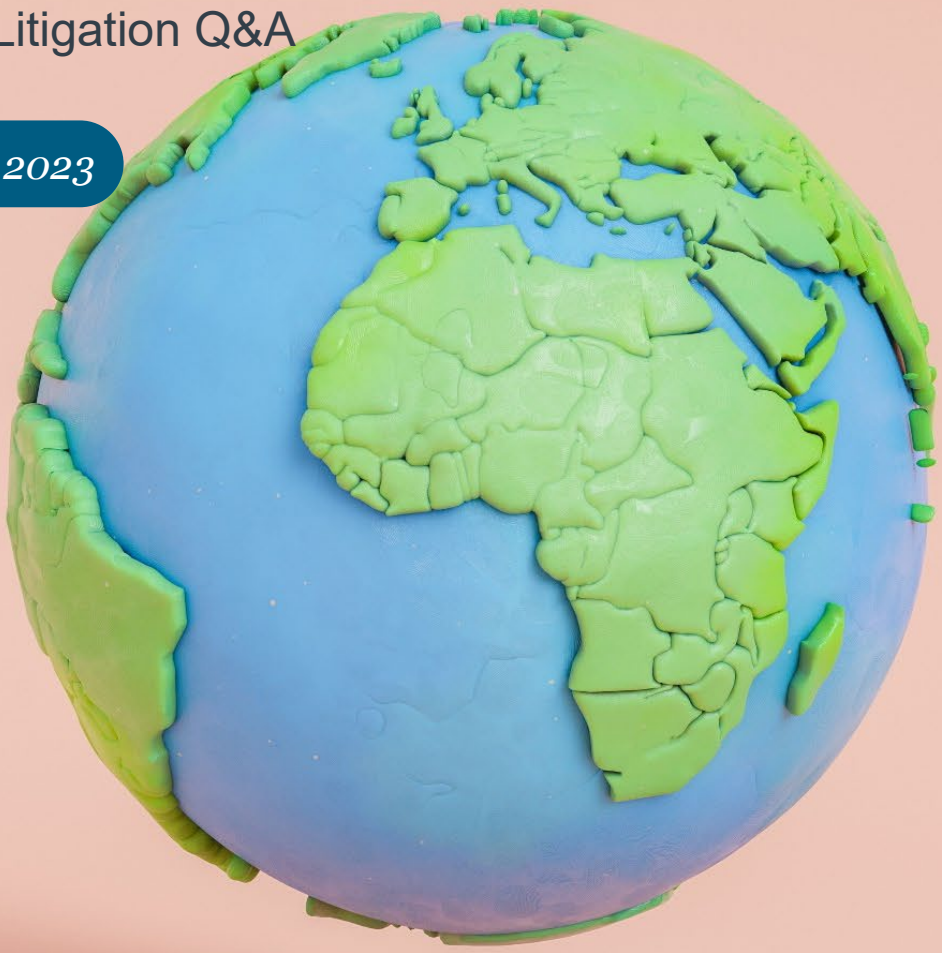
Bird & Bird

Hong Kong

Patent Litigation Q&A

August 2023



Hong Kong – Patent Litigation

Where can patent infringement actions be started? Is there a choice of venue?

A patent infringement action can be commenced in the Court of First Instance (**"CFI"**) of the High Court of Hong Kong in the Intellectual Property Specialist List (the **"IP List"**).

The IP List was established on 6 May 2019. Practice Direction 22.1 (Intellectual Property List) provides that CFI has the discretion to transfer the matter to the IP List or remove it from the IP List (in which case the matter would be heard by a CFI judge not on the IP List), whether upon a party's application or on its own motion. If both parties consent, any party may apply to have the case transferred to or removed from the IP List by a letter signed by both parties with grounds in support and addressed to the judge in charge of the IP List.

Are the judges' specialists? Do they have technical backgrounds?

Yes, there are judges with technical backgrounds designated to hear IP proceedings from time to time.

How long does it take from starting proceedings to trial?

Before a case goes to trial, it has to go through court procedures including discovery, case management summons, case management conference, and pre-trial review (for more complex cases). The court aims to try all cases in the IP List within 18 months of filing.

In certain case, it is possible for the court to order a speedy trial or issue directions in relation to the timely conduct of the proceedings.

Can a party be compelled to disclose documents before or during the proceedings?

In patent infringement cases, the scope and timing of discovery are determined at the hearing of the case management summons. Mutual discovery of documents without a court order under Order 24 rule 1 of the Rules of High Court (Cap. 4A) does not apply to patent infringement cases. Generally, a defendant's obligation to give discovery is confined to the issues raised in the particulars of the infringement.

Parties may apply for pre-action disclosure of documents by originating summons, supported by an affidavit specifying the documents in respect of which the order is sought. The person against whom the order is sought shall be made defendant to the summons. Upon application, CFI would only order disclosure of documents if it is of opinion that the order is necessary either for fairly disposing the cause or matter or for saving costs.

After the commencement of proceedings and upon application by either party, CFI could also order a person who is not a party to the proceedings to disclose documents if that person is likely to have or have had the documents in his possession, custody or power.

How are arguments and evidence presented at the trial?

At trial, the parties must be represented by counsels (or solicitor advocates), who will present the arguments and evidence to the court on behalf of the parties. All claims are proved or disproved through witnesses and documentary evidence. The scope of evidence to be adduced and the timetable for the filing of evidence are determined at the hearing of a case management summons.

Except with the leave of the judge hearing any action or other proceeding relating to a patent, no evidence shall be admissible in proof of any alleged infringement not raised in the particulars of infringements.

Expert evidence is vital in patent litigation cases. Expert evidence may be adduced with the leave from the court under O.38 r.36 of Cap. 4A to provide opinions on technical issues, save for those permitted to be given by affidavit. Experts are required to make a declaration of duty to the court. The court will usually give directions on how the expert report is to be prepared, and whether by single or joint experts.

How long does the trial generally last and how long is it before a judgment is made available? Are judgments publicly available?

The duration of a trial depends on the complexity of the case, ranging from a few days to more than a month. Judgments may be handed down in a few days or a few months' time.

Judgments are generally available on the Hong Kong Judiciary website.

Can a defence of patent invalidity be raised? Are infringement and validity issues heard together?

Yes, the validity of a patent may be put in issue by way of defence or counterclaim in proceedings for infringement of the patent. The Defendant will typically bring an invalidity claim in the counterclaim. The court will address both infringement and invalidity in the same action. The grounds on which the validity of a patent may be put in issue are the grounds on which the patent may be revoked under section 91(1) of the Patents Ordinance (Cap. 514). The Registrar of Patents will only deal with revocation in very limited circumstances.

Are infringement proceedings stayed pending resolution of validity in the national patent office (or, if relevant, the EPO) or another court?

A party may, based on forum *non conveniens*, seek to stay proceedings if there is another action pending in another court or an overseas court that has jurisdiction. However, the grant of such stay is unlikely as patent rights in Hong Kong are territorial and are independent of any foreign patents. The decision of foreign courts regarding the validity of foreign equivalent patents or patent infringement will not be binding on Hong Kong courts.

There is one Hong Kong case that has dealt with an application for a stay pending resolution of validity in EPO: *Dyson Technology Ltd & Anor v German Pool Group Ltd & Anor* [2016] HKCU 2995. Dyson applied for a stay of Hong Kong proceeding pending EPO decision. The court refused a stay, principally on the ground that a stay is not justified because of the long duration of pending action.

The Registrar of Patents has the power to conduct a substantive examination on a patent application. For short-term patents, if the patent has not been or is being subjected to a substantive examination, the court may stay the proceedings pending the outcome of the examination by the Registrar.

Are preliminary injunctions available? If they are, can they be obtained ex parte? Is a bond necessary? Can a potential defendant file protective letters?

Interlocutory or preliminary injunctions are available to patent proprietors. It can be applied *either inter partes* (where both parties are present in the application hearing) or *ex parte* (where only the applicant is present). *Ex parte* applications would only be granted where the court is satisfied that there is extreme urgency and need for secrecy for an *ex parte* injunction to be granted. The applicant also bears the duty of full and frank disclosure. The court is able to grant an *ex parte* injunction order on the day of application.

The grant of an interlocutory injunction is a matter of discretion of the court. The applicant will need to satisfy the court that:

- there is a serious question to be tried, i.e. the claim is not frivolous or vexatious; and
- there is a balance of convenience, by comparing the risk of injustice caused by denying an interlocutory injunction with that caused by granting it. As recently held in *HKCOLO.net v Hong Kong Telecommunications (HKT) Ltd [2023]* HKCU 157, "it is not an inflexible rule that whenever a mandatory injunction is sought, the plaintiff must satisfy the court that there is a high degree of assurance that he shall succeed at the trial. It all depends on the circumstances".

In all interlocutory injunction applications, save for very special circumstances, the court will require the applicant to give a cross-undertaking in damages for any loss suffered by reason of the injunction, if at the end it turns out that the injunction should not have been granted *(King Fung Vacuum Ltd v Toto Toys Ltd* [2006] 2 HKLRD 785, [2006] HKCU 2163 (CA)). In determining whether fortification of the cross-undertaking in damages is required, the court will consider the likelihood of a significant loss arising from the injunction and whether the applicant will be able to make good the loss.

There is no procedure under Hong Kong law for potential defendants to file a protective letter to pre-empt an *ex parte* injunction application. However, the defendant may seek confirmation from the applicant that there is no infringement. Alternatively, the defendant can seek a declaration by the court that there is no infringement, or a declaration that the patent is invalid.

Are final injunctions available as of right? Is a bond necessary?

Permanent injunctions are also available to successful plaintiffs in patent infringement proceedings. Same as an interlocutory injunction, the grant of a permanent injunction is within the court's discretion. When a final injunction is granted, the successful plaintiff is not required to provide an undertaking as to damages.

However, the defendant may ask for a stay of permanent injunction pending appeal to consider whether the successful plaintiff is prepared to give a cross-undertaking in damages should the appeal succeed.

What other remedies are usually ordered if a patentee is successful?

By virtue of section 80(1) of Cap. 514, a proprietor of a patent (either a standard or a short-term patent) may also seek the following remedies in respect of any infringing act which falls within section 73 (direct use of invention) or section 74 (indirect use of invention) or section 75 (limitation of effect of patent):

(1) an order for delivery or destruction of any products that infringed the patents;
(2) an award of damages;
(3) an account of the profits derived from the infringement; and
(4) a declaration that the patent is valid and has been infringed by the defendant.

It should be noted that an award of damages and account of the profits shall not be awarded in respect of the same infringement.

Would the tribunal consider granting cross-border relief?

It is not a common practice for Hong Kong courts to grant cross-border or extra-territorial injunctions as patent rights are territorial and infringement in Hong Kong does not necessarily equate to infringement in other countries, except in limited circumstances where there is foreign infringement through the double actionability principles.

The court has the jurisdiction to grant an extra-territorial *Mareva* injunction to prevent the disposal of assets that are subject to the jurisdiction of the Hong Kong courts.

Is there a right of appeal from a first instance judgment? How long between judgment at first instance and hearing the appeal?

Generally, an appeal lies as of right from a decision on a final matter from the CFI.

Appeals from the CFI are heard by the Court of Appeal (**"CA"**) and take the form of a rehearing.

Leave is not required for an appeal against the final judgment of the CFI (except for appeals concerned solely with legal costs) filed within 28 days from the date of judgment. A notice of appeal shall be served on all parties concerned and the court.

It normally takes four to 12 months for the CA to hear the appeal, depending on whether the points on appeal are complex.

Is an appeal by way of a review or a rehearing? Can new evidence be adduced on appeal?

An appeal to the CA is by way of a rehearing based on the documents. The CA will consider the materials before the first instance judge (but it will not rehear the witness evidence) and decide whether the judgment being appealed against is wrong.

The CA shall have power to receive further evidence on questions of fact, either by oral examination in court, by affidavit, or by deposition taken before an examiner, but no such further evidence (other than evidence as to matters which have occurred after the date of the trial or hearing) shall be admitted except on special grounds.

The CA in Johnson Electric International Ltd v Bel Global Resources Holdings Ltd [2014] 5 HKC 504, which followed Ladd v Marshall [1954] 1 WLR 1489, decided that for fresh evidence to be admitted on appeal, it must be established that:

(1) the evidence could not have been obtained with reasonable diligence for use at the trial;
(2) the evidence, if given, would have an important influence on the result of the case; and
(3) the evidence is apparently credible.

However, the court always has the discretionary power to refuse the introduction of fresh evidence if the wider interest of justice so requires.

What is the cost of a typical infringement action to first instance judgment? If the issues of invalidity and infringement are bifurcated, what is the cost of the invalidity action? Can the winner's costs be recovered from the losing party? How much is the cost of an appeal?

Costs in combined infringement and invalidity actions in Hong Kong can vary considerably, depending on the complexity and length of the proceedings, the scale of discovery, the seniority of the barrister(s) and solicitor(s) involved, and the attitude of the parties.

Normally, a successful party can recover its taxed legal costs and disbursements from the unsuccessful party. The normal basis for taxation is party and party basis, i.e. the necessary and proper costs that enable the party to conduct the litigation can be recovered, which normally amount to 50% to 70% of the actual legal costs. Costs may be varied or awarded on a higher scale depending on the case and the conduct of the parties.

If the validity of patent is contested in any proceedings before the court and the patent is found by the court to be wholly or partially valid, the court may grant a certificate certifying the finding and the fact that the validity of the patent was so contested. If so, then in any subsequent proceedings before the court for infringement of the patent concerned, a final order or judgement is made or given in favour of the party relying on the validity of the patent, then that party shall be entitled to his costs on the indemnity basis, namely all costs shall be allowed except insofar as they are of an unreasonable amount or have been unreasonably incurred.

Costs in an appeal can vary considerably. If an appeal is unsuccessful, the appellant may be liable to pay interest at the judgment rate in the case of a monetary judgment, or in other cases, compensate the respondent for the loss suffered as a result of the stay of execution pending appeal.

Authors

Jin Shi

Associate

+85222486091
Jin.Shi@twobirds.com

twobirds.com

Abu Dhabi • Amsterdam • Beijing • Bratislava • Brussels • Budapest • Casablanca • Copenhagen • Dubai • Dublin • Dusseldorf • Frankfurt • The Hague • Hamburg • Helsinki • Hong Kong • London • Luxembourg • Lyon • Madrid • Milan • Munich • Paris • Prague • Rome • San Francisco • Shanghai • Shenzhen • Singapore • Stockholm • Sydney • Warsaw