



Hong Kong – Your Safe and Fast Track to Grow Technology Business in China

Intellectual Property Laws and the Court System



David S. Bloch
Winston & Strawn LLP
101 California Street, Fl. 39
San Francisco, CA 94111
415-591-1000 (office)
415-591-1400 (fax)
dbloch@winston.com

Outline of Remarks

- **The Hong Kong Legal System**
- **The Hong Kong Court System**
- **Hong Kong Intellectual Property Laws**
- **Case Studies and War Stories**
 - **Direct Litigation in Hong Kong**
 - **Enforcement of U.S. Rights in Hong Kong Courts**
 - **Enforcement of Hong Kong Rights in the U.S.**
- **Closing Thoughts**

The Hong Kong Legal System

- Hong Kong enjoys a democratically elected Legislative Council and a common-law, precedent-based, adversarial legal system – more like England’s than America’s, but still very familiar to a U.S. practitioner or company.
 - In theory, Hong Kong’s Basic Law ensures the supremacy of Hong Kong’s legislature and preserves Hong Kong’s common-law precedents until 2047 – “The socialist system and policies shall not be practised in the Hong Kong Special Administrative Region, and the previous capitalist system and way of life shall remain unchanged for 50 years.” Basic Law Art. 5.
 - Minor exceptions (Basic Law, Annex III): calendars, holidays, national emblems and anthems, citizenship and naturalization, diplomatic privileges and immunities.
 - In addition, the Chief Executive is both “appointed by” and “accountable to” the “Central People’s Government.”
- As a major trading and population center, and as a gateway to Mainland China, most major law firms (including nearly all of the AmLaw 50) have offices in Hong Kong.

The Hong Kong Court System

- “The courts of the Hong Kong Special Administrative Region shall exercise judicial power independently, free from any interference. Members of the judiciary shall be immune from legal action in the performance of their judicial functions.” Basic Law Art. 85.
- Judges “shall be appointed by the Chief Executive on the recommendation of an independent commission composed of local judges, persons from the legal profession and eminent persons from other sectors.” Basic Law Art. 88.
- Judges follow U.K. process, wear wigs, etc.
- Loser pays system – injunctions rare.



The Hong Kong Court System

- “The principle of trial by jury previously practised in Hong Kong shall be maintained.” Art. 86. Proceedings are in English and Chinese.
- District Courts (civil, limited jurisdiction), Magistrates’ Courts (criminal), and various specialized courts. No specialized IP courts.
- The High Court: consists of the Court of First Instance (trial court, unlimited jurisdiction) and the Court of Appeal
- The Court of Final Appeal
 - Judges on the Court of Final Appeal may include invited “judges from other common law jurisdictions.” Basic Law Art. 82.

Hong Kong Intellectual Property Laws

- IP laws are independent of Mainland China:
- **Patents - Basic Law Article 139:** “The Government of the Hong Kong Special Administrative Region shall, on its own, formulate policies on science and technology and protect by law achievements in scientific and technological research, patents, discoveries and inventions.

“The Government of the Hong Kong Special Administrative Region shall, on its own, decide on the scientific and technological standards and specifications applicable in Hong Kong.”
- **Copyrights - Basic Law Article 140:** “The Government of the Hong Kong Special Administrative Region shall, on its own, formulate policies on culture and protect by law the achievements and the lawful rights and interests of authors in their literary and artistic creation.” Strong enforcement regime including unique antipiracy features
- **Trademarks - Trade Marks Ordinance (Cap. 559) (Apr. 4, 2003)**
- **Trade Secrets – protected at common law by contract and breach-of-confidence**

Hong Kong Intellectual Property Laws

- Judiciary is independent, but not particularly patent-savvy – analogous to a non-patent-heavy U.S. jurisdiction (closer to C.D. Cal. than N.D. Cal.).
- Patent system does not involve independent registration – re-registration system for patents filed in U.K., E.U. (if U.K. is designated), or China (including PCT, if China is designated).
 - 2 kinds of patent – standard (20 years) and short term (8 years).
 - Proposal to create independent examination system was made in Feb. 2013.

Case Studies and War Stories

CHINADAILY.com.cn

Home China World Business Sports Life Entertainment Photo Video Opinion Forum Cartoon Language Tips **Mobile**

Newspaper China Daily US Edition European Weekly Asia Edition HK Edition 21st Century Zhejiang Weekly Sunday Edition USA Weekly


Home / HK Edition / HongKong Opinion

HK needs to get prepared for tech patent litigation cases

Updated: 2012-08-08 07:00
By Andrew Mak (HK Edition)

Print Mail Large Medium Small 0

The trial in California of Apple vs Samsung last week reminds us of the importance of Apple's series of court cases in shaping intellectual property law. It also reminds us of the need to reform one of the most complex areas of common law. In February this year, Apple filed a lawsuit against Samsung, claiming the Korean rival copied Apple's design. The story is relatively simple: an inventor genius sues a shameless imitator.



Andrew Mak

Both in the US and globally, Apple and Samsung have established themselves as fierce competitors in the smartphone market and also fierce adversaries in the court room. In April, over 40 related cases were identified.

The US Supreme Court and the Federal Circuit have cautioned that because a preliminary injunction is granted before the defendant has had an opportunity to fully defend himself at trial, "a preliminary injunction is a drastic and extraordinary remedy that is not to be routinely granted." No such requirement has been accepted in Hong Kong.

Most Viewed Today's Top News

Video Slide Podcast Pictures

大使 带你游世界

Follow The Ambassadors

Estonia's Ambassador Seeks Ordinary Chinese Lifestyle

Hot Topics

CPC National Congress, Mo Yan, Bogu Kailai, Diaoyu Islands, iPhone, Yao Ming, Sun Yang, Li Na, Liu Xiang, shenzhen, taiwan, hiv, school bus, house, hk, rare earth, food safety

Specials

Case Studies and War Stories

- Only 3 local patent decisions (in a region of 8 million people) in 2012:
 - *Simeray Jannick Jacques v Go Wireless Limited & others* (HCA 1480/2010) – appeal concerning patent licensing dispute (1/20/12).
 - *Pak Ko Batteries Factory Limited & others v New Leader Battery Industry Limited* (HCA 1139/2007) – effort to invalidate patent rejected (8/29/12).
 - *SNE Engineering Co Ltd v Hsin Chong Construction Company Ltd. et al.* (HCA 1466/2012) – attempt to lift injunction rejected (10/17/12).
- More common to see U.S. litigation involving Hong Kong parties

Case Studies and War Stories

- U.S. client v. Hong Kong defendant
 - U.S. client saw infringing goods at American International Toy Fair.
 - Moved for, and obtained, temporary restraining order and seizure order; N.Y.P.D. seized defendant's products on the show floor.
 - Defendant failed to appear, and the S.D. N.Y. entered a seven-figure default judgment in client's favor.
- Enforcement via the Foreign Judgments (Reciprocal Enforcement) Ordinance and "Mareva" injunctions.
 - Must be registered; may be challenged. Alternative: common-law enforcement.
 - H.K. corporate law allows multiple shell corporations, so enforcement may require help from private investigative services.
 - Enforcement between H.K. and the Mainland – different law.

Closing Thoughts

- Hong Kong continues to have a sophisticated, transparent, Western-style legal system, with an independent judiciary, widespread respect for the rule of law, and a robust legal community.
- Though Hong Kong has close Mainland ties, it retains a high degree of political independence and freedom from interference.
- At the same time, Hong Kong legal decisions are relatively easily enforced in Mainland China.
 - But Hong Kong's influence on Mainland China's laws has been less than could be hoped.
- Accordingly, a company doing business in Hong Kong or with Hong Kong counterparties can effectively enforce its rights in Hong Kong courts – the ultimate backstop for a company deciding where to invest and do business.

About the Speaker

David S. Bloch,

a partner with Winston & Strawn LLP in San Francisco, focuses his practice on complex intellectual property litigation. The author of *Intellectual Property in Government Contracts* (Oxford), now in its second edition (2012), and approximately three dozen articles (including many on issues relating to China and IP law), Mr. Bloch's particular areas of interest include the use of intellectual property in government contracts and the intersection of intellectual property and antitrust law. In 2012, Mr. Bloch was named one of the top 75 IP litigators in California. He is a graduate of Reed College (ΦBK) and The George Washington University (M.P.H., J.D. with honors), and in 2007 was a Fellow in International Trade Law at the University Institute of European Studies. Mr. Bloch is admitted to practice in California and the District of Columbia.

A biography and publication list are available online at www.winston.com/dbloch



WINSTON
& STRAWN
LLP