

Frequently asked questions on IP arbitration in Hong Kong

1. What is arbitration?

Arbitration is a consensual process for resolving disputes by an independent arbitrator or panel of arbitrators selected by the parties to the dispute. The decision of the arbitrator(s) (arbitral award) is binding on the parties.

2. What are the main advantages of using arbitration to resolve IP disputes?

- *Autonomy:*
Parties can agree on:
 - which disputes to be referred to arbitration
 - the remedies and reliefs which the arbitral tribunal may award
 - the procedures of the arbitral proceedings, which may expedite the resolution of their dispute
- *Single forum:* Parties can resolve in a single forum their IP disputes in multiple jurisdictions instead of starting legal proceedings in each jurisdiction separately, thus saving time and costs
- *Expertise:* Parties can choose an arbitrator or arbitrators with expertise in the subject matter of the dispute
- *Confidentiality:* Arbitral proceedings and arbitral awards are confidential unless the parties otherwise agree, and subject to statutory exceptions
- *Enforcement:* Parties can make use of the award enforcement mechanism under the [New York Convention](#) (which provides for reciprocal enforcement of arbitral awards in all contracting states) and Hong Kong SAR's respective arrangements with [Mainland China](#) and the [Macao SAR](#) to enforce in other jurisdictions their arbitral award made in Hong Kong

3. What types of IP disputes can be referred to arbitration?

In Hong Kong, parties can use arbitration to resolve any type of dispute over any IPR, irrespective of whether the IPR is protectible by registration and whether it is registered, or subsists, in Hong Kong or in other jurisdictions. Examples of

these IPRs include patents, know-how, trade marks, copyright as well as IPRs that are registered or subsist in other jurisdictions such as utility models or other types of “petty patents”, supplementary protection certificates, database rights, etc., as well as new types of IPRs which may emerge in future.

Further, IP disputes of any nature can be submitted to arbitration, including disputes over the enforceability, infringement, subsistence, validity, ownership, scope, duration or any other aspect of an IPR, disputes over any transaction in respect of an IPR and disputes over any compensation payable for an IPR.

Parties are not prevented from using arbitration to settle their IP disputes only because the relevant IP legislation does not mention the settlement of disputes by arbitration.

4. If we use arbitration to resolve an IP dispute, can we exclude some issues from the scope of arbitration?

Party autonomy is one of the attractive features of arbitration. Parties are free to define the scope of issues in a dispute to be submitted to arbitration.

5. What remedies and reliefs can I seek through arbitration?

In general, if Hong Kong is the place of arbitration, an arbitrator has power to award any remedy or relief that could be ordered by the Hong Kong Court of First Instance in civil proceedings, including monetary damages and specific performance (in the context of IP arbitration, this may include e.g. ordering the owner of a registered IPR to surrender or amend the scope of the IPR or to assign it to another party) and injunctive relief (e.g. ordering a party to refrain from infringing acts). However, the amended Arbitration Ordinance expressly allows parties to an IP dispute by agreement to limit the remedies and reliefs which may be awarded by the arbitrator(s).

6. What can I do if the other party does not honour the arbitral award?

You can enforce an arbitral award in Hong Kong (whether the award was made in or outside Hong Kong) by making an application to the Court of First Instance. You can also make use of the enforcement mechanism under the [New York Convention](#) (which provides for reciprocal enforcement of arbitral awards in all

contracting states) and Hong Kong's respective arrangements with [Mainland China](#) and the [Macao SAR](#) to enforce an arbitral award made in Hong Kong in the relevant jurisdictions. However, whether an arbitral award is enforceable in a particular jurisdiction would depend on the law of that jurisdiction. For example, enforcement of an arbitral award which concerns the validity of a registered IPR may be refused in certain jurisdictions where state authorities and/or the courts are recognized as having sole competence to determine the validity of an IPR. Parties should take this into account and consult your legal advisors when assessing your dispute resolution options and in drafting arbitration agreements.

7. Are all arbitral awards concerning IP disputes enforceable in Hong Kong?

In Hong Kong, a matter would **not** be considered unarbitrable only because it relates to an IP dispute. Nor would an arbitral award be considered unenforceable or liable to be set aside only because it relates to an IP dispute. However, there may be other grounds which may render a dispute unarbitrable, for example, where the dispute concerns not only an IPR but also another subject matter which is considered unarbitrable under Hong Kong law (such as criminal offences). Further, an arbitral award may be considered to be contrary to public policy if, for example, it has been obtained by fraud or where it seeks to give effect to an anti-competitive agreement.

8. Is an arbitral award binding on persons who are not parties to the arbitration?

In general, an arbitral award is final and binding on:

- (a) the parties to the arbitration; and
- (b) any person claiming through or under any of the parties (e.g. an assignee, novatee, trustee in bankruptcy, administrator, liquidator, or personal representative of an arbitration party, who has assumed the legal rights and obligations of that party).

An arbitral award is **not** binding on other persons, including licensees, who are not parties to the arbitration. That said, the arbitration parties may agree to confer the benefits of an arbitral award on a third party, for example, by including a provision to such effect in the arbitration agreement.

9. I am a sub-licensee of an IPR. Will I be bound by an arbitration between the owner of the IPR and the head licensee to which I am not joined as a party?

Generally speaking, since you are neither a party to the arbitration nor a “person claiming through or under any of the parties”, you will **not** be bound by the arbitral award. However, in some cases the arbitral award might render the head licensee unable to perform his/her existing contracts with other persons (e.g. if, as a result of the arbitration, his IPR licence with the IPR owner is terminated). In such cases, the precise legal implications on you and the head licensee will fall to be determined according to the terms of your sub-licence and other applicable legal principles.

To enhance legal certainty, parties to an IPR transaction may consider including suitable terms in their agreements (such as indemnity clauses, termination clauses, and provisions on the right to be informed of and/or joined as a party to arbitration and other forms of dispute resolution proceedings) and consult their legal advisors where necessary.

10. Do I need to register an arbitral award with the IPR Registrar (Registrar of Trade Marks, Registrar of Patents or Registrar of Designs) in Hong Kong?

In general, an arbitral award is binding only on the arbitration parties and persons claiming through or under any of the parties. The award does not bind non-parties to the arbitration and it would **not** be accepted for registration or recordal by the IPR Registrar in Hong Kong.

Moreover, since an arbitral award is not binding on the courts or the IPR Registrar in Hong Kong, neither the court nor the IPR Registrar is prevented from coming to a different view on any issue, including the validity of a registered IPR, when determining subsequent proceedings brought by a third party against the owner of the IPR.

11. My Hong Kong short-term patent is being infringed. Can I use arbitration to resolve my dispute with the infringer?

Yes, you can use arbitration to resolve any dispute concerning a short-term patent in Hong Kong at any time.

The position on enforcement of short term patents in the Hong Kong courts will change after the Patents (Amendment) Ordinance 2016 comes into operation. The commencement date will be appointed by the Secretary for Commerce and Economic Development by notice published in the Gazette. Under the amended Patents Ordinance, you can only commence proceedings before a court for the enforcement of your short-term patent if you have obtained a certificate of substantive examination issued by the Registrar of Patents, or made a request for such examination, or obtained a certificate of validity issued by the court. Since arbitration is a consensual process, these conditions for commencement of court proceedings **will not automatically apply** to arbitral proceedings unless otherwise agreed by the parties. That said, it is still for the owner of the short-term patent to establish the validity of the short-term patent in the arbitral proceedings. This could be done, for example, by adducing other evidence such as expert reports.

12. If I have already commenced proceedings before the IPR Registrar (Registrar of Trade Marks, Registrar of Patents or Registrar of Designs) or the Copyright Tribunal in Hong Kong in respect of an IP dispute, can I suspend those proceedings while I attempt to resolve the dispute by arbitration?

Yes. For expediency, parties can jointly apply for a suspension of proceedings before the IPR Registrar or the Copyright Tribunal.

13. I have already commenced arbitral proceedings to resolve an IP dispute before the Arbitration (Amendment) Ordinance 2017 (“Amendment Ordinance”) comes into effect. Will the Amendment Ordinance apply to ongoing proceedings?

Most of the new statutory provisions on IP arbitration introduced under the Amendment Ordinance come into effect on **1 January 2018 (“Effective Date”)*** and apply to arbitral proceedings commencing on/after the Effective Date. Parties may agree that the new provisions shall apply to arbitral proceedings which commenced before the Effective Date, and their related proceedings (including appeal, set-aside proceedings and enforcement proceedings).

*Provisions in the Amendment Ordinance concerning enforcement of short term patents will

come into effect when the Patents (Amendment) Ordinance 2016 comes into operation on a date to be appointed by the Secretary for Commerce and Economic Development by notice published in the Gazette.

14. Is arbitration confidential?

In Hong Kong, arbitral proceedings and arbitral awards are confidential unless the parties otherwise agree, and subject to a limited number of statutory exceptions, such as:

- where disclosure is made in legal proceedings to protect or pursue a legal right or interest of the party or to enforce or challenge the award;
- where disclosure is made to a government body, regulatory body, court or tribunal as required by law;
- where disclosure is made to a professional or other adviser of a party.

15. Are arbitral awards subject to appeal?

Generally speaking, arbitral awards made in Hong Kong are final and may be challenged on very limited grounds only. However, in Hong Kong, parties can expressly agree in the arbitration agreement that the arbitral award may be subject to challenge on grounds of serious irregularity and/or appeal on a question of law.

16. Are there any arbitration institutions in Hong Kong that I can appoint to administer my arbitration?

Yes, there are several world class arbitration institutions in Hong Kong that can help you administer your arbitration. For details of such arbitration institutions, please refer to the website of the Department of Justice [here](#).

17. Do I need to agree with the other party to resolve our disputes by arbitration before a dispute arises?

Parties can agree to submit their dispute to arbitration at any time, whether before or after a dispute has arisen. However, parties often agree on the dispute resolution mechanism(s) at the time they enter into commercial transactions/agreements. You should consult your legal advisors when

assessing your dispute resolution options and the drafting of dispute resolution / arbitration clauses or arbitration agreements that suit your circumstances.

18. Where can I get more information about the Arbitration (Amendment) Ordinance?

For more information, you may also refer to the following:

(1) <http://www.doj.gov.hk/eng/public/arbitration.html#iparb>

(2) http://www.ipd.gov.hk/eng/IP_Arbitration.htm