

## **Number of Company Litigation Cases Decreases Due to the Pandemic; Dragging Revenue for Law Firms**

*Senior Partner: More Hong Kong Companies May Not be Able to Survive Next Year*

**Hong Kong Economic Times, by Jackey Yeung**

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Many industries, including professional bodies, have been affected by the pandemic. Nick Gall, a senior partner at Gall, expressed that his law firm's income has dropped by 20% compared to last year. He expressed that many companies have become more conservative during the period of COVID-19. The processing speed of ongoing litigation cases has also slowed down.

Nick emphasised that he has not yet been able to observe the impact of COVID-19 causing local businesses to face liquidation. He believes that the government and the banking industry are also interested in helping businesses to survive the pandemic, but in the coming years, many Hong Kong companies may face liquidation.

As an independent law firm in Hong Kong, Gall specialises in handling complex disputes and is also often involved in cross-border litigation. Nick pointed out that operating as an independent law firm can not only provide specialised dispute resolution solutions and litigation services, but also avoid conflicts of interest.

### **PPE Fraud and Scams, Involving Nearly 50 million HKD in the First Quarter**

"Law firms receive instructions for new matters. If there is a conflict of interest between other clients, the law firms will hand over the instruction to another independent law firms." Nick continued to express that law firms will often receive instructions from clients all over the world, including foreign governments, banks and other financial institutions, hedge funds, listed companies, law firms and accounting institutions, local institutions, land and property owners, and high net worth individuals.

Nick emphasises that law firms will provide clients with various litigation, mediation and arbitration services to assist clients in solving relevant legal matters. He pointed out that lawyers need to first understand their clients' needs, objectives and motivations, and then provide advice to clients. Talking about the trends and changes this year, Nick shares that fraud and disputes related to Personal Protection Equipment (PPE) have increased.

In Hong Kong, the Hong Kong Police received more than 1,600 online scams reports relating to online mask scams, involving more than 3,000 victims and local companies with a total amount of HK\$48.2 million.

He also quoted reports that in the past few months, the United States has discovered mask-related scam cases totaling US\$799 million (approximately HK\$6.2 billion), and similar scam patterns have already existed in Europe.

The pandemic has greatly impacted the local economy. The policy address announced by the Hong Kong Special Administrative Region government earlier predicted that the city's GDP will contract by 6.1%, being the worst economic performance year since Hong Kong had publicly listed records. Nick expressed that the impact brought by the pandemic has not yet caused local companies to face liquidation, but in the first 7 months of this year, there were 5,219 involuntary bankruptcy and 247 involuntary liquidation applications respectively. He expects that even as the government and banks continue to provide support to local enterprises, there will be more businesses who are not able to survive the pandemic.

### **Received Unpaid Leave Enquiries; Family Disputes Increased**

In view of the economic situation in Hong Kong, the number of employees being dismissed has increased this year, leading to a rise in disputes involving employment regulations. "In addition to employment regulations, many employers were also concerned about work-from-home policies and legal guidelines. We have also received numerous enquiries about the Employment Support Scheme and unpaid leave." He also added that law firms were also busy providing consultations on family disputes and divorce this year, and advise surrounding "unprecedented" children matters.

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### **Hong Kong Has No Shortage of Lawyers; The Pandemic Has Expanded The Team**

Many companies have stopped recruiting this year, responding to COVID-19 with a conservative attitude. Senior Partner of Gall, Nick Gall said that there is no shortage of lawyers in Hong Kong. Compared with international law firms, the turnover rate of Gall is also relatively low.

At present, Gall has both local and overseas lawyers, and has always been looking for suitable local talent. "Law graduates must complete a 2-year Trainee Solicitor internship before they can practice as a lawyer in Hong Kong. Therefore, every lawyer is an important asset to a law firm."

He said that the new generation of lawyers who are actively engaged in their work also seek a work-life balance. He pointed out that in addition to providing internship opportunities for newcomers, Gall will also help to build the personal reputation for lawyers.

Although Gall reduced recruitment this year, new partners have also joined. Talking about the firm's future development, he emphasised that Gall will continue to have Hong Kong as its sole base and will not establish branches in other places.

He explained that in addition to local law firms, Gall is also being invited by foreign law firms to participate in handling various cases. "Establishing a branch overseas may affect Gall as we may lose the opportunity to cooperate with foreign law firms in handling cases."

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### **Witnesses Could Not Travel To Hong Kong; Conducted Testimony Virtually**

All businesses will use remote tools such as virtual conferencing applications during the pandemic to overcome geographical restrictions. Senior Partner of Gall, Nick Gall, revealed that he advised a client earlier in the year on a telephonic hearing.

Because one of the main witnesses in a case was unable to travel to Hong Kong due to travel restrictions, and considering the prolonged trial proceeding time, he applied to the Court to grant permission for the witness to provide testimony via virtual video. "We conducted telephone-directed hearings using electronic trial equipment, and prepared the same electronic trial equipment for overseas witnesses to testify via virtually video.". He also pointed out that his team also wrote to the judge, requesting to allow evidence to be submitted by email, and the court agreed to execute it.

### **Judge: No Violation of Regulations; Prompt Settlement of Disputes**

Nick expressed that the judge pointed out that instructing hearings by telephone does not violate relevant legal regulations, and it is advantageous to the pursuit of cost-effectiveness in civil judicial reform, and it can handle dispute resolution cases quickly and continuously. Nick believes that in addition to solving the challenges caused by the epidemic, this approach will also help the judicial sector to advance towards modernism.

He also pointed out that the "Court Procedure (Electronic Technology) Bill" was submitted to the Legislative Council for first reading on January 8 this year. The bill aims to submit and send court-related documents electronically to speed up the implementation of the 'paperless' trend in Hong Kong's judiciary. He expressed that according to the judge, even if the pandemic is over, this approach will continue to serve as an example.