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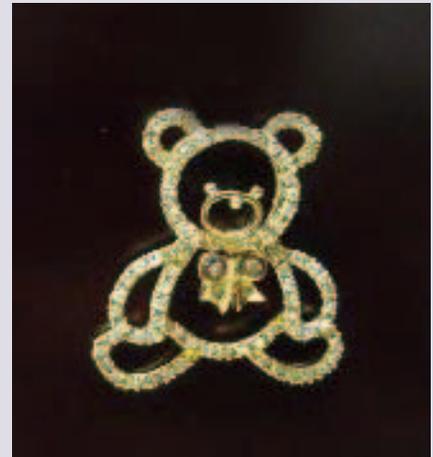
Copyright Infringement or not?

On 21st June 2011, Wong Wan Kwong Jewelry Ltd (P) filed a Writ of Summons claiming against 3 Defendants (Ds) for infringement copyright (High Court Action, no. 924/2010). The P's and Ds' products are shown below:-

Plaintiff's Product



Defendant's Product



According to P, P wants to show the Writ of Summons to its buyers for the purpose of showing it is a responsible supplier. I (Benny Kong) believe P has achieved its prime purpose of the Action (comments are welcome bennykong@bk.com.hk).

- Mr. Benny Kong, senior partner of Benny Kong & Yeung, is the vice chairman of the Hong Kong Intellectual Institute of Patent Attorneys Association (www.hkipa.org.hk).
- 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 12th firms in Hong Kong in term of volume of e-filing with the Intellectual Property Department of Hong Kong in January and February 2011 (www.ipd.gov.hk).

Online Infringement – Information Required in Cease and Desist Letters

From the perspective of infringers, selling infringing products on the internet is very economic and convenient. Through search engines, potential customers can easily contact infringers and obtain information of infringing products.

When an internet service provider receives a cease and desist letter from the trademark/copyright owner, it would pass it on to the infringer without delay. Many infringers would immediately delete product information or advertisement on the internet.

Manufacturer of infringing products

If the receiver of cease and desist letters is the manufacturer of infringing products, it would tend to continue manufacturing and selling those products. Even if the product information or advertisement on the internet is removed by the internet service provider due to the request of the trademark/copyright owner, this does not mean that the manufacturer will stop producing and selling those products. This is because the manufacturer can sell the infringing products through another internet service provider. The trademark/copyright owner should consider the following two measures to tackle with such stubborn manufacturer:-

1. Issue cease and desist letter to the second internet service provider; and
2. Obtain legal advice.

File complaints with internet service providers

Recently, more and more popular internet service providers have set up mechanisms for filing of complaints of infringement:-

1. The internet service provider would request the complainant to complete a form, and would pass the form to the infringer;
2. If the infringer does not reply the complaint within the time period specified by the internet service provider, the internet service provider would then delete the information and photos of the infringing product from the internet.

In previous articles, the writer has always suggested that when online infringing activities are found cease and desist letters should be issued to the infringer and internet service provider. The writer further suggests that the complainant should include in the cease and desist letters the grounds of the complaint, its claims, documents and information required by the internet service provider, so as to request the internet service provider to remove information and photos of the infringing product from the internet.

Information required by ISP

If the grounds of the complaint is trademark infringement, the cease and desist letter should include registered trademark certificate. If the grounds of the complaint is copyright infringement, the cease and desist letter

should include the following information and documents:-

1. Copyright work;
2. Name of author;
3. Creation date of copyright work; and
4. First publication date of copyright work. 

Registered design – Cautions – Successful litigation

When a product or a pattern has been registered as registered design, the registered owner has the exclusive right to sell products which have the design or pattern that is registered. If the registered owner discovers infringement, he can rely on Registered Designs Ordinance (Cap.522) to litigate against the infringer, and seek the following orders:-

1. Permanent injunction order;
2. Delivery order;
3. Disclosure order;
4. Damages order; and
5. Costs order.

Important issues before litigation

Before litigating against infringers, the registered owner should take note of the following:-

1. Some infringers may challenge the validity of the registered design. Usually they will rely on the following 2 arguments:-
 - (a) The registered design is a common design; and
 - (b) The registered owner has disclosed the

design before application, for example by advertisement or selling.

If (a) or (b) is proved, the Court may rule that infringer has successfully defended the litigation. The infringer has the burden to prove (a) or (b).

2. According to section 2 of Registered Designs Ordinance (Cap.522), a protected registered design must be sold separately. If the registered design is just part of a product, the infringer can challenge the validity of the registered design. If successful, the infringer can cause the litigation be dismissed.
3. Even if the infringer fails to challenge the validity of the registered design, it can refuse to compensate the losses of the registered owner. According to section 51 of Registered Designs Ordinance (Cap.522), the registered owner has the burden to prove to the Court that the infringer was aware, or had reasonable grounds for believing, that the design was registered, before damages order is granted. Under the following 2 circumstances, the registered owner may

prove knowledge of the infringer:-

- (a) The infringer is the former customer of the registered owner; and
- (b) The registered owner has issued cease and desist letters to the infringer, but the infringer continues to engage in infringing activities.

If the infringer is a retailing store, and (a) and (b) do not apply, it is difficult to prove that the infringer has knowledge. If knowledge on the part of the infringer cannot be proved, the registered owner may be granted permanent injunction, delivery order, disclosure order and costs order, yet damages order may not be granted.

It is easier to prove infringement of registered

design than infringement of copyright. For litigation of infringement of copyright, the plaintiff has to prove that the defendant has or ought to have rare knowledge about the infringement. Otherwise, the plaintiff will not win the litigation. On the contrary, relying on registered design, the plaintiff will win the litigation regardless of whether the defendant's knowledge is proved (except that damages order will not be granted). Ordinarily, if the plaintiff can obtain permanent injunction, the plaintiff has achieved the fundamental purpose of litigation.

Therefore, we suggest that companies should consider inputting resources to register designs. It is important not to disclose the design before application. 

Effectively prevent infringement – Inform retail stores

Many infringing products would need to go through the following chain of medium before they reach the ultimate buyer:-

1. Manufacturer;
2. Trading company; and
3. Retail store.

If the company can intervene the above chain, infringing products will not reach the ultimate buyer.

Suing the manufacturer

Suing the manufacturer is the most useful way to tackle with infringement. However, because of geographical or cost reasons, it is not an

easy decision to sue the manufacturer. Also, if the company does not register the design or invention of the product, it is impractical to successfully sue the manufacturer in China. Even though there is registered design or patent, the company needs to spend much effort and money to successfully sue the manufacturer.

Suing the trading company

Alternatively, the company can sue the trading company. Similarly, the company needs to gather evidence. Also, it needs to spend money and effort in order to successfully sue the trading company.

Suing the retail store

The company may sue the retail store first. The company can easily obtain receipts by purchasing infringing product from the retail store. The company should consider sending cease and desist letters to the retail store. Sending cease and desist letters can show that the retail store has knowledge of infringement. From the perspective of the retail store, it does not need to argue with the company over a product. Many retail stores would choose to give up on selling the infringing product.

Moreover, the retail store can do the following to refer the complaint to the supplier of the infringing product:-

1. (If the retail store is a large chain store) Return the product to the supplier, and set off the losses against the payments unpaid by the retail store;
2. Return the product to the supplier or destroy the product and deduct the losses from stocking fee; and
3. Return the product to the supplier or destroy the product and claim the losses against the supplier. 

Copyright registration – Registered design – Registered patent

When a company finishes designing the appearance and functions of a product, it is important to register its design and structure. The Copyright Ordinance (Cap.528) and the Registered Designs Ordinance (Cap.522) protect the design of a product; and the Registered Patent Ordinance protects structure or invention. Although not every product would involve an invention, a company should invest more resources in protecting the product if it involves an invention.

The product can be protected by:-

1. Copyright recordation;
2. Registered design; and
3. Registered patent.

1 and 2 protect a product's appearance. Generally, appearance includes the contours,

sizes and curves of the product. Protection is not affected by enlargement or reduction in size. If an infringing product has copied a spare part from the original product, only if the spare part is the same (or substantially the same) as that of the original product, infringement of copyright can be established.

There are more to prove to establish infringement of registered design than infringement of copyright. If the alleged infringing product is an amended version of the original product, the company should first consider copyright as its ground of litigation. Only where the infringing product is a substantial copy of the original product, the company should consider also infringement of registered design as another ground of litigation.

Comparing to infringement of copyright,

it would be easier to prove infringement of registered design. The company simply needs to provide the certificate of registered design and evidence of infringing product. In other words, the company does not need to prove knowledge of the infringer. This is the main for registration of design.

Protection offered by copyright and registered design is limited to the appearance of the product. On the other hand, patent offers protection of invention.

In Hong Kong, there are 2 types of patent:-

1. Short-term patent; and
2. Standard patent.

The duration of short-term patent and standard patent are 8 years and 20 years respectively. Both are protected under the Patent Ordinance (Cap. 514).

To protect inventions by registered patent, companies should consider how much resource it would be invest for patent registration. Companies should balance the benefits brought by the invention against the costs of patent registration. Companies should make applications to the Intellectual Property Department before selling the product.

Most Hong Kong companies would choose to apply for short-term patent which is quicker, more economic and reasonable. Obviously, if all the requirements are met, standard patent should be registered. However, the company should first ensure that it has registered patent in China or other specified countries such as the United Kingdom or European countries.

When a company has protected a product's appearance and structure by copyright registration, registered design and registered patent, the salability of the product is improved. 

Sketches – Design drawings - Prototypes - Production drawings – Molds

The Copyright Ordinance (Cap.528) protects certain copyright works. Hong Kong companies which manufacture/sell toys, electronic products, gifts, housewares, timepieces etc are more concerned with artistic works.

Artistic works

The common law has defined that “artistic works” include the following:-

1. Sketches;
2. Design drawings;
3. Prototypes;
4. Production drawings; and
5. Molds.

The above is usually the normal order of designing a 3-D product. To constitute copyright infringement, the company needs to at least prove the following 2 conditions:-

- (a) Copyright exists
So long as the author has used independent skill, judgment and labour to produce the artistic work, copyright exists.
- (b) The infringing product contains reproduction of the original product. A comparison between the infringing product and the original product is required.

Sketches

Sketches contain the initial versions of the design. For this reason, the designs in the sketches usually differ from the final design to a large extent. If the infringing product is copied from the original product, its design would differ from the designs in the sketches. Hence unless the sketches clearly reflect the product's design, the company should not rely solely on sketches in litigation.

For the above reason, the writer has not seen any succeeded and confected Court case which relied solely on sketches. However, sketches can assist court in determining how the product was designed.

Design drawings

Nowadays, many design drawings are made with the use of computers. Hence, the company would have good records of design drawings.

Relying on sketches, the author drew design drawings. Even though the designs in design drawings are different from the final design of the product, it overall has many characteristics of the final product. Hence Hong Kong Courts would tend to accept design drawings instead

of sketches. The Courts may even regard that design drawings is the initial artistic works. As a result design drawings is one of the most concerned artistic works. If for some reason the company cannot provide prototypes and production drawings, the Court may rely solely on design drawings to find copyright infringement if the infringing product is about 90% similar to the design in the design drawings.

Prototypes

It is unclear as to whether a prototypes is an artistic work. This is because Hong Kong Courts have not made a decision on it. However, it is still important to keep prototypes.

Production drawings

It is essential to have production drawings before a product is manufactured. Although design drawings and prototypes have determined the appearance of the product, they do not contain the sizes and details of the internal parts of the product.

The author would use independent skill, judgment and labour to draw production drawings. Hence the Court would hold that there is copyright in production drawings. If the company cannot present design drawings or molds, the Court may rely solely on production drawings to hold that the company has copyright to the product. However, it is better if design drawings can be provided.

Molds

In Hong Kong, not many companies rely on

molds as artistic works in litigation. This is because it is inconvenient to the operation of the business if the molds are presented to the court or the opposing side.

If the company does not have sketches or prototypes, it is sufficient to rely on design and production drawings in litigation.

Summary

If the company can keep design and production drawings well, it is not difficult to prove to the Court (a) that copyright exists and (b) that the infringing product contains reproduction of the original product. 

The Inauguration of the Hong Kong Institute of Patent Attorneys Association was held at the Hong Kong Exhibition and Convention Centre on 28th February 2011.



Mr. Benny Kong (second from right) at the opening ceremony of the HKIPA inauguration



Mr. Tsang Yok-sing, GBS, JP, President of The Legislative Council presented the Certificate of Appointment of Vice President of HKIPA to Mr. Benny Kong (left)



From left to right - Mr. Nelson Liu, Vice President; Mr. Tsang Yok-sing, GBS, JP, President of The Legislative Council; Dr. Lewis Luk, President; Dr. Moses Cheng Mochi, President of The Education Commission and Mr. Benny Kong, Vice President jointly hosted the Inauguration Ceremony of HKIPA.

This Newsletter is published and written by Benny Kong & Yeung, Solicitors, as a service to clients and friends, If you would like to have a copy of this Newsletter, please contact Ms. Alice Liu at (852)3105 5166