

Opening Remarks by the Hon Rimsky Yuen, SC
Secretary for Justice
at the BIP Asia Forum 2017
on 7 December 2017 (Thursday)
“International IP Dispute Resolution –
A New Chapter for Hong Kong”

Director General Zhang Zhicheng [Protection and Coordination Department, State Intellectual Property Office of the People’s Republic of China], Mr Andrew Liao SC, Distinguished Guests, Ladies and Gentlemen,

First of all, on behalf of the Department of Justice, may I extend our warmest welcome to all of you for joining this session on *“International IP Dispute Resolution – A New Chapter for Hong Kong”*.

2. In front of this audience, I do not think I need to explain the importance of intellectual property (“IP”). Nowadays, IP is directly or indirectly involved in virtually all aspects of our daily life as well as in industrial and commercial activities at both the domestic and international level. It is therefore not surprising, and as confirmed by the World Intellectual Property Indicators 2017 Report¹ just issued by the World Intellectual Property Organization (“WIPO”) yesterday, worldwide filings for patents, trademarks and industrial designs reached record heights in 2016 amid dramatic demand in China, which received more patent applications than the combined total for the USA, Japan, the Republic of Korea and the European Patent Office. Indeed in

¹ See the full report of World Intellectual Property Indicators (WIPI) 2017, available at http://www.wipo.int/edocs/pubdocs/en/wipo_pub_941_2017.pdf

Mainland alone, applications filed increased from 18,700 in 1995 to 1.3 million in 2016, amounting to average annual growth of 23%. Such upsurge of IP activities has understandably, if not inevitably, led to an increase in the number of IP disputes.

3. The protection of IP rights on a regional or global basis is no easy task. While many jurisdictions have specialist IP courts, some jurisdictions lack the expertise to properly handle IP disputes. Of course, there are also inherent difficulties in pursuing court proceedings in multiple jurisdictions, whether due to differences in legal systems or difficulties in enforcing court judgments in foreign jurisdiction. As experience reveals, cross-border IP litigations are often time-consuming and costly, and the outcome might not always be the most desirable result even from the winning parties' perspective.

4. Against this background, various jurisdictions have taken steps to promote international arbitration and cross-border mediation as a means of resolving IP disputes. In this regard, Hong Kong, if I may venture to suggest, stay at the forefront of this trend.

5. The main theme of this session concerns international IP dispute resolution and the latest development in Hong Kong. May I say a few words on these two aspects.

6. The popularity of arbitration is confirmed by the findings of the 2016 International Dispute Resolution Survey conducted by the Queen Mary University of London². About 92% of the

² 2016 International Dispute Resolution Survey entitled "*Pre-empting and Resolving Technology, Media and Telecoms Disputes*", available at <http://www.arbitration.qmul.ac.uk/docs/189659.pdf>

respondents agreed that international arbitration is well-suited for resolving technology, media and telecoms disputes, whilst more than 80% of the respondents believed that there will be an increase in the use of international arbitration to resolve these three types of disputes³.

7. The general advantages of international arbitration are well-known. May I highlight some of the considerations which are most pertinent to this session.

8. Apart from our modern arbitration legislative framework, Hong Kong is well known for its top quality independent Judiciary which adopts a pro-arbitration approach. Not only is our Judiciary arbitration-friendly, it adopts a pro-enforcement approach and fully respects the concept of party autonomy.

9. Under the “one country, two systems” policy, Hong Kong as a special administrative region of China enjoys the best of both worlds and remains a common law jurisdiction which steadfastly upholds the rule of law. This explains why Hong Kong is an ideal neutral forum for resolving international disputes (including IP disputes). In this regard, a leading UK judge in a recent court decision described Hong Kong as follows: “...*whilst Hong Kong is no doubt geographically convenient, it is also a well known and respected arbitration forum with a reputation for neutrality, not least because of its supervising courts*”⁴.

³ *Ibid*, p.7

⁴ *Shangang South-Asia (Hong Kong) Trading Co. Ltd v Daewoo Logistics* [2015] EWHC 194 (Comm), per Hamblen J (now Lord Justice Hamblen) at [37].

10. Apart from choice of arbitral rules and venue, one of the important aspects of party autonomy is the parties' freedom to choose the right experts to act as arbitrators. This freedom of choice, which is not available if parties resort to court litigation, is of particular importance in the context of IP disputes. Hong Kong has many years of experience in developing IP law and protecting IP rights. Hence, Hong Kong has an extensive pool of IP specialists who are well equipped to deal with different types of IP disputes. In the specific context of IP arbitration and with a view to assisting parties on choice of arbitrators, the Hong Kong International Arbitration Centre has established a panel of experienced international arbitrators who specialise in resolving IP disputes. The arbitrators on that panel speak a total of 14 different languages and practise from 17 different jurisdictions.

11. In this globalised world, another important attribute of international arbitration is that it can enable parties to resolve multi-jurisdictions IP disputes in a single forum in a cost-effective manner. Further, compared to court proceedings which are generally open to public, confidentiality of arbitral proceedings and arbitral awards are particularly relevant if the technology concerned is sensitive or at a developmental stage.

12. Let me move on to the latest development in Hong Kong. In short, Hong Kong is entering a new chapter for international IP dispute resolution. To facilitate the resolution of IP disputes through arbitration in Hong Kong, the Arbitration (Amendment) Ordinance 2017 introduces a new Part 11A to the Arbitration Ordinance (Cap. 609) to clarify that all IP disputes (whether within or outside Hong Kong) can be resolved through arbitration, and that IP arbitral awards can be enforced in Hong Kong. In

addition, to facilitate the resolution of international IP disputes in Hong Kong, the respective definitions of “intellectual property rights” and “intellectual property rights disputes” under the amended Ordinance have a broad coverage and include an IP right whether or not it is protectable by registration and whether or not it is registered in Hong Kong. This amendment will come into effect on 1 January 2018 and will apply to arbitral proceedings commencing on or after that date⁵. Our expert, Mr Andrew Liao, SC, will tell you more about this development later this afternoon.

13. The Government of Hong Kong SAR is also committed to developing and promoting the wider use of mediation to resolve cross-border commercial disputes including IP disputes. Mediation is particularly suitable to resolve IP disputes which usually involve sensitive technologies, know-how and trade secrets while at the same time more conducive to preserving business relationship of the parties.

14. As mediation is a highly flexible process, it can enable parties to resolve IP disputes in all the relevant jurisdictions concerned in one set of mediation. This means that mediation is particularly suitable for multi-jurisdiction IP disputes involving different systems of governing laws. According to the figures of WIPO⁶, the settlement rate for cases going to mediation in its WIPO Arbitration and Mediation Center is almost 70%.

⁵ However, by virtue of the new Part 3 of Schedule 3, the new Part 11A is to apply to the arbitration or any of its related proceedings if the parties to the arbitration or those related proceedings (as appropriate) agree.

⁶ See <http://www.wipo.int/amc/en/center/caseload.html> and the Results of the WIPO Arbitration and Mediation Center International Survey on Dispute Resolution in Technology Transactions: <http://www.wipo.int/export/sites/www/amc/en/docs/surveyresults.pdf>

15. Mediation in many jurisdictions are facilitative in nature. However, there is a growing demand for evaluative mediation. In response to this market demand, a Special Committee on Evaluative Mediation has recently been formed under the Steering Committee on Mediation. This Special Committee will conduct studies and make recommendations so as to enhance the use of evaluative mediation in Hong Kong. The aim is to provide parties an additional choice of dispute resolution mechanism so that they can decide which mechanism can best cater for their needs.

16. Given the volume of IP trade in the region and Hong Kong's position as the springboard to the Mainland, our experienced IP practitioners are ready and able to provide top-quality international legal and dispute resolution services. Further and greater need for such services is expected under the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Bay Area ("Bay Area") development plan.

17. On 21 November 2017, the Hong Kong SAR Government entered into an "*Agreement on intellectual property co-operation in the Pan-Pearl River Delta region in the context of the Belt and Road*"⁷ with the Macau SAR Government and nine IP offices⁸ of the Pan-Pearl River Delta region. This Co-operation Agreement covers five areas. They include strengthening studies in IP policy, laws and regulations, as well as exploring ways to enhance exchange and co-operation in IP protection and enforcement⁹.

⁷ The Co-operation Agreement aims to promote the continuous deepening of regional IP co-operation and facilitate economic and cultural exchanges with countries and regions along the Belt and Road, thereby fostering joint economic development in the Pan-PRD region.

⁸ The nine IP offices in the Pan-PRD region represent the provinces/regions of Fujian, Jiangxi, Hunan, Guangdong, Guangxi, Hainan, Sichuan, Guizhou and Yunnan.

⁹ See <http://www.info.gov.hk/gia/general/201711/21/P2017112100386.htm>

18. Last month, the Intellectual Property Department, together with stakeholders in the industry and the Department of Justice, visited the Guangzhou Intellectual Property Arbitration Centre, the Guangzhou Intellectual Property Court and the Guangzhou Development District. The two sides agreed to further strengthen collaboration between Guangdong and Hong Kong in the areas of IP trading and dispute resolution in the Bay Area.

19. Ladies and Gentlemen, the various initiatives that I have just outlined demonstrate Hong Kong's firm commitment to serving the Asia-Pacific region and beyond by acting as a leading centre for resolving IP disputes in the Asia-Pacific region and beyond. We welcome dialogues, exchanges and co-operation with experts and stakeholders in the IP field.

20. On this note, I would like to express my gratitude to our co-organiser, the Hong Kong Trade Development Council, as well as all our speakers and moderators and also to thank you all for attending this seminar.

21. Thank you.