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Seeking remedies for IP infringement in Hong Kong



By Alvin Lim

Thousands of overseas manufacturers display their products to potential buyers at exhibitions held in Hong Kong, and intellectual property concerns are never far from these events. Sometimes the goods themselves are counterfeit; in other cases the displays spur the efforts of nimble copycats. Only prompt action can prevent such infringing activities from demolishing the rightful owner's new product line or even whole business. The IP owner can pursue monetary compensation, but infringing activities can continue while this legal procedure runs its course. In addition, payment alone might be insufficient to put a stop to the unlawful activity.

Non-monetary remedies provided by Hong Kong law address these concerns. Perhaps the most significant remedy is an injunction that restrains the infringer (also the director if it is a limited company) and its employees from continuing their unlawful activity.

An injunction applicant should generally also apply for:

- a delivery up order, which requires the infringers to surrender not only infringing products but also items such as packaging material, moulds and tools;
- a disclosure order to reveal the source of the infringing products;
- an enquiry as to the damages sustained by the aggrieved party or an account of profits gained by the sale of infringing products; and
- an award of legal costs.

Because such remedies are only granted when a case concludes (which, if contested, can be years away), applicants can seek a

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temporary injunction to stop the infringing acts immediately. Such interlocutory injunctions are granted to protect the interests of aggrieved parties before the case is tried. A court will consider granting interim relief (a short-term order) after it receives proof of IP ownership and infringement as well as the opponent's response. The resulting order is effective until the interlocutory hearing is heard in full.

New rules on interest-bearing costs promote settlement and can also help an aggrieved party to save time and expense. A recent case demonstrates the advantage of accepting a plaintiff's proposal on costs. The defendant refused the proposal, which covered costs but did not include

an order for enquiry of damages or an account for profit. Upon conclusion of the case, the issue of whether the defendant should be liable for a higher rate of tax (which involves a punitive element due to his refusal of settlement) was discussed. In its judgment for the plaintiff, the court increased the award for legal costs by 10 percent because the plaintiff achieved more favourable terms than those proposed to defendant.

Hong Kong's role as an exhibition center will continue to grow. Events here present excellent opportunities to exporters who wish to introduce their products to the Chinese market and elsewhere in Asia. But intellectual property protection is an area that exporters need

to address even before their products have found a distributor. Exhibitors should keep an eye out for infringements, and be prepared to apply the pressure of Hong Kong law to violators.

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