

Insights

DEVELOPMENT OF LAWTECH IN HONG KONG

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Introduction

First things first. What is “LawTech”?

“LawTech” is an increasingly common buzzword in the legal sector. The Law Society of England and Wales defines “LawTech” as “technologies that aim to support, supplement or replace traditional methods for delivering legal services, or that improve the way the justice system operates”.

The use of technology has been transforming the legal landscape around the world. The outbreak of COVID-19 has brought the need for LawTech further to the forefront. The pandemic poses and continues to pose new and sometimes unexpected challenges to legal practitioners on the provision of quality legal services to clients around the world amidst social-distancing measures and, in particular for those in the dispute resolution sector having to adapt to remote hearings.

To keep pace with these global developments, the Hong Kong Government has accorded high priority to embrace “LawTech”. Various policies have been put in place to equip the legal industry in Hong Kong with essential infrastructure. This blog provides a snapshot of the current development of LawTech in Hong Kong.

eBRAM centre

The eBRAM International Online Dispute Resolution Centre (eBRAM stands for Electronic Business Related Arbitration and Mediation) is the first of its kind in Hong Kong. It provides an efficient, cost-effective and secure online platform for deal-making and cross-boundary disputes resolution.

The eBRAM Centre was established in 2018 in response to the Government’s call in the 2018 Policy Address for a Belt and Road e-arbitration and e-mediation platform.

According to the 2020-21 Budget, the Government has allocated a one-off funding of HK\$100 million to the eBRAM Centre, which soon will “roll out negotiation, arbitration, mediation and online training services progressively and develop other services such as e-translation and smart contract in phases”.

LawTech Fund

The LawTech Fund, established by the Government under the Anti-epidemic Fund in 2020, provides subsidies to small and medium-size law firms and barristers' chambers with five or fewer practising lawyers to procure and upgrade their information technology systems and to arrange their staff to attend LawTech training courses. Eligible law firms and barristers' chambers can be given a reimbursement amount up to HK\$50,000 each.

The LawTech Fund aims to enhance the technological capabilities of legal practitioners, so that they can keep up with the Judiciary's development of remote hearings and make good use of technology to provide legal services to clients amidst social distancing measures.

In excess of 500 applications were received from over 70% of the target small-medium sized firms and chambers.

The COVID-19 Online Dispute Resolution Scheme

The COVID-19 Online Dispute Resolution Scheme, launched in 2020 under the Anti-epidemic Fund by the Government, aims to provide speedy and cost-effective online dispute resolution services to members of public and businesses, in particular, micro, small and medium-sized enterprises.

Our previous articles "[HK - COVID-19 - Q&A on the HK Government's COVID-19 Online Dispute Resolution Scheme](#)" and "[HK – COVID-19 – 9 key points on the HK Government's COVID-19 Online Dispute Resolution Scheme](#)" discussed the Scheme in detail.

The eBRAM Centre has been commissioned to be the arbitration and mediation institution under the Scheme. A funding support totalling HK\$70 million was provided to eBRAM Centre, including:

- (i) HK\$50 million covering the cost of the first 12 months of platform development and initial set-up (including staff), as well as the operation cost in the first year; and
- (ii) HK\$20 million covering the fees of mediators and arbitrators for an estimate of 2,000 cases in the first year.

According to the preliminary information provided by eBRAM Centre in November 2020, more than 150 mediators and arbitrators have been enlisted in the Scheme and completed training on the eBRAM Rules, the arbitration and mediation process and operational guidelines of the online platform.

Hong Kong Legal Cloud

The initiative of "Hong Kong Legal Cloud" was first raised in the 2020 Policy Address, in which "Hong Kong Legal Cloud" was described as "a state-of-the-art online facility equipped with advanced information security technology, to provide safe, secure, reliable and affordable data

storage services for the local legal and dispute resolution sector to promote the overall long-term development of Hong Kong's legal and dispute resolution services".

The facility will be situated in Hong Kong.

The Department of Justice has set out a list of features and capabilities that the Hong Kong Legal Cloud is intended to possess:

- (i) Security: with dedicated database server and active directory server exclusive to the user; banking grade cybersecurity standard and enterprise-level backup capability and capacity; strong encryption (both in transit and at rest); multi-factor authentication (MFA); geographic redundancy; redundant backups; password complexity rules; and 24x7 threat monitoring.
- (ii) Reliability: with redundant servers; distributed infrastructure; robust backups; down time; system availability; and disaster recovery.
- (iii) Affordability: rates of subscription fees favourably comparable to equivalent on-premise and on-cloud services readily available on the market.
- (iv) Functionality and scalability: ability to host applications and middleware and provide IaaS, PaaS and SaaS services; abundant and up-to-date legal-centric features covering both back office applications (e.g. billing and accounting) and front office applications (e.g. document management and case management) taking into account the nature of work and needs of the local legal and dispute resolution sector.
- (v) Compatibility, high mobility, accessibility and performance standards (including speed and stability).

The 2021-2022 Budget reinforced the Government's intention to "actively explore the development of the Hong Kong Legal Cloud" in order to "sharpen Hong Kong's edge and raise our status in the provision of professional legal services". Recently, the Department of Justice announced the Hong Kong Legal Cloud Fund of approximately HK\$15.7 million, which will be available for:

- (i) qualified subscribers of the Hong Kong Legal Cloud in the local legal and dispute resolution sectors - entitled to disbursement of subscriptions fees to the Hong Kong Legal Cloud for up to three years; and
- (ii) listed providers of the Hong Kong Legal Cloud - entitled to funding support equivalent to the actual subscription fees of its services as incurred by its users by way of disbursement, which will in turn, be used to finance their setup cost, initial operational and promotion costs.

The Department of Justice is seeking submissions from eligible and interested service providers of the Hong Kong Legal Cloud. It is expected that the selection of service providers will be completed by end of the third quarter of 2021 and the Hong Kong Legal Cloud will be launched by end-2021.

Looking ahead

The proliferation of LawTech in Hong Kong is a long-term policy direction. The initiatives mentioned above set the scene for further development. There is further work for Hong Kong to do to harness modern technology in the provision of legal services and enhance the capability of the legal profession. It is believed that the proactive development of LawTech will reinforce Hong Kong as a hub for international and regional legal services.

RELATED CAPABILITIES

- International Arbitration
- Construction Disputes
- Litigation & Dispute Resolution

MEET THE TEAM



Glenn Haley

Co-Author, Hong Kong SAR

glenn.haley@bclplaw.com

[+852 3143 8450](tel:+85231438450)

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