

Arbitration (Amendment) Bill 2016
Comments of the Hong Kong Bar Association

Preamble

1. The Hong Kong Bar Association (“the HKBA”) has been invited to comment on the draft Arbitration (Amendment) Bill 2016 (“the Draft Bill”) which deals specifically with the arbitrability of intellectual property (“IP”) disputes, in view of the possible existence of doubt in this regard.
2. In principle, the HKBA is in support of the Draft Bill, which is introduced with a view to making it clear that disputes over IP rights are capable of resolution by arbitration in Hong Kong and that it would not be contrary to public policy to enforce an award in Hong Kong solely because the award is in respect of a dispute or matter which relates to IP rights.
3. The HKBA also sees these proposed amendments to be of particular benefit and relevance as regards international IP disputes.

General Views

4. The HKBA takes note of the traditional rationale based on public interest in some jurisdictions, which limits the arbitrability of IP disputes, in particular regarding invalidity of related registered IP rights. The HKBA also notices the developing international trends over the years to support the arbitrability of IP disputes, particularly in relation to *inter parte* situations.¹
5. As such, the HKBA sees it as beneficial to further enhance and

¹ See for example “Update On the WIPO Arbitration And Mediation Center’s Experience In The Resolution Of Intellectual Property Disputes” by the WIPO Arbitration and Mediation Center, which is available at <http://www.wipo.int/export/sites/www/amc/en/docs/nouvellesmarch2009.pdf>.

promote Hong Kong as a seat for arbitrating IP disputes by expressly legislating on the arbitrability of IP disputes. While arbitration of IP disputes has been ongoing in Hong Kong, the HKBA is of the view that expressly legislating for the arbitrability of IP disputes can further underpin the status of Hong Kong as a trading hub and dispute resolution centre for IP rights.

6. The HKBA is of the view that these amendments will help encourage and escalate the use of arbitration in resolving IP disputes in Hong Kong.
 - (a) There will be enhanced certainty for Hong Kong to be adopted as a forum for arbitrating IP disputes.
 - (b) The full benefits of arbitration including international enforceability of arbitral awards, confidentiality, flexibility of procedures and confidentiality, are all available.
 - (c) With the powers conferred under the Arbitration Ordinance (Cap. 609), emergency interim and injunctive reliefs may be granted directly by the arbitral tribunals.
 - (d) Whereas arbitration agreements have to exist before IP disputes may be referred to arbitration, the enhanced certainty on the arbitrability of IP disputes in Hong Kong may perhaps even contribute to bring in also those IP disputes that are not with pre-existing relationships of the parties, including infringement claims, for those parties who can see the benefits of arbitration in the resolution of their disputes.

Specific Comments

7. ***Proposed definition of “intellectual property rights”***
 - (a) To avoid doubts over the arbitrability of IP disputes, the HKBA is of the view that the widest definition of “intellectual property right” should be adopted.
 - (b) This is attempted to be dealt with under section 103A(1)(a) & (b) of the Draft Bill. However, what these provisions

essentially provide is simply that an intellectual property right is one which may or may not be registered or protectable by registration. There is, however, no definition of what “intellectual property” means or refers to. It is suggested that consideration may be given to including an actual definition of “intellectual property”. An example of such definition can be found in section 44A(5) of the High Court Ordinance (Cap.4). However, the HKBA is of the view that such definition may be improved upon as it may arguably not cover the rights protected by the cause of action in passing off because what is protected by that cause of action is the goodwill enjoyed by the plaintiff. Accordingly, to make clear that “intellectual property” includes the goodwill protected by the cause of action in passing-off, it is suggested that if a definition akin to that set out in section 44A(5) is to be adopted, the following words in underline should be added :

"intellectual property" (知識產權) means any patent, trade mark, copyright, registered design, technical or commercial information, goodwill and similar rights protected and protectable under a claim in passing-off or unfair competition or other intellectual property”.

- (c) Section 103A(c) & (d) of the Draft Bill uses the wording “the subsistence, scope, validity, ownership, infringement or any other aspect of an intellectual property right” in the definition of “a dispute” and “a subject-matter of a dispute”. In this regard, for better clarity, it is suggested that consideration be given to extend the definition to disputes over the duration, transfer, assignment, licensing, etc. of IP rights.

8. ***Awards not binding on licensees of intellectual property rights***

- (a) This is dealt with in section 103C of the Draft Bill, which expressly limits the binding effects of an arbitral award to the

parties to the arbitration.

- (b) The HKBA is supportive of such a clarification and believes that this may avoid unnecessary uncertainties for any third party to an arbitration, leaving the decision on whether to join in the arbitration to party autonomy.

9. ***Effect of an arbitral award***

- (a) Section 103D and Section 103E deal with the effect of an arbitral award.
- (b) The HKBA sees these as helpful in putting beyond doubt that the enforcement of an arbitral award involving disputes over IP rights may not be challenged solely on the ground of the arbitrability of IP disputes or the conflict of public policy in this regard under the Arbitration Ordinance (Cap. 609).

10. In the premises, subject to the above, the HKBA supports the early enactment of the Arbitration (Amendment) Bill 2016.

Dated this the 15th day of January 2016

Hong Kong Bar Association