

Newsletter

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W & G
Wilkinson & Grist
Solicitors & Notaries

Welcome Message

2⁰¹⁶ has continued to be a strong year for Wilkinson & Grist with the international recognitions of our work and our partners on our commitment to excellence. As a recognized leading firm, we take pride in serving our clients through our different Practice Groups.

On the legislative landscape, the passage of the Patents (Amendment) Ordinance with its reform of the existing patent system marked another significant milestone in Government's commitment to develop Hong Kong into a regional innovation and technology hub. Meanwhile, the Hong Kong Monetary Authority introduced a new initiative to curb the increasing risk of cyber security attacks on the banking sector.

CONTENTS

New Honours	2-3
Congratulations	4-7
Appointment	7
New Face	7
About Us	8
Talks and Seminars	9
Publications	10
Conferences	10
Hong Kong	11-14
- Bankruptcy (Amendment) Ordinance 2016.....	11-12
- Changes in directors' duty to disclose material interests.....	12-14
Hong Kong Alerts	15
- Proposed Cybersecurity Fortification Initiative for the banking industry.....	15
- Patents (Amendment) Ordinance 2016 gazetted.....	15
China	16-17
- “IKEA” and “宜家” recognized by Beijing No 1 Intermediate Court to be well-known trade mark	16-17
China Alerts	18
- CTMO introduced new standard items to the Similar Goods/Services Classification Table.....	18
- Administrative Provisions on mobile applications came into effect	18

NEW HONOURS



The 2016 Asia IP 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 2016 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.



IP RANKINGS 2016

ASIA'S BEST LAW FIRMS FOR INTELLECTUAL PROPERTY

We are pleased to be identified as **Tier 1 Law Firm** in the category of **China International** for **Trademarks/Copyright** and top tier law firm in the category of **Hong Kong** for **Patents** and **Trademarks/Copyright** by Asia Legal Business (ALB) in its latest issue of 2016 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.



We are honoured to be ranked as a **Tier 1 Law Firm** in Hong Kong for **Patent Prosecution** and **Trade Mark Prosecution** work in the IP Stars Handbook 2016, the Definitive Guide to leading IP Firms and Lawyers. This widely respected publication by the leading directory Managing Intellectual Property followed from a survey covering 80 countries, with the rankings based on extensive research among IP practitioners. We are pleased to be also ranked as top tier law firm in Copyright, Patent Contentious and Trade Mark Contentious work in Hong Kong.



The World's Leading Patent Professionals 2016

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

“The venerable Wilkinson & Grist continues to evolve to meet the demands of the increasingly complex patent protection world. This multifaceted commercial outfit is a trusted adviser to foreign companies requiring ‘internationally minded’ lawyers. For over 150 years, it has assisted prestigious research institutions and big-time overseas companies with high-stakes litigation and judicious portfolio management briefs.”



We are honoured to be selected as the winner of Corporate LiveWire's Global Awards 2016 for **Intellectual Property** and **Biotech & Pharma** – Hong Kong. This 2016 Global Awards Guide represents the pinnacle of business achievement, championing the best in their respective fields. It covers businesses of every type that have proven their excellence throughout the years.

Congratulations

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



THE GUIDE TO Asia-Pacific's Leading Lawyers



Keith Ho



Cleresa Wong



Andrea Fong



Raymond Chan



Michael Ma



Yvonne Chua

Keith Ho, Head of our Dispute Resolution Practice Group, has been voted as leading lawyer in Hong Kong in Dispute Resolution & Litigation. **Cleresa Wong**, Head of our Real Estate Practice Group, has received the same honour in Construction & Real Estate. **Andrea Fong** and **Yvonne Chua**, respectively Head and Consultant of our Intellectual Property Practice Group, have for consecutive years been voted as leading and market leading lawyers respectively in Hong Kong in Intellectual Property whereas **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.



Andrea Fong



Yvonne Chua

Andrea Fong and **Yvonne Chua** have been named as IP Stars 2016 for Hong Kong, pursuant to their outstanding practice on Patent and Trade Mark. The MIP Handbook is the indispensable reference guide and directory for global in-house counsel since 1993.



Who's Who Legal: Trademarks 2016

Who's Who Legal: Mediation 2016



Andrea Fong



Yvonne Chua



John Budge

Andrea Fong and **Yvonne Chua** have again been recognized as the world's leading Trademark Lawyers in Who's Who Legal: Trademarks 2016 which seeks to identify private practice lawyers with a proven track record in representing and advising companies from a range of industries. **John Budge**, Consultant of our Dispute Resolution Practice Group, is also named as a leading lawyer in the Who's Who Legal: Mediation 2016.



The World's Leading Patent Professionals 2016



Yvonne Chua

Yvonne Chua is named amongst the very few in this elite group of individuals for her Patent practice on Litigation and Transactions in Hong Kong. The IAM Patent 1000 2016 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.

"Yvonne Chua is a deft handler of intangible assets. She makes it her mission to derive maximum value from clients' inventions."



LITIGATION 2016
WOMEN IN BUSINESS LAW 2016 – TRADE MARKS & PATENTS



Keith Ho



Andrea Fong



Mena Lo



Yvonne Chua



John Budge

Keith Ho and **John Budge** have been named as the world's leading practitioners in the area of Litigation in Hong Kong in the Expert's Guide 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.



The Leading Guide to Trademark and Patent Practitioners Worldwide



Yvonne Chua

Yvonne Chua is named as IP Leaders for Trademark and Patent in World Intellectual Property Review's WIPR Leaders handbook. WIPR Leaders is a one-stop guide to the leading IP practitioners in the world. The handbook lists more than 1,000 lawyers for patents and trademarks in over 60 jurisdictions recognized by their peers as the best and the brightest in IP private practice.



In-House Community Commended External Counsel of the Year for 2016



Catherine Chong

Catherine Chong, Consultant of our Real Estate Practice Group, has been recognized as an In-House Community Commended External Counsel of the Year for 2016 by Pacific Business Press. Only 13 external counsel in Hong Kong have been commended by members of the In-House Community, with each of them being voluntarily 'mentioned in dispatches' and commended as an outstanding legal provider by the In-House Community.

Appointment

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

Hong Kong
International
Arbitration
Centre

Yvonne Chua, Consultant, Intellectual Property Practice Group, has been appointed to the Hong Kong International Arbitration Centre Panel of Arbitrators for Intellectual Property Disputes. This Panel includes about 40 members who are all leading experts with immense experience and expertise in handling intellectual property cases.

New Face

We warmly welcome the following newcomer to our firm.



Frederick Tai joined our Dispute Resolution Practice Group as an associate in 2016. He obtained his Bachelor of Laws degree from University of London and PCLL from The University of Hong Kong. He was admitted as a solicitor in Hong Kong in November 2009. Frederick has extensive experience in handling commercial, banking, insolvency, insurance, personal injuries, probate and trust related disputes. Frederick is also an accredited General Mediator.

About Us

Yvonne Chua, Consultant, Intellectual Property Practice Group, was invited by the Executive Director of the Hong Kong Trade Development Council, Ms Margaret Fong, to the Reception meeting on 21 June 2016 with the Regional and Branch Directors of HKTDC's Global Network. Yvonne serves on the HKTDC Design, Marketing & Licensing Services Advisory Committee.

Hong Kong
Trade
Development
Council



(From left to right) Ms Margaret Fong, Executive Director of HKTDC, and our Yvonne Chua

Rebecca Lau and **Alex Cheng**, respectively Partner and Associate, Litigation Practice Group, were invited by our clients, TCL Corporation and Shenzhen China Star Optoelectronics Technology Co Ltd, a subsidiary of TCL Corporation, to visit their manufacturing facility in Shenzhen on 6 August 2016. TCL Corporation is listed on the Shenzhen Stock Exchange whereas its subsidiaries TCL Multimedia Technology Holdings, Ltd and TCL Communication Technology Holdings, Ltd are listed on the Hong Kong Stock Exchange.

TCL
Corporation



Our Alex Cheng (on the left) and Rebecca Lau (3rd on the right) with Mr Jeffson Wang (2nd from the right), Mr Michael Lin (on the right) and Mr Steven Zhou (3rd from the left), respectively Engineer and In-house counsel of Shenzhen China Star Optoelectronics Technology Co Ltd

Talks & Seminars

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

LES
International
Annual
Conference
2016

Yvonne Chua, Consultant, Intellectual Property Practice Group, was the moderator at the Licensing Executives Society (LES) International Annual Conference 2016 on 18 May 2016 held in Beijing, China.



(From left to right) Mr Christopher Shao Wei, Vice Chair of Conference Organising Committee; Mr Philip Yu, Assistant Chief IP Counsel, DuPont Legal; our Yvonne Chua; Mr Hananel Kvatinsky, Director of Intellectual Property, Orbotech Ltd; Mr Kenichi Nagasawa, Managing Executive Officer, Group Executive, Corporate Intellectual Property and Legal Headquarters, Canon Inc.

Hong Kong
Intellectual
Property
Department

Mena Lo and **Annie Tsoi**, **Andrea Fong** and **Esther Ho**, Partners of our Intellectual Property Practice Group, spoke at the “Practical Workshop for IP Managers” at the Intellectual Property Department (IPD) on 24 June 2016 and 31 August 2016 respectively. These were the second and third of six workshops to be provided by our Intellectual Property Practice Group for IP Managers under the IPD’s IP Managers Scheme. The workshops aim at equipping IP Managers with the knowledge of managing the IP assets effectively and integrating IP assets into their overall business strategy.

Publications

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

“Opposition to registration of SWISSBERNARD mark”

- Lily Cheung

World Trademark
Review LEXOLOGY
4 May 2016

Intellectual Asset
Management Magazine
4 May 2016

World Trademark
Review Daily
16 May 2016

“The International Comparative Legal Guide to: Trade Marks
2016” – Hong Kong Chapter

- Andrea Fong

- Annie Tsoi

Global Legal Group Ltd, London
5th Edition

Conferences

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

APAA Council Meeting

Bali, Indonesia, 8 – 11 October 2016

INTA Leadership Meeting

Miami, Florida, USA, 7 – 11 November 2016

Hong Kong



Keith Ho

Bankruptcy (Amendment) Ordinance 2016

The Bankruptcy (Amendment) Bill 2015 (“the Bill”) was passed by the Bills Committee of the LegCo and was gazetted as Bankruptcy (Amendment) Ordinance 2016 (“the Ordinance”). The Ordinance will apply to those bankrupts against whom the Bankruptcy Order is made after 1 November 2016. An introduction to the Bill was provided in the September 2015 issue of our Newsletter.

The principal amendments of the Ordinance are to introduce Section 30AB and Section 30AC to the original Bankruptcy Ordinance Chapter 6. The two Sections of the Ordinance provide to the effect that the trustee in bankruptcy may apply to the Court for a non-commencement order of the relevant period against the bankrupt under certain circumstances. The relevant period refers to the bankruptcy period of 4 years for a first time bankrupt and the period of 5 years for a bankrupt who is subject to a bankruptcy order for more than one time. In the normal course of event, the bankruptcy order would automatically be discharged upon the expiration of the applicable relevant period.

Non-commencement of relevant period: trustee’s application

Pursuant to the Ordinance, the trustee may apply to the Court for a non-commencement order against a bankrupt under the following conditions:-

- (a) if the trustee has required the bankrupt to attend an initial interview on the date appointed by the trustee and to provide the trustee at the initial interview with information concerning the bankrupt’s affairs;
- (b) the bankrupt fails to attend the interview or he attends the interview but fails to provide the required information; and
- (c) such conduct on the part of the bankrupt has prejudiced the administration of the bankrupt’s estate.

Upon satisfying the above conditions, the Court would grant a non-commencement order of the relevant period.

The non-commencement order will specify that the relevant period is treated as not commencing to run from the date of the bankruptcy order and also specify a date by which the bankrupt must comply with certain terms before the relevant period will commence to run.

Implication

Previously where a bankrupt left Hong Kong without the knowledge or consent of the trustee, his absence from Hong Kong will automatically suspend the commencement or running of the relevant period. There were circumstances where a debtor left Hong Kong and was subsequently made a bankrupt without his knowledge until several years later when he returned to Hong Kong that he discovered that he was still subject to a bankruptcy order, because the relevant period was automatically suspended during his absence from Hong Kong.

With the implementation of the amendments, the departure of the bankrupt from Hong Kong would not in itself suspend the commencement of the relevant period. The legislative intent of the amendments is to enable proper administration of the estate of the bankrupt but not to cause undue inconvenience nor punishment to the bankrupt himself.

Changes in directors' duty to disclose material interests

When the Companies Ordinance (Cap 622) (the "New CO") came into effect in March 2014, it replaced and brought many changes to the former Companies Ordinance (Cap 32) (the "Old CO"). The key changes relevant to directors (among others) include the expanded disclosure requirements on directors' material interests. This article highlights the more important changes concerning a director's statutory duty to disclose material interests effected by the New CO.



Cleresa Wong

Important changes

1. *Expanded scope of disclosure*

Under section 162(1) of the Old CO, a director of a company was required to disclose the nature of his interest in “a contract or proposed contract” if his interest was material. Under section 536 of the New CO, the scope of disclosure is widened to cover a director’s material interest in “a transaction or proposed transaction” or “an arrangement or proposed arrangement” which may not be legally binding, in addition to his material interest in a contract or proposed contract.

For a public company, the scope of disclosure is widened to cover any material interest of an entity connected with a director. An entity connected with a director is defined under section 486 of the New CO.

2. *Disclosure of nature and extent of interests*

The Old CO only required a director to disclose the “nature” of his material interest in a contract or proposed contract. Under section 536 of the New CO, a director must declare not only the “nature” of his material interest, but also the “extent” of his interest. Therefore, in a situation where a company has entered into or proposes to enter into a contract with another company and a director is a shareholder of that other company, under the Old CO, the director would only be required to disclose the nature of his interest by virtue of his being a shareholder in that other company; under the New CO, the director is also required to disclose the extent of his interest, ie the percentage of his shareholding in that other company.

3. *No disclosure obligation if a director is not aware of the interests in question*

Under section 162(3) of the Old CO, it would be a defence if the director could prove that he had no knowledge of the contract and that he could not reasonably have been expected to have had such knowledge.

Section 536(4)(a) of the New CO provides for a wider exception. If a director is not aware of his interest in the transaction, arrangement or contract in question, the disclosure obligation does not arise. Importantly though, section 536(5) provides that a director is to be regarded as being aware of matters of which he ought reasonably to be aware of for the purposes of section 536(4)(a).

4. *Disclosure obligation extended to shadow directors*

Section 540 of the New CO provides that provisions relating to the duty of a director to declare an interest under section 536 apply to a shadow director in the same manner as they apply to a director. According to section 2 of the New CO, a shadow director means a person in accordance with whose directions or instructions (excluding advice given in a professional capacity) the directors, or a majority of the directors, of a body corporate are accustomed to act.

A shadow director can declare his interest by sending a general notice in writing to the other directors.

Consequence of contravention

The statutory disclosure requirements under the New CO cannot be waived by the articles of association of a company. According to section 542 of the New CO, a director or shadow director who contravenes section 536 commits an offence and is liable to a level 6 fine unless it can be established (as a defence) that he took all reasonable steps to secure compliance with that section. The New CO is silent on whether contravention of section 536 would render the relevant transaction, arrangement or contract invalid if it has been approved without the prior disclosure of material interests by interested directors.

Under the principles of equity, it was held by the English Court of Appeal in *Hely-Hutchinson v Brayhead Ltd* [1967] 3 All ER 98 that if a director does not comply with his statutory duty of disclosure, the contract in respect of which he has failed to make a disclosure is voidable by the company of which he is a director. The uncertainties that can arise through the application of this rule in equity has led to the development of a common practice to dis-apply this rule in the articles of association of a company, by providing that a transaction in which a director has a material interest would not be liable to be set aside even if the director has failed to disclose his interest.

Common law duty to avoid conflict

In addition to the statutory disclosure requirements, a director also has a common law duty to avoid a conflict between his interests and the interests of the company and to disclose the conflicting interest to the company. Such common law duty of a director is outside the scope of this article.

Hong Kong Alerts

Proposed Cybersecurity Fortification Initiative for the banking industry

The Hong Kong Monetary Authority (HKMA) issued a circular dated 24 May 2016 regarding a new supervisory requirement for banks to implement the Cybersecurity Fortification Initiative. This initiative aims at reducing the risk of cyber security attacks on the banking sector in Hong Kong, and is underpinned by three pillars:-

1. a Cyber Resilience Assessment Framework (CRAF), which seeks to establish a common risk-based framework for banks to assess their risk profiles and determine the level of defence and resilience required;
2. a Professional Development Programme, which is a training and certification programme aiming to increase the supply of qualified professionals in cybersecurity; and
3. a Cyber Intelligence Sharing Platform, which will allow sharing of cyber threat intelligence among banks in order to improve cyber resilience.

Banks should pay attention to further announcements from the HKMA regarding the details of the initiative, and start reviewing their corporate governance and risk response strategies in relation to cyber security.

Patents (Amendment) Ordinance 2016 gazetted


The Patents (Amendment) Ordinance 2016 was gazetted on 10 June 2016, and will come into operation on a day to be appointed by the Secretary for Commerce and Economic Development by notice published in the Gazette.

The Ordinance will introduce an “original grant” patent system for granting standard patents in Hong Kong, and provide for substantive examination of short-term patents, amongst others. Currently, standard patents are granted in Hong Kong by way of a “re-registration” system, and short-term patents are only subject to formality examination. Please refer to our article “Patents bill making its way through the legislature” in the January 2016 issue of our Newsletter on the key amendments.

China

“IKEA” and “宜家” recognized by Beijing No 1 Intermediate Court to be well-known trade mark

The Beijing No 1 Intermediate Court has recently accorded well-known mark status to the trade marks IKEA and 宜家 (IKEA in Chinese) in Class 20 for

furniture. As a result of this, the court held that registration of the mark  in class 6 for “safety cash box, metal containers, signboards of metal” by an unauthorized party should be refused.

Currently with over 20 stores in China, the world-renowned IKEA home-store has been in operation in China for about 20 years now. The business is hugely successful. Though the name and trade mark IKEA/宜家 is de facto well-known in China, it still requires going through a legal procedure to get the mark recognized as well-known so that extended protection can be given to it.

First of all, the recognition must be confirmed through a dispute action relating to the use or registration of the disputed mark, such as an infringement action at court/the AIC, or an opposition/invalidation action at CTMO/TRAB/court.

Second, the dispute cannot generally be resolved through use of an existing registration for same/similar mark in respect of same/similar goods.

Third, there must be relevant, admissible and sufficient evidence in support to substantiate the high reputation of the trade mark. This criterion is difficult to satisfy as the standard applied appears to be discretionary or even non-transparent. Our experience reveals that the quality of the evidence is more important than its quantity. Moreover, how the evidence is presented is extremely important - for one thing, one cannot expect the trade mark examiner or judge to go through the bundles of evidence in detail before rendering decision.



Howard Tsang



Esther Ho

The present case is a trade mark opposition. The evidence submitted has satisfactorily proved that the IKEA/宜家 brand of furniture entered the Chinese market since 1998 and quite a few IKEA/宜家 stores were already operating in China before the application date of the opposed mark. As a result of the extensive promotion and high sales figures, the relevant public was fully aware of IKEA/宜家.

Having determined that IKEA/宜家 was well-known in respect of furniture at the material times, as required by the law the court must also be satisfied with two other matters before the opposed mark can be refused registration.

In the first place, the court was satisfied that the opposed mark is a copy or imitation of IKEA/宜家. The reason is, the opposed mark incorporates the well-known mark IKEA/宜家 in its entirety. The additional elements in the opposed mark do not give them any meaning different from IKEA/宜家. (The character 新 on the left side of the mark just means “new”).

Separately, the court was satisfied that use or registration of the opposed mark would mislead the public, likely prejudicing the interest of the rights owner. This is because there is a certain degree of commonality in the furniture goods and the opposed goods, such that there is a likelihood the relevant public will form an association between them, thereby the link between IKEA/宜家 and furniture is broken, weakening the distinctiveness of the mark IKEA/宜家.

We have the honour of acting on behalf of Inter IKEA System B.V., owner of the IKEA Concept (comprising the IKEA trade mark and trade name), the use of which is licensed to all IKEA stores.

China Alerts

CTMO introduced new standard items to the Similar Goods/Services Classification Table

In trying to keep up with the market reality, the Chinese Trademark Office (CTMO) recently introduced over 2,000 new standard items of goods/services that are acceptable for trademark registration in addition to those stated in the Similar Goods/Services Classification Table uniquely adopted by the CTMO.

Some examples of new items include:-

- nail stickers in class 3 subclass 0306
- virtual reality game software in class 9 subclass 0901
- watches for sports in class 14 subclass 1404
- ice-cream cake in class 30 subclass 3006
- low-calorie soft drinks in class 32 subclass 3202
- presentation of goods and services by electronic means to facilitate television and domestic shopping in class 35 subclass 3501
- video-on-demand transmission in class 38 subclass 3801

For the full list, please refer to http://sbj.saic.gov.cn/sbyw/201607/t20160713_169795.html.

Administrative Provisions on mobile applications came into effect

In June 2016, the Cyberspace Administration of China published the Administrative Provisions on Mobile Internet Applications Information Services 《移动互联网应用程序信息服务管理规定》 (the “Provisions”), which took effect on 1 August 2016. The Provisions aim at strengthening regulation of mobile applications, fostering development of the industry and protecting legal rights of the public.

The Provisions consist of 11 Articles, delineating the respective duties of mobile application service providers and application store service providers, and prohibiting use of mobile apps for illegal activities which jeopardize national security, disrupt social order or infringe others’ rights including intellectual property rights. The Provisions also provide guidelines on the collection of users’ personal data.

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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