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and written by Benny Kong
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Patent Infringement or Not? (RE: High Court Action, no. 838/2011)

On 17th May 2011, the Dyson group (Plaintiffs) filed with Court a lawsuit (High Court Action, no. 838/2011) claiming against 3 Hong Kong companies (Defendants) for infringement of copyright in the below bladeless fan and standard patent (registration no. HK 1143413). On 18th May 2011, the Plaintiffs applied for provisional injunction orders and successfully obtained the orders on 3rd June 2011.



On 5th July 2011, the Defendants caused to file with the European Patent Office an opposition against the designated patent (EP 2191142 B1) on the ground of lacking of novelty and inventive step.

Q: Will the 142 Patent be declared invalid? (bennykong@bk.com.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 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).



Short-term Patent – Section 129 of Patents Ordinance (Cap 514) – Litigation

In Hong Kong, short-term patent is generally applied and used by companies. This is because:-

1. It is inexpensive and simple to apply for Short-term Patent. The company only needs to prepare a Patent Specification, and wait for 6 months from the date of application for the grant of approval and issuance of patent certificate from the Intellectual Property Department. The costs are between US\$1,000 and US\$2,000.
2. Although Standard Patent has a longer protection duration than Short-term Patent, the 8-year period provided by the Short-term Patent is generally sufficient protection for the needs of most companies.
3. Time for approval of Standard Patent applications is at least 2 years from the date of application. Before issuance of patent certificate, the company has no right to warn or sue infringers.

Disadvantage of Litigation

However, Short-term Patent is less effective in litigation. One of the disadvantages of intellectual property litigation is that the litigation processes can be prolonged. Unless the company has obtained from the Court a Provisional Injunction Order at the initial stage of the litigation, the infringer can continue to sell infringing products during the litigation.

Requirements of Provisional Injunction Order

The company has to satisfy the Court the following 3 requirements:-

1. It has a strong prima facie case; and
2. It has applied for Provisional Injunction Order as soon as it discovered infringing activities; and
3. On balance of convenience, not granting the Provisional Injunction Order would cause the company to suffer substantial and irreparable damages.

It is more difficult to prove the above requirements where the litigation is based on Short-term Patent.

Expert Evidence

According to section 129 of Patents Ordinance (Cap 514), the company (the Short-term Patent owner) is required to prove evidence which is sufficient to establish prima facie the

validity of the patent shall in the absence of evidence to the contrary be sufficient proof of such validity. Hence, if the company applies for provisional injunction order, it has to provide expert evidence to prove the novelty and inventiveness of the Short-term Patent.

On the contrary, if the company has Standard Patent certificate, the Court can rely on it to presume the validity of the Standard Patent.

Register Appearance of Product as Trade Mark

There are two ways to protect the design of a product's appearance in Hong Kong:-

1. Registered design; and
2. Copyright recordation.

Exact Resemblance

If the alleged infringing product is exactly the same as or not substantively different from the registered design, the company can rely on registered design to sue the infringer.

Similarly, if the alleged infringing product is exactly the same as or is a substantial reproduction of the copyrighted work, the company can rely on copyright laws to sue the infringer.

No registration & No copyright

If the company has not registered its product's appearance as registered design and cannot provide drawings as proof for copyright, it can consider the following ways to buffer infringing activities.

Register Appearance of Product as Trade Mark

Since the Remington case in 1999, more and more companies would register the appearances of their products as trade marks. With the trade mark certificate issued by Hong Kong Intellectual Property Department, the registered owner can take the following measures:-

1. Issue cease and desist letter to the infringer; and
2. Report to Hong Kong Customs and Excise Department.

However, would the Intellectual Property Department approve the application if it is to register a product's appearance as trade mark?



This firm believes that the application can be approved under section 11 of Trade Marks Ordinance (Cap 529). This is because the appearance of the product is distinctive. Hence generally, such application would be approved.

When the company discovers infringing products at an exhibition, it can complain to the Hong Kong Customs and Excise Department. If the Hong Kong Customs and Excise Department accepts the complaint, it would prosecute and arrest the infringers. On the contrary, the defendant can apply to the Court to revoke the company's registered trade mark.

Hence, we suggest that the company has to obtain legal advice before making complaint to the Department.

Section 18 of Trade Marks Ordinance (Cap 559) – Identical Trademarks – Similar Trademarks

Registered trademark owner can prevent infringers from offering for sell, selling, or possessing products with infringing trademark in the course of business under the following laws:-

1. Section 18 of Trade Marks Ordinance (Cap 559); and
2. Section 9 of Trade Descriptions Ordinance (Cap 362).

If convicted, the infringer would incur civil liability under the said section 18 and criminal liability under the said section 9.

Defining 'Trademark'

The statutory definition of 'Infringing Trademark' is different in the Trade Marks Ordinance (Cap 559) and the Trade Descriptions Ordinance (Cap 362). Possibly, this is for the reason that the burden of proof for criminal liability is heavier than that of civil liability.

In the Trade Descriptions Ordinance (Cap 362), 'Infringing Trademark' is defined as 'forged trademark'. In the Trade Marks Ordinance (Cap 559), 'Infringing Trademark' is defined as 'Infringing Trademark'.

In this article, we would like to discuss in depth what is Infringing Trademark in civil liability.

Similar Trademark = Infringing Trademark?

According to the Trade Marks Ordinance (Cap 559), infringing acts include the following:-

1. Any person who in the course of business offers for sell, sells or possesses goods that has a sign which is identical to the registered trademark (“Condition 1”); and
2. Any person who in the course of the business offers to sell, sells or possesses goods that has a sign which is similar to the registered trade mark which is likely to cause confusion on the part of the public (“Condition 2”).

To constitute infringement of trademark, Condition 2 is more demanding than Condition 1. That is, the registered owner has to prove that the Infringing Trademark is likely to cause confusion on the part of the public.

The analysis as to whether a sign is identical to the registered trademark is notice difficult in fact. Most Condition 1 cases can be completed about 3 months from commencement of proceedings by means Summary Judgment under Order 14 of the Rules of High Court.

Confusing the Public

For Condition 2 cases, the key is that the registered trademark owner has to prove that the sign is likely to cause confusion on the part of the public. In determining whether there is confusion, the Court will consider the circumstance evidence, including:-

1. Price of the products;
2. Marketing channel of the products;
3. The conduct of the infringer; and
4. The other circumstances.

In litigation, the Plaintiff (the registered owner) would claim that there is confusion, and the Defendant (the infringer) would defend that there is no confusion. The Plaintiff and the Defendant will present evidence to the Court to support their respective stances. For this reason, Summary Judgment is inapplicable to Condition 2 cases.

Condition 2 cases usually require longer time in litigation and could take more than a year.

Trade Descriptions Ordinance (Cap 362) – Possession of Goods with Forged Trade Mark - Defence



According to section 9(2) of Trade Descriptions Ordinance (Cap 362), any person who or company which possesses goods with forged trade mark commits an offence. On conviction, the defendant and/or the company will have criminal record, be fined and imprisoned or suspended sentence.

Prosecuting the Managing Director

Since the last century, the Hong Kong Customs and Excise Department tends to prosecute the person in charge as well as the company. The person under charge would be the company's managing director or manager. Usually the businessman under charge would not plead guilty and therefore would defend the prosecution aggressively.

In defending the prosecution, many defendant companies and the persons under charge would rely on the defence in section 26(1) of Trade Descriptions Ordinance (Cap 362). To successfully rely on the said statutory defence, the defendant has to, at least 7 clear days before the trial, serve on the prosecutor a notice in writing giving information about the defence. Otherwise, the defendant cannot rely on the below statutory defence at trial. From experience, about half of the defendants fail to serve the notice within the specified time, thereby cannot rely on the said statutory defence.

The Defence

Section 26(1) of Trade Descriptions Ordinance (Cap 362) provides that:-

"It shall be a defence for the defendant to prove that the commission of the offence was due to reliance on information supplied to him ...; and that he took all reasonable precautions and exercised all due diligence to avoid the commission of the offence."

Insufficient Evidence

From experience, many defendants would present the following evidence to prove the defence:-

1. Its supplier claims that it has the right to sell;
2. Its supplier has provided some prove of authorisation;
3. Its supplier has provided some registration certificates;
4. The good quality of the infringing products;
5. The defendant is not familiar with the infringing products and the industry;
6. The defendant has inquired other companies or friends;
7. The defendant has researched on the internet; and
8. The defendant has requested its supplier to warrant the authenticity of the products in contract or invoice.

The above evidences are useful, but insufficient. The defendant should consider what

measures the Court expected.

Trade Mark Search

It is common that the Magistrate/Judge will ask the following questions:-

1. Has the defendant performed a trade mark search on the website of the Intellectual Property Department?
2. If yes, has the defendant seen the registered trade mark of the complainant?
3. If yes, has the defendant noticed the name of the complainant and ask the complainant?

The internet trade mark search is commonly used in the business world. If the defendant has not performed a trade mark search, how can it persuade the Magistrate/Judge that it has exercised all due diligence to avoid the commission of the offence?

Although the defendant has subjective reasons to believe that the products are authentic, it has to objectively persuade the Magistrate/Court.

Further, the defendant has to prove to the Magistrate/Court that it is a 'good guy'. Hence, we recommend that the defendant should provide a personal factual background to the Magistrate/Court.

Damages Order - Damages Assessment Proceedings

When a Court decides that the Plaintiff wins an intellectual property litigation, usually the Plaintiff will be granted with the following orders:-

1. Permanent Injunction Order;
2. Disclosure Order;
3. Delivery Order;
4. Damages Order; and
5. Costs Order.

In this article, we will discuss the Damages Order. After getting the Damages Order, the Plaintiff has the following 2 rights:-

Right to Defendant's Profit

Within the specified period (usually 21 days) of the personal service of the Court Order on the Defendant, the Defendant has to file a disclosure affirmation. In the disclosure affirmation, the Defendant has to disclose all information in relation to sale and purchase of infringing products.



Hence, the Plaintiff can calculate the Defendant's profit in selling and purchasing infringing products from the disclosure affirmation. If the Plaintiff accepts the disclosure affirmation as true, it can then send a written request to the Defendant asking the Defendant to pay it the said profit. By doing so, the Plaintiff and the Defendant can peacefully settle the Damages Order.

However, many Plaintiffs refuse to accept that the Defendant's disclosure affirmation reflects the truth. Hence, the parties would need to go through a Damages Assessment which would last for about 5 to 6 months.

Right to Request Damages Assessment

The Plaintiff can apply to the Court within a specified period to commence Damages Assessment Proceedings. The specified time is usually 28 days from the date of the Defendant's adherence to the Disclosure Order. If the Plaintiff decides to commence Damages Assessment Proceedings after the specified period, it needs to apply to the Court and obtain leave in order to commence Damages Assessment Proceedings. Generally, if the Plaintiff is one or two months late, the Court would grant leave without cause.

Damages Assessment Proceedings are procedures by which the Court would assess the damages. Unless the parties can settle on the amount (in fact about 90% of Damages Order do not go through Damages Assessment Proceedings), otherwise the Plaintiff has to undergo the following 3 stages to quantify the Damages Order:-

1. The Plaintiff has to submit to the Court: (a) Notice of Appointment of Damages Assessment and (b) Affirmation in support. In (b), the Plaintiff needs to provide items and calculation of damages. Usually the Plaintiff would claim both liquidated damages and unliquidated damages. The Court will consider the reasonableness and remoteness of the damages claimed and the objections of the Defendant.
2. When the Plaintiff submits to the Court (a) and (b) mentioned above, the Court will then fix an initial hearing date. On this initial hearing date, the Court will give directions: for example the Defendant to file within 21 days an Objection Affirmation and the Plaintiff to file a Reply Affirmation within 14 days thereafter. Usually the initial hearing is short and simple. After the initial hearing, the Plaintiff and the Defendant would need to follow the directions of the Court. After the opposing party has completed the Court's directions, the other party (usually the Plaintiff) can apply to the Court for substantial hearing.
3. At hearing (usually 2-3 hours), the Court would consider the evidence in the affirmations, and decide the quantity of damages after hearing the submissions of the parties' lawyers.

As mentioned above, in above 90% of cases the parties can agree on the quantity of the damages. This explains that Damages Assessment Proceedings is not common in intellectual property cases.