



Integrated IP Enforcement

A practical toolkit for Asia

Hogan
Lovells

IP enforcement landscape in Asia

Asia presents both unique opportunities and challenges for business sectors where intellectual property plays a large role.

On the one hand, the astonishing growth of the Asian economies over the last few decades has led to a vast increase in buying power in the region, and according to World Bank estimates, by 2030, no less than 66% of the world's middle class could be located in the Asia Pacific region. Moreover, Asia-based companies (especially those from Japan, China and Hong Kong) have also made enormous strides in commercialising and monetising their IP rights. In other words: the region can simply not be ignored when doing business globally.

On the other hand, Asia still presents unique risks and challenges when it comes to the protection and enforcement of IP rights. The huge cultural and linguistic differences mean that IP owners may need to adopt strategies that are tailored to local needs and customs (e.g. adopting and registering new brands, or co-brands, in a local language or writing system). Moreover, according to EU and U.S. customs data, China and Hong Kong are still consistently the sources of most (88.4% and 86% respectively) of the counterfeits seized in the EU and U.S. IP protection and enforcement in Asia definitely has much room for growth and improvement.

Our guide

In this brochure, we will discuss the various IP enforcement measures available in Asia, with a focus on online enforcement, civil enforcement, criminal enforcement, and customs enforcement. We have also included individual chapters on local enforcement peculiarities in China, Hong Kong, Japan and Vietnam. We hope that this Enforcement Guide will assist you in identifying the challenges and ways to overcome them.

Our Asia IP team is deeply experienced in all of these enforcement options and we adopt an integrated approach when it comes to cross-border IP enforcement. Our teams know each other well and have extensive experience of working together. The resulting action plan is one that is tailored to the IP owner's budget and evaluates all available venues and procedures. Together as a team we have helped many IP owners achieve success in Asia.

Team spotlight



Eugene Low

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Eugene is an all-rounder and advises on IP litigation and contracts in Hong Kong and China. He also advises extensively on data privacy, e-commerce and advertising laws. Eugene is appointed a domain name panelist by various Asia-based arbitration centres.

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Online enforcement

With consumers spending ever more time on the Internet, IP owners are facing new challenges. In developing economies in Asia, Internet popularity and the sophistication of Internet users are not necessarily matched by IP awareness. Many online infringement issues are prevalent or are believed to have originated in Asia, including infringing items on online marketplaces, video-sharing sites, domain name hijacking, to name a few.

Identifying infringing activities on the Internet

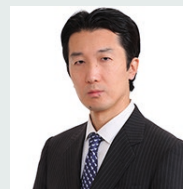
Evidence preservation is a crucial first step in online enforcement of IP rights: online content can change easily and quickly. In some jurisdictions in Asia, e.g. China, the evidential rules are very strict. Evidence of infringement must be preserved in the presence of notary officers. This requirement also applies to evidence of online infringement (e.g. webpages). It is critical to preserve online evidence early.

We very often recommend a multi-pronged approach in investigating online infringement. Steps can include:

- Monitoring of Internet platforms commonly used for purchasing counterfeit goods and/or illegal file-sharing.
- Application store reviews to identify which apps use infringing names, logos or content.
- Search engine monitoring to identify Internet keyword and other forms of brand hijacking.
- Targeted review of competitors' websites to identify infringing activities, e.g. misappropriation of our client's website content and other intellectual property.
- Domain name monitoring to identify domain name hijackers.

To help our clients develop the most cost-effective strategies to combat brand hijackers (online or otherwise) while at the same time best utilising client resources, we conduct cross-checks of data obtained from the above sources. This is particularly useful for prioritising which targets to take action against and determining whether administrative, civil and/or criminal recourse is best in the particular circumstances of a case.

Team spotlight



Hiroto Imai

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Hiroto has handled numerous patent and other IP disputes, including patent litigations in a variety of industry sectors, invalidation trials, face-to-face negotiations etc. Hiroto also advises on brand protections, licensing and IP aspects of corporate and commercial transactions.

Determining the right strategy for each client

The online infringement landscape is different for each business. Our approach analyses each situation carefully when determining whether it is more efficient and effective to use standardised procedures, traditional ways of civil and criminal actions, a combination of these or a completely new approach.

The following are some examples of what we can do to help:

- **Innovative court strategies**

With the advance of technology, online infringers are constantly coming up with new ways to hijack IP rights and otherwise cause damage to brand owners. This means that they are often more difficult to identify and locate, and more difficult to hold accountable in the courts under laws that are not “designed” to deal with online infringement.

IP owners therefore need to be innovative in their approach to considering litigation strategies, always taking into account the global reach of Internet infringement. We have successfully represented clients in obtaining interlocutory injunctions restraining the unauthorised use of our client’s trade marks as Google AdWords and as metatags in source codes of infringers’ websites. We have also taken civil actions against “unknown” defendants involved in an Internet business selling circumvention devices. We represented a client in an extensive high-profile enforcement campaign against downloaders of newly released films using file-swapping technology, resulting in disclosure orders against Internet service

providers (ISPs) regarding customer identities. Where necessary we create litigation strategies that cover several jurisdictions and our IP litigators in our various offices work together to execute those strategies in a coordinated and efficient manner.

- **Domain name protection**

Domain names are frequently utilised by infringers to create a confusingly similar platform for their infringing activities. Domain names are also very often the consumer-facing part of an infringement scheme. Hence, domain name protection is a key part of an IP enforcement strategy.

Due to the wide availability of domain name dispute mechanisms, which are very often able to provide IP owners with a swift and satisfactory outcome, domain name actions can also serve as an inroad to a complex infringement scheme.

Team spotlight



Jonathan Liang

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Jonathan focuses on IP enforcement and transaction related matters in China. He is a Chinese qualified lawyer and regularly represents IP owners in Chinese courts.

Country-code domain names (ccTLDs) in Asia present a unique challenge. Certain popular ccTLDs in Asia are subject to rather unique dispute resolution policies, or have no such policies at all. For example:

- “.cn” (ccTLD of China): one of the most popular (if not the most) ccTLDs, has a notorious 2-year time bar under its “.cn” domain name dispute resolution policy. This time bar has in the past been criticised for imposing “unreasonable time limits” that would prevent the fair and equitable enforcement of IP rights.
- “.hk” (ccTLD of Hong Kong): its domain name dispute resolution policy takes the form of arbitration. An important implication of this is that there is no appeal to court except in exceptional cases.
- “.vn” (ccTLD of Vietnam): to date there are no UDRP-equivalent dispute resolution mechanisms. However, there are new rules that facilitate enforcement by administrative authorities (see our chapter on Vietnam for further details).



Team spotlight



Chikako Hashimoto

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Chikako focuses on trade mark and design matters. As a qualified IP litigator, Chikako is widely known in the industry for her extensive experience in multi-jurisdictional trade mark and design portfolio management, which include prosecution, enforcement and litigation.

Hogan Lovells has unrivalled experience in advising clients on various domain name matters, including domain name portfolio management, domain name disputes and recovery, transfer negotiations and registration and recovery of Internet keywords. Our team consists of domain name panellists who deliver decisions in different languages for Asian-based dispute resolution bodies such as The Asian Domain Name Dispute Resolution Centre, Hong Kong International Arbitration Centre and Kuala Lumpur Regional Centre for Arbitration. This enables us to offer valuable perspectives from the viewpoint of an adjudicator.

We have handled many high-profile domain name dispute cases for our clients, including the successful and well-publicised UDRP action for [weixin.com](https://www.weixin.com) (WeChat in Chinese) before the Asian Domain Name Dispute Resolution Centre.



Civil enforcement

In Asia, there are generally multiple IP enforcement options. These include, for instance, cease-and-desist letters, administrative raids, and civil litigation (including different types of interim relief). There is no one-size-fits-all solution for all of Asia, where IP laws and the enforcement environment can vary greatly between jurisdictions. The key to a sound IP protection strategy in Asia is to tailor the IP owner's objectives and needs according to the pros and cons of the enforcement options in the relevant jurisdiction. A method that works in one country will not necessarily be as effective as in another.

A brief comparison of some civil enforcement options in various Asian jurisdictions is set out below.

Is it worth sending a cease-and-desist letter?

In Japan, cease-and-desist letters are very effective. They frequently lead to constructive negotiations and settlement. By a similar token, the major online platforms in Japan are very responsive when receiving takedown requests, and have an efficient enforcement system in place.

In China, cease-and-desist letters are also recommended as a precursor to legal action. However, further consideration should be given. If the infringer is a sophisticated market player, or perhaps even a direct competitor or a publicly traded company, a well-argued cease-and-desist letter can be quite effective. Because of the requirement to have notarised evidence for litigation in China, such letters can be even more effective when accompanied with preserved (notarised) evidence of the alleged infringement in order to demonstrate that the IP owner is prepared to go to court. In contrast, without notarised evidence, one must be careful in assessing whether sending a cease-and-desist letter may tip off the infringer who may destroy or conceal evidence. Sometimes it may also not be very productive to send cease-and-desist letters to hardcore counterfeiters or

small-scale infringers, as they may lead to the defendant quickly covering up its infringements, or even moving elsewhere or closing down its business. In these cases, a surprise attack may instead be a better course of action.

IP owners must bear in mind that infringers are generally reluctant to provide compensation based merely on a cease-and-desist letter. Also, care must be taken in drafting the letters given the existence of groundless threats proceedings in certain countries, or declaratory judgment (for non-infringement) procedures which are increasingly invoked in recent years in China.

Team spotlight



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Helen focuses on contentious and non-contentious IP works involving trade mark, copyright, patent, unfair competition and IP licensing in China.

Administrative actions

In China, a number of administrative authorities have the power to act directly against IP infringements. They are relatively inexpensive and quick, and are generally successful at immediately stopping infringement. The authorities may even take further criminal action at their own initiative. Most procedures are initiated by the local administrative enforcement agency after a complaint is filed with the agency by an IP owner. The main administrative authorities include the State Administration for Industry and Commerce which regulates trade mark infringement and unfair competition acts; the Quality and Technical Supervision Bureau which regulates inferior quality, substandard or fake products; the National Copyright Administration which regulates cases of copyright infringement; and the State Intellectual Property Office which deals with patent infringement.

Once a complaint is filed and accepted, the administrative authority can take a range of actions, including visiting the infringer's premises; questioning the infringer; ordering the infringer to stop their infringing conduct; inspecting and sealing or seizing the infringing goods; and/or confiscating those documents which relate to infringing acts. If an infringement is proven, the authority can then supervise and arrange for the destruction of all infringing products (sometimes the tools and molds for production of the goods as well) and impose a fine. Administrative proceedings generally have the advantage of being relatively inexpensive, whilst ensuring that action is taken quickly. However, it is important to note that administrative authorities cannot grant damages to the IP owner (they can only impose fines) and generally only act in clear-cut cases.

In Vietnam, the authorities are active in conducting raids. Raids can be beneficial for gathering evidence but require thorough investigation and careful planning. The authorities conducted over 10,000 raids in 2017 and many were handled ex-officio. Clear and concrete proof of infringement is essential to initiate a raid and IP owners are advised to conduct a thorough prior investigation.

Preliminary injunctions

Preliminary injunctions can be a very effective remedy for IP owners and deal, more often than not, a substantial blow to the infringer. The threshold for getting preliminary injunctions is therefore relatively high.

We have successfully obtained various kinds of preliminary or interlocutory injunctions for our clients in Asia. For instance, in a recent case in China, we successfully stopped the infringer's operation of an online game platform at a very early stage of its product life cycle.

Team spotlight



Andrew Cobden
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With more than 25 years of experience, Andrew helps multinational companies understand the patent enforcement landscape in Greater China and other countries in Asia to achieve their commercial objectives.

For instance, in China, obtaining a preliminary injunction has always been challenging. However, the courts are expected to become more willing to grant injunctions as the new Civil Procedure Law expressly provides for them. One notable example is the first-ever preliminary injunction granted by the Guangzhou IP court. The increasing willingness of Chinese courts to grant preliminary injunctions is a significant step in improving the IP enforcement environment in China. This also provides an important remedy to complement the perceived low level of damages awarded in IP cases.

IP owners generally have to act swiftly in preliminary injunction cases. For example in Hong Kong, a delay of weeks between learning of the infringement and filing for the injunction could adversely affect the prospects for success. Injunction applications in Hong Kong can be heard *ex parte* in extremely urgent cases. The courts generally move quickly to hear them: the wait between filing and the first hearing is, on average, three business days.

A bond or undertaking to damages is generally required for preliminary injunction applications.

Team spotlight



Frederick Ch'en

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For over a decade, Dr Frederick Ch'en has combined his scientific training and cultural background to advise on a broad range of contentious and non-contentious IP matters, especially in the life sciences area.





Criminal enforcement

Criminal actions can be a powerful and cost-effective way to tackle IP infringement in Asia. Generally speaking, certain types of IP infringement, e.g. trade mark and copyright infringement, can be subject to criminal sanctions. There may be different standards for prosecuting a criminal offence in different Asian jurisdictions. For instance, some offences might require a certain degree of knowledge or intent to infringe, whereas others would require a certain amount of illegal sales or revenue. In addition, IP infringement related to dealings in certain types of goods, such as counterfeit drugs or substandard goods, may constitute other types of criminal offenses.

Potential downsides with criminal enforcement are that the thresholds are usually high. Also, once initiated, IP owners often do not have much control over, or say in how the case is pursued.

Compared to other enforcement measures, criminal actions present certain strategic advantages:

- **Finding facts and gathering evidence:** It is not unusual to be aware of an infringement but to not know the perpetrator or those who pull the strings in the background. The same applies if private individuals are being used as “human vehicles” for trafficking counterfeit goods. The advantages of relying on the assistance of the police and public prosecutors for the investigations are obvious. They can take action – examine suspects and witnesses, perform raids and seizures, order third-parties to provide evidence, and search bank accounts – which would either not be readily available, or available but less efficient and effective, through other means of enforcement. Some enforcement authorities have specialised teams and forensic tools to locate evidence.
- **Detering effect:** Sanctions offered by criminal law go beyond the scope accessible in civil proceedings. This applies in particular to the possibility of imprisonment or any type of asset freezing. The deterring effect of a criminal judgment should not be underestimated. Well-communicated and consistently employed criminal enforcement measures send a strong deterring message to the market and to individual infringers.

Team spotlight



Suyu Yuan

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Suyu is a seasoned lawyer who advises in all areas of IP with a special focus on IP litigation and effective enforcement strategies in China. Suyu regularly appears in Chinese courts for IP cases.

- **Facilitating civil claims:** IP owners may bring ancillary civil actions against prosecuted or convicted criminal offenders and recover civil damages based on the criminal offence of IP infringement. With readily-collected evidence by public investigation authorities, IP owners may oftentimes succeed in the civil damages claims in an ancillary civil action without the need to spend further efforts collecting evidence. In addition, since criminal actions generally require a higher standard of proof, the ancillary civil action can often be more straightforward (e.g. summary judgment).

In order to achieve the best possible results with criminal enforcement measures, there are some aspects that deserve particular attention:

- **Find reliable investigators:** Criminal offenses related to IP-infringement are, just like any other types of criminal acts, concealed and difficult to trace. For businesses who use criminal actions enforcement regularly to keep infringement under control, it is important to work with reliable private investigators to collect information leads, locate infringers' warehouses, etc. to make sure "hot spots" are under control, budgets are spent on the right targets, and increase the chance of success for criminal complaints to a public authority.
- **Know and support the enforcement authorities:** An essential part of successful criminal enforcement is building a strong network with the responsible investigation and prosecution authorities. Apart from the authorities in charge of criminal offense investigation, it is also important to maintain a good working relationship with



administrative authorities in charge of various regulatory sectors, who may also transfer their cases to a criminal investigation authority when the IP infringement is serious enough. For example, in China, such administrative authorities that may transfer cases include those in charge of food and drug safety, copyright infringement, trade mark infringement and product quality compliance.

- **Organise potential partners:** Whenever IP owners are confronted with organised crime, or a significant counterfeiter, other companies will often be affected by the same activities.

More than in any other proceedings, criminal enforcement allows for synergies among various affected parties. While it may not always be possible for different IP owners to undertake coordinated investigations and criminal complaints, it is beneficial for IP owners to share information leads, exchange ideas and share experience of successful cases to combat shared IP infringement challenges.

- **Manage the reach:** IP-related crimes are mostly multi-jurisdictional crimes. It is therefore not unusual that criminal enforcement authorities in different countries work on the same case but investigators in each country may not be aware of the other on-going investigations. Even if there is awareness, proceedings in different countries are rarely well coordinated.

In multi-country investigations, where possible, IP owners can help by acting as facilitator and joint contact point for the national authorities. To achieve the best results, it is important for IP owners to guide the prosecuting authorities to help them see the full picture of the case they are investigating.

Team spotlight



Monique Woo

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Monique has extensive experience in civil litigation and has handled copyright, trade mark, patent, registered design and passing off actions. She is very experienced in working with Customs and investigators.



Customs enforcement

Asia is a busy hub for transporting goods. Unsurprisingly, a significant portion of counterfeit goods passes through Asia one way or another. Increasingly IP owners are resorting to customs enforcement as a key part of their IP protection strategy in Asia. The good news is that customs enforcement in Asia is getting more effective. The tables below contain a snapshot of customs actions in China, Hong Kong, Japan and Vietnam, using trade marks as an example.

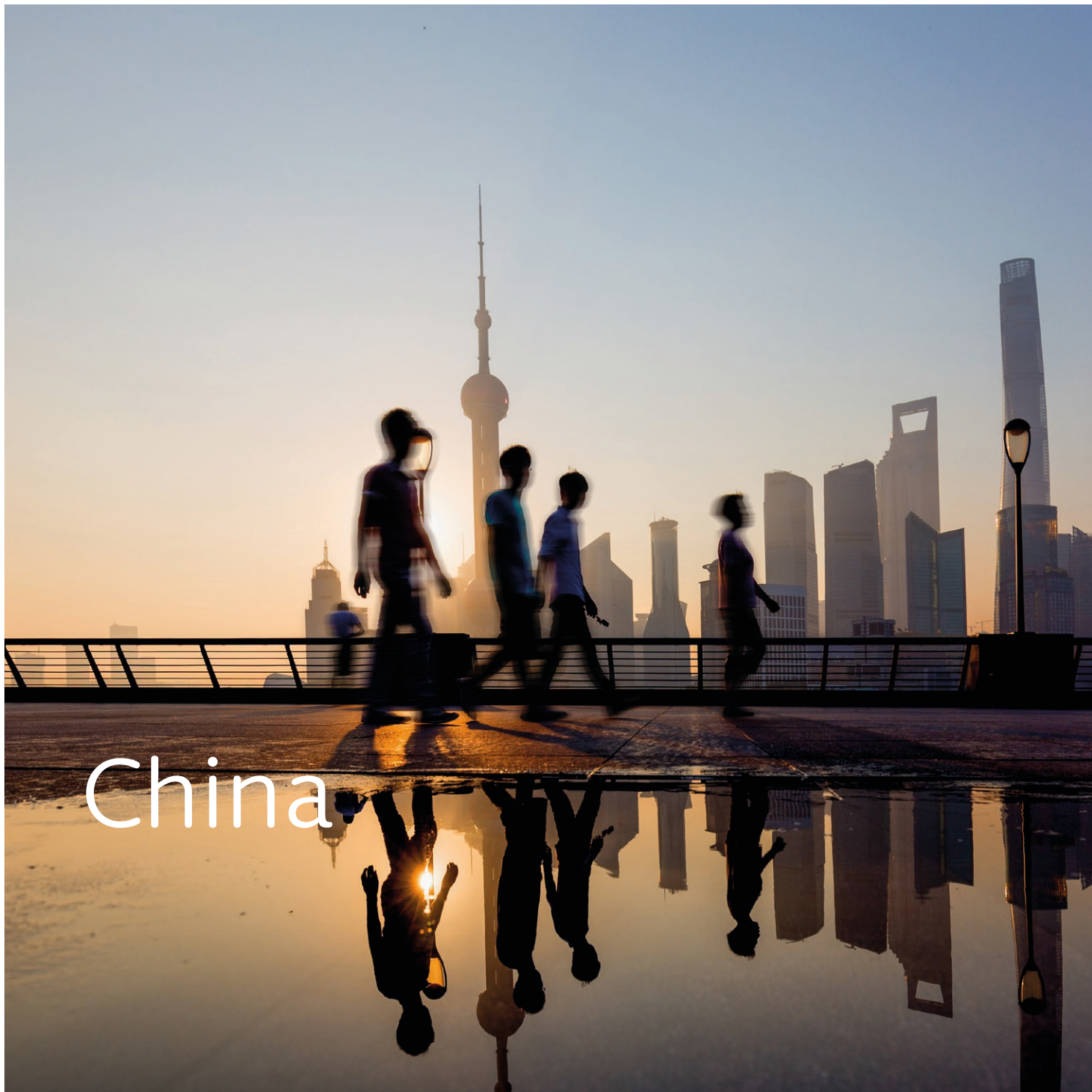
Recordal:

	China	Hong Kong	Japan	Vietnam
Can customs seize goods <i>ex officio</i> ?	✓	✓	✓	✓
Is a customs recordal possible?	✓	✓	✓	✓
Number of trade marks that can be included in one application	Unlimited	Unlimited	1	Unlimited
Effective term of recordal	Duration of trade mark registration	Duration of trade mark registration	4 years and could be renewed within the term of the registration	2 years and could be renewed once for another 2-year period within the term of the registration
Is a power of attorney necessary?	✓	✓	✓	✓
Does the POA need to be notarised or legalised?	✗	✗	✗	Notarised and legalised
Is the original registration or renewal certificate necessary?	✓	✗	✗	✗
Is a security bond or bank guarantee necessary?	✓	✗	✗	✓
Is it possible to train customs to identify counterfeits?	✓	✓	✓	✓



Detention:

	China	Hong Kong	Japan	Vietnam
How long do you have to respond to a customs notice of goods retained?	3 business days	No stipulated deadline	10 business days	5 business days
How long can that response period be extended?	No extension	N/A	No extension	No extension
Can customs destroy the goods without a court order?	✓	✗	✓	✗
Are parallel imports seizable?	✗	✗	✗	✗
Does customs disclose ...				
... the importer's name? If yes, when?	✗	✓ in the notice	✓ in the notice	✓ in the notice
... the exporter's name? If yes, when?	✓ in the notice	✓ in the notice	✓ in the notice	✓ on request
... photos of the goods? If yes, when?	✓ in the notice or on request	✓ in the notice	✓ in the notice	✓ on request



China

Specialised IP Courts with highly experienced IP judges

Over the last few years, the Chinese government has made efforts to improve the efficiency and quality of IP protection in China. One key development was the establishment of specialised IP courts and tribunals throughout China. Initially, three specialised IP Courts were set up in Beijing, Shanghai and Guangzhou in November 2014. These courts have proven very popular and busy, and have already issued a number of ground-breaking judgments in complex IP cases. More recently, specialised IP tribunals are also being rolled out in major commercial cities including Nanjing, Suzhou, Chengdu, Wuhan, Xian, Changsha, Hangzhou, Ningbo, Hefei, Fuzhou, Jinan, and Qingdao. These specialised IP courts and tribunals are staffed by China's most experienced IP judges, and provide IP holders (domestic and foreign) with judgments of higher quality and efficiency.

Willingness to grant interim injunctions

Both preliminary and interim injunctive reliefs are in principle available for most IP cases in China.

There are generally five conditions to meet: (1) the applicant is likely to win the case on the merits, (2) a risk of irreparable harm, (3) the balance of interests tilts in favour of the applicant, (4) the injunction would not significantly harm public interests, and (5) the applicant posts a bond. While the Chinese courts have traditionally been rather reluctant to grant such injunctions by giving a very strict interpretation to the five requirements above, the tide now seems to be turning on this issue. Since the beginning of

2016, the specialised IP courts have taken the lead with a more liberal stance towards granting preliminary and interim injunctions. This new trend means that right holders should no longer overlook the possibility to apply for preliminary and interim injunctions in IP cases.

Increased damages and sophistication in civil procedures

The Chinese government has consistently increased the statutory (and now even punitive) damages for IP owners in its latest IP laws and draft laws published over the last few years. Moreover, the last few years saw a considerable increase in the damages awarded by the Chinese courts in patent, trade mark and copyright infringement cases. According to statistics published by China's Supreme Court in April 2017, the IP Courts' average damages for 2016 were RMB1.4m (US\$203,150) in patent infringement cases, while trade mark infringement cases saw average damages of RMB1.7 million (US\$246,680) and copyright cases saw average damages of RMB 458,000 (US\$66,460).

Team spotlight



Zhen (Katie) Feng

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Katie advises on all areas of IP with a focus on IP litigation, IP strategic counselling and brand protection. She is widely recognised in the IP area and has built a track record of success for complex and cutting-edge IP issues, including winning one of the top 10 IP cases of 2016 selected by the Chinese courts.

Strict evidential rules and formalities: obstacles to foreign IP holders

One practical obstacle for foreign litigants in China is arguably caused by the strict evidentiary rules and formalities connected to evidence gathering and case filing, paired with a lack of discovery procedure in China. Evidence needs to be, in principle, adduced by submitting the original documents, and if evidence is gathered outside of China, it also needs to be notarised, legalised and translated (unless it can be publicly obtained within mainland China). It is therefore critical for foreign IP holders to keep good records of the use, sales and advertising of their IP protected products, before any litigation is pending.

Efficient and effective customs actions

Unlike many other countries, China has both entry and exit customs inspections. This means that foreign IP owners who record their IP rights with the Chinese Customs can also use customs actions to stop (at least a part of the) shipments of counterfeit products from China. When allegedly infringing goods are detained by customs, IP rights owners generally need to identify the detained products within 3 days and pay a bond equivalent to the value of the detained goods. The Chinese Customs is generally responsive, and is receptive to training sessions conducted by brand owners, which may increase the chances of success and numbers of seizures of counterfeit products.

Did you know?

China has recently announced a major restructuring of its Government agencies, including various IP authorities. The essence of the changes is the creation of a new authority called the “State Administration for Market Supervision” (“SAMS”). This new authority will be responsible for trade mark and patent registrations as well as for administrative IP enforcement. SIPO will become a sub-agency of this new SAMS, and will take over all trade mark prosecution related work (previously handled by CTMO and TRAB). Further details will be announced on the practical arrangement and timeline of these changes.

Team spotlight



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Yu-An has broad experience in advising on all major aspects of IP protection and litigation in or relating to China, and regularly advises on cross-border IP and technology-related transactions.



Notable case

The Guangzhou IP Court granted its first-ever interim injunction to Blizzard Entertainment, Inc. in a case regarding the infringing videogame “Everyone WarCraft”. Obtaining the injunction was remarkable and trailblazing from a legal point of view, since the court ordered the defendants to stop the reproduction, distribution and/or online dissemination of the game throughout China, and awarded damages of RMB4m for the copyright infringement case and RMB2m for the unfair competition case.

The case was selected by both China’s highest court, the Supreme People’s Court, and the Guangdong Province’s highest court, the Guangdong Higher People’s Court as one of the top 10 IP cases of 2016 for the ground-breaking character of the injunction. The case was also awarded Deal of the Year by Asian MENA Counsel. In the appeal to the Guangzhou Higher People’s Court, the amount of damages granted to Blizzard Entertainment was fully upheld.

Hogan Lovells advised Blizzard Entertainment throughout.



Hong Kong

Wide array of preliminary relief

A wide range of preliminary relief is available to IP owners. For instance, preliminary injunctions are available, especially where the IP owner can show that there is a strong case of infringement and that damages is not an adequate remedy (e.g. by showing loss of market share which cannot be recovered).

In addition, there are other useful preliminary relief including Mareva injunctions (asset freezing orders) and Anton Piller orders (search and seizure orders).

Mareva injunctions are useful where the infringer is known to have assets in Hong Kong that are at risk of being dissipated. Given that Hong Kong is an established financial and banking centre in the world and has no restrictions of foreign remittance, Mareva injunctions can be a very powerful weapon in IP cases.

Anton Piller orders (though less frequently used in Hong Kong now because of reduced manufacturing activities) is a powerful weapon against infringers who may remove or destroy infringing stock and other incriminating evidence that the IP owner may seek to rely on in court proceedings. Ex parte applications can be made without notice to the infringer for reasons of urgency or secrecy.

Trade fairs

Hong Kong is home to numerous trade fairs where thousands of companies exhibit their products. A number of options are effective in dealing with infringers offering their products at these fairs.

Most fair organisers in Hong Kong set up an on-site counter to deal with IP disputes, allowing IP owners to lodge complaints with evidence of IP ownership and details of the infringing goods on site. The organiser has the discretion to suspend the display of the infringing products at the fair. This option is most effective for trade marks and designs infringement where an on-the-spot assessment can be made relatively easily, compared to patents involving complex technology.

If follow-up action is desired, IP owners may, based on the evidence collected at the fair, send cease and desist letters or even commence legal proceedings. In cases of large-scale or serious infringement of copyright or registered trade mark rights, IP owners may also engage the Hong Kong Customs.

Team spotlight



Kenny Wong

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Recognised as a luminary, Kenny Wong has received over 100 awards as a leading IP practitioner in Greater China. His experience covers the full spectrum of IP/IT laws. He also enjoys a niche Gaming and Entertainment practice acting for gaming operators, A-list artistes and film directors etc.

Customs action

Hong Kong Customs investigates and prosecutes criminal offences relating to trade mark and copyright infringement. In particular, it has specialised anti-internet piracy and computer forensic teams to deal with internet piracy. Customs officers have the power to arrest suspected infringers and seize infringing goods found within Hong Kong and at its borders. No bond money is required for Customs to effect cases. Customs actions in Hong Kong are effective. One pre-requisite is that IP owners must record their rights with Customs. As part of this process, Customs generally require IP owners to nominate a local representative who can verify the goods and testify at court if necessary.

Did you know?

The Hong Kong Arbitration Ordinance (Cap. 609) has been amended to clarify that disputes over IP may be resolved by arbitration in Hong Kong, and that it is not contrary to the public policy of Hong Kong to enforce arbitral awards involving IP. This covers a wide scope including contractual disputes and validity challenges over IP. The amendments apply to arbitrations commenced on or after 1 January 2018 or to arbitrations commenced prior to this date if the parties themselves choose to apply the amendments to their arbitrations.

Team spotlight



Serena Lim

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Serena has over a decade of experience in brand protection and dispute resolution involving IP, acting predominantly for consumer brands in the food and beverage, fashion and retail, and technology industries.

Notable case

The Court of First Instance handed down its judgment in Re Swissbernard Opposition case on 6 March 2017. This is an appeal to the Court from the Registrar of Trade Mark's decision in dismissing an opposition brought by the Federation of the Swiss Watch Industry to the registration of the “” mark (“Opposed Mark”).

Swissbernard

The Court's decision confirms the public interest in ensuring that certification marks are given the necessary protection in Hong Kong. Courts are often slow to interfere with decisions of an experienced Registrar so the appeal decision is also significant in that it is one of the rare decisions in which the decision of the Registrar of Trade Marks has been set aside.

The key issue raised in the appeal was whether the Opposed Mark should be denied registration on the ground that its use in relation to goods in Class 14 for “horological and chronometric instruments” was likely to cause confusion with the Federation's “SWISS/Swiss” certification mark in Class 14.

The judge held on appeal that it was clear that the way in which the Opposed Mark was actually being used would confuse the average consumer that the watches were of Swiss origin and of the same quality as watches bearing the Certification Mark would suggest.

The Court confirmed that likelihood of confusion must be assessed globally based on all circumstances, which in this case, included the actual use being made of the Opposed Mark by the Applicant.

Hogan Lovells represented Federation of the Swiss Watch Industry.





Japan

Effective online takedown approaches

The major online platforms in Japan are very efficient and responsive to takedown requests. Some major sites allow users as well as trade mark owners to report suspicious goods, and directly engage trade mark owners in the verification process. It also has an indemnification policy covering hundreds of designated brands.

For counterfeit products offered on online auction sites, major online platform providers in Japan voluntarily remove infringing listings using their own system to protect IP rights. For counterfeit products offered online on sites other than auction sites, IP owners can send takedown requests based on legislation relating to the liability of specified telecommunications service providers, e.g. online platform providers. The relevant rules and procedures are clear and easy to follow, and the success rate is high.

Proactive Customs

Japan Customs is very proactive. In 2017 it seized more than JPY11.3bn in counterfeit goods in over 30,000 cases, seizing on average more than 1,300 counterfeit goods per day. Over the last 10 years it has averaged well over 20,000 seizures per year.

Japan Customs is empowered to seize counterfeits based on all types of IP rights—e.g., trade marks, copyrights, designs, patents, and utility models—as well as on the

grounds of unfair competition (protecting unregistered IP). Trade mark cases dominate, accounting for 98% of all seizures in 2017. The remaining cases concern copyrights—involving, e.g., characterised goods, DVDs, and CDs—and patents, although the number of seizures based on patent infringements has increased recently. In addition, the number of seizures based on design infringements, such as forfeited earphones, increased significantly in 2017. The number of electric appliances, including earphones, seized by Japan Customs amounts to 116,999 items, which is more than 5 times the number in 2016.

Recordals are a highly recommended border measure, especially for protecting trade mark rights and copyrights. It can be time-consuming to set up (possibly 1 month or more), but once in place the seizure procedure is very reliable, simple and efficient. It is essential to provide clear and detailed information on how to identify whether goods are genuine or not—including samples or photographs of counterfeit goods.

Team spotlight



Lloyd Parker

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As Head of the Intellectual Property, Media and Technology Practice Group – Asia Pacific and the Middle East, Lloyd provides trade mark portfolio prosecution management, and enforcement counsel, to clients with global brands.

Clean market, reliable courts

Japan has a relatively clean market in terms of counterfeits. Trade show actions are also rare as counterfeits are seldom seen at trade shows in Japan.

Civil litigation proceedings are conducted fairly, past decisions of higher courts are well respected by lower courts, and outcomes are generally very predictable. There are special IP divisions in the district courts of Tokyo and Osaka. Meanwhile, trade mark cases can also be filed before other courts. This means that IP owners are able to select a district court that is appropriate for their particular situation. The Tokyo District Court is popular because, in addition to its central location to many companies' headquarters, the quality of their decisions in trade mark cases is very high. Additionally, appeals from the Tokyo District Court can be heard by the IP High Court, as a special branch of the Tokyo High Court.

Raids and criminal prosecution are the least common enforcement methods. They are not easy to request and do not allow trade mark owners any degree of control. As cases are rare, the knowledge and abilities of investigators vary depending on the police station. Clear-cut cases of counterfeits could be managed through these methods, and the police will usually be engaged if an infringer continues to sell counterfeits even after receiving two or more cease and desist letters from the trade mark owner.

Did you know?

Civil litigation for IP enforcement is relatively uncommon in Japan. One reason is that cease and desist letters frequently lead to constructive negotiations and settlement – the success rate is generally very high.

Team spotlight



Nicolas Hirt

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He has over 15 years of experience in the registration and portfolio management of trademarks and designs around the world, with a particular emphasis on Community Trade Marks (CTM), national trademarks in Europe, Community Designs and national designs in Europe.

An aerial photograph of a densely populated Japanese city at night, likely Tokyo. The image shows a mix of traditional and modern architecture, with many buildings illuminated by city lights. A large, dark purple semi-transparent rectangle is overlaid on the upper left portion of the image, containing white text. The city below is a complex grid of buildings, with a prominent green park area visible in the lower left. The overall scene is a vibrant depiction of urban life in Japan.

Notable case

In recent years, trade marks hijackers have often been found applying for registration of famous trade names of Japanese agricultural products developed by Japanese entities, such as agricultural cooperative associations. In August 2017, for example, the Nishio Tea Cooperative Association filed an opposition to the registration of a trade mark containing “Nishio (西尾)” in China and the EU. Nishio Tea is famous for its quality, and “Matcha of Nishio” is registered as a Japanese Geographical Indication (GI) with the Ministry of Agriculture, Forestry and Fisheries in March 2017. The Ministry may also issue a cease-and-desist order against illicit use of GI.

Similar situations occur with the names of Japanese branded strawberries. The varieties of strawberry themselves are protected by breeder's rights in Japan, but breeder's rights expire in 25 or 30 years after registration. Renewable trade mark rights are therefore important to ensure the perpetual protection of the trade names of strawberries. Products infringing trade mark rights or breeder's rights may be seized by Customs under Japanese law.

Registrations of GI for types of liquor, including Japanese rice wine (sake or Nihonshu in Japanese), must be made with the National Tax Agency. Registrations have also been made recently for, for example, Tequila, Mezcal, Sotol, Bacanora, Charanda (Mexico), Pisco Chilieno (Chili), and Pisco Peru (Peru).



Vietnam

New rules for resolving .VN disputes

Vietnam has seen a rapid surge in internet use, having one of the highest rates of increase of annual Internet users in the world. According to the Vietnam Telecommunications Authority, 52% of the population (over 47.3 million people) are Internet users.

.VN is the country-code Top Level Domain (ccTLD) for Vietnam. In terms of .VN domain name dispute mechanisms, there is no equivalent of the Uniform Domain Name Dispute Resolution Policy (UDRP). Vietnam has a Law on Information and Communication, which has been in force since 1 January 2007 and provides for the protection of intellectual property rights (IPRs) in the field of information technology, including domain names. However, the Law and subordinate legal documents do not lay down rules and procedures for implementing administrative decisions, for example whether and how the domain name should be transferred. This causes difficulties for resolving domain name disputes involving IP through such administrative proceedings in Vietnam.

A recent welcome development is a joint circular issued by the Ministry of Information and Communication (MIC) and the Ministry of Science and Technology (MOST). This important document has provided a set of clear rules and procedures for coordination between the relevant authorities in implementing administrative decisions involving changing, returning and revoking .VN domain names which are deemed to be infringing IP rights. The circular provides for a number of important

matters, including empowering the competent authorities to implement administrative measures. These include compelling change of content on the website concerned, compelling transfer of the domain name, or revoking the domain name. It is hoped that the circular will enable .VN domain name disputes to be resolved in a more efficient and effective manner.

Preliminary injunctions

In Vietnam, the holder (or a person authorised by the holder) of an IP right – namely, copyright, industrial property rights or plant variety rights – is entitled to request a preliminary injunction. Such a request may be filed when or after an infringement lawsuit is initiated, but not before. They are however difficult to get in practice.

Team spotlight



Nga Nguyen

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Nga has over 20 years of experience assisting international companies in all aspects of IP in Vietnam and other countries in the region, notably Cambodia and Laos. She focuses on IP enforcement, portfolio management and general strategic and transactional advice.

Preliminary injunction measures should normally be requested when they could prevent irreparable damage to the rights holder or the dispersion or destruction of evidence of an IP infringement or of infringing goods.

The requestor of a preliminary injunction must furnish the court with details of the IP rights in question and of the parties involved, summarise the main contents of the dispute and explain why the preliminary injunction is essential. In addition, it must lodge a security deposit equal to 20% of the value of the goods subject to the preliminary injunction or if it is impossible to determine the value of the goods, a minimum deposit of D20m (approximately US\$1,000).

Did you know?

In Vietnam, provisions on unfair competition are found in both the Competition Law and the Law on Intellectual Property. When IP-related acts of unfair competition occur, both the Competition Law and the IP Law can apply. The latest draft of the new Competition Law in November 2017 however excluded “misleading indications” from the scope of unfair competition acts which can be handled under competition procedures.



Notable case

In December 2014, Vietnam's authorities conducted a raid against a diving shop named SCUBADIVE in Nha Trang, a well-known coastal city in Central Vietnam. The SCUBADIVE shop has infringed the well-known PADI and PADI logo marks of PADI Worldwide for its diving instruction services without authorisation for five years. The authorities issued a record IP-related fine for the year in Vietnam.

Hogan Lovells advised PADI Worldwide on this matter.

We know Asia

Hogan Lovells in Asia

Change is happening faster than ever, and to stay ahead, you need to anticipate what's next. Legal challenges come from all directions. We understand and work together with you to solve the toughest legal issues in major industries and commercial centers around the world. Whether you're expanding into new markets, considering capital from new sources, or dealing with increasingly complex regulation or disputes, we can help.

We have been on-the-ground in Asia Pacific for over 35 years and are one of the largest international law firms in the region. We have one of the strongest networks in Asia Pacific, with over 250 lawyers, including over 60 partners, based in our offices in Beijing, Hanoi, Ho Chi Minh City, Hong Kong, Perth, Shanghai, Singapore, Sydney, and Tokyo. We also operate in Jakarta through an association with Dewi Negara Fachri & Partners (“**DNFP**”), and in Ulaanbaatar through an association with Melville Erdenedalai LLP. Most recently, we launched an association in China (Shanghai) Free Trade Zone (“**FTZ**”) with Fujian Fidelity Law Firm (“**Fidelity**”) which further extends our reach in China.



Asia IP practice

From creative ideas to global recognition, intellectual property management is at the heart of what we do. In Asia we've got it covered. We have a strong and diverse team of over 75 IP fee-earners in Asia across China, Hong Kong, Japan and Vietnam. We advise local, regional and multinational clients on the effective protection and exploitation of IP rights and help resolve disputes when they arise. We understand the true value of your IP and the importance of ensuring your rights are protected in the face of disputes. We have the resources, knowledge and experience to put together the perfect team to support you on whatever challenges you may face.

Awards and rankings

- The ONLY firm to be ranked Band 1 for IP across Asia Pacific, Europe and Globally for three consecutive years by *Chambers, 2016 – 2018*
- Global IP Firm of the year, *Managing IP, 2018*
- Innovation in IP, *Managing IP, 2018*
- Deal of the Year - Rhodia and Solvay (China) trade secret misappropriation, *China Business Law Journal, 2017*
- Asia Pacific IP Transactional & Advisory Award, *Managing IP Global Awards, 2017*
- International IP Firm of the Year, *China Law & Practice, 2017*
- Best in IP, *Asialaw Asia-Pacific Dispute Resolution Award, 2017*
- Deal of the Year - WeChat Domain Name Dispute, *China Business Law Journal, 2016*
- International Copyright Firm of the Year, *Asia IP Awards, 2016*

Innovative approach

Supporting you in Greater China

Hogan Lovells has always been at the forefront of developments in Asia. We were one of the first international law firms to establish a presence on the ground in China, by opening our Beijing Office in 1992. Afterwards, we were again one of the first to open an office in Shanghai, in 2003, just after it became possible for foreign law firms to have a second office in China, after China's accession to the World Trade Organization.

In September 2016, we have taken a step further taking advantage of new rules allowing Chinese and foreign law firms to establish an association in the Shanghai Free Trade Zone to set up the association which is branded under “**Hogan Lovells Fidelity**”.

With it, Hogan Lovells has now become one of very few foreign law firms to form an association with a Chinese law firm. This new association allows us – in contrast to most other international law firms – to offer direct domestic Chinese legal advice and litigation services on top of our integrated international legal services. This in turn means that we can assist our clients even quicker and more efficiently with IP litigation in China. We have already transferred six full time IP lawyers to Hogan Lovells Fidelity. Together, we are handling a number of very high-level litigation matters in China, thereby proving that this association is already a success for Hogan Lovells, and especially for its clients.

Brand Protection and Global Ranking

Trademark enforcement survey

Hogan Lovells regularly develops and implements successful global brand protection programmes for our

clients to help protect their brands' value. As part of that programme we have spent months researching and talking with leading law firms across the globe to acquire comprehensive feedback on 10 trade mark enforcement methods in 55 countries.

Using a questionnaire containing over 250 questions on issues of key importance to trade mark owners, we evaluated each country's enforcement methods according to a standardized point system, taking into account factors such as cost, ease of procedure, success rate and general effectiveness. To ensure that our clients can easily understand the findings of our research and questionnaire we have generated: Country Scores; Regional & Global Rankings; Heat Maps and Country Reports.

Country Scores

We scored each country's practical effectiveness in protecting trade marks on a scale of 0 to 100: the higher the score, the more attractive the protection. Overall results were calculated by combining the scores for eight enforcement methods in our global survey with an additional score derived from the well-known, independently published WJP Rule of Law Index 2015. This index ranks 102 countries by measuring the effectiveness of their legal systems in practical, everyday situations. Some of the countries we surveyed were not in the Rule of Law Index. For those countries, we used similar data from the World Bank, with some minor modifications to obtain scores and rankings comparable to those in the Rule of Law Index.



Regional and Global Rankings

The Country Scores enabled us to rank the countries globally and by region.

Heat Maps

We graphically represent the Country Rankings through the use of Heat Maps, which colour code the countries based on their position in the rankings. Using these, you can quickly see the relative practical effectiveness of each country's trademark enforcement system.

Country Reports

For each country surveyed, we have prepared a Country Report which provides an overview of the country's trademark enforcement system as well as detailed commentary on each enforcement method available. The Country Reports highlight some of the key considerations for each country so that together with clients we can plan and execute practical and effective brand protection strategies.

We protect your brands' value by creating and implementing a successful brand protection strategy for you. Please contact us for a customised proposal or if you have any queries.

Thought Leaders

Hogan Lovells has been a thought leader in Asia since its first office was set up here. Many of our lawyers are members of and speakers for professional associations and advocacy organisations such as INTA and the European and American Chambers of Commerce, and Hogan Lovells frequently provides feedback on draft laws and whitepapers to local governments, either through advocacy organisations

or by itself. Hogan Lovells also frequently publishes in-depth articles and blog posts on current IP law topics.

A few examples are:

- 1. Limegreen IP knowhow:** this site provides guidance and answers, arranged per topic, regarding frequently-asked questions on legal issues relating to IP rights around the world. We have recently added a new chapter regarding trade mark opposition, invalidity and revocation in China, Hong Kong and the UK.
- 2. Limegreen IP news:** Limegreen IP news was set up as a legal blog to keep clients updated on international IP news, trends, and cases that impact their business.

Some of our most recent articles include:

- Total Brand Care: The benefits of a holistic approach to creating, commercializing, and protecting company brands
- China: Has the dust settled on OEM trademark infringement?
- Trademarks 111: Our 2018 guide to the trademark application process around the world
- Japan: Revisions to the Trademark Examination Manual
- Protection of common elements in trade dress – comparison of practices in China and U.S.
- Getting a 3D mark in Vietnam – Overcoming refusals and an industrial design comparative.
- Global IP Outlook publication – Two steps forward and a look back

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