



Intellectual Property Enforcement Guide: Hong Kong



Hong Kong is a regional hub for Intellectual Property Rights owners with interests in IP protection in "Greater China" and Asia. It has a sophisticated legal system, underpinned by the rule of law.

It has a highly developed jurisdiction with a comprehensive legal and administrative framework for the protection of IP rights.

Introduction to IP Enforcement in Hong Kong

Until recently, Hong Kong had a plaintiff driven litigation system. But reforms to the civil procedure rules of the Hong Kong courts came into effect on 2 April 2009 and parties are now required to particularise their case in more detail at an early stage and encouraged to reach settlement before trial. The changes also give courts more control over the pace of the proceedings to ensure that proceedings are resolved as expeditiously as is reasonably practicable.

The Hong Kong Customs and Excise Department (C&E) is the only governmental department responsible for taking criminal action against copyright and trade mark infringements in Hong Kong.

Forum

Nearly all civil intellectual property cases are heard in the High Court. There are no specialised IP courts. Criminal prosecutions brought by the C&E are brought in the Magistrates Courts in the area where the offence is committed.

The Main IP Rights

The main IP rights include trade marks (registered and unregistered), copyright, registered designs and patents. Hong Kong's legal system is based on common law and recognises unregistered rights as well, providing protection by means of the laws of passing-off.



Civil Enforcement

A low-key and low-cost first step in the enforcement of IP rights is simply to write to the infringer demanding that he cease the infringing activity. The letter will normally request an undertaking not to infringe further. The signed undertaking will form a binding contract that could be relied on if the infringer were to recommence infringing activity in the future. If the infringer does not provide a positive response, or if the infringing activities continue, it may be necessary to enforce IP rights through the Courts.

If you have enough evidence to prove the infringement, you may wish to issue proceedings in the High Court.

A High Court action is commenced by a Writ, on which is endorsed a formal statement of the claim being made against the Defendant, and the grounds in support of that claim. This endorsement is known as the 'Statement of Claim'.

Once the Writ with Statement of Claim has been served upon the Defendant, the Defendant will have 28 days within which to file an Acknowledgment of Service (AS). The purpose of this document is to inform the Court and the Plaintiff whether or not the Defendant intends to oppose the Plaintiff's claim.

If the Defendant does not file an AS, or files one indicating that it does not intend to oppose the Plaintiff's claim, the Plaintiff will be able to obtain a 'default judgment' against the Defendant, on the basis that the Defendant does not defend the action.

On the other hand, if the Defendant does file an AS indicating that it intends to oppose the Plaintiff's claim (which happens in most cases), the Defendant must file its Defence within 28 days. If the Defendant has no valid defence, then there is a procedure known as an 'application for summary judgment'. In such an application the Plaintiff, or one of the Plaintiff's officers, goes on Affidavit (a sworn statement in approved legal form) to say that the Defendant has no defence to the Plaintiff's claim. The Defendant can file an Affidavit in reply and there is then a private hearing on Affidavit evidence. The Judge can either find that the Defendant has no defence, and enter Judgment accordingly, or can find that there is an arguable defence which if proven at trial would be an answer to the claim, in which case he can give unconditional leave to defend. If he thinks the defence is borderline, he may make an order for conditional leave to defend.



If the Defence discloses a reasonable ground of defence, which, if proven at trial, would be an answer to the claim, then the matter proceeds to trial. Both parties then have to disclose the documents that are relevant to the proceedings and exchange witness statements. After this has been done, the case will be set down for trial. When the case comes on for hearing, the Plaintiff must prove his claim by oral and documentary evidence. The Defendant, of course, will try to disprove the claim by means of oral and documentary evidence. Both parties must be represented by Counsel at the trial, since Counsel presently enjoys an exclusive right of audience in High Court trials in Hong Kong, although Solicitors will also be present.

Appeals from a high court judgement lie to the court of appeal

A typical IP infringement case at first instance can take from 15 to 30 months from issue of the Statement of Claim through to trial, although it is sometimes possible to obtain a speedy trial timetable, getting to Court in less than six months.

Remedies include an injunction, disclosure of information, delivery up, damages or an account of profits, and recovery of legal costs (although in practice usually no more than 70% of costs spent are recovered). It may be necessary to commence separate contempt proceedings if Court Orders are not complied with. If the parties cannot agree damages and costs, there may be separate proceedings and hearings to determine these. In practice, parties usually agree damages and costs, as cost proceedings and damages inquiries can be expensive.

Preliminary emergency injunctions can be obtained, although this is relatively difficult and expensive. It is essential to act quickly and to show that there is a risk of irreparable damage if the injunction is not granted. The party seeking the injunction is liable for any damage caused if it is subsequently shown that the injunction was wrongly granted, and is required to give a 'cross undertaking in damages' to underwrite this. Usually, the Defendant gets an opportunity to oppose the injunction application; however, in very urgent cases, injunctions can be granted without the Defendant being present ('*ex parte*').

Search and seizure Orders and Freezing Orders, for the seizure or freezing of assets, are available, but are considered draconian remedies and are relatively difficult and expensive to obtain. Again, these can be made without the Defendant being present in very urgent cases, or cases where if notice is given to the Defendant he is likely to destroy evidence or put assets outside the jurisdiction.

Customs

C&E conducts random inspections on goods coming into Hong Kong. Because of the close geographical connection between Hong Kong and China, C&E constantly seizes counterfeit goods at the Hong Kong/China border.

Hong Kong has no formal Customs recordal system, but it is possible for trade mark owners to make complaints to C&E in respect of copyright and trade mark infringements happening in Hong Kong. Where infringing goods are being imported into Hong Kong it may be possible to make complaints to C&E and have the goods seized or detained.

In order to make the complaint, the trade mark owners must locate a competent examiner who has the requisite knowledge to distinguish counterfeit goods from genuine ones. That examiner must also undertake that he/she is willing to testify in Court if necessary. No bond is necessary.

Once goods have been detained by C&E, rights owners are given a final period in which to inspect the goods. If the goods are determined to be counterfeit/infringing, C&E will seize them and lay charges against the infringer. Once the infringer has been successfully charged, the counterfeit/infringing goods will be ordered to be destroyed.



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