

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

Preamble

1. Further to the comments made on the draft Arbitration (Amendment) Bill 2016 (“**the Draft Bill**”) by the Hong Kong Bar Association (“**HKBA**”) on 15 January 2016, the Draft Bill has been further revised.
2. The HKBA has been asked to provide further comments (if any) on the revised Draft Bill, which continues to be designed to deal with the issues of arbitrability of intellectual property (“**IP**”) disputes for avoiding possible doubts in this regard.
3. The comments below are made further and supplemental to the comments made by the HKBA on 15 January 2016. In this regard, the HKBA notes that :-
 - (a) as suggested in the HKBA’s previous comments, the definition of IP rights has been expanded in section 103B of the Draft Bill;
 - (b) the non-binding effect of an arbitral award on third party licensees of IP rights is now provided for under section 103E of the Draft Bill; and
 - (c) the recourse against an arbitral award involving IP rights and the recognition and enforcement of an arbitral award involving IP rights are now respectively provided for under section 103F and section 103G of the Draft Bill.

Further Comments on the Draft Bill as revised

4. In general, the HKBA supports the proposed revisions to the Draft Bill, which help bring further clarity to the law and practice of arbitration of disputes relating to IP rights.

5. As a matter of principle, the HKBA sees that enhanced certainty to the law is beneficial to the further advancement of Hong Kong as a hub for resolving international IP rights disputes by way of arbitration.
6. The HKBA takes note that the additions proposed appear under section 103H (Judgments entered in terms of arbitral awards involving IPR), section 103I (Validity of patent may be put in issue in arbitral proceedings) and section 103J (Arbitral proceedings in relation to short-term patents) of the Draft Bill.
7. As regards section 103H, the HKBA sees this as helpful to clarify that the effect of a judgment entered in terms of an arbitral award, particularly one being a declaratory award, involving IPR is binding only on the parties to the arbitration and any person claiming through or under any of the parties. Indeed, the HKBA believes that consideration may be given to a likewise effect being provided for arbitral awards of a declaratory nature, whether or not IP rights are involved in the arbitration.
8. In relation to section 103I, the HKBA is supportive of this clarification to make it express that section 101(2) of the Patents Ordinance (Cap. 514) does not affect the arbitrability of the issue of the validity of a patent in arbitration proceedings.
9. On 2 June 2016, the Patents (Amendment) Ordinance 2016 was passed. It provides, *inter alia*, for a certificate of validity in respect of short-term patents to be issued by the court before proceedings may be commenced in court for the enforcement of rights in relation to short-term patents granted by the Registrar of Patents. The details are at section 129(1) of the Patents Ordinance. The rationale behind is that such short-term patents are granted by the Registrar without substantive examination. The HKBA agrees that, considering that arbitration is a consensual process for dispute resolution, section 103J(1) of the Draft Bill should now take arbitration of disputes regarding short-term patents outside the

operation of section 129(1) of the Patents Ordinance (unless the parties to an arbitration agreement otherwise agree).

In Conclusion

10. In the premises, the HKBA supports the early enactment of the Arbitration (Amendment) Bill 2016 as revised.

Dated this the 20th day of September 2016

Hong Kong Bar Association