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Ms. Alice Liu

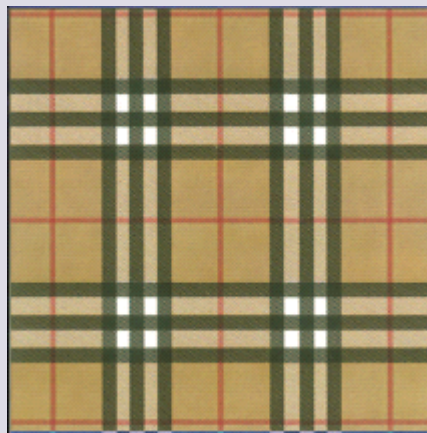
T: (852) 3105 5166

E: aliceliu@bk.com.hk

Trademark Infringement or Not? (Re: High Court Action, no. 1617 of 2010)

Q: Do you agree that there is no likelihood of confusion on the part of the public in relation to the below two marks/ patterns? (Please email to bennykong@bk.com.hk)

Burberry' s registered trademark



Defendants' mark under complaint



On 29 October 2010, Burberry Limited filed a Writ of Summons claiming against three defendants for, inter alia, infringement trademark, registration no. 200406325.

One of the defendants defends itself by saying that there is no likelihood of confusion on the part of the public (ie section 18 of the Trade Mark Ordinance, Cap. 559).

- Benny Kong & Yeung is a firm of solicitors established in 1996 and practices in Intellectual Property laws.
- In the past 5 years, Benny Kong & Yeung has constantly been one of the top 3 law firms in Hong Kong in term of number of institution of IP Court actions.
- Since 1996, Benny Kong & Yeung has handled more than 500 IP litigation cases in Hong Kong.
- Benny Kong & Yeung also ranks amongst the top 13th firms in Hong Kong in term of volume of e-filing with the Intellectual Property Department of Hong Kong in 2011 (www.ipd.gov.hk).
- Mr. Benny Kong, is the vice chairman of the Hong Kong Intellectual Institute of Patent Attorneys Association (www.hkipa.org.hk).



Patent Specifications

In Hong Kong, there are two ways of protecting functions: short-term patent (duration of 8 years) and standard patent (duration of 20 years). To apply, the applicant has to submit a patent specifications to the Intellectual Property Department.

Patent Specifications

The patent specifications has to contain a summary of patent, background of invention, diagrams and claims. If the patent application is accepted, the invention in the patent application will be protected by Patents Ordinance (Cap 514).

If the invention has been copied, the registered owner can claim against the infringer in reliance on the patent registration certification by letter or court proceedings, requesting termination of infringement and compensation. Apparently, the registered owner (or its lawyer) should first compare whether the claims listed in patent specifications (especially Claim 1) are found on the infringing product.

Infringement

If the infringing product contains all elements of a claim listed in the patent specifications, basically the registered owner has proved infringement and should consider taking appropriate measures to stop infringing activities.

If one or two elements do not appear on the infringing product, what should the registered owner do?

Essential elements

If the infringing product does not contain every elements of a claim, the registered owner should investigate whether the lacking element is an essential element. To determine this, the registered owner should check the invention background on the patent specifications.

If the lacking element is an essential element, the possibility of infringement is lowered. Otherwise, if the lacking element is a simple and common element, infringement likely exists.

Importance of patent specifications

As seen from the above, drafting patent specifications is the foundation of protecting inventors. It is blindly and unwise to draft it simply based on common sense. We suggest that companies should seek assistance from experienced and reliable patent attorneys.

Section 2 of Copyright Ordinance (Cap 528) – Originality – Artistic Work

The writer would like to discuss with readers the following example and whether copyright exists in modified artistic work:-

“In 2006, a toy manufacturer (the “Company”) developed a unique toy helicopter (“Helicopter A”). Helicopter A has been very popular in the following 4 years. In 2011, the Company decided to modify its appearance (about 20% modification) (“Helicopter B”). Helicopter B is even more popular. Consequently, there are many infringing products of Helicopter B in the market.”

Can the company rely on copyright to sue infringers?

Modified product does not have copyright?

One may argue that the Company does not have copyright in Helicopter B because it is modified from Helicopter A. Infringing product of Helicopter B is not the same or substantially similar to Helicopter A. Hence some may come to the conclusion that the Company cannot rely on copyright to sue infringers. However, such conclusion is absolutely wrong.

According to section 2 of Copyright Ordinance (Cap 528), original artistic work is protected by copyright law.

Same as the first generation product

When the employee of the Company designed Helicopter A, only if the employee has contributed independent effort, judgment and skill to create the design drawing, the design drawing has originality. Hence, the Company has copyright to Helicopter A. If infringer sells infringing products of Helicopter A, the Company can sue the infringer based on the original design drawing.

Different from the first generation product

In the above example, the key is that the infringing product is not the same as Helicopter A, but Helicopter B.

When the employee designed the appearance of Helicopter B, doubtlessly he has referred to the design of Helicopter A. As long as the employee has contribute independent effort, skill and judgment to change the design from Helicopter A to Helicopter B, the design of



Helicopter B is original. In other words, the Company has copyright to Helicopter A and Helicopter B. Note: the copyright to Helicopter B is limited to the new design.

All drawings required

When the Company sues the infringer, it needs to provide to the court the following two sets of design drawings:-

1. the design drawing of Helicopter A to prove copyright to part of the design (about 80%);
and
2. the design drawing of Helicopter B to prove copyright to the remaining part of the design (about 20%).

When the design drawings are examined as a whole, copyright to Helicopter B can be proved easily.

From the above, where the infringing product is the same or substantially the same as the modified product, the Company can still rely on copyright to determine infringing activities.

Civil litigation – Mediation – Costs

Since 2nd April 2009, the Civil Justice Reform has far-reaching impact on civil litigation proceedings. Mediation is a significant part of the reform.

Since 2nd January 2010, litigants to civil proceedings need to engage in mediation. If mediation is successful, civil litigation would end earlier. If mediation is unsuccessful, the plaintiff and the defendant would continue through to trial.

Mediation

Mediation provides a forum through which the plaintiff, the defendant and their legal representatives can discuss the case face-to-face. The plaintiff, the defendant and their legal representatives can express their expectations of the litigation to an accredited mediator. The mediator's participation and profession may narrow the gap between the plaintiff and the defendant, until settlement.

From our experience, about 50% of civil litigation can be settled through mediation. Even if mediation fails, mediation can narrow the gap between two parties and provide opportunities for settlement. In other words, about half civil litigation are not ended by expensive trials.

Mediation Costs

At any stage of the civil proceedings, either the plaintiff or the defendant can offer settlement terms to the opposing side.

The first step of mediation is to agree on costs of mediation. Usually, both parties may easily agree that:-

1. the expenses on mediator and mediation location be shared equally;
2. each party should bear their own legal costs.

If the parties can end the civil litigation by mediation, agreement on costs of mediation will certainly be part of settlement terms. However, if the mediation fails, who should bear the costs of mediation?

If mediation is unsuccessful, the plaintiff and the defendant would continue on with the civil litigation proceedings. If the plaintiff wins at trial, should the defendant bear the mediation costs? This issue is often argued by the parties' lawyers. The parties hence should discuss this issue before mediation.

Two possibilities

The issue may be resolved by:-

1. the losing party needs not to bear the winning party's mediation costs; or
2. the losing party bears the winning party's mediation costs.

The issue is often heavily negotiated by the parties' lawyers, thereby prolongs the mediation process. If the parties cannot reach compromise, either party's lawyer can ask for court direction.

The court decision

From experience, the judge would usually rule that the losing party bears the winning party's mediation costs.

In practice, if the lawyer insists on behalf of his client that the losing party needs not to bear the winning party's mediation costs, the lawyer may opine that his client's chance of winning the litigation is slim.



Primary and Secondary Copyright Infringement

According to Copyright Ordinance (Cap 528), infringement of copyright can be primary or secondary. Seemingly, people may think that primary infringement means direct copy of original product and secondary infringement means copy of infringing product. Some may even think that secondary infringement means that the infringer copies the original product without seeing the drawings of the original product, thereby indirectly infringed the copyright to the drawings.

These are all misconceptions.

Copyright Ordinance (Cap 528) has not defined 'primary infringement' of copyright. We believe that what is known to companies as 'primary infringement' of copyright refers to infringing activities provided in sections 23-29 of the Copyright Ordinance (Cap 528).

Sections 23-29 of the Copyright Ordinance (Cap 528) provides that the following activities as infringing activities and the plaintiff does not need to prove knowledge on the part of the infringer:-

- (1) copying;
- (2) issue of copies to the public;
- (3) rental of work to the public;
- (4) making available of copies to the public;
- (5) performance, playing or showing of work in public;
- (6) broadcasting or inclusion in a cable programme service; and
- (7) making adaptation or act done in relation to adaptation.

Secondary infringement is provided in sections 30-34 of the Copyright Ordinance (Cap 528). To constitute secondary infringement, the plaintiff has to prove that the defendant has actual or constructive knowledge:-

- (1) importing or exporting infringing copy;
- (2) possessing or dealing with infringing copy;
- (3) providing means for making infringing copies;
- (4) permitting use of premises for infringing performance;
- (5) provision of apparatus for infringing performance.

It is difficult to prove that the infringer has knowledge of the infringement. The plaintiff should issue cease and desist letters the infringer before litigation.

Section 85 of Copyright Ordinance (Cap 528) – Adaptations

According to section 85 of Copyright Ordinance (Cap 528), adaptations do not constitute infringement of copyright.

100% imitation

If a person copy a 2D drawing and create a 3D product by 100% imitation, that person cannot rely on section 85 of Copyright Ordinance (Cap 528) to defend that his creation is an adaptation. On the contrary, such creation may have breached section 23 (copying) and/or sections 25-34 (issue to the public, importing, selling ... etc) of Copyright Ordinance (Cap 528).

Substantial Reproductions

If the infringing product is not a 100% imitation but only a substantial reproduction of the design on the drawing, then whether the reproduction constitutes infringement depends on the question of similarity between the infringing product and the design on the drawing.

To constitute infringement, the copyright owner should prove to the court that the infringing product is a reproduction or substantial reproduction of the copyrighted work. The court will do the following comparisons and make the judgment:-

- (1) differences between the copyrighted work and the infringing product; and
- (2) differences between the infringing product and prior art.

Limitations of Adaptations

Adaptations only apply to:-

- (1) Literary Work;
- (2) Dramatic Work; and
- (3) Musical Work.

To companies that trade stationery, electric appliances, gifts, etc. section 85 of Copyright Ordinance (Cap 528) is not very much useful. This is because the copyrighted works of those companies are artistic works mostly. Hence, they cannot claim that section 85 applies to their works.