

Maritime and Commercial Law Newsletter

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Guangzhou Office

Suite 1504, 15/F.,
Bank of Guangzhou Square,
30 Zhu Jiang East Road,
Guangzhou 510623, P. R. China

Guangzhou Tel : 86 20 8393 0333
Shanghai Tel: 86 21 5887 8000
Tianjin Tel: 86 22 5985 1616
Qingdao Tel: 86 532 6600 1668

Xiamen Tel: 86 592 268 1376
Shenzhen Tel: 86 755 8882 8008
Beijing Tel: 86 10 8523 5055

| NEWS

WJNCO Once Again Listed in the Aviation & Shipping and Insurance Sections in Asialaw 2023/24 Rankings

Recently, Asialaw released their 2023/24 Rankings. Once again, Wang Jing & Co. was listed as a “Highly Recommended” firm in the sections of “Aviation and Shipping” and “Insurance”, while Mr. Chen Xiangyong, director of our firm, was recommended as a “Distinguished Practitioner” in the practices of “Shipping” and “Insurance”.

Ranked Sections



Ranked Lawyer



Wang Jing & Co. has been listed on the Asialaw Profiles Rankings since 2016 for several times, which demonstrates our outstanding market performance as well as our strength and leading position in the fields of Aviation & Shipping and Insurance. We shall continue to provide professional, high-quality and efficient international legal services to the market and our clients.

WJNCO Awarded ALB’s “Maritime Law Firm of the Year: East China” for the Second Time

On the evening of 18 August 2023, the gala ceremony of “ALB China Regional Law Awards 2023: East China” was held in Shanghai. The international legal media Asian Legal Business (ALB) owned by Thomson Reuters announced the final winners of the awards at the gala.



This year's “China Regional Law Awards: East China” was designated for the 5 provinces and 1 municipality: Shandong, Jiangsu, Anhui, Zhejiang, Jiangxi, and Shanghai. Nearly 100 law firms and in-house legal teams that have made remarkable achievements in the legal service market of East China competed for the awards.

**Maritime Law Firm of the Year: East China - Non Local
年度华东地区海事海商律师事务所大奖- 非本地**

Wang Jing & Co. Law Firm
敬海律师事务所

After winning the first “Maritime Law Firm of the Year: East China – Non-local” award in 2022, WJNCO, with strong strength and outstanding achievements, won the award for the second time among fierce competition. Ms. Qiao Jing, partner of WJNCO’s Shanghai office, attended the ALB gala ceremony and accepted the award.



WJNCO was established in 1994 and strategically established branch offices in Shanghai and Qingdao respectively in 2002 and 2005. While providing professional, efficient, and competitive legal services in the East China market, WJNCO created a cooperative work mode between offices in South and North China to further expand our business to fields including offshore engineering, environment, resources, finance, and trade, showcasing the leading advantages of our professional and integrated management mode, multi-point layout, and network services. Over the years, WJNCO's lawyers have been actively engaged in influential major maritime cases in East China. Adhering to the values of "professionalism, efficiency, sharing, and inheritance", WJNCO will continue to provide quality legal services to our clients with higher professional standards.

Ms. Zhang Jing Shortlisted for the Women in Business Law Awards APAC 2023

On 20 July 2023, the famous financial and economic media Delinian Group published the finalists of the "Women in Business Law Awards APAC". Ms. Zhang Jing, partner of Wang Jing & Co., was shortlisted for the "Shipping & Maritime Lawyer of the Year" in the "Women in Business Law Awards APAC" while Wang Jing & Co. was shortlisted for the "Jurisdiction Award" in China. The final winners will be announced on 7 September 2023 at a live gala in Singapore. The awards bring together to recognize the leading women lawyers from the Asia-Pacific region and pay tribute to law firms that have impressive initiatives in promoting diversity and women's development in the legal business.



Jurisdiction awards China Wang Jing & Co

Jurisdiction awards

China


Global Law Office

Haiwen &
Partners

Jingtian &
Gongcheng

 JUNHE | 君合律师事务所

 Wang Jing & co

 昭胜律师事务所
Zhao Sheng Law Firm

Zhong Lun

Practice Area Awards Shipping & Maritime Lawyer of the Year



The Women in Business Law Awards APAC will be considered by Euromoney Legal Media Group and is one of the most highly regarded annual awards in the Asia-Pacific region. The awards will be decided based on recommendations from law firms, face-to-face or online interviews with peers, and magazine questionnaires, which aim to compliment prominent female lawyers who have made outstanding achievements in legal services and have gained a good reputation in this industry while demonstrating professionalism and international influence of female lawyers and honoring law firms that have made positive contributions to promoting diversified development in the legal industry. Jing is one of the seven nominees of the "Shipping & Maritime Lawyer of the Year" from China, Singapore, Australia, Indonesia, and other countries.

In the field of maritime law, male practitioners have always been dominant. Along with the trend of career specialization, more excellent women are engaged in the field of maritime law and made achieved remarkable achievements. As one of the representative female lawyers in this field, Jing has been practicing for sixteen years, focusing on dispute resolution in Maritime & Admiralty, Marine Insurance, Commercial Disputes, International Trade and etc. for clients including major P&I clubs, shipping companies, offshore engineering companies, and trade companies.

A retrial case over maritime accident rescue represented by Jing was selected in "Top 10 Cases that Contribute to Rule of Law in 2016". An international oil trade case handled by her won the "Deals of the Year" by China Business Law Journal. A case over disputes arising from ship collision was selected in the "Top Ten Typical Maritime Accidents from 2010 to 2020" by the Ministry of Transportation and Communications of China and was selected as one of the Outstanding Foreign-Related Cases by the All China Lawyers Association. In recent years, Jing has been active in some influential cases that involved offshore engineering and maritime accidents. Given the above, Jing was shortlisted "Top 10 Guangzhou Foreign-Related Lawyers", honored as "1,000 Elite Lawyers on Foreign-Related Matters" by the Ministry of Justice of the People's Republic of China in 2019, and shortlisted "Woman Lawyer of the Year of ALB China Regional Law Awards: Coastal Areas" by Asian Legal Business in 2021 and 2022 consecutively. Meanwhile, Jing serves as a tutor at university to teach young students and acts as the deputy director of the Guangdong Lawyers Association and Professional Committee of the Guangzhou Lawyers Association. The nomination of Jing for the "Women in Business Law Awards APAC" is a recognition and commendation from the market, clients, and peers in the industry for her professionalism and influence on the legal service business as a female lawyer.

Although male practitioners are dominant in the field of maritime law, as one of the top firms in this field, Wang Jing & Co. has always cared about and encouraged the development of female lawyers, and provided female lawyers with broad practice space and promotion opportunities. Currently, the firm has four female partners and female lawyers account for nearly 40% of the firm's teams. The nomination of Wang Jing & Co. for the "Law Firm of the Year - China Law Firm" is a recognition of our efforts in promoting the diversified development of legal business by the market and the legal industry. Wang Jing & Co. will continue to empower female lawyers and we are looking forward to more female power to join us.

| CASES AND INSIGHTS

On Insurer's Indemnification Liability — From the First-ever Sister Vessels Collision Case in China

Preface:

The case to be discussed in this article is a rarely seen case where the dispute over damages arose from a collision between two vessels belonging to the same owner and related insurance indemnification liability arising therefrom.

I. Case Brief

Case No.:

First-instance case no.: (2020) Min 72 Min Chu No.242

Second-instance case no.: (2021) Min 72 Min Zhong No.1127

Lawyers handling the case:

Mr. Li Rongcun & Ms. Li Lan

The collision concerned occurred between two ocean fishing vessels owned by Hong Dong, i.e., F/V “Fu Yuan Yu 6028” (“F/V ‘6028’”) and F/V “Fu Yuan Yu 9508” (“F/V ‘9508’”).

In May 2018, Hong Dong procured a comprehensive ocean marine insurance for F/V “6028” with Fujian Fishery Mutual Insurance Association (“FFMI”). In July 2018, Hong Dong also procured a comprehensive ocean fishing vessel insurance for F/V “9508” with BOC Insurance.

On the early morning of 3 April 2019, while anchored at an anchorage in the Mauritanian waters, F/V “6028” was hit by F/V “9508” who was manoeuvring to leave the same anchorage, and consequently sank at the anchoring position, totally lost. After the accident occurred, FFMI paid insurance indemnity to Hong Dong and accordingly was assigned with Hong Dong’s right of claim against the liable party F/V “9508” and/or her insurer (i.e., BOC Insurance). Despite negotiations, BOC Insurance refused to cover the liability. Hence, this firm, for and on behalf of FFMI, lodged a lawsuit against BOC Insurance before Xiamen Maritime Court.

II. Court Judgments

The key dispute in this case is whether BOC insurance as the insurer of F/V “9508” shall cover the liability arising from the collision of F/V “9508” with her sister vessel F/V “6028”.

Author:



Li Lan joined Wang Jing & Co. in 2014 and is now a partner of the firm. With a solid legal background, Lan has nearly ten years of practical experience in shipping law. She has been providing services to domestic and foreign clients including P&I clubs, insurance companies, shipowners, trade companies, shipyards, offshore engineering companies, harbour engineering companies, etc. She is particularly well placed in advising on a broad range of shipping and trade-related matters involving bill of lading, insurance, ship oil pollution, ship collision, shipbuilding, ship sale and purchase, terminal construction projects, ship arrest, international trade, etc.



Li Rongcun joined Wang Jing & Co. in 2002 after working for Penavico and is now director of the firm’s Xiamen Office. Rongcun is efficient at handling complex cases in the fields of maritime & admiralty, offshore projects, shipping insurance, international trade, and shipping finance. Some of the significant cases he represented are selected as model cases by the Supreme People’s Court, High People’s Courts and maritime courts while some are selected as one of the outstanding dispute resolution cases by the Business Law Journal.

In the first-instance proceedings, BOC Insurance mainly defended that,

(1) The insurance they provided for F/V “9508” is a property insurance rather than liability insurance, which did not contained the insurance indemnity liability to third parties.

(2) Even if the insurance they provided is a liability insurance, according to Article 65 of Chinese Insurance Law, the liability insurance provides cover to the insured against liabilities to third parties, but there was no such third party in this case since F/V “6028” and F/V “9508” were both owned by Hong Dong.

We refuted such arguments of BOC Insurance point by point, and Xiamen Maritime Court finally accepted our opinions and rejected BOC Insurance’s defense, holding that,

(1) The insurance object of liability insurance is property itself, so the “third party” under liability insurance shall be determined in senses of property rather than property owners.

(2) Though F/V “9508” and F/V “6028” were both under the ownership of Hong Dong, the Policy of BOC Insurance did not exclude coverage for liability arising from collision of F/V “9508” with her sister vessels, so BOC Insurance as the insurer of F/V “9508” shall cover the liability for the losses arising from the sinking of F/V “6028” due to the hit by F/V “9508”.

Dissatisfied with the judgment of first instance, BOC Insurance appealed to the Fujian People’s Higher Court and emphasized that,

(1) The “third party” under liability insurance shall be the party other than the parties to the liability insurance contract, so Hong Dong being the insured in this case obviously was not a “third party”.

(2) Considering both the colliding vessels were owned by Hong Dong, extinction of creditor’s right and debts due to attribution to the same party (Hong Dong), which means the collision liability under the insurance contract between BOC Insurance and Hong Dong had never been established and hence BOC Insurance shall bear no liability of indemnity.

In response to these arguments of BOC Insurance, we, mainly from the perspective of the application of the insurance policy and the interpretation of the relevant insurance clauses, stressed that the insurance clauses of BOC Insurance did not expressly exclude coverage for liability arising from collision of F/V “9508” with her sister vessels, and meanwhile we invoked Article 30 of the Insurance Law and asserted that insurance clauses shall be interpreted in favor of the insured when the interpretation of the insurance clauses is disputed.

The appellate court fully supported our assertion, determining that the sister vessel also shall be deemed as the third-party vessel, and thus BOC Insurance shall bear the insurance indemnity liability.

III. Case Review and Reflection

This is the first-ever case of dispute over liability for damages arising from collision between sister vessels tried by Chinese courts. We would like to share some opinions on the several key disputes in the process of handling the case.

i. Whether the “third party” under liability insurance shall be determined in the sense of property or property owners?

The “third party” in liability insurance is not well defined under the existing Chinese laws. Nevertheless, we held that the insurer shall cover the risks and liability arising from the collision between the sister vessels based on the following reasons,

(1) In light of the reciprocity of rights and obligations, since the insurer charges insurance premiums for each vessel rather than for each shipowner, the same basis should be applied at the time of indemnification, otherwise the principle of fundamental fairness will be violated.

(2) Seen from the risks covered, through court investigations, when BOCs provided insurance for F/V “9508”, BOC insurance was fully aware of the fact that all of the ocean fishing vessels for which Hong Dong bought insurance with it were to conduct fishing operations in Mauritanian waters. As a professional insurance company, BOC Insurance could reasonably predict the potential risks of collision of F/V “9508” with her sister vessels. However, BOC insurance neither clearly exclude coverage for liability arising from collision between sister vessels when issuing the Policy nor refused to underwrite, which was at its own risk. Thus, it shall not exclude coverage for liability arising from such collision on the excuse that the vessels involved belonged to the same owner.

(3) Referring the judicial precedents of sister car collision, Chinese judicial practice generally believes that the “third party” under third-party liability insurance shall be determined in the sense of property rather than property owner.

(4) Besides, from the provisions of “Chapter VIII Collision of Vessels” of the Chinese Maritime Code, the wording therein generally use “vessel” as the subject rather than “owners”. Therefore, in a case of collision between sister vessels, the “third party” shall be determined in the sense of vessels rather than owners.

Thus, the “third party” under liability insurance shall be determined in the sense of property rather than property owners.

ii. Where two versions of insurance clauses are contained under one policy, which version shall apply?

In this case, the Policy issued by the BOC Insurance contained two versions of applicable insurance clauses. Specifically, it is specified in the first paragraph of the Policy that “The Insurer agrees to provide coverage as per the agreement of Hull Insurance Clauses of BOC Insurance Co., Ltd.”, while Item 6 under Clause XIII “Conditions” of the Policy stated that “This Policy provides comprehensive coverage pursuant to the clauses of BOC (Filed) [2019] N148-Ocean Fishing Vessel Insurance”.

It should be noted that the Hull Insurance Clauses of BOC Insurance Co., Ltd. (“Hull Insurance Clauses”) referred to in the first paragraph of the Policy contain express provisions regarding coverage for liability arising from the insured vessel’s collision with her sister vessels while the clauses of BOC (Filed) [2019] N148-Ocean-Going Fishing Vessel Insurance (“Ocean Fishing Vessel Insurance Clauses”) did not stipulate the coverage regarding collision between the sister vessels.

Based on the above circumstances, BOC insurance further argue that it shall not be responsible for the liability arising from the insured vessels’ collision with her sister vessel as the provisions of the applicable Ocean Fishing Vessel Insurance Clauses does not include sister vessels into the definition of collided vessels.

In this regard, we believe that whether in the industry practice or under the prevailing laws and regulations of China, the Policy for F/V “9508” shall be governed by the Hull Insurance Clauses of BOC Insurance Co., Ltd., under which the sister vessels of F/V “9508” shall be deemed as third-party vessels. Specifically,

(1) First, as per industry practice, an insurance policy is generally named as “XXX Insurance Policy” so that the name of the policy can directly reflect the cover provided thereunder. The Policy bought with BOC Insurance for F/V “9508” was named as Hull Insurance Policy, so this Policy shall be governed by the Hull Insurance Clauses, rather than the Ocean Fishing Vessel Insurance Clauses.

(2) Besides, it is clearly stated in the first paragraph of the Policy for F/V “9508” that “[T]he Insurer agrees to provide coverage as per the agreement of Hull Insurance Clauses of BOC Insurance Co., Ltd.”. Generally speaking, the first paragraph serves to make clear the purpose and theme of the whole document, and it is easier for the wording of the first paragraph to capture readers’ attention. Further, the insured Hong Dong (participating in the proceedings as third person) also stated in court that, when purchasing the Policy, it also believed the Policy would be governed by the Hull Insurance Clauses, which statement is in line with the comprehension of a reasonable person.

(3) To say the least, even if the one referred to in the first paragraph of the Policy shall not prevail, given that Ocean Fishing Vessel insurance Clauses contains no provision defining the nature of sister vessel, while it is clearly stipulated in the Hull Insurance Clauses that sister vessels shall fall within the scope of third-party vessels, the express provisions of the Hull Insurance Clauses also should be prevailed based on systematic interpretation of the policy.

(4) According to the provision of Article 30 of the Insurance Law that “[I]f there are two or more different interpretations of the clause, the people’s court or the arbitral institution shall interpret the clause in favor of the insured and beneficiary”, though the parties concerned have different understandings on the nature of sister vessels which is left undefined under the Ocean Fishing Vessel Insurance Clauses, such nature shall be interpreted in favor of the insured, i.e., sister vessels shall be deemed as third-party vessels.

(5) From the perspective of Hong Dong’s original intention when purchasing the insurance, when inquired by the court, Hong Dong clearly stated that BOC Insurance did not remind it that the liability arising from the insured vessel’s collision with her sister vessels was not covered at the time of providing the insurance. Therefore, since BOC Insurance did not clearly exclude coverage for liability arising from collision between sister vessels when issuing the Policy and the coverage is provided for under Hull Insurance Clauses, the insured Hong Dong surely would interpret the provision as applicable to the whole Policy.

In this case, though F/V “6028” and F/V “9508” both belonged to Hong Dong, given that Hong Dong had taken out insurance policies for them separately with the plaintiff FFMI and the defendant BOC Insurance to disperse its business risks, and BOC Insurance failed to exclude the liability arising from the collision of F/V “9508” with her sister vessels under the Policy and the relevant insurance clauses, the collision of F/V “9508” with F/V “6028” shall be deemed as collision with a third party and BOC Insurance had no right to be exempted from the liability for indemnification on the grounds that the two colliding vessels were sister vessels.

Finally, the courts of first instance and second instance both supported our arguments, holding that the insurance clauses shall be interpreted in favor of the insured pursuant to Article 30 of the Chinese Insurance Law, i.e., a vessel other than the insured vessel owned by the same owner shall also be deemed as a “third-party vessel” and thus BOC Insurance shall bear the liability for indemnification correspondingly.

IV. Conclusion

This case was selected and published as one of the model maritime trial cases 2021 of Xiamen Maritime Court. After the judgment of second instance came into effect, BOC Insurance made the payment as ordered in time, and according to the official report of Xiamen Maritime Court, BOC Insurance also amended the standard clauses in its insurance policies. The case tells that the absence of agreements or explicit agreements in an insurance policy will easily arouse differences in the understanding as to the scope of risks covered and coverage provided thereunder, especially in this case where the policy concerned contained two inconsistent insurance clauses, which aroused a lot of controversy. As to the issue whether a sister vessel of the insured vessel is a “third party” vessel under liability insurance, it has not yet been clarified in the existing laws and regulations, authoritative interpretations of the Chinese Supreme Court or precedents. Therefore, if a clear definition and clarification can be provided in the insurance policy or insurance clauses, it will greatly help to avoid controversy and reduce litigation burden.

| CASES AND INSIGHTS

How China's Newly Amended CPL will Influence International Shipping and Maritime Cases

New amendments to the Civil Procedure Law of PRC (“CPL”) that optimize procedures for foreign-related civil cases will take effect since 1 January 2024, as announced by the top legislature of China on 1 September 2023, 29 articles have been amended, 19 of which relate to special provisions on foreign-related civil procedures, including jurisdiction, service abroad, collecting evidence abroad, and recognition and enforcement of foreign judgments, rulings and arbitral awards.

As often embroiled in complex disputes all over the world, international shipping companies may concern the influence of these new amendments, especially when their business involves China, more or less. WJNCO appreciate these concerns and humbly provide our insights into some new amendments to the CPL in regard to maritime and shipping matters.

I. More choices of courts for international maritime cases

i. An extended scope of “connections” to establish Chinese court jurisdiction on foreign defendants

Under the present CPL, a lawsuit against a defendant not resident in the PRC can only be lodged before a Chinese court when the relevant dispute is connected with the PRC by way of:

- i) the underlying contract is signed and performed in the PRC; or
- ii) the subject matter of the lawsuit is located in the PRC; or
- iii) any enforceable property of the defendant is located in the PRC; or
- v) the tort act occurred or any representative office of the defendant is located in the PRC. *Now, in addition to the above, the new CPL (Art. 276, para. 2) adds a cover-all provision to allow such a lawsuit to be brought before Chinese courts where the dispute has **other proper connections** with the PRC.*

Literally speaking, such “other proper connections” may be interpreted very broadly, before specific judicial interpretations are further promulgated. In maritime cases, the connections can be the Claimant’s domicile, the ship-repairing location, the domicile of a crewmember injured in a collision incident, etc., but always subject to the court’s own discretion.

Author:



Li Rongcun joined Wang Jing & Co. in 2002 after working for Penavico and is now director of the firm’s Xiamen Office. Rongcun is efficient at handling complex cases in the fields of maritime & admiralty, offshore projects, shipping insurance, international trade, and shipping finance. Some of the significant cases he represented are selected as model cases by the Supreme People’s Court, High People’s Courts and maritime courts while some are selected as one of the outstanding dispute resolution cases by the Business Law Journal.

ii. A new provision to admit agreement on Chinese jurisdiction

A special provision on the choice of court agreement is inserted in the foreign-related procedure session (*Art. 277*), which states “if the parties to a foreign-related dispute have agreed in written that courts of China are to have jurisdiction, Chinese courts may exercise jurisdiction.” This new provision allows parties to choose based on their own agreement the forum in China.

Although Article 35 of the CPL that pertains to purely domestic civil cases requires the forums agreed to have actual connections with the dispute, which remains unchanged in the amended CPL, we opine the new Article 277 shall specially apply to foreign-related civil cases and it is independent from and not subject to Article 35; namely, it will abolish the constraint on “actual connection”. **In other words, parties can freely choose to submit their disputes to Chinese courts in bills of lading, charter parties or other contracts, without any constraint, as long as such jurisdiction clause is agreed to or accepted by both parties.**

iii. New rules for parallel litigations and conflict of jurisdictions

The amendments to the CPL insert Articles 280, 281 and 282 to deal with issues on parallel litigation and conflict of jurisdiction, most of which are break-throughs in the Chinese legislation.

To simplify the reading, we would like to give a brief but incomplete summary of these articles. Basically, the new Article 280 allows a Chinese court to exercise jurisdiction in case of parallel litigations, and the Chinese court shall respect the exclusive jurisdiction agreements between the parties unless the case/dispute shall be subject to statutory exclusive jurisdiction of Chinese courts or it involves sovereignty, security or public interests of China; Article 281 introduces the first-seized court approach in case of conflict of jurisdictions, encouraging the later-seized Chinese court to give up jurisdiction if the case has been first accepted by a foreign court, whilst allowing the Chinese court to resume the proceedings if the foreign court delays in rendering judgement; Article 282 provides for *forum non conveniens*, allowing Chinese courts to decline jurisdiction in favor of a more convenient/appropriate court of another country, when a jurisdiction challenge has been raised.

In short, the newly amended CPL provides more choices of courts for parties, either when agreeing the jurisdiction clause in contracts or when a lawsuit is to be lodged after a dispute arises. We will see challenges against the jurisdiction of Chinese courts may have less chance to be supported after the amendments come into effect.

II. Shortened defense period due to more efficient service abroad

International shipping companies will also be affected by the more efficient service abroad prescribed under the newly amended CPL. Compared to the existing means, the amendments (*Art. 283*) additionally allow (1) service to an agent *ad litem* appointed in the case, **whether or not the agent *ad litem* has been explicitly authorized to accept legal service**; (2) service to a **wholly-owned corporation**, a representative office, a branch, or a business agent set up in the PRC by the legal entity to be served, no matter whether or not they are duly authorized to accept service; (3) **service to the joint defendant located in the PRC where the person to be served takes the position of legal representative or principal person in charge**; (4) **service to the legal representative or principal person in charge in the PRC of the person to be served**; (5) service by **electronic means, unless such service method is prohibited by the local law**; (6) **other means agreed by the person to be served** service unless such service method is prohibited by the local law.

We have bolded those amendments require more attention. Amongst others, we would like to remind the worldwide shipping companies that, after the newly amended CPL comes into effect, legal service upon their wholly-owned corporations in the PRC will be deemed as proper service upon them (as we understand, they usually have set up wholly-owned companies in the PRC). Also, the electronic means have gone beyond emails and faxes, and may refer to instant messaging such as WeChat and other electronic systems.

The new mechanism will substantially improve efficiency of service abroad. It will be more difficult for non-China resident defendants to argue improper court service. Foreseeably, after the newly amended CPL comes into effect, it would shorten the time waiting for foreign defendants to respond to Chinese court cases.

In the circumstances, WJNCO suggests the international shipping industry insiders who may be impacted by amendments concerning legal service to consider granting a general authorization to their lawyers beforehand (which has been commonly accepted by the PRC maritime courts), rather than a particular authorization when each specific case arises. So that their lawyers can get early involvement in case of urgency and avoid a long waiting for the notarized and legalized authority document to be available (although the notarization and legalization procedures may be simplified after the Hague Apostille Convention will take effect in the PRC as from 7 November 2023).