

IP in the Reform Era 2013

Bringing Clarity to IP Business Practices
in a World of IP Law Uncertainty



Reference Materials

Top 10 post-grant PTAB pitfalls for
the unwary: What does the
first Year teach us about winning in
the New Patent Office trials?

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Strategic Uses of Inter Partes
Review: As A Litigation
Alternative/Adjunct & To Facilitate
Settlement

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Typical Scenario - IPR or Litigation

- Defendant has just been sued for patent infringement
- Defendant has reasonable non-infringement defense and prior art invalidity defense
- Defendant is deciding whether to initiate IPR to resolve prior art invalidity arguments within 1 year of service of complaint

Possible Objectives of Defendant/IPR Petitioner

- To provide an early claim construction by PTO or force patentee to make narrowing statements
- To prevent injunction
- To create leverage for settlement/negotiation
- To accelerate decision on prior art validity issues
- To create patentee estoppel beyond targeted patent vs. patentably indistinct subject matter in related pending applications
- To support stay of litigation and lower costs of deciding prior art invalidity issues
- To establish materiality of prior art in support of inequitable conduct defense

Key Considerations

- Nature of prior art references: are they self-explanatory or would they require extensive third party discovery to show how they meet claim limitations?
 - Example: prior art is a published “user manual”, but deposition of 3rd party prior use witness is needed to fully show how claim limitations are satisfied
 - 3rd party discovery & overlapping prior use/102(g) arguments better presented in litigation than IPR
 - But IPR can easily accommodate: expert declarations, experimental reports confirming teachings of prior art, and depositions of experts

Key Considerations

- Patentee's Ability to Amend: Unlike litigation, IPR gives patentee opportunity to amend, which can create intervening rights/reduce damages, or enhance defendant's non-infringement position
 - Before IPR, defendant should analyze support in patentee's specification to anticipate amendments that would overcome prior art

Key Considerations

- Reissue by patentee: if IPR is filed within 2 years of grant date, patentee may seek to file a broadening reissue
 - This could complicate the IPR strategy and enable a broader range of amendments by the patentee
 - Preference would be to wait until after expiration of the 2 year broadening reissue time period if possible
 - Not a concern if there are pending continuations already

Key Considerations

- Speed: IPR may provide fastest decision for prior art invalidity
- However:
 - It may not be faster than a very early summary judgment motion if permitted by court
 - It may not be substantially faster than certain special jurisdictions (e.g., ITC, WD Wisconsin)

Key Considerations

- Speed: IPR may provide fastest decision for prior art invalidity
- IPR will provide PTO's "Decision on Petition" 6 months after petition filed, which contains reasoning for granting or denying petition
 - May provide claim construction evidence for use in litigation or other helpful statements
 - May provide arguments against injunction (a reasonable likelihood that one or more claims are unpatentable)

Key Considerations

- Burden of proof: preponderance of the evidence in IPR v. clear and convincing in litigation
 - May favor use of IPR over litigation from defendant's perspective

Key Considerations

- Cost: IPR generally should be less expensive
- Final PTO rules reduced filing fees for IPR (\$27,200 fee for up to 20 claims, \$600 for each claim in excess of 20)
- However:
 - Early summary judgment using self-explanatory prior art before extensive discovery (if permitted by court) may be less expensive than IPR

Key Considerations

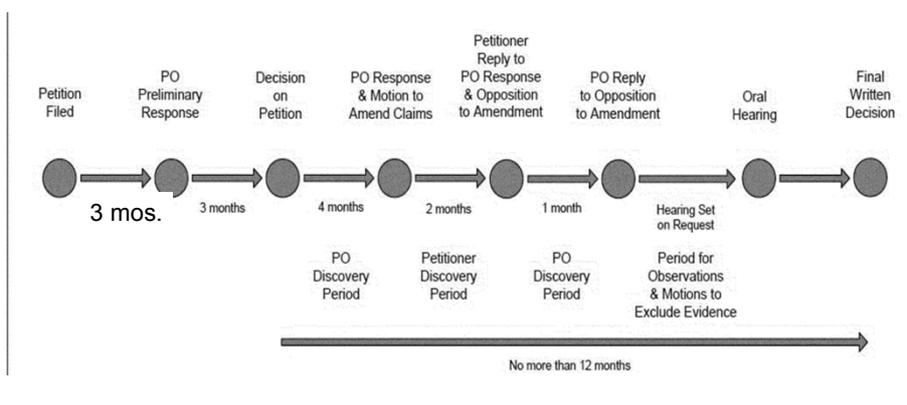
- Impact if IPR is unsuccessful:
 - Defendant cannot present prior art defense in litigation which was raised or which reasonably could have been raised in IPR
 - Defendant may still present non-infringement defenses or other non-estopped defenses (112, 101, etc.) in litigation
 - Litigation may be delayed if court stays all proceedings while awaiting conclusion of IPR

Settlement After IPR Is Filed

- Settlement permitted before PTO's final decision
- However, prior art and supporting arguments (except those under seal) will be available to the public
- This may hinder settlement because patentee will have to leave question of validity raised in petition unresolved, yet publicly available for others to resurrect

Settlement After IPR Is Filed

Settlement window is approximately 18 months from filing date of IPR petition (up to final written decision)



Settlement After IPR Is Filed

- If settlement, written settlement agreement of parties must be filed with PTO before IPR will be terminated
- like interference may request its confidentiality/separation from file and will not be disclosed to any third party unless "good cause" is shown –hard to show
- No estoppel against petitioner if IPR is terminated as a result of settlement
- If petitioner stops participating, then PTO in its discretion may terminate or continue the IPR

Settlement Before IPR Is Filed

- One option is to negotiate before filing an IPR petition
- This avoids making public the arguments of invalidity and prior art documents

Coordination of Litigation & IPR Strategy

- If IPR is ultimately filed during litigation, coordination between the litigation and IPR teams is critical
- Several risks:
 - Specific duty in IPR to disclose “inconsistent statements” requires constant coordination of positions being taken in parallel proceedings
 - Updating court/USPTO and complying with duty of disclosure while avoiding violation of protective orders (both litigation PO and IPR PO)

Conclusions

- Type of prior art – can the prior art documents be presented easily to the PTO using only supporting expert declarations/evidence, or is live testimony or extensive third party discovery needed to develop the prior art arguments?
- Patentee's ability to amend – does the specification provide options for amendments that could overcome prior art rejections raised in IPR? Would forcing an amendment be helpful to limit damages by creation of intervening rights?
- What non-estopped defenses would still be available to the petitioner for assertion in litigation if IPR is unsuccessful (e.g., non-infringement, 112, 101, inequitable conduct)?
- IPR generally faster, less expensive except for special litigation jurisdictions or early summary judgment motions
- Try settling before filing IPR petition (and before arguments of invalidity are placed in public domain)
- Importance of coordination between IPR and litigation teams



Reference Materials

Hot Topics Round-up:

Medtronic v. Bos. Scientific (MedImmune justiciability);
CLS Bank (§ 101 patent-eligibility)
Nokia v. ITC (domestic manufacture)
Public Patent v. McNeil (false marking)
Highmark v. Allcare (Rule 52(a) deference)
1-800 Contacts v. Lens.com
(Internet/trademark/keyword advertising)

Harold Wegner
Pavan Agarwal
Jeffrey Greene

En Banc Decision in CLS Bank: No Clear Resolution for Eligibility of Computer-Related Inventions

By George C. Beck and Jeffrey J. Mikrut, Foley & Lardner LLP
May 13, 2013

(Legal News Alert: IP Litigation)

On May 10, 2013, the Federal Circuit, sitting en banc,¹ issued a per curiam decision in [CLS Bank International v. Alice Corporation Pty. Ltd.](#), No. 2011-1301, affirming that the asserted method, computer-readable media, and system claims are not directed to eligible subject matter under 35 U.S.C. §101. Although the ultimate holding by the court was limited, voluminous concurring and dissenting opinions issued with the per curiam decision reveal a serious and deep divide over what claims are patent-eligible and what the test for patent eligibility should be for computer-related claims.

The appeal arose from a grant of summary judgment from the United States District Court for the District of Columbia that the asserted claims of Alice Corporation's (Alice) patents were invalid for failing to claim patent-eligible subject matter, [CLS Bank Int'l v. Alice Corp.](#), 768 F. Supp. 2d 221 (D.D.C. 2011). A summary of the oral hearing and brief history of the case can be found [here](#).

The 58-word holding concluded that the asserted method, computer-readable media, and system claims were not directed to eligible subject matter under 35 U.S.C. §101. However, as noted by Chief Judge Rader, "though much is published today discussing the proper approach to the patent eligibility inquiry, nothing said today beyond our judgment has the weight of precedent." For the moment, the decision in [CLS Bank](#) is limited only to affirming the invalidity of the asserted claims. Given the split in the Federal Circuit regarding the eligibility of the computer-implemented claims, further clarity will likely be needed from the Supreme Court.

The Breakdown of the En Banc Decision

The per curiam opinion noted that a majority of the court, Judges Lourie, Dyk, Prost, Reyna, Wallach, Rader, and Moore, affirmed that the asserted method claims and computer-readable media claims are not directed to patent-eligible subject matter under 35 U.S.C. §101. Only five of the 10 judges sitting en banc, Judges Lourie, Dyk, Prost, Reyna, and Wallach, affirmed that the asserted system claims are not directed to patent-eligible subject matter. Judges Rader and Moore would find that only the system claims recite patent-eligible subject matter, while Judges Linn, O'Malley, and Newman would conclude that all claims recite patent-eligible subject matter. Because no single opinion garnered a majority of the judges, only the final judgment is precedential. However, the concurring and dissenting opinions shed light on the thinking of the various judges of the Federal Circuit regarding the operation of §101 for patent-eligibility.

Judge Lourie's Concurrence — Focusing on the "Abstract Idea" Exception

Judge Lourie's concurring opinion, joined by Judges Dyk, Prost, Reyna, and Wallach, focused on the judicially created "abstract idea" exception to patent-eligibility under 35 U.S.C. §101. In particular, Judge Lourie noted that the "animating concern is that claims should not be coextensive with a natural law, natural phenomenon, or abstract idea; a patent-eligible claim must include one or more substantive limitations that, in the words of the Supreme Court, add 'significantly more' to the basic principle, with the result that the claim covers significantly less." (emphasis in the original). For claims that appear to pose a risk of preempting an abstract idea, the initial step, according



to the concurrence, is to define the fundamental concept that is “wrapped up in the claim.” Once the applicable abstract idea is identified, “the balance of the claim can be evaluated to determine whether it contains additional substantive limitations that narrow, confine, or otherwise tie down the claims so that, in practical terms, it does not cover the full abstract idea itself.” Utilizing the Supreme Court’s decision in Mayo Collaborative Servs. v. Prometheus Labs., Inc., 132 S. Ct. 1289 (2012), the concurrence reasoned that, if the steps or other limitations added to the identified abstract idea only include insignificant, conventional, or routine steps or limitations, then the claim still effectively covers the abstract idea itself and does not contain patent-eligible subject matter.

In applying the abstract idea exception to the claims at issue, the concurrence identified the abstract concept at issue to be reducing settlement risk by facilitating a trade through third-party intermediation. After considering the additional limitations, Judge Lourie concluded that none of the method claims recited “significantly more” than the underlying abstract idea.

The concurring opinion then considered the computer-readable medium and system claims, and concluded that those claims likewise fail to recite patent-eligible subject matter. The opinion stated that it is necessary to look past “drafting formalities” and let the “true substance of the claims” guide the analysis. Under this approach, the concurrence concluded that none of the system or medium claims offered meaningful limitations, and determined that “[a]bstract methods do not become patent-eligible machines by being clothed in computer language.”

Chief Judge Rader – Concurring-in-Part and Dissenting-in-Part

The opinion authored by Chief Judge Rader took a different perspective regarding the use of a computer with an abstract idea, emphasizing that it is necessary to analyze each asserted claim as a whole. In particular, “where the claim is tied to a computer in such a way that the computer plays a meaningful role in the performance of the claimed invention, and the claim does not pre-empt virtually all uses of an underlying abstract idea, the claim is patentable.” In distinguishing Judge Lourie’s concurrence, Chief Judge

Rader resolved that the “inventiveness” referenced in *Prometheus* only required that the additional limitations recited in a claim not be inherently required by the abstract idea.

Initially addressing the system claims, Chief Judge Rader concluded that the claims recited patent-eligible subject matter in view of the detailed algorithms of the specification and the specific hardware components recited in the claim language. Chief Judge Rader cautioned that “[l]abeling this system claim an ‘abstract concept’ wrenches all meaning from those words, and turns a narrow exception into one which may swallow the expansive rule (and with it much of the investment and innovation in software).”

Chief Judge Rader, joined by Judge Moore, however, concluded that the method claims are not patent-eligible. According to Chief Judge Rader, the method claims as a whole only recite general steps that would be inherent within the concept of an escrow using a third-party intermediary. Thus, Judge Rader and Judge Moore agreed with Judge Lourie as to these claims in result, but for different reasons.

The Additional Opinions of Judges Moore, Newman, Linn, and O’Malley and “Additional Reflections” by Chief Judge Rader

Judge Moore filed an additional dissenting-in-part opinion to specifically address the system claims at issue. As succinctly noted by Judge Moore, the potential ramifications that could result following the analysis of the concurrence could be quite drastic: “if all of these claims, including the system claims, are not patent-eligible, this case is the death of hundreds of thousands of patents.” Regarding the system claims, Judge Moore’s stated that, “[l]ooking at [the] hardware and software elements [of the system claim], it is impossible to conclude that this claim is merely an abstract idea.”

Judge Newman’s opinion focused on the experimental use of patented information. By clarifying the right to experiment on information disclosed in patents, it would not be necessary to determine whether the information of the patent was an abstract idea. According to Judge Newman, “when subject matter is



within the statutory classes in section 101, eligibility is established.”

Judges Linn and O’Malley filed an opinion concluding that all the claims contain patent-eligible subject matter, including the method and computer-readable media claims, because the district court construed those claims to include all the computer-implemented limitations of the system claims.

Finally, Chief Judge Rader submitted additional reflections in which he strongly cautioned against inserting the concept of “inventiveness” into the statutory concept of subject matter patent eligibility. Chief Judge Rader emphasized that when faced with conflicting precedent, courts should consult the statute, which broadly defines patent-eligible subject matter.

Conclusion

Predicting the practical implications of a fractured decision can be difficult. Because the per curiam opinion is limited to affirming the district court’s decision regarding the invalidity of the asserted method, computer-readable media, and system claims, the Federal Circuit’s decision does not provide clear guidance to district courts as to the proper “test” to apply when faced with a patent eligibility challenge to patents drawn to computer-related inventions.

However, the additional opinions reveal a serious divide over what claims are patent-eligible and what the test for patent eligibility should be for computer-related claims. In particular, the additional opinions reveal that a clear majority of the Federal Circuit would likely affirm a judgment of invalidity of method and computer-readable media claims lacking any additional limitations beyond those required to perform the concept underlying the claim. The Federal Circuit thus appears to be split between judges who appear to favor a broad §101 standard with a narrow “abstract idea” exception versus those who appear to favor a broader “abstract idea” exception to exclude claims that preempt the use of the abstract concept. It seems likely that further review by the U.S. Supreme Court may be warranted to clarify the scope of the “abstract idea” exception for computer-implemented inventions.

Given the potential impact that a final decision regarding the patent eligibility of computer-related inventions may have on thousands of issued patents and pending patent applications, the future progress of this case will likely be monitored and highly scrutinized should a petition for writ of certiorari be filed with the Supreme Court.

¹ Senior Judge Linn joined nine of the judges of the Federal Circuit; Circuit Judge Taranto did not participate.

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Tenth Circuit Rejects Infringement Claim Against Use of Competitor's Trademark as Search Engine Keyword

By Andrew Baum, Foley & Lardner LLP
July 18, 2013

(Legal News Alert: IP Litigation)

The practice of using a competitor's trademark as a keyword to trigger sponsored links in Internet search engines received a boost this week from the U.S. Court of Appeals for the Tenth Circuit. In [1-800 Contacts, Inc. v. Lens.com, Inc.](#), the Court rejected 1-800 Contacts's claim that the practice created "initial interest confusion" among search engine users. In particular, the Tenth Circuit found that the mere purchase of a competitor's trademark as a keyword to trigger sponsored links — where the link itself does not incorporate the competitor's trademark — is unlikely to be deemed trademark infringement. The unanimous 54-page decision is a significant step in clarifying the law concerning use of trademarks as keywords.

The parties are competitors in the sale of contact lenses over the Internet. The plaintiff, 1-800 Contacts, owns the trademark 1800CONTACTS. Through Google's AdWords program, the defendant, Lens.com and its affiliates (who act, in effect, as brokers), bid on terms which either incorporated or were similar to 1-800 Contacts's trademark. These keywords, when entered by the search engine user, trigger "sponsored links" which are physically separated from the "organic" search results produced by Google's algorithms, and are labeled as such.

The facts regarding the actions of Lens.com itself on the one hand, and its affiliates on the other, were somewhat different. Lens.com bid on nine keywords which were similar (but not identical) to 1-800 Contacts's trademark. The links triggered by these "challenged keywords" mentioned only Lens.com and did not incorporate the 1800CONTACTS trademark.

In its claim for direct infringement against Lens.com, 1-800 Contacts contended that consumers would likely be diverted to the Lens.com Web site through these links, believing — at least initially — that the companies must be related in some way. Affirming the district court's dismissal of this claim, the Court of Appeals held that the evidence failed to support it.

In doing so, the Court relied heavily on Lens.com's empirical evidence showing the lack of any such diversion. According to Lens.com's expert, the challenged keywords yielded 1,626 sponsored links. In only 1.5 percent of those instances did the user click on the ad for Lens.com. The Court noted that these users may not have been confused; they may merely have wished to look at the offerings of a competitor. But even if every one of those users was confused, a confusion level of 1.5 percent is too low to support an infringement claim.

The survey evidence presented by 1-800 Contacts did not aid its case. Apart from being criticized as unduly leading, the survey purported to demonstrate net confusion of only 7.4 percent, well below the level of confusion usually held by courts to be probative of likelihood of confusion.

The lack of persuasive evidence led the Court to conclude: "Perhaps in the abstract, one who searches for a particular business with a strong mark and sees an entry on the results page will naturally infer that the entry is for that business. But that inference is an unnatural one when the entry is clearly labeled as an advertisement and clearly identifies the source, which has a name quite different from the business being



searched for.” In reaching this conclusion, the Court agreed with the Ninth Circuit in [Network Automation v. Advance Sys. Concepts](#), 638 F.3d 1137, 1154 (9th Cir. 2011), which had also rejected an infringement claim where sponsored links were triggered by keywords.

1-800 Contacts fared somewhat better on the secondary liability prong of its case, which arose out of the actions of two of its affiliates. These affiliates, in some cases, had arranged for the appearance of sponsored links which included the 1800CONTACTS trademark – contrary to the instructions of Lens.com. The district court had dismissed claims against Lens.com on both contributory and vicarious liability theories. The Court of Appeals affirmed the dismissal on vicarious liability grounds, since the affiliates were acting outside the scope of their authority, and Lens.com never expressly ratified their actions. But the Court reinstated the contributory liability claim, since according to the Court a rational juror could find that Lens.com knew about this practice and failed to take action to stop it.

Regardless of whether that claim is litigated further, the Tenth Circuit has made clear that the mere purchase of a competitor’s trademark as a keyword to trigger sponsored links – where the link itself does not incorporate the competitor’s trademark – is unlikely to be deemed trademark infringement. The decision ratifies what is now a common business practice in Internet marketing, and should make Internet advertisers more comfortable about buying competitor’s trademarks in order to drive traffic to their own Web sites.

A copy of the decision may be found online at <http://www.ca10.uscourts.gov/opinions/11/11-4114.pdf>.

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China trade secret litigation: Tips for safeguarding your IP and fighting against thieves

Andrew Baluch

Trade Secret Protection in China: A Perspective From China and Hong Kong

By Song (Max) Lin, Alex Y. Nie, Foley & Lardner LLP
January 3, 2013

(Eye on China Quarterly Newsletter)

With the tremendous amount of cross-border business being conducted in the Peoples Republic of China (China) and Hong Kong, foreign companies are constantly seeking the best way to protect their proprietary information in connection with these cross-border transactions. Unless the choice of law is governed by the Chinese statutory law, it is common for parties to a commercial contract to select Hong Kong law as the governing law. This strategy has implications not only for the commercial relationship between the parties but also for the protection of proprietary information and trade secrets. This article examines trade secret protection under the laws of both China and Hong Kong, and discusses the difference between them and the implications for cross-border transactions.

Definition of a “Trade Secret” in Hong Kong and China

As a former British colony, Hong Kong has adopted a common law approach, particularly in trade secret protection. There is no statutory definition of “trade secret” or “confidential information.” The right to trade secret protection arises from contracts or the common law of “confidentiality.” Unlike Hong Kong’s approach, which emphasizes case law and precedents, China defines “trade secret” as “the utilized technical information and business information which is unknown by the public, which may create business interests or profits for its legal owners, and also is maintained as secret by its legal owners.” This is consistent with China’s civil law approach.

The subject of trade secret protection in China refers to both technical and business information. Although it is subject to some limitations, such as secrecy, the scope of this definition is broad and abstract. In contrast,

Hong Kong provides more definitive terms for trade secret protection. For example, the Hong Kong Intellectual Property Department provides a list of protectable information that has commercial value, such as formulas, methods, technologies, designs, product specifications, business plans, and client lists. In this regard, one has a relatively clear picture of the information protectable under common law.

Similarities and Differences

In both jurisdictions, the information at issue must be confidential in nature to be protected by law as trade secrets. Chinese law refers it as “unknown to the public.” According to China’s Supreme People’s Court, “unknown to the public” means that the information is unknown to, and is difficult to be obtained by, the relevant personnel in the relevant field. In addition, the Supreme People’s Court has enumerated certain exceptions to the definition of “trade secret,” including:

1. The information is common sense or common industrial practice for the personnel in the relevant technical or economic field
2. The information only involves a simple combination of dimensions, structures, materials, and parts of products, and can be directly obtained through the observation of products by the relevant public after the products enter into the market
3. The information has been publicly disclosed in any publication or any other mass medium
4. The information has been publicized through reports or exhibits
5. The information can be obtained through other public channels



6. The information can be easily obtained at little or no cost

With respect to Hong Kong, the major case in point is *Saltman Engineering Co. v. Campbell Engineering Co. Ltd* [1948] 65 RPC, where the court stated that the following factors should be considered in determining what constituted a trade secret:

1. The extent to which the information is known outside the business
2. The extent to which the information is known by employees and others involved in the business (information that is common knowledge within a particular trade but not to the general public is not protectable)
3. The amount of effort or money expended in developing the information

Although China and Hong Kong have different definitions for trade secret, the laws of these two jurisdictions are similar. For example, both China and Hong Kong exclude the information that is common knowledge for the personnel within a particular industry. In addition, both China and Hong Kong recognize the information, which is protected as a trade secret, must have commercial value. The information that can be reproduced at little or no cost or can be easily obtained is not a trade secret.

Similarly, China and Hong Kong require owners to take measures to maintain the confidentiality of the information. If an owner treats the information casually, the law will not protect it. In evaluating the level of confidentiality, Hong Kong law considers how far the owner takes measures to preserve the secrecy of the information, and the ease or difficulty with which the information can be properly acquired by others. The China's Supreme People's Court takes the position that, in order to qualify for trade secret protection, the owner must adopt proper protection measures suitable for the commercial value or other specific situation to prevent information leakage.

Although both jurisdictions require the information to be valuable, they differ as to whom the information must be valuable. To be protected as a trade secret,

Chinese law requires that the information be "capable of bringing about benefits to the owner, and having practical applicability." The China's Supreme People's Court explains it as the relevant information that has actual or potential commercial value, and can bring competitive advantage for the owner. Under Hong Kong law, in addition to the owner, the information will be protectable if it also is valuable to the owner's competitor.

Protection of Trade Secret in Hong Kong and China

The remedies available in both in China and Hong Kong for breaching confidence include injunction and damages. In Hong Kong, remedies further include an accounting of profits by the misappropriator, and return of the materials containing the confidential information. China includes an accounting of profits as part of recoverable damages. When calculating damages, the amount is first based on the owner's loss caused by the misappropriator. When it is difficult to measure the amount of loss, which often is the case, Chinese law allows a court to set damages at the amount of profit made by the misappropriator as a result of its improper use of the trade secret. Chinese law also permits the victim to recover any reasonable costs resulting from investigating the misappropriation or unfair competition made by the misappropriator. In China, theft of trade secrets also has criminal implications. According to China Criminal Law, a person acquiring a trade secret via theft, lure by promise of gain, threat, or other improper means, which results in significant losses to the owner, is guilty of a crime punishable by a fixed-term of imprisonment, criminal detention, or fine.

Practical Consequences for Foreign Companies

As discussed above, one can see that trade secrets are treated similarly in both Hong Kong and China. However, Hong Kong has a more mature legal system and better legal environment than China. Because Hong Kong is a former British colony, the English language is more commonly used than in China. In addition, an arbitration award made in Hong Kong is enforceable in a Chinese court. Western companies, especially those from the United Kingdom and the United States, are more familiar with a common law system. As a result, foreign companies usually are



more inclined to choose a Hong Kong forum for dispute resolution and Hong Kong law as the governing law.

In China, commercial contracts involving a foreign element or party are permitted to choose the jurisdiction, the governing law, and the method of dispute resolution. Chinese Civil Procedure Law requires that the chosen jurisdiction shall have an actual connection with the disputed contract. The actual connection can be the places where the parties to the contract are domiciled, the place where the contract will be performed, the place where the contract is to be signed, or the place where the subject of the contract is located. If there is no actual connection with Hong Kong, Chinese law will disregard the choice of law provision. Although China's courts recognize and enforce Hong Kong court judgments in civil and commercial cases, a choice of law violating Chinese law will make a Hong Kong court's judgment unenforceable in China. As a result, a commercial contract between a foreign and Chinese party, where the parties desire to use Hong Kong law, must have an actual connection with Hong Kong. The easiest way to make the actual connection with Hong Kong is to have the contract executed in Hong Kong.

Conclusion

As the trade secret laws in Hong Kong and China are substantially similar, foreign companies oriented toward choosing Hong Kong law for commercial reasons can feel comfortable that Hong Kong law will provide protection for their confidential information.

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