arrangement**”).



Paul Liu

#### Existing arrangements

Hong Kong has so far entered into two arrangements with the Mainland concerning REJ in civil and commercial matters, namely (i) the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (the “**Choice of Court Arrangement**”) and (ii) the Arrangement on Reciprocal Recognition and Enforcement of Civil Judgments in Matrimonial and Family Cases by the Courts of the Mainland and of the Hong Kong Special Administrative Region (the “**Matrimonial Arrangement**”).



The Choice of Court Arrangement applies to money judgments where the parties to a commercial contract have agreed in writing that the court of one side will have exclusive jurisdiction to determine a dispute arising from that contract. The Matrimonial Arrangement provides for REJ in matrimonial or family matters. Mainland judgments not covered by these two Arrangements may still be enforced in Hong Kong through common law. That said, the Hong Kong courts have been reluctant to recognize Mainland judgments because of the perceived lack of finality of these judgments.

### Proposed Arrangement

Given the restrictive scope of application of the above two Arrangements and the increasingly close interaction and cooperation between Hong Kong and the Mainland, there have been calls in the community for a more comprehensive framework for REJ with the Mainland. In view of this, the DoJ initiated discussion on the Proposed Arrangement seeking to establish a REJ framework covering a wider range of civil and commercial matters in order to reduce the need for re-litigation and offer better protection to the parties' rights.

The DoJ suggested that the Proposed Arrangement shall set out the scope of application, requirements for REJ, grounds for refusal and the relevant procedural matters, and is seeking views and comments from the public for the following issues, in particular:-

- (i) reference to “civil and commercial matters”;
- (ii) specific types of matters to be covered or excluded;
- (iii) principles of enforceability and level of courts to be covered;
- (iv) jurisdictional basis;
- (v) grounds for refusal;
- (vi) types of relief; and
- (vii) relationship with the Choice of Court Arrangement.

For more details about the Proposed Arrangement, please refer to the consultation paper which can be accessed on the DoJ's website: [www.doj.gov.hk/eng/public/2018ConsultationPaper\\_LPD.html](http://www.doj.gov.hk/eng/public/2018ConsultationPaper_LPD.html).

The consultation period ended on 24 September 2018.



## New open-ended fund company structure in Hong Kong

A new regime for open-ended fund companies (“OFC”) came into operation on 30 July 2018 under the Securities and Futures (Amendment) Ordinance 2016.



Michael Ma

The new OFC structure allows open-ended collective investment scheme to be established in the form of a corporate vehicle with limited liability and variable share capital. By introducing the new regime, the Government strives to bring Hong Kong in line with other fund jurisdictions and bolster Hong Kong as a full-service asset management hub and a preferred fund domicile.

In the past, a Hong Kong domiciled open-ended investment might be structured in unit trust form but not in corporate form due to the capital protection provisions provided by the Companies Ordinance (Cap 622).

Under the OFC regime, OFCs will not be subject to any capital reduction restriction and will have the flexibility to create and redeem shares in accordance with the demands of the investment market. In addition, OFCs will not be bound by restrictions on the distribution out of share capital and may distribute out of share capital subject to solvency and disclosure requirements.

The Securities and Futures Commission, as the principal regulator of OFCs, is responsible for the registration and regulation of OFCs. The detailed legal, regulatory and operational requirements of the regime, including matters in relation to the formation of an OFC, appointment and cessation of appointment of key operators, corporate filings, are set out in Part IVA of the Securities and Futures Ordinance (Cap 571), the Securities and Futures (Open-ended Fund Companies) Rules (Cap 571AQ) and the Code on Open-ended Fund Companies.



## China



Annie Tsoi

### Draft regulations on administration of enterprise name registration issued for consultation

In July 2018, the General Administration for Market Regulation in China issued a set of draft regulations on administration of enterprise name registration for public consultation, which when confirmed will replace the existing administration rules promulgated in 1991.

There are several noteworthy features in the draft regulations:-

1. Good faith and honest principle in the use of enterprise names are for the first time expressly provided for.
2. The rights in an enterprise name are recognized as from the date of its registration.
3. The trade name of an enterprise can consist of 2 to 10 Chinese characters, with an express requirement of distinctiveness.
4. Apart from the usual prohibitions against identical enterprise names within the same province or city, an enterprise name cannot be identical or similar with another that has been revoked for less than 1 year (reduced from 3 years under the existing rules), and it cannot incorporate the name of another enterprise or legal entity, except with its consent.

An enterprise name holder may dispute any other enterprise name violating the above rules to the court, or complain to the registry with which the disputed enterprise name is registered within 3 years of knowledge or deemed knowledge of such violation.

5. An enterprise cannot, without authorization, use another's registered trademark, unregistered well-known trademark, personal name (including pseudonym, stage name and translated name), the name of a social organization (including its abbreviated name) or website where these have attained a certain level of influence as its trade name to mislead the public.

Any violation is considered an unfair competition act, subject to sanctions by the Administration for Market Regulation including fine and revocation of business licence in serious circumstances.



6. An enterprise is obliged to change its disputed name within 30 days of receipt of an order made by the court or administrative bureau. In line with the new anti-unfair competition law that came into effect on 1 January 2018, the disputed enterprise name will be replaced by its uniform social credit code until it is formally changed.
7. An enterprise is now allowed to license its trade name for use by others, subject to any third-party legal and prior rights. The regulations provide for recordal of such licence.

The public consultation ended on 8 August 2018. We welcome the changes introduced in the draft regulations, and anticipate that most if not all will be confirmed since they are largely in line with the current related laws and practices in China.

## SAMR issued ad-hoc notice forbidding illegal use of trademarks in China

In late June 2018, the General Office of the State Administration for Market Regulation (SAMR) issued a notice announcing a special “purification” action plan to raid the use of unregistered trademarks in violation of prohibitory provisions of the China Trademark Law 《開展打擊使用未注冊商標違反商標法禁用條款行爲“淨化”專項行動方案》的通知.

The said prohibitory provisions refer to Article 10 of China Trademark Law, which provides that signs that are identical or similar to state names or national flags, of discriminatory nature, deceptive or having unhealthy social influence (among others) are prohibited from being used.

The action plan took place during June and October 2018, in various stages:-

1. during late-May and mid-June, CTMO collated a list of trademark applications that were filed since 2017 but preliminarily refused for violating Article 10, which formed the potential targets;
2. in late June, the local administrations for commerce and industry and administrations for market regulation of all levels gathered, discussed and made plans on how to carry out the raid actions;
3. during July and September, the lower level administrations carried out the raid actions against the listed targets as directed by the local administrations at provincial levels;
4. in October, the administrations at provincial levels summarized the actions taken for report to China Trademark Office for overall evaluation.



Annie Tsoi



Templar Fang



It is uncertain as to what will happen after October 2018. Brand owners are advised to seek legal advice on any intended commercial use of signs or trademarks in China. If violation is found, the local administrations shall stop the use, order for correction, issue a notice of criticism or impose a fine, being (a) maximum of RMB10,000 of any illegal turnover of up to RMB50,000; or (b) maximum of 20% of any illegal turnover of RMB50,000 or more.

## China Alerts

### State Intellectual Property Office changed name to China National Intellectual Property Administration (CNIPA)

Following the earlier change of name of “State Administration for Industry and Commerce” (SAIC) to “State Administration for Market Regulation” (SAMR) as a result of the re-organization of the State Intellectual Property Office (as reported in the May 2018 issue of our newsletter), the State Intellectual Property Office (SIPO) recently changed its name to “China National Intellectual Property Administration” (CNIPA), as announced during the “One Belt, One Road” Intellectual Property High-level Conference held in Beijing in late August 2018.

### Draft disclosure requirements for accounting information relating to intellectual property rights for consultation

On 4 July 2018, the Ministry of Finance in China issued the *Draft Provisions on Disclosure of Accounting Information Relating to Intellectual Property Rights* (the “**Provisions**”) 《知識產權相關會計信息披露規定（征求意见稿）》 for public consultation before 1 September 2018.

The objectives of the Provisions are to: strengthen the enterprises’ management of intellectual property rights; standardize the enterprises’ disclosure of accounting information relating to intellectual property rights; and promote the use of intellectual property rights.

The following aspects are covered in the Draft Provisions:-

1. **Scope of Application** – the Provisions will apply not only to intellectual property rights that are recognized as intangible assets pursuant to *Accounting Standards for Enterprises No. 6 - Intangible Assets* 《企業會計准則第 6 號－無形資產》 (“**ASE6**”) and owned or controlled by enterprise, but also to significant intellectual property rights that are not recognized as intangible assets pursuant to ASE6.



2. **Disclosure Requirements** – the Provisions will supplement ASE6 by prescribing six mandatory disclosure requirements and one voluntary disclosure requirement in relation to accounting information of intellectual property rights that fall within the scope of application of the Provisions.

The Provisions, if confirmed, are expected to take effect on 1 January 2019.

## Beijing Internet Court established

The Beijing Internet Court was established on 9 September 2018, upon approval by the Central Comprehensively Deepening Reforms Commission (中央全面深化改革委員會) in China. This is the second Internet Court in China, further to the Hangzhou Internet Court in 2017, pursuant to the increasing number of disputes regarding online purchase and financial activities in the area.

The Beijing Internet Court has jurisdiction over certain internet-related disputes that are normally heard by the primary people's courts, including those arising from:

- online shopping and service contracts
- online financial loan and small loan contracts
- online copyright ownership and infringements
- domain names
- online intellectual property infringements
- liability of products purchased online

Adopting the principle of “online disputes tried online (網上案件網上審理)”, cases are handled by the Internet Court online in which the parties attend to most if not all stages namely filing complaints, attending mediation or trial, submitting evidence, receiving and executing the judgment online.

Judgments and decisions of the Beijing Internet Court are subject to appeal to the Beijing Intellectual Property Court or Beijing No. 4 Intermediate People's Court.

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](mailto:anitakwan@wilgrist.com).

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