

CHECKLIST OF ISSUES ON ENFORCEMENT¹

Responses from Hong Kong, China

Civil and Administrative Procedures and Remedies

(a) *Civil judicial procedures and remedies*

1. Specify the courts which have jurisdiction over IPR infringement cases.

The Small Claims Tribunal has jurisdiction to determine claims for damages for copyright and trade mark infringement which do not exceed the sum of HK\$50,000. It has no jurisdiction to provide other ancillary relief.

The District Court has jurisdiction to determine:

- claims for damages for copyright and trade mark infringement and passing off where the damages claimed are less than HK\$50,000, but other ancillary relief is also sought;
- claims for damages for copyright and trade mark infringement and passing off which fall between HK\$50,000 and HK\$120,000 whether or not other relief (delivery up and disposal) is sought.

The High Court, sitting as the Court of First Instance in its civil jurisdiction (presided over by a single Judge), has jurisdiction to determine:

- unlimited claims for damages or account of profits for copyright and trade mark infringement, passing off, together with ancillary relief;
- injunctions, both interlocutory and final, and detention orders (for further discussion see answer to Question 15);
- all proceedings relating to infringement of patents and registered designs irrespective of value, together with ancillary relief (injunctions, damages, account of profits, declarations, delivery up and destruction/disposal of infringing copies and tools);
- all proceedings relating to infringement of a grant of plant variety rights;
- all proceedings relating to infringement of lay-out design (topography) of integrated circuits;

¹ Document IP/C/5.

- Judicial Review, for example, from a decision by the Commissioner of Customs and Excise to detain or remove seizures made under the Copyright Ordinance; or from a decision by the Registrar of Trade Marks relating to an entry in the Register or a correction sought therein.

The High Court sitting in its appellate jurisdiction (presided over by a single Judge), will determine appeals from the Small Claims Tribunal on a point of law, and from persons exercising a quasi judicial function. For example, every appeal to the Court under the Trade Marks Ordinance shall be heard and determined by a single Judge.

The Court of Appeal (presided over by an uneven number of Justices of Appeal not less than 3), hears appeals arising from the District Court and the Court of First Instance.

The Court of Final Appeal is the court of final adjudication in Hong Kong, China. Civil appeals lie as of right from any judgment of the Court of Appeal where the matter in dispute amounts to HK\$1,000,000 or more. Leave to hear other civil appeals from the Court of Appeal will only be granted where the Question involved in the appeal is one of great general or public importance.

2. Which persons have standing to assert IPRs? How may they be represented? Are there requirements for mandatory personal appearances before the court by the right holder?

Which persons have standing to assert IPRs?

In the case of registered patents, registered designs and registered trade marks, the proprietor, or owner as the case may be, and also any exclusive licensee thereunder, has standing to assert that IPR, provided that such person is recorded in the appropriate Register as proprietor/owner or exclusive licensee, respectively. Furthermore, a registered user of a trade mark (subject to any agreement to the contrary) may call upon the proprietor to prevent infringement thereof, and should the proprietor refuse or neglect to do so within two months, the registered user can institute proceedings in his own name as if he were the proprietor naming the proprietor as a defendant.

Under the common law the proprietor of an unregistered trade mark may bring an action for passing off.

In the case of copyright and unregistered/unregistrable designs (to the extent that they acquire protection as artistic works), the copyright owner has standing to assert all rights. An exclusive licensee, after the grant of the licence, has the same rights, save as against the copyright owner. The rights owner of a performer's economic rights or of any right conferred on a person having fixation rights has standing to assert all IPRs which include the right to seek damages, injunctions, accounts, etc. An exclusive licensee thereunder, save as against the owner of a performer's economic rights, has the same rights after the grant of the licence.

Where "copy protected" (defined as "any device or means specifically intended to prevent or restrict copying of a work or a fixation of a performance or to impair the quality of copies or fixations made") copies of either (i) a copyright work; or (ii) an unfixated performance; or (iii) copies of a fixation of a performance, are issued to the public, by or with the licence of a copyright owner, the performer or the person having fixation rights in the performance, has the same rights and remedies as the copyright owner against a person who, knowing or having reason to believe that it will be used to make infringing copies or fixations:

- makes, imports, exports, sells or lets for hire, offers or exposes for sale or hire, advertises for sale or hire, or possesses for the purpose of trade or business, any

device or means specifically designed or adapted to circumvent the form of copy-protection employed; or

- publishes information intended to enable or assist persons to circumvent that form of copy protection.

The owner of a trade secret may bring an action in tort for breach of confidence or breach of a fiduciary relationship, depending on the particular facts, against anyone who received the information under circumstances imputing a duty of confidence, who uses or discloses the information without authorisation and thereby causes damage to the owner of the information.

The grantee of a plant variety right may bring an action for damages including exemplary damages and other relief for infringement of that right. A person authorised by licence or otherwise has the same rights as that grantee to take proceedings in respect of any infringement of the rights of that grantee committed after the grant of such licence.

A qualified owner is empowered under the Layout-design (Topography) of Integrated Circuits Ordinance to take whatever proceedings and seek whatever remedies by way of damages, injunctions, account or otherwise with respect to an infringement of his rights in a protected Layout-design (Topography) as are available with respect to other property rights.

How may they be represented?

Before every court a natural person may appear in person. A corporate entity must authorise a representative, normally an officer of the corporation, to represent it. Representation, in the sense of being responsible directly for the conduct of the litigation, may be in person, save that corporations need leave of the High Court to be represented by an authorised officer rather than by a solicitor. Litigants however are actively encouraged by the presiding Judge to obtain professional representation, which may be either a solicitor or a barrister carrying a current practising certificate and enrolled on the respective Rolls of solicitors or barristers. In the Court of First Instance, solicitors have a right of audience limited to Chambers applications. Thereafter, representation must be by a barrister.

Are there any requirements for mandatory personal appearances before a court by the right holder?

Unless the right holder is called upon to give evidence, there are no such mandatory requirements. Admissible evidence will need to be produced to identify the right holder's entitlement to assert his claim. This may be by agreed fact, production of a certified copy of the relevant entry in the appropriate Register, or in the case of copyright infringement, by the filing by or on behalf of the copyright owner, an *affidavit* as to the subsistence and ownership of the copyright in Question.

Where such an *affidavit* has been served, the defendant may serve a notice to cross-examine the deponent. However where the defendant is subsequently found liable for infringement or is convicted, the court may award costs of bringing in the deponent for cross-examination.

3. What authority do the judicial authorities have to order, at the request of an opposing party, a party to a proceeding to produce evidence which lies within its control?

Parties to civil litigation in Hong Kong, China have an obligation to make "discovery" of the documents which are or have been in their possession, custody or power relating to matters in Question in the action. This occurs automatically after the close of pleadings in an action begun by writ. The court may order that discovery be limited to specified documents or classes of documents,

or to such matters in Question as may be specified in the order. (See the next Question for the exception to these rules for privileged documents.) The court may also order that there shall be no discovery at all, or not at that stage of the proceedings in the interests of fairly disposing of Questions relating to patents because of the high risk of trade secrets being involved, or in actions against the Government.

In addition, each party to a cause or matter shall make and serve on any other party a list of the documents which are or have been in his possession, custody or power relating to matters in Question in the action.

Following the provision of the aforesaid list of documents, the other party (or parties) may inspect the documents, and obtain, if necessary, an order from the court for production of the documents for inspection.

Any breach of this discovery obligation can result in an action being dismissed or a defence being struck out and result in a committal for contempt of court.

4. What means exist to identify and protect confidential information brought forward as evidence?

The discovery process described in answer to Question 3 above is subject to certain exceptions.

Privileged documents, namely, communication between solicitor and client for the purpose of seeking and giving legal advice and assistance; documents which could self-incriminate (save as against an *Anton Piller* order in actions involving intellectual property and passing off); documents which are subject to public interest immunity; “without prejudice” correspondence; and information contained in legal aid applications save as to financial means, are all regarded as privileged communications which need not be disclosed.

A party impliedly undertakes to the Court that any documents, including a list of documents, obtained by means of discovery, will not be used by that party for any collateral or ulterior purpose without either the leave of the court or the consent of the other party. Any breach is regarded as a contempt of court. This undertaking will cease however when documents are read to or by the court, or referred to in open court except where the court orders otherwise.

Where a party claims secrecy in otherwise discoverable material, the court will usually order a controlled measure of discovery to select individuals, upon terms, ensuring that there should be neither use nor further disclosure of the confidential information. There is no universal rule covering the class of persons who may see this information, the court has to find the right balance between adequate disclosure and confidentiality.

In exceptional circumstances, a hearing can be held *in camera* where the court is satisfied there is no other way to protect legitimate trade secrets. Orders may also be made to protect the identity of witnesses, and orders made that certain sections of the proceedings not be reported. As the primary rule is that all hearings are held in open court and can accordingly be fully reported, such restrictive orders as outlined above are made sparingly and only when the interests of public disclosure are outweighed by the interests of the parties to protect trade secrets.

5. Describe the remedies that may be ordered by the judicial authorities and criteria, legislative or jurisprudentially, for their use:

- **injunctions;**
- **damages, including recovery of profits, and expenses, including attorney's fees;**
- **destruction or other disposal of infringing goods and materials/implements for their production;**
- **any other remedies.**

Injunctions

Both the Court of First Instance (as a result of its inherent jurisdiction under the common law and under statutory enactment under the High Court Ordinance) and the District Court (as a result of specific statutory empowerment under the District Court Ordinance) have power to grant permanent or interlocutory injunctions. (For further discussion on interlocutory injunctions, see answer to Question 10.) The IPR statutes, beyond confirming that injunctions form part of the remedies available for infringement, add no guidance as to the criteria for their use. Accordingly the following description is based upon the criteria set out in the Rules of the High Court and judicial precedent.

Injunctions are discretionary in nature. They may be “mandatory” or “prohibitory”. Generally an aggrieved right holder will apply initially for an interlocutory injunction. (For further details see answer to Question 10.) However, an impecunious plaintiff cannot be deprived of his right to seek a permanent injunction by reason of not having first applied for an interlocutory injunction by reason of not being able to give an undertaking as to damages.

An application for the grant of an injunction may be made by any party to a cause or matter before or after the trial of the cause or matter, whether or not a claim for the injunction was included in that party’s writ, originating summons, counterclaim or third party notice as the case may be.

The Court may make an interlocutory injunction permanent, or grant a permanent injunction on application therefor, where the plaintiff has established infringement and obtained a judgment against the defendant.

Any breach of an injunction is regarded as a contempt of court.

Damages including recovery of profits and expenses, including attorney's fees

As a general rule, a successful party is entitled to his costs. This is understood to mean a party’s reasonable costs which, if not agreed, shall be those which a costs taxing master of the court deems reasonable. This applies in all IP infringement actions, save where specifically modified by statute referred to in paragraphs 8-11 below.

Under the common law, the courts in Hong Kong, China have an inherent power to award damages and costs in the event of a successful action brought either as a breach of a fiduciary relationship or breach of a contract of employment for the disclosure of confidential information or of a trade secret. Similar common law principles apply to an action for “passing off”.

Under the Copyright Ordinance, damages would normally be awarded to a successful plaintiff (i.e. copyright owner, or rights owner in a performer’s economic rights or owner of fixation rights) for infringement of copyright. There is provision to award additional damages (“exemplary damages”) as justice may require having regard to the circumstances of the case, and in particular to the flagrancy of the infringement; any benefit accruing to the defendant by reason of the infringement; and the reliability of the defendant’s business records.

There is an express statutory saving however that if it is shown that at the time of the infringement the defendant did not know, and had no reason to believe, that copyright subsisted in the work to which the action relates, the plaintiff is not entitled to damages against him. This saving does not affect any other remedy. Thus the plaintiff would still be entitled to an account of profits and costs and an injunction, if necessary.

Where “copy protected” copies (for definition and full discussion see paragraph 4 of the reply to Question 2 above) are issued to the public by or with the licence of a copyright owner, the performer has the same rights and remedies as the copyright owner has in relation to damages against the persons detailed at paragraph 4 of the reply to Question 2 above.

Infringement of a registered patent or a registered design is actionable by the proprietor, and among the remedies available are damages or an account of profits, but not both. However, neither damages nor an account of profit can be awarded against a defendant who proves that at the date of the infringement he was not aware, and had no reasonable grounds for supposing, that the patent or the registered design, as the case may be, existed. The fact that words such as “patent” or “patented” or “registered” have been applied to the product do not of themselves give rise to reasonable grounds for supposing that the patent existed unless accompanied by the registration number.

An exclusive licensee may only be awarded damages in respect of his own losses.

The aforesaid rules do not affect the right to recover costs by a successful party. Some statutory modifications need to be noted however. A proprietor of a patent found partially valid by a court, cannot recover damages nor costs for the valid part unless he is able also to prove that the specification for the patent was framed in good faith and with reasonable skill and knowledge.

Where proceedings are taken under either the Patents Ordinance or the Registered Designs Ordinance by an exclusive licensee, the right holder shall be made a party to the proceedings. However, where he is joined as a defendant, the proprietor shall not be liable for any costs and expenses unless he enters an appearance and if he takes part in the proceedings. A similar provision applies to an action brought by one co-owner, who must add the other co-owner(s) as a party.

There are no statutory restrictions in respect of actions for infringement under the Trade Marks Ordinance, which are accordingly governed by general common law principles. The proprietor must choose whether his action will seek damages for infringement or an account of profits, along with any other relief which is appropriate.

Costs cannot be awarded against a proprietor of a trade mark who is called upon by a registered user to take action against infringement but fails to do so and is accordingly joined as a defendant (see paragraph 1 of the reply to Question 2 above), unless he takes part in the proceedings. Costs cannot be awarded by the Registrar of Trade Marks against any party on an appeal to him against a refusal of the proprietor of a certification trade mark to certify goods or services or to authorise the use of the trade mark.

The Layout-design (Topography) of Integrated Circuits Ordinance empowers the seeking of any remedy for infringement, as are available in respect to any other property rights including damages, accounts or otherwise. There is however a power to award exemplary damages taking into consideration the flagrancy of the infringement and any benefit accruing to the defendant by reason of the infringement.

A statutory defence is provided to a person who commercially exploits a protected layout-design to prove that he did not know and had no reasonable grounds to know, when he acquired the layout-design, that a protected layout-design (topography) was incorporated. Such a person, after

being made aware of the protected right, may continue to commercially exploit the protected layout-design, but must then pay the qualified owner the royalty that would be payable under a freely negotiated licence for the layout-design. This saving only applies to a person who commences commercial exploitation prior to being made aware of the protected rights of the qualified owner.

Under the Plant Varieties Protection Ordinance there is statutory provision that, a court, in awarding damages, including exemplary damages, or in granting other relief for infringement, shall take into consideration any loss suffered or likely to be suffered by the grantee as a result of the infringement; and, any profits or other benefit derived by any other person from that infringement; and the flagrancy of the infringement.

Where, in any proceedings under the Plant Varieties Protection Ordinance it is proved or admitted that an infringement occurred, but proved by the defendant that, at the time of the infringement, he was not aware and had no reasonable grounds for supposing it that it was an infringement, the plaintiff is not entitled to any damages, but shall instead be entitled to an account of profits and any other relief.

Destruction or other disposal of infringing goods and materials/implements for their production

Because of the extended criminal provisions for infringement in Hong Kong, China, as detailed in answer to Questions 21 *et seq*, and because of the willingness of the Commissioner of Customs & Excise to bring criminal proceedings against alleged infringers, the civil remedies for infringement are used less frequently than in other jurisdictions. Accordingly, it would benefit the reader to bear in mind the criminal equivalent provisions when reading the civil provisions detailed below.

Under the common law, the court has an inherent right to make orders for delivery up for the destruction, or for the erasure of the marks, of any goods already marked with the spurious mark and in the possession or control of the defendant, as well as of deceptive labels, advertising material and implements which may come into being as a result of actions brought for trade mark infringement, and for “passing off”. Generally, however, the statutory powers provided in the various IP statutes form the basis for this class of relief.

Under the Copyright Ordinance, the owner of the copyright in a work may apply to the court for an order, against a person having possession, custody or control of

- an infringing copy of the work for the purposes of trade or business; or
- an article specifically designed or adapted for the making of infringing copies of a particular copyright work, which he knows or has reason to believe has been or is to be used to make infringing copies; or
- an infringing fixation of a performance for the purposes of trade or business,

that the copy, or article or fixation be delivered up to him or any other person as the court may direct.

The time limit for bringing such an application is six years from the date when the copy or article was made unless the owner was prevented by disability, fraud or concealment from discovering the facts. The Court should not make an order for delivery up unless it also makes an order for disposal.

An application is therefore automatically also made for an order that the infringing copy or article or fixation, ordered to be delivered up, be forfeited to the copyright owner or destroyed. Before making an order, the court must consider whether other remedies available are adequate to compensate the owner. Should no order be made, the person who delivered up the alleged infringing copy or article or fixation, is entitled to its return.

Where “copy protected” copies of either (i) a copyright work; or (ii) an unfixed performance; or (iii) copies of a fixation of a performance, are issued to the public by or with the licence of a copyright owner, the performer or the person having fixation rights in the performance has the same rights and remedies as the copyright owner has in relation to the remedies of delivery up and disposal as are detailed above against a person who, with the requisite state of mind, does any of the acts detailed in paragraph 4 of the reply to Question 2 above.

There is statutory power under the Patents Ordinance for a proprietor of a patent to apply to the court for an order requiring the defendant to deliver up or destroy any patented product in relation to which the patent is infringed or any article in which the product is inextricably comprised. No other statutory guidance is provided.

The registered owner of a design may apply to the court for an order, against a person having possession, custody or control in the course of a business of

- infringing articles; or
- anything specifically designed or adapted for the making of infringing articles, knowing or believing that the thing has been or is to be used to make infringing articles,

that the articles or things be delivered up to him or any other person as the court may direct. An application must be made within 6 years from the date the articles or things were made. Where the court makes such an order, it will also make an order as to forfeiture or destruction.

The qualified owner of a layout-design (topography) may apply to the court for an order, against a person having possession, custody or control

- for commercial exploitation purposes of an integrated circuit in which a protected layout-design (topography) is incorporated; or
- anything specifically designed or adapted for making integrated circuits to a particular layout-design (topography) knowing or having reason to believe that it has been or is to be used to make an integrated circuit in which a protected layout-design (topography) is incorporated,

that the integrated circuit or the thing referred to in the above paragraph be delivered up to him or any other person as the court may direct. Such an order shall not be made 6 years after the integrated circuit was made. A court shall not make such an order unless it appears there are grounds for an order for forfeiture or destruction.

Any other remedies

An infringement of moral rights and of a performer’s non-economic rights in copyright litigation is actionable as a breach of a statutory duty owed to the person entitled to the rights.

In certain circumstances of declared extreme emergency (defined as being necessary in the public interest to maintain supplies and services essential to the life of the community), the Government may make use of a patented invention or of a registered design as it considers necessary or expedient in relation to the emergency, including an infringing use. In such circumstances, the proprietor or registered owner, as the case may be, shall be paid by the Government compensation for loss resulting from him not being awarded a contract to supply the patented product or articles to which the design is applied.

6. In what circumstances, if any, do judicial authorities have the authority to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the goods or services found to be infringing and of their channels of distribution?

As common to all types of civil litigation, in an action against an infringer, discovery of documents and the administration of interrogatories may be used to obtain information of the identity of third parties involved in the production and distribution of infringing goods.

Alternatively, as part of an *Anton Piller* Order, the court may order that the defendant disclose the name and address of his suppliers in an action against the infringer.

The IP statutes do not specifically empower the judicial authorities to order an infringer to inform the right holder of the identity of the third person involved in the production and distribution of the goods or services found to be infringing and of their channels of distribution.

However, there is power for the Commissioner of Customs & Excise to disclose to the right holder information he has acquired relating to the infringing goods and articles used for the manufacture of the infringing goods, and/or to provide an opportunity to inspect suspected infringing articles. If the Commissioner is not forthcoming, the right holder may make an application to the Court.

In addition, a *Norwich Pharmacal* type order for discovery is available for obtaining evidence against persons who get mixed up with the tortious acts of others, as opposed to those who incur liability for infringement themselves.

7. Describe provisions relating to the indemnification of defendants wrongfully enjoined. To what extent are public authorities and/or officials liable in such a situation and what "remedial measures" are applicable to them?

Describe provisions relating to the indemnification of defendants wrongfully enjoined

A plaintiff applying for an interlocutory injunction is required to give the court an undertaking, usually supported by the giving of security, that, if the defendant is subsequently found to have been wrongly enjoined to desist in any activity, he will pay damages for any loss suffered by the defendant.

Similarly, where a right holder seeks a detention order from the court, the court may require the right holder to provide security or an equivalent assurance in an amount sufficient to protect the importer, consignee and owner from any loss or damage that may be incurred in the event that the seizure is wrongful or the article is released to the importer by reason of the failure of the right holder to bring infringement proceedings within the specified time.

To what extent are public authorities and/or officials liable in such a situation and what "remedial measures" are applicable to them?

The Commissioner of Customs and Excise and his authorised officers are not liable for any loss or damage suffered by any person as a result of any action taken or omitted to be taken in good faith in connection with the carrying out of their duties under the Trade Descriptions Ordinance, Copyright Ordinance, Prevention of Copyright Piracy Ordinance or in respect of a detention order. This indemnity does not extend to the Government for the action taken or omitted to be taken.

Judicial officers are immune from litigation in the event that their decisions are overturned by a superior court.

8. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost.

Describe provisions governing the length and cost of proceedings

There are no general provisions under the laws of Hong Kong, China governing the length and cost of proceedings. The presiding Judge has an overriding duty to control the proceedings in his court and may prescribe time limits for the filing of, and the responding to, of various pre-trial procedures. There is power to order an expedited hearing in urgent or blatant cases of infringement. Failure to comply with a time table set by the Court can result, in extreme cases, in the action being dismissed or a defence being struck out. Costs are generally reserved at each stage of the proceedings, and, at the conclusion of the hearing, one party or the other may be compensated for unnecessary procedural steps, or delay.

The cost of proceedings is otherwise entirely dependent on the pre-trial applications made, the quality of representation hired, the length of trial and the success of the action. A successful party can expect to be awarded costs, which if not agreed, will be taxed by a costing master.

There is a specific provision to award costs where a defendant, having been served with an *affidavit* pursuant to Section 121 of the Copyright Ordinance, seeks nevertheless to require the deponent to give evidence, and is subsequently found to be liable for the infringement. The court shall, in such circumstances, have regard to the actual costs incurred by the plaintiff and award costs accordingly. An example would be where an overseas copyright owner has sworn the *affidavit* and is unnecessarily brought to Hong Kong, China to give evidence. Then the true costs involved can be awarded even if they exceed the limit of costs which a court may otherwise award.

If in any proceedings before a court, the validity of the registration of a trade mark, patent or design is contested and that registration is found by the court to be valid, the court may certify the finding and the fact that the validity of the registration was so contested. If, in any subsequent proceedings for infringement or for revocation, a final judgment is made in favour of a party relying on the validity of the registration, that party shall be entitled to his costs on an indemnity basis or, in the case of a trade mark, on a solicitor-and-client basis.

Provide any available data on the actual duration of proceedings and their cost

Because of the great variations in the length of and cost of proceedings, it is not possible to provide any meaningful data. Suffice to say that IP litigation is no more, or less expensive than other civil litigation in Hong Kong, China.

(b) *Administrative procedures and remedies*

9. Reply to the above Questions in relation to any administrative procedures on the merits and remedies that may result from these procedures.

Under the laws of Hong Kong, China, there are no administrative procedures on the merits, thus no remedies that may result therefrom.

Provisional Measures

(a) *Judicial measures*

10. Describe the types of provisional measures that judicial authorities may order, and the legal basis for such authority.

In the courts of Hong Kong, China with jurisdiction to hear IPR cases, provisional measures, i.e. those available before the trial on the merits of a case, are provided for in the form of interlocutory (or *interim*) injunctions; an order for the *interim* attachment of the defendant's property; prohibition orders and *interim* payment orders.

The general power to grant an interlocutory injunction is derived both from the inherent jurisdiction of the High Court under common law and from statutory authority applicable to both the District Court and the High Court. Interlocutory injunctions may be "mandatory" (requiring a party to act in a particular way), or "prohibitory" (preventing a party from acting in a particular way). They are discretionary in nature.

Interlocutory injunctions are available only when a Judge (the grant of an injunction is beyond the jurisdiction of a Registrar or Master) is satisfied that the criteria laid down in *American Cyanamid Co v Ethicon* [1975] AC 396 are fulfilled, viz

- there is a serious Question to be tried, that is, the plaintiff has a real prospect of succeeding in his claim for a permanent injunction; and
- that the balance of convenience lies in favour of granting the injunction.

This test has been further amplified by subsequent case law. Hence, in assessing where the balance of convenience lies, the Judge should first consider whether, if the plaintiff succeeds at the trial of the action, he would be adequately compensated by damages for the loss sustained between the application and the trial, in which case no interlocutory injunction should normally be granted. However, if damages would not provide an adequate remedy, the Judge should then consider whether, if the plaintiff fails in the action, the defendant would be adequately compensated under the plaintiff's undertaking as to damages, in which case there would be no reason under this ground to refuse an interlocutory injunction. Then the Judge must go on to consider all other relevant matters, an important factor being the preservation of the *status quo* where the balance is otherwise even. Finally, a court may bear in mind any clear view the court may reach as to the relative strength of each party's case. (*Series 5 v Clarke* [1996] FSR 273)

Generally a higher degree of probability of success is required where a mandatory injunction rather than a prohibitive one is sought.

All interlocutory injunctions lapse when judgment is given on the substantive hearing.

In *Mareva Compania Naviera SA v International Bulk Carriers SA* [1980] 1 All ER 213 the English Court of Appeal held that, where a debt is owed to a plaintiff and it is reasonably feared that a defendant residing outside the jurisdiction may send its assets offshore to avoid enforcement of the judgment, the court may grant an interlocutory injunction restraining the defendant from doing so. The principle has been extended by the courts to cover defendants resident within the court's jurisdiction where it is shown that there is a likelihood that they may move their assets offshore or conceal them locally. The principle has now been enshrined in statute. Section 21L(3) of the High Court Ordinance provides:

“The power of the Court of First Instance under subsection (1) to grant an interlocutory injunction restraining a party to any proceedings from removing from the jurisdiction of the Court of First Instance, or otherwise dealing with, assets located within that jurisdiction shall be exercisable in cases where that party is, as well as in cases where he is not, domiciled or resident or present within that jurisdiction.”

The injunction operates *in personam* only and does not give the plaintiff any right in or lien over the defendant's assets. The *Mareva* injunction does, however, carry with it the sanction of committal for contempt of court in the event that a defendant disposes of his assets in violation of the order.

Similar in scope is an order available to order interim attachment of the defendant's property. The application to the court is to call upon the defendant to furnish sufficient security to produce and place at the disposal of the court, when required, his property, or the value of the same, or such portion thereof as may be sufficient to answer any judgment that may be given against him, and, in the event of his failing to furnish such security, to direct that any property, movable or immovable, belonging to the defendant shall be attached until the further order of the court. See also paragraphs 9 and 10 of the reply to Question 12 above.

The purpose of an *Anton Piller* Order resulting from *Anton Piller KG v Manufacturing Processes Ltd* [1976] 1 All ER 779 is to prevent a likely defendant from destroying property which would be relevant as evidence in the trial before the case comes on for hearing. The Order will be to the effect that the plaintiff, by his solicitor, be entitled to enter the defendant's premises and search for the goods or documents specified in the order and remove, inspect or photograph such material. Additionally the defendant might be required to disclose the name and address of his suppliers. The Order will invariably include an interlocutory injunction restraining the defendant from selling or manufacturing certain specified items or carrying out certain specified activities and also impose a restraint upon the defendant from informing others of the existence of the proceedings.

Another further provisional order is available in Hong Kong, China, namely a Prohibition Order. This Order, which derives its jurisdiction from Section 21B of the High Court Ordinance (or Section 52E of the District Court Ordinance), prohibits a person from leaving Hong Kong, China and thus to facilitate the enforcement, securing or pursuance of a judgment against that person for the payment of a specified sum of money (or of an amount to be assessed), or a civil claim (other than a judgment) for the payment of a sum of money or damages or for the delivery of any property or performance of any act. See also paragraphs 13 and 14 of the reply to Question 12 above.

Another form of provisional order is an application to the court, for an order requiring the defendant to make an interim payment. An “interim payment” is defined as a payment on account of damages, debt or other sum (excluding costs) which a defendant may be held liable to pay to or for the benefit of the plaintiff. The remedy will normally be denied unless the plaintiff can show hardship during the period from the institution of the proceedings and the date of judgment and that the defendant should be the proper person to alleviate that hardship.

11. In what circumstances may such measures be ordered *inaudita altera parte*?

In case of urgency, the plaintiff may make the application *ex parte* on *affidavit* and this may be done even before the issue of originating process. The typical *Anton Piller* order or *Mareva* injunction application, being based on the apprehension that the defendant will behave unscrupulously, is invariably brought *ex parte* to ensure that the defendant is not given an opportunity to negate the effect of the order by acting prior to the order being made.

12. Describe the main procedures for the initiation, ordering and maintenance in force of provisional measures, in particular relevant time-limits and safeguards to protect the legitimate interests of the defendant.

The application for an interlocutory injunction may be made *ex parte* (for further discussion see answer to Question 11) on *affidavit* when the case is one of urgency, but generally it is *inter partes* by motion or summons after the issue of the originating process.

Where the application is *ex parte*, Practice Directions issued by the Chief Justice require that the supporting *affidavit* should contain a clear and concise statement of

- the facts giving rise to the claim against the defendant in the proceedings;
- the facts giving rise to the claim for interlocutory relief;
- the facts relied upon as justifying the application *ex parte* for each part of the order sought;
- any answer either asserted by the defendant or which he is likely to assert;
- any facts known to the applicant which might lead the court not to grant the relief sought or not to grant it *ex parte*; and
- the precise relief sought.

Undertakings will be required from the applicant to notify the defendant of the terms of the order forthwith, to file an *affidavit* if the evidence has been given orally in Court; and to commence proceedings if they have not yet been commenced. An undertaking in damages also needs to be filed. The draft order filed with the application must also contain provisions for the defendant to apply on notice for variation or discharge of the order; for a return date of an *inter partes* hearing; and for the costs to be reserved.

Interlocutory injunctions are listed for each Friday, thus the return date will be entered as the next Friday provided that two clear days' notice can be given. Theoretically the *inter partes* hearing can then be conducted, though in practice the parties will have had insufficient time to arrange their arguments and the day is used to assign a time table for subsequent filings and hearings. A maximum of two 14-day adjournments are permitted.

Protection is given therefore to the legitimate interests of a defendant by the Practice Directions and weekly sittings. An interlocutory injunction granted *ex parte* may be set aside following an *inter partes* hearing. If the Judge considers that the hearing should be expedited, he may issue time limits for the various further stages.

In the majority of cases, there is no dispute as to the material facts. In that event, the Judge, with the consent of the parties, may treat an application for an interlocutory injunction as the trial of the action and make a final order.

In addition to the matters contained in the Practice Directions detailed above, an applicant for an *ex parte Mareva* injunction must also undertake to pay the reasonable cost and expenses incurred in complying with the order by any third party to whom notice of the order is given. To succeed in an application, the applicant must establish a good arguable case; a real risk that the defendant might dissipate his assets; that the order is just or convenient; and that the defendant has assets. See further the discussion in paragraphs 7-11 of the reply to Question 10 above.

There is an even greater need in the case of a *Mareva* injunction for full and frank disclosure by the plaintiff of all matters within his knowledge which are relevant for the Judge to know. Failure to disclose fully has commonly been considered sufficient grounds to set aside *ex parte Mareva* injunctions. This provides one further protection of the legitimate interests of a defendant. There are no time limits relating to when the application may be made. It takes effect from the moment it is pronounced and will normally be granted for a few days only until the defendant can be served and third parties notified (by telephone or fax if necessary).

The application for an Order for the interim attachment of property may be made either at the institution of the action or at any time thereafter until final judgment. An *affidavit* must accompany such application to the effect that the defendant is about to dispose of or remove his property with intent to obstruct or delay the execution of any judgment that may be given against him. The application must contain a specification of the property required to be attached and the estimated value thereof. The court has the power to cause to be made such investigation as it may consider necessary. If satisfied that there is probable cause for believing that the defendant is about to dispose of or to remove his property with such intent, the court will issue a warrant to the bailiff commanding him to call upon the defendant either to furnish security or to appear before the court and show cause why he should not furnish the security. The court may also direct in the warrant the attachment of any property of the defendant within Hong Kong, China.

Should the defendant show cause or furnish the required security within the period prescribed by the court, the attachment shall be withdrawn. There is power to award costs for unjustifiable attachment.

With an *Anton Piller* Order the plaintiff must persuade the court that there is a very strong *prima facie* case on the merits and that he is likely to sustain serious loss by the defendant destroying the materials or documents in Question. There must be clear evidence that such materials or documents exist. Evidence that the defendant was engaged in wrong doing is perhaps the most persuasive evidence that would enable a court to draw the inference that evidence of such wrong doing would be destroyed. See also paragraph 10 of the reply to Question 10 above.

As with *Mareva* injunctions, full disclosure is vital for an *Anton Piller* Order.

The application for a Prohibition Order is made *ex parte* and may be made by a plaintiff who intends to commence an action. The “plaintiff” must produce at the hearing a draft writ and must undertake to the Court to issue the writ on the next day that an office of the Court is open. An appearance is required before the Master (unlike most *ex parte* applications which are decided on the papers filed) in support of the application. The Court’s power to prohibit departure is limited to one month for the initial order, which may be extended by two further periods of one month each. There is no express provision precluding a further fresh application being filed to extend the period that a

defendant can be compelled to remain in Hong Kong, China. Enforcement is effected by the placement of the defendant on the “stop list” administered by the Director of Immigration.

A person subject to a Prohibition Order may, on two clear days’ notice to the plaintiff, and upon being present in court, apply for a discharge of the order. Where a defendant consents to judgment being entered against him; or satisfies the court that he has a substantial defence to the plaintiff’s claim; or a combination of the two, the court shall discharge the order. It is then for the plaintiff to notify the Director of Immigration that the order has been discharged. Costs may be awarded against a plaintiff who fails to do so or is found to have made the initial application on insufficient grounds.

Interim payment orders may be applied for at any time after the writ has been served on the defendant and the time limit for him to acknowledge service has expired. The application is generally made by summons, supported by an affidavit. Rules of court state that the *affidavit* shall verify the amount of damages to which the application relates and the grounds of the application and exhibit any documentary evidence relied upon. The summons and copy of the affidavit with exhibits must be served upon the defendant ten clear days before the return date.

If, on the hearing of the application, the Court is satisfied that the defendant has admitted liability for the plaintiff’s damages, or that a judgment has been obtained against the defendant for damages to be assessed, or that, if the action proceeded to trial, the plaintiff would obtain judgment for substantial damages against the respondent, the court may order the payment of an *interim* amount in the sum it thinks just and not exceeding a reasonable proportion of the damages likely to be ordered.

13. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost.

Under the laws of Hong Kong, China, there are no provisions which govern the length or cost of proceedings for provisional measures. Time limits for an *inter partes* hearing are provided for by requiring a return date to be specified in the orders granted and by the weekly hearings of interlocutory matters. Costs are reduced by not requiring the appearance of the applicant in any *ex parte* application save that for a prohibition order. No data are accordingly available for the actual duration of proceedings or their cost.

(b) *Administrative measures*

14. Reply to the above Questions in relation to any administrative provisional measures.

Subject to the “Border Measures” described in answer to Questions 15-19, under the laws of Hong Kong, China, there are no provisions whereby provisional relief can be given by an administrative body.

Special Requirements Related to Border Measures.

15. Indicate for which goods it is possible to apply for the suspension by the customs authorities of the release into free circulation, in particular whether these procedures are available also in respect of goods which involve infringements of intellectual property rights other than counterfeit trademark or pirated copyright goods as defined in the TRIPS Agreement (footnote to Article 51). Specify, together with relevant criteria, any imports excluded from the application of such procedures (such as goods from another member of a customs union, goods in transit or *de minimis* imports). Do the procedures

apply to imports of goods put on the market in another country by or with the consent of the right holder and to goods destined for exportation?

Indicate for which goods it is possible to apply for the suspension by the customs authorities of the release into free circulation, in particular whether these procedures are available also in respect of goods which involve infringements of intellectual property rights other than counterfeit trade marks or pirated copyright goods as defined in the TRIPS Agreement (Footnote to Article 51)

Under the Trade Descriptions Ordinance, the goods for which a proprietor of a trade mark may apply to the High Court for a Detention Order are those which are defined as “infringing goods”. These are goods to which a forged trade mark has been applied or to which a trade mark or mark so nearly resembling a trade mark as to be calculated to deceive has been falsely applied.

A person is deemed to forge a trade mark who either, without the assent of the proprietor of the trade mark, makes that trade mark or a mark so nearly resembling that trade mark as to be calculated to deceive, or falsifies any genuine trade mark, whether by alteration, addition, effacement, or otherwise. Falsely applying a trade mark is defined as the application of a trade mark to goods without the assent of the trade mark proprietor.

Under the Copyright Ordinance, right holder (owner or exclusive licensee of the copyright that subsists in the work) may apply to the High Court for a Detention Order in respect of an “infringing copy of a work”. A copy of a work is an infringing copy if its making constituted an infringement of the copyright in the work in Question.

The performer of a performance which gives rise to performer’s rights under Part III of the Copyright Ordinance, the exclusive licensee of such rights, or a person who has fixation rights in relation to the performance may apply to the High Court for a Detention Order where he has reasonable grounds for suspecting that the importation of an article that constitutes an infringing fixation of the performance may take place. An “infringing fixation” is defined as follows: “For the purposes of the performer’s rights, a fixation of the whole or any substantial part of a performance of his is an infringing fixation if it is made, otherwise than for private purposes, without his consent. For the purposes of the rights of a person having fixation rights, a fixation of the whole or any substantial part of a performance subject to the exclusive fixation contract is an infringing fixation if it is made, otherwise than for private purposes, without his consent or that of the performer”.

Other than the classes of goods and materials described above, no other goods are subject to the Detention Order procedures.

Specify, together with relevant criteria, any imports excluded from the application of such procedures (such as goods from another member state of customs union, goods in transit or *de minimis* imports). Do the procedures apply to imports of goods put on the market in another country by or with the consent of the right holder and to goods destined for export?

Under both the Trade Descriptions Ordinance and the Copyright Ordinance, the only goods exempted, by statute, from the application of the border measures are goods in transit and goods imported by a person for his private and domestic use. Goods in transit are defined as those which are brought into Hong Kong, China solely for the purpose of taking them out of Hong Kong, China and remain at all times in or on the vessel or aircraft in or on which they are brought into Hong Kong, China.

As the issue by the High Court of a Detention Order is an exercise of a discretion, such an order is unlikely to be made in a *de minimis* situation.

Goods seized or detained by the Customs & Excise Department are also excluded from the operation of the provisions.

The provisions under the Trade Descriptions Ordinance do not extend to “parallel imports” of trade mark goods. Furthermore, the procedures do not apply to “parallel imports” either of articles infringing copyright or infringing fixations that were lawfully made in the country where they were made. “Lawfully made” does not however include the making of a copy of a work (or a fixation) in a country where there is no law protecting copyright in the work (or rights in performances in the performance) or where the copyright in the work (or rights in performances in the performance) has expired.

The provisions do not extend to goods, articles or fixations intended for export.

- 16. Provide a description of the main elements of the procedures relating to the suspension of the release of goods by customs authorities, in particular the competent authorities (Article 51), the requirements for an application (Article 52) and various requirements related to the duration of suspension (Article 55). How have Articles 53 (security or equivalent assurance), 56 (indemnification of the importer and of the owner of the goods) and 57 (right of inspection and information) been implemented?**

Where a right holder has reasonable grounds for suspecting that an importation of an article that constitutes an infringing copy of the work in which he is the right holder may take place, he may apply, in writing, to the High Court for a Detention Order. The application may be made *ex parte* but with previous notice to the Commissioner of Customs & Excise. The competent authority from a judicial point of view is the High Court, whilst the competent authority from an administrative point of view is the Customs & Excise Department.

The application must be supported by an *affidavit* which sets out the standing of the applicant in relation to the work and the fact that it is a protected work; annex an authorised copy of the work; state the grounds for the application including the facts relied upon by the applicant to establish that the article is *prima facie* an infringing one; give sufficient details to identify it and state the expected mode of transport, date of arrival, and particulars of the importer.

If the Court is satisfied at the hearing of the application that there is sufficient of *prima facie* evidence infringement, the Court may make an Order directing the Commissioner to take reasonable measures to seize or detain the article on or after its importation. Such an Order is to be served by the right holder upon the Commissioner. The Order lapses after 60 days unless a seizure is made before then.

The Court may require the right holder to provide security or an equivalent assurance in an amount sufficient to protect the importer, consignee, and owner of the article, from any loss or damages suffered by reason of wrongful detention or by the failure of the right holder to bring an action for infringement within the prescribed period. Further security may be ordered by the court if the period of detention is extended. Furthermore, upon serving the Commissioner with a copy of the Order, the right holder shall deposit with the Commissioner an amount that is, in the opinion of the Commissioner, sufficient to reimburse the Government for the costs likely to be incurred in

connection with the carrying out of the Detention Order and, upon notification in writing of seizure, provide the Commissioner such storage space and other facilities as he may require.

Upon being served with a copy of the Detention Order, the Commissioner shall seize or detain any articles to which the Order relates. The applicant has a continuing duty to provide the Commissioner with such information as the Commissioner may reasonably require as in his possession it is necessary. Any affected party may apply at any time to the court for a variation of, or to set aside, the Order. Following seizure, the Commissioner is required to give notice to the right holder and to the importer. The right holder should then forthwith bring an action for infringement and notify the Commissioner that he has done so. If the right holder does not bring an action for infringement and notify the Commissioner in writing of the fact within ten days (not counting public holidays, gale warning days or black rainstorm warning days) of notice of seizure (subject to any further ten day extension ordered by the Court), the Commissioner may release the goods.

The importer is entitled to recover any loss or damages suffered by wrongful seizure, abandoned proceedings for infringement, or unsuccessful proceedings. The Commissioner must give both the right holder and the importer the right to inspect the goods and draw samples if required. There is power for the Commissioner to disclose to the right holder, following seizure or detention pursuant to a Detention Order, the name and address of the importer; the consignee and consignor; the nature and quantity of the articles seized; any statement made to the Commissioner or an authorised officer by any person connected with the seizure with that person's written consent; and any other information or document relating to any article seized which the Commissioner thinks fit to disclose. The power of disclosure after the making of a Detention Order is more wide-ranging than the discretionary entitlement to provide for such disclosure only after the merits of the infringement action is determined.

With the necessary amendments required for the different nature of the goods, the above description is equally applicable to the corresponding provisions of the Trade Descriptions Ordinance.

17. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost. How long is the validity of decisions by the competent authorities for the suspension of the release of goods into free circulation?

Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost

There are no provisions governing the length of proceedings. The costs (apart from Court filing fees) to the applicant, by reason of having to give security against possible loss by the importer, have been detailed above. There are no data available relating to the length and cost of proceedings for the reason given in answer to Question 8.

How long is the validity of decisions by the competent authorities for the suspension of the release of goods into free circulation?

See paragraph 5 of the reply to Question 16 above.

18. Are competent authorities required to act upon their own initiative and, if so, in what circumstances? Are there any special provisions applicable to *ex officio* action?

There are no provisions requiring the Commissioner of Customs & Excise to act on his own initiative under the border measures detailed in Question 15 *et seq.* He has, however, a duty to

enforce the criminal provisions of the Copyright and the Trade Descriptions Ordinances. He will act in that capacity both on complaint being made and on his own initiative with respect to any importation of infringing articles into Hong Kong, China.

There is specific protection provided in the border measure provisions exempting the Commissioner and authorised officers (but not the Government of Hong Kong, China) from any loss or damage suffered as a result of any action taken or omitted to be taken in good faith in connection with the carrying out of a Detention Order under the Trade Descriptions Ordinance.

19. Describe the remedies that the competent authorities have the authority to order and any criteria regulating their use.

The Commissioner of Customs & Excise has no power to order any remedies. The remedies that may be ordered by the High Court, apart from a variation or the setting aside of a Detention Order as detailed above in answer to Question 16, are those associated with infringement action in general as detailed in answer to Question 5.

Criminal Procedures

20. Specify the courts which have jurisdiction over criminal acts of infringement of IPRs.

In Hong Kong, China, summary offences are heard in the Magistrates Court, presided over by a Magistrate; indictable offences are heard in either the District Court, presided over by a District Court Judge sitting alone, or in the Court of First Instance, presided over by a Judge sitting with a jury of seven jurors. For juveniles, a special division of the Magistrates Court will hear criminal cases involving offenders under the age of 16 years.

The Magistrates Court is the originating court for all criminal cases. The prosecutor can require a transfer of the case to the District Court, or seek a committal to the Court of First Instance on the first appearance of the defendant in answer to the summons or warrant for arrest. The jurisdictional limit for a Magistrate is, except where a greater penalty is specifically provided for in any ordinance, a fine not exceeding HK\$100,000 and a term of imprisonment not exceeding two years. There is no limit on the value of goods that may be forfeited by operation of law.

The maximum sentence which can be imposed by a District Court Judge is a term of imprisonment of seven years. There is no maximum monetary penalty that can be imposed by a District Court Judge, the maximum being generally provided for in the specific ordinance under which the defendant is prosecuted. There is no limit on the value of goods that may be forfeited by operation of law.

The High Court sitting as the Court of First Instance in its criminal jurisdiction has unlimited sentencing powers.

All appeals from criminal cases determined in the Magistrates Court are heard in the High Court sitting in its appellate jurisdiction by a single Judge.

All appeals from criminal cases determined in the District Court and the Court of First Instance are heard in the Court of Appeal. Appeals to the Court of Appeal are heard by a panel of three Justices of Appeal. The appeals may be against conviction or sentence or both.

The Court of Final Appeal is the court of final adjudication in Hong Kong, China. It will hear appeals from the Court of Appeal and appeals from the Court of First Instance (not being a verdict of a jury) where no appeal lies to the Court of Appeal. Leave to hear criminal appeals will only be

granted when the points of law involved are certified to be of great and general importance or that substantial or grave injustice has been done.

21. In respect of which infringements of which intellectual property rights are criminal procedures and penalties available?

Under the Copyright Ordinance, a person commits an offence if he, without the licence of the copyright owner, makes for sale or hire; imports into or exports from Hong Kong, China (otherwise than for his private and domestic use); possesses for the purpose of trade or business with a view to committing any act infringing the copyright; or, for the purposes of trade or business, sells or lets for hire; offers or exposes for sale or hire; exhibits in public; or distributes; or distributes otherwise than for the purpose of trade or business to such an extent as to affect prejudicially the owner of the copyright, an infringing copy of a copyright work.

The offence in the preceding paragraph carries a maximum penalty of a fine of HK\$50,000 per infringing copy and imprisonment of four years.

It is also an offence under the Copyright Ordinance to make; import into or export from Hong Kong, China; possess, sell or let for hire, or offer or expose for sale or hire an article specifically designed or adapted for making copies of a particular copyright work where the article is used or is intended to be used to make infringing copies of the copyright work for sale or hire or for use for the purpose of trade or business.

Under the Copyright Ordinance, a person commits an offence if he has in his possession an article, knowing or having reason to believe that it is used or is intended to be used to make infringing copies of any copyright work for sale or hire or for use for the purposes of trade or business.

Making infringing articles or the paraphernalia for making infringing articles outside Hong Kong, China, for export to Hong Kong, China, and the export from Hong Kong, China of such paraphernalia, otherwise than for private and domestic use, is also an offence under the Copyright Ordinance.

The offences in the three preceding paragraphs carry maximum penalties of a fine of HK\$500,000 and imprisonment for eight years.

Under the Trade Descriptions Ordinance, a person commits an offence if he forges any trade mark; falsely applies to any goods any trade mark or any mark so nearly resembling a trade mark as to be calculated to deceive; makes, disposes of or has in his possession any die, block, machine or other instrument for the purpose of forging a trade mark; or causes to be done anything above, unless he proves that he acted without intent to defraud.

Furthermore, any person who sells or exposes for sale or has in his possession for sale or for any purpose of trade or manufacture, any goods to which any forged trade mark is applied, or to which any trade mark or mark so nearly resembling a trade mark as to be calculated to deceive is falsely applied, commits an offence.

Any person who imports or exports other than for private use, any goods to which a false trade description or forged trade mark is applied also commits an offence, unless the goods are not intended for trade or business.

It is an offence to apply a false trade description to goods, thus any false indication of the place of manufacture can be charged as an offence which carries the same penalties as trade mark offences.

The offences in the four preceding paragraphs carry a maximum penalty on a conviction on indictment of a fine of HK\$500,000 and imprisonment for five years, and on summary conviction, of a fine of HK\$100,000 and imprisonment for two years.

With effect from 14 January 2000, offences relating to the infringement of trade mark rights and the import or export of goods bearing a forged trade mark (under the Trade Descriptions Ordinance), as well as offences relating to the making of and dealing with infringing copies of copyright works (under the Copyright Ordinance) have been classified among offences under the Organized and Serious Crimes Ordinance.

By virtue of this amendment, additional investigative powers are conferred on the Commissioner of Customs & Excise to compel, by means of a court order, a particular person or persons of a particular description, to produce or to grant access to material likely to be relevant to his investigation of the copyright infringement or trade descriptions offence. Where organised crime is involved, a “witness order” is available, on application by the Secretary for Justice, to require a person believed to have information relevant to an investigation to divulge such information and to furnish material that reasonably appears to an authorised officer to be relevant to the investigation of an organized crime. In addition, the Court of First Instance or the District Court may, upon application by the prosecution, make a confiscation order to recover the proceeds of the offence if they exceed HK\$100,000 in total. In respect of sentencing, to assist the Court the prosecution may also furnish such information as the prevalence of the offence, its financial rewards to the defendant, the nature and extent of its impact on the community and the victim(s), and its connection with the activities of a triad society. Based on this information, the Court of First Instance and the District Court may pass an enhanced sentence which is subject to the statutory maximum penalty for the offence in question (see paragraphs 2, 6 and 11 of the reply to Question 21 above).

Under the Prevention of Copyright Piracy Ordinance, any person who manufactures optical discs in Hong Kong, China without a valid licence commits an offence and is liable on first conviction to a fine of HK\$500,000 and to imprisonment for two years; and on a second or subsequent conviction, to a fine of HK\$1,000,000 and to imprisonment for four years.

Any person who manufactures optical discs in any place in Hong Kong, China other than a licensed premise, or manufactures optical discs without the manufacturer’s source identification code, as endorsed on his licence, marked on them, commits an offence and is liable on first conviction to a fine of HK\$100,000 and to imprisonment for two years, and on a second or subsequent conviction, to a fine of HK\$200,000 and to four years imprisonment.

Minor offences exist for manufacture in contravention of conditions endorsed on the licence; for failing to display the licence in a conspicuous place; or failure to notify the Commissioner of Customs & Excise of any changes which occur in relation to any particulars set out in any application made under the Prevention of Copyright Piracy Ordinance.

Under the Patents Ordinance and the Registered Designs Ordinance, criminal offences are provided for the falsification of the Register; unauthorised claim of patent rights; false representation that design is registered, or that a patent has been applied for; and misuse of the titles “Patents Registry” and “Designs Registry”.

Under the Plant Varieties Protection Ordinance, any person who, in an application, or in any attachment to an application, furnishes or supplies, with intent to deceive, any false or misleading information commits an offence.

Any person who falsely represents that any person is the owner of a protected variety or that any person has applied for a grant in respect of any variety, knowing or having reason to believe that any person has applied for a grant in respect of any variety, knowing or having reason to believe that the representation is false, commits an offence.

Any person

- who falsely represents that a plant variety is a registered plant variety;
- who sells material of a plant variety and who falsely represents that
 - that variety is a protected variety or a variety in respect of which an application has been made; or
 - that variety is material of some other variety being a variety that is a protected variety or a variety in respect of which an application has been made,

knowing or having reason to believe that the representation is false, commits an offence.

Any person who willfully or negligently sells reproductive material of a protected variety or a variety that was a protected variety until the grant made in respect of it expired, without using its denomination or associating any trade mark, trade name or other similar indication with that denomination unless that denomination is clearly recognisable commits an offence.

The offences in the four preceding paragraphs carry a maximum penalty of a fine of HK\$100,000.

Under the current Trade Marks Ordinance, it is an offence to make a false entry in the Register, which is punishable by a fine of HK\$50,000 and imprisonment for seven years.

22. Which public authorities are responsible for initiating criminal proceedings? Are they required to do this on their own initiative and/or in response to complaints?

The Commissioner of Customs & Excise has a duty to enforce the criminal provisions of the Copyright Ordinance, the Prevention of Copyright Piracy Ordinance and the Trade Descriptions Ordinance.

The Director of Agriculture, Fisheries and Conservation (who is also designated as the Registrar of Plant Variety Rights) has the duty to enforce the criminal provisions of the Plant Varieties Protection Ordinance. In doing so he may appoint any public officer to perform any of the functions conferred upon him.

Both departments will act on their own initiative as well as in response to complaints. Other law enforcement agencies, namely the Hong Kong Police and the Independent Commission Against Corruption, will use their powers of arrest and seizure should they encounter suspected copies of infringing goods in the exercise of their duties. The cases would then be passed to the Customs & Excise Department for follow-up investigation and prosecution action.

Charges are laid by the Customs & Excise Department, and if the amount of the seizure is comparatively small, the matter will be prosecuted by lay Customs & Excise prosecutors. The Department of Justice will be consulted in respect of any larger seizure for advice as to venue, the appropriate charges and the sufficiency of evidence. The prosecution of all criminal cases transferred

to the District Court will be undertaken by a prosecutor from the Department of Justice or by a Fiat Counsel assigned by the Department of Justice.

Prosecutions in respect of criminal offences under the Patents, Registered Designs and Trade Marks Ordinances would be conducted by the Department of Justice upon complaints being received.

23. Do private persons have standing to initiate criminal proceedings and, if so, who?

Under the common law, every person or body corporate has the right to institute any criminal prosecution that does not require, under a statutory provision, the prior consent of the Secretary for Justice. The Secretary for Justice has the power to take over and continue, or discontinue, a private prosecution in the public interest and would do so unless warranted by exceptional circumstances.

24. Specify, by category of IPR and type of infringement where necessary, the penalties and other remedies that may be imposed:

- **imprisonment;**
- **monetary fines;**
- **seizure, forfeiture and destruction of infringing goods and materials and implements for their production;**
- **other.**

For the penalties that may be imposed for each specific offence, see the answer to Question 21 herein. In addition, the courts have wide powers in dealing with infringing articles and paraphernalia.

Under the Trade Descriptions Ordinance, any goods in respect of which an offence under the Ordinance has been committed shall be liable to forfeiture, whether or not any person has been convicted of any such offence. On any application brought by the Commissioner of Customs & Excise for forfeiture, if the court is satisfied that the goods are liable for forfeiture, the court may order that the goods be forfeited to the Government of Hong Kong, China; be destroyed; or, in exceptional cases, any forged trade mark applied to the goods be obliterated and hereafter the goods be disposed of in such manner and subject to any such conditions as the court may specify, or be released to the owner subject to such conditions as the court may specify.

Under the Copyright Ordinance, where an authorised officer has seized or detained

- any article which appears to him to be an infringing copy of a copyright work;
- an article specifically designed or adapted for making copies of a particular copyright work which appears to him to be intended for use for making infringing copies of any such work;
- anything which appears to him to be or to contain, or to be likely to be or to contain, evidence of an offence under the Ordinance; and
- any vessel, aircraft, or vehicle (other than a ship of war or a military aircraft or vehicle) which he reasonably suspects to be or, has been used in connection with an offence under the Ordinance,

that article, vessel, aircraft, vehicle or thing is liable for forfeiture whether or not any person has been charged with an offence.

Should the owner of the article etc. so seized fail to give notice to the Commissioner within 30 days commencing from the date of seizure that the article, vessel, aircraft, vehicle or thing is not liable for forfeiture, at the expiration of that period, the article is forfeited forthwith to the Government of Hong Kong, China.

Where a person is charged with an offence, the court may, if satisfied that any article, vessel, aircraft, vehicle or thing

- is an infringing copy of a copyright work;
- is an article specifically designed or adapted for making copies of a particular copyright work and which has been used, or is intended to be used, for making infringing copies of any such work;
- has been used in connection with any offence under the Ordinance, order that the article, vessel, aircraft, vehicle or thing be
 - forfeited to the Government of Hong Kong, China;
 - delivered up to the person who appears to the court to be the owner of the copyright concerned;
 - disposed of in such other way as the court may think fit;

whether or not the person charged is convicted of the offence with which he was charged.

Where an owner has given notice that the article is not liable for forfeiture within the specified time, and the owner is not a defendant in criminal proceedings brought, the Commissioner shall apply to a court for the forfeiture of the article, vessel, aircraft, vehicle or thing, unless he is satisfied that on the basis of the evidence of the case, the thing seized should be delivered to the claimant. At the hearing of such an application, the court, if it is satisfied that the article, vessel, aircraft, vehicle or thing is liable for forfeiture, may order that the article, vessel, aircraft, vehicle or thing be

- forfeited to the Government of Hong Kong, China;
- provided the claimant can satisfy the court that the article seized is not an infringing copy or as the case may be, an article specifically designed to make copies of any particular copyright work, delivered up to the claimant, subject to any conditions which it may specify in the order;
- disposed of in such manner and subject to such conditions as it may specify in the order.

Under the Prevention of Copyright Piracy Ordinance, where an authorised officer has seized, removed or detained

- any optical disc which appears to him to have been, or to be likely to have been, manufactured in contravention of the Ordinance; and
- any machinery, equipment or other thing which appears to him to be or to contain, or to be likely to be or contain, evidence of an offence under the Ordinance,

the optical disc, machinery, equipment or other thing seized is liable for forfeiture whether or not any person has been charged with an offence under the Ordinance.

In the circumstances in the preceding paragraph the procedures outlined in paragraph 3 of the reply to Question 24 under the Copyright Ordinance apply with the necessary modifications. The minor variation is that where a person is charged with an offence under the Prevention of Copyright Piracy Ordinance, the court may, if it is satisfied that any optical disc has been manufactured in contravention of the Ordinance, or any machinery etc. has been used in connection with any offence under the Ordinance, order that the optical disc machinery etc. be forfeited to the Government of Hong Kong, China or disposed of in such other way as the court may think fit, whether or not the person charged is convicted of the offence.

25. Describe provisions governing the length and any cost of proceedings. Provide any available data on the actual duration of proceedings and their cost, if any.

There are no provisions governing the length of proceedings. The presiding Judge has a duty to control the conduct of his court, which he may exercise against a party who wastes time with irrelevant evidence or cross-examination. There are no filing costs in criminal trials.

Costs may be awarded against the prosecution in certain circumstances including where the defendant is acquitted of some charges or where he is successful on appeal. The power is discretionary and costs would not normally be awarded if the defendant brought suspicion upon himself. Cost may be awarded against a defendant who is convicted or where an appellant is unsuccessful and the Court of Appeal is satisfied that there was no merit in the appeal.

There is also provision for costs to be awarded against either party where a Court is satisfied that costs have been incurred as a result of an unnecessary or improper act or omission by a party.

A specific provision exists to award costs where a defendant, having been served with an *affidavit* pursuant to Section 121 of the Copyright Ordinance, seeks nevertheless to call the deponent to give evidence, and is subsequently convicted of the relevant offence. The court shall in such circumstances have regard to the actual costs incurred by the prosecutor and award costs accordingly. An example would be where an overseas copyright owner has sworn the *affidavit* and is unnecessarily brought to Hong Kong, China to give evidence, then the true costs involved can be awarded even if they exceed the limit of costs which a court may otherwise award.

No data are available on the actual duration of proceedings. A large percentage of defendants plead guilty on being served with the evidence by the prosecutor. Those cases which are contested are often contested on matters such as the admissibility of confessions made, or on elements such as lack of knowledge of the infringing nature of the goods rather than on the essential elements of rights subsistence or ownership and infringement thereof. Trials rarely therefore last more than five days, with an estimated average of three days.
