IN THE GENERAL DIVISION OF
THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

[2023] SGHC 50

Suit No 746 of 2021

Between

Siemens Industry Software Inc. (formerly known as Siemens Product Lifecycle Management Software Inc)

… *Plaintiff*

And

Inzign Pte Ltd

… *Defendant*

JUDGMENT

[Intellectual Property] – [Copyright] – [Infringement] – [Primary infringement]
[Intellectual Property] – [Copyright] – [Infringement] – [Vicarious liability]
[Intellectual Property] – [Copyright] – [Remedies] – [Damages]

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Siemens Industry Software Inc (formerly known as Siemens Product Lifecycle Management Software Inc)
v
Inzign Pte Ltd

[2023] SGHC 50

General Division of the High Court — Suit No 746 of 2021
Dedar Singh Gill J
4–7 October, 6 December 2022

1 March 2023 Judgment reserved.

Dedar Singh Gill J:

Introduction

1 In 2020, Mr Paing Win, an employee of Inzign Pte Ltd ("the Defendant"), installed an unauthorised version of a commercial software onto a laptop which he found at his workplace. He used certain modules in this software for several months before his misconduct was discovered and pursued by Siemens Industry Software Inc. ("the Plaintiff"),[1] the owner of the copyright subsisting in the software. When attempts at an amicable resolution proved unsuccessful, the Plaintiff instituted the present suit against the Defendant for copyright infringement.

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[1] Paing Win's AEIC at paragraph 2.2.6.

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2 It is not disputed that Mr Win has, in fact, committed the unauthorised acts.[2] Nor has the Defendant raised arguments contesting the Plaintiff's ownership of the copyright subsisting in the software[3] or the fact that Mr Win's unauthorised acts constitute copyright infringement. Instead, the primary question which this suit raises is whether the Defendant may be held liable (either directly or vicariously) for Mr Win's actions and, if so, what the appropriate quantum of damages should be.

Facts

The parties

3 The Plaintiff is an American company which is part of the Siemens corporate group. Its related company, Siemens Industry Software Pte Ltd ("SISPL"), distributes and sub-licenses the Plaintiff's NX™ software ("NX Software") to users in Singapore via distributors and resellers.[4] The NX Software is designed for industrial and commercial use. It can be used to create computerised models of a product, develop physical products from these models, and put them to use with little or no physical testing.[5] These functions have been described as encompassing computer-aided design ("CAD"), computer-aided manufacturing ("CAM"), and computer-aided engineering.[6] As the NX Software comprises hundreds of modules of varying functionalities,[7]

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2 Plaintiff's Opening Statement dated 26 September 2022 ("POS") at paragraph 7; Defendant's Opening Statement dated 26 September 2022 ("DOS") at paragraphs 4-5.

3 Defendant Closing Submissions dated 18 November 2022 ("DCS") at paragraph 139(e).

4 DCS at paragraph 2.

5 Nicholas Low's AEIC at paragraph 9.

6 Nicholas Low's AEIC at paragraph 6.

7 Agreed Bundle of Documents (Volume 1) dated 26 September 2022 ("1ABOD") at pages 45 to 54.

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users will typically purchase licences only for the modules specifically applicable to their respective businesses.

4 The Defendant is a Singapore company primarily engaged in the business of manufacturing medical disposables and surgical supplies using various methods of moulding.[8] It owns licences for three modules of the NX Software,[9] each of which can only be used by a single user at any one time.[10] In 2011, the Defendant employed Mr Win as a machinist, a role which involves the operation of computer numerical control ("CNC") machines in fabricating industrial workpieces.[11] Mr Win's role was subsequently expanded in 2020 to include programming responsibilities, which required him to use the NX Software.[12]

Background to the dispute

5 According to Mr Win, work had slowed down at the Defendant in 2020 due to the pandemic.[13] In the resultant free time, he decided to familiarise himself with the NX Software by watching tutorials on YouTube which demonstrated different techniques and short-cuts. While searching for these tutorials, Mr Win came across videos providing instructions on downloading and installing a full version of the NX Software. He tried to install the NX Software on his personal computer but was unsuccessful as it was unable to support the programme. He was also unable to install it onto one of the

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8 DCS at paragraph 3; POS at paragraph 2.

9 Nicholas Low's AEIC at paragraph 26.

10 Nicholas Low's AEIC at paragraph 27.

11 Notes of Evidence dated 5 October 2022 ("NE Day 2") at page 6 lines 30 to 32.

12 Paing Win's AEIC at paragraph 1.3.1 to 1.3.2.

13 Paing Win's AEIC at paragraph 2.1.1.

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Defendant's computers as he could not bypass the administrative controls in place.[14]

6 Mr Win then remembered that there was an unused laptop ("the Lenovo Laptop") which the Defendant's toolroom manager, Mr Wong Quee Seng, had left in one of the drawers in the toolroom where Mr Win worked. He took the Lenovo Laptop and, discovering that there were no administrative controls, downloaded and installed the infringing NX Software on it.[15] He used the NX Software on at least 15 different occasions between December 2020 and April 2021.[16]

7 In March 2021, Mr Nicholas Low, an employee of SISPL, discovered the unauthorised use of the Plaintiff's NX Software through an automatic reporting function built into the software.[17] Based on the public internet protocol addresses ("IP addresses") connected to the instances of unauthorised use, Mr Low was able to trace the infringement to the Defendant.[18] Mr Low then visited the Defendant's premises in April, where he informed Mr Wong of the details of the infringement.[19]

8 Following this meeting, Mr Wong carried out internal investigations and confirmed that Mr Win had installed and used the unauthorised version of the NX Software on the Lenovo Laptop.[20] According to Mr Wong, he worked with

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14 Paing Win's AEIC at paragraphs 2.1.2 to 2.1.3.

15 Paing Win's AEIC at paragraphs 2.2.1 to 2.2.3.

16 Nicholas Low's AEIC at paragraph 29.

17 Nicholas Low's AEIC at paragraph 22.

18 Nicholas Low's AEIC at paragraph 33.

19 Nicholas Low's AEIC at paragraph 36.

20 Wong Quee Seng's AEIC at paragraph 5.1.4.

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the head of the Defendant's human resource department, Ms Phua Yi Xuan, to uninstall the NX Software from the Lenovo Laptop.[21] When Mr Wong updated Mr Low on his findings, Mr Low suggested that the Defendant could "legalize the unlicensed seat by purchase of the infringed software".[22] To this end, Mr Low attached a quotation for a licence to use one NX Total Machining module for the price of $79,587. This offer was, however, not taken up by the Defendant.

The parties' cases

The Plaintiff's case

9 The Plaintiff argues that the Defendant should be found primarily and vicariously liable for copyright infringement arising from Mr Win's actions. It takes the position that both forms of liability flow from the close connection between Mr Win's employment relationship with the Defendant and the infringing acts.[23] The Plaintiff submits that such a connection exists for three reasons. First, the Defendant granted Mr Win "free and unlimited access" to its premises with little to no supervision[24] which enabled Mr Win to commit the infringing acts.[25] Second, the Defendant did not take reasonable steps in preventing the infringing acts from occurring as it did not repeatedly remind Mr Win of its anti-software piracy policy or take pains to ensure that this policy was understood by him.[26] The Plaintiff also submits that the Defendant's

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21 Wong Quee Seng's AEIC at paragraph 5.1.5.

22 Wong Quee Seng's AEIC at paragraph 5.2.4.

23 Plaintiff's Closing Submissions dated 18 November 2022 ("PCS") at paragraphs 18 and 73 to 75.

24 PCS at page 10.

25 PCS at paragraph 25.

26 PCS at paragraphs 29 to 40.

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mismanagement of the Lenovo Laptop, namely its failure to physically secure the laptop and place administrative controls on it, created and increased the risk of Mr Win committing the infringing acts.[27] Third, the infringing acts were closely connected to Mr Win's job scope and were for the Defendant's benefit.[28]

10 The imposition of vicarious liability on the Defendant will also, in the Plaintiff's view, further the two policy considerations of ensuring the effective compensation of the victim and the deterrence of future harm. Specifically, it asserts that the Defendant's "blatant disregard for the intellectual property rights of others" necessarily engages the need for deterrence.[29]

11 Accordingly, the Plaintiff claims $259,511 in damages.[30] Given the lack of evidence on the modules which were actually used by Mr Win, Mr Low, on behalf of the Plaintiff, has selected a "representative bundle" of modules which he deems to be "typically purchased by users carrying on the same business activities as the Defendant".[31] The proposed quantum of damages is thus the sum of the licence fees for each of these modules as set out in the Plaintiff's price book, which, the Plaintiff submits, is relied upon by its distributors and resellers to quote prices to its customers.[32] These fees relate to licences which are perpetual (i.e., for indefinite use) and floating (i.e., for use across multiple

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27 PCS at paragraphs 41 to 54.

28 PCS at paragraphs 57 to 58.

29 PCS at paragraph 70.

30 PCS at page 39.

31 PCS at paragraph 118.

32 PCS at paragraph 83.

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devices) with added maintenance costs (which allow for future updates to be obtained).[33]

12 The Plaintiff also asks for additional damages of $200,000 to be imposed on the Defendant because of its "reckless and flagrant" conduct, the benefit it has obtained from the infringing acts, and its "lack of remorse and unsatisfactory conduct in the proceedings".[34] In addition, the Plaintiff seeks declaratory relief and a permanent injunction restraining future infringements.[35]

The Defendant's case

13 On the other hand, the Defendant argues that it should bear no liability with respect to Mr Win's infringing acts. The Defendant submits that it should not be found primarily liable for copyright infringement because Mr Win was not acting in the capacity of an agent of the Defendant.[36] There was also no admission of such liability by the Defendant at any time.[37]

14 The Defendant also denies any form of vicarious liability. It takes the position that there is no sufficient connection between Mr Win's employment relationship with the Defendant and the infringing acts.[38] This is for three reasons. First, the Defendant argues that Mr Win's infringing acts were not reasonably foreseeable as the Defendant had not only legally licensed the module relevant to Mr Win's job scope, but it had also put in place a "strict anti-

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33 PCS at paragraph 81(c).

34 PCS at paragraph 127.

35 PCS at paragraphs 147 to 148.

36 DCS at paragraphs 35 to 36.

37 DCS at paragraph 33.

38 DCS at paragraph 40.

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software piracy policy" and security measures on its computers.[39] The Lenovo Laptop was also not reflected in the Defendant's list of information technology ("IT") assets, and the Defendant was unaware that the relevant administrative controls had not been installed on the laptop.[40] Second, Mr Win's infringing acts were carried out in furtherance of his own purposes and fell outside of his job scope. Third, the Plaintiff had itself failed to take reasonable measures in protecting its copyright as it took around four months to bring the infringement to the Defendant's attention and has not taken any steps in addressing other instances of infringement relating to the NX Software.[41] In the Defendant's view, the Plaintiff has failed to act in a "reasonably diligent manner", which militates against a finding of vicarious liability.[42]

15 In any case, the Defendant disagrees with the Plaintiff's estimated quantum of damages. The Defendant submits that the Plaintiff's approach in both identifying the "representative bundle" of applicable modules and assessing the relevant licence fees for these modules should be rejected. The Plaintiff's selection of applicable modules is defective because (a) the Plaintiff is not in the business of licensing the NX Software directly to end-users[43] and (b) this approach does not take into account the actual circumstances surrounding the infringing acts.[44] It is also the Defendant's position that the

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39 DCS at paragraph 45.

40 DCS at paragraph 47.

41 DCS at paragraphs 50 to 51.

42 DCS at paragraph 50.

43 DCS at paragraph 59.

44 DCS at paragraph 63.

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selection of the "representative bundle" of modules by Mr Low was a decision which was arbitrary and made by a person without the relevant expertise.[45]

16 The Defendant contends that the appropriate quantum of damages should be the licence fees with respect to annual (i.e., for a year's use) and node-locked (i.e., for use only on a single device) licences for the modules which Mr Win actually used, without the need for additional maintenance fees.[46] This coheres with the circumstances surrounding the infringing acts. Given that no evidence has been adduced by the Plaintiff as to the existing licence fees for such licences,[47] the Defendant argues that the Plaintiff has failed to discharge its burden in proving its loss. In any case, the Defendant relies on quotations obtained by its sub-contractor, G-Tech Engineering Pte Ltd ("G-Tech"), from a distributor, Hitachi Sunway Information Systems (Singapore) Pte Ltd ("Hitachi"), to demonstrate that the loss suffered by the Plaintiff is lower than it asserts.

17 The Defendant takes the position that any quantum of damages awarded by the court should be reduced because of the Plaintiff's failure to mitigate its losses by informing the Defendant of the infringing acts at an earlier time.[48]

18 The Defendant also argues that the Plaintiff should not be awarded additional damages as the facts supporting this claim were not pleaded and the Defendant's conduct was not so flagrant or unreasonable as to warrant additional damages. Finally, the Plaintiff is not entitled to the other reliefs it

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45 DCS at paragraphs 67 to 71.

46 DCS at paragraphs 63 and 115.

47 DCS at paragraph 91.

48 DCS at paragraph 119.

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claims – injunctive relief is unnecessary because the infringing activity has ceased, and a declaration will be made redundant by this court's decision.[49]

Issues to be determined

19 Accordingly, there are four issues which arise for my determination:

(a) Whether the Defendant is primarily liable for Mr Win's actions;

(b) Whether the Defendant is vicariously liable for Mr Win's actions;

(c) If the Defendant is found liable, what quantum of damages should be awarded; and

(d) Whether additional damages and the other reliefs sought should be awarded.

I now deal with these issues in turn.

Issue 1: Whether the Defendant is primarily liable for copyright infringement

20 From the outset, I clarify that there are two distinct bases upon which primary liability may be imposed on the Defendant. The starting point of the analysis is s 31(1) of the Copyright Act 1987 (2006 Rev Ed) ("Copyright Act"), which states that the copyright in a work is infringed if a person, who neither owns nor licenses the copyright, *does or authorises the doing* of any act comprised in the copyright. The liability arising from the authorisation of an infringing act is therefore separate from the liability arising from the infringing

[49] DCS at paragraphs 140 to 144.

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act itself: Gwilym Harbottle, Nicholas Caddick & Uma Suthersanen, *Copinger and Skone James on Copyright* vol 1 (Sweet & Maxwell, 18th Ed, 2021) ("*Copinger and Skone James*") at para 7-273. As such, the Defendant is liable if (a) the Defendant is found to have carried out the infringing acts or (b) the Defendant is found to have authorised these acts.

21 On whether the Defendant may be said to have carried out the infringing acts, I note, as a starting point, that it is not disputed that the acts of copying were carried out by Mr Win. The question, then, is whether these acts may be attributed to the Defendant such that it is taken to have committed them itself. This turns on whether Mr Win was acting in the course of his duties as an agent of the Defendant (see *MCA Records Inc and anor v Charly Records Ltd and ors* [2000] EMLR 743 at [10]–[11]) or in the exercise of specific powers found in the Defendant's constitution or in general company law (see *Red Star Marine Consultants Pte Ltd v Personal Representatives of Satwant Kaur d/o Sardara Singh, deceased and anor* [2020] 1 SLR 115 at [35]).

22 There is no evidence before me which indicates that Mr Win's acts were sanctioned by the exercise of powers in the Defendant's constitution or in general company law, such as through a resolution by the Defendant's directors or shareholders. I also accept the Defendant's argument that Mr Win's acts were not committed as an agent of the Defendant. The relationship of principal and agent arises by the express or implied conferring of authority by the principal on the agent: Peter Watts & F.M.B. Reynolds, *Bowstead and Reynolds on Agency* (Sweet & Maxwell, 21st Ed, 2021) at para 2-001. On the facts, Mr Win's infringing acts cannot be said to fall within the scope of any such authority conferred upon him by the Defendant. This is evident from Mr Win's signed acknowledgments of the Defendant's anti-software piracy policy in 2015, which states that "[e]mployees are not allowed to install, download or use

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any unauthorized software onto company's computers".[50] The Defendant had also licensed the relevant modules of the NX Software it required for its business. There was therefore no reason either for the Defendant to have exposed itself to unnecessary risk by instructing or allowing its employees to download unauthorised software which it did not need or for Mr Win to have expected such acts to fall within the scope of his work. For these reasons, I am satisfied that Mr Win's infringing acts cannot be attributed to the Defendant.

23 Turning to the point on "authorisation" under s 31(1) of the Copyright Act, this term has been interpreted to refer to the sanctioning, approving, or countenancing of the infringing use: *Ong Seow Pheng and ors v Lotus Development Corp and anor* [1997] 2 SLR(R) 113 ("*Ong Seow Pheng*") at [29]. It is the grant or the purported grant, which may be express or implied, of the right to do the act complained of. The Court of Appeal ("CA") in *RecordTV Pte Ltd v MediaCorp TV Singapore Pte Ltd* [2011] 1 SLR 830 at [50] specified four factors which the courts ought to take into account in determining if authorisation liability should be imposed:

(a) Whether the alleged authoriser had control over the means by which copyright infringement was committed and, hence, a power to prevent such infringement ("the first authorisation liability factor");

(b) The nature of the relationship (if any) between the alleged authoriser and the actual infringer ("the second authorisation liability factor");

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[50] 1ABOD at page 166.

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(c) Whether the alleged authoriser took reasonable steps to prevent or avoid copyright infringement ("the third authorisation liability factor"); and

(d) Whether the alleged authoriser had actual or constructive knowledge of the occurrence of copyright infringement and/or the likelihood of such infringement occurring ("the fourth authorisation liability factor").

The CA emphasised that these factors should be evaluated in their totality in the context of the factual matrix of each case. Proving "one or even several of these factors" will not be invariably decisive on the question of authorisation liability.

24 Applying the first authorisation liability factor, I find that the Defendant did not have the power to prevent Mr Win's acts of infringement. While I accept that the Defendant may have facilitated the copyright infringement by way of, *inter alia*, its negligence in failing to account for the Lenovo Laptop and to install administrative controls onto it, the Defendant had essentially no control over what Mr Win did on the laptop. An analogy may be drawn with the facts in *Ong Seow Pheng*. In that case, the appellant knowingly sold infringing copies of the software programme and the manuals for these programmes to the infringer, who was a dealer in unauthorised copies of computer products. The CA held that although the appellant "conferred on [the infringer] the power to copy or even encouraged [the infringer] to copy", he ultimately had no control over the infringer's actions: *Ong Seow Pheng* at [35]. Similarly, even if, accepting the Plaintiff's arguments, the Defendant had facilitated Mr Win's infringing acts by creating "the very circumstances which [gave] rise to

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copyright infringement",[51] such facilitation alone is insufficient in demonstrating that the Defendant had control over Mr Win's infringing actions. While I recognise that the employment relationship in the present case differs from the commercial relationship between a buyer and a seller in *Ong Seow Pheng*, the Defendant could not exert any control over Mr Win's actions by way of this relationship as these acts were carried out without the Defendant's knowledge. In addition, unlike in *Ong Seow Pheng*, there is no evidence to suggest that the Defendant had encouraged or incited Mr Win in any way to commit the infringing acts.

25 In relation to the second authorisation liability factor, the Defendant and Mr Win were engaged in a contractual relationship of employment. This relationship is evidently commercial in nature, at least in so far as there is an exchange of Mr Win's services for a monthly wage.

26 On the third authorisation liability factor, the Plaintiff argues that the Defendant had failed to take reasonable steps in preventing the infringing acts. In particular, the Plaintiff points to the Defendant's weak anti-software piracy policy, its poor communication of this policy to Mr Win, its recklessness in managing the Lenovo Laptop, and the free access which it grants Mr Win to its premises.[52] Having considered the manner in which the Defendant has managed its operations and assets, I agree that it has failed to take reasonable steps in preventing Mr Win's acts of copyright infringement.

27 On the one hand, I begin by acknowledging the Defendant's argument that it had an anti-software piracy policy in place. This policy was not only set

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51 DCS at paragraph 75.

52 PCS at paragraph 74(c).

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out in its employee handbook,[53] but also brought to the attention of Mr Win in the course of his employment through informal notices and formal documents, in response to which Mr Win provided signed acknowledgments.[54] I also accept that the policy was adequately communicated to Mr Win. Although Mr Win was not proficient in English, the thrust of the policy – prohibiting employees from the illegal downloading and installation of software – was conveyed in a relatively simple and straightforward manner.[55] As a foreigner who has lived in Singapore for several years,[56] I am convinced that Mr Win understood, at least broadly, the prohibitions imposed on him by way of the Defendant's policy. I also place no weight on the fact that Mr Win had free access to the Defendant's premises as this was consistent with the flexible working schedule assigned to Mr Win by the Defendant during the pandemic.[57]

28 On the other hand, I agree that the Defendant was careless in its management of the Lenovo Laptop, which was left unsecured as a result of Mr Wong's negligence (a point which will be revisited later in the analysis pertaining to vicarious liability). Moreover, Mr Win was not given adequate supervision in the course of his work. In particular, Mr Win's supervisor only entered the toolroom when specific issues pertaining to the CNC machine arose, and Mr Wong only visited once in several months.[58] Finally, I also note that the Defendant's anti-software piracy policy was last brought to Mr Win's attention in 2015 – more than five years before the infringing acts took place. There is no

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53 Phua Yi Xuan's AEIC at paragraph 2.2.2(a).

54 Phua Yi Xuan's AEIC at paragraphs 2.2.2(b) to (c).

55 1ABOD at page 166; Phua Yi Xuan's AEIC at page 24.

56 Notes of Evidence dated 5 October 2022 ("NE Day 2") at page 3 lines 3 to 7.

57 1ABOD at page 197.

58 NE Day 2 at page 27 lines 13 to 25; PCS at paragraph 22.

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indication that there were subsequent reminders to Mr Win regarding the policy save for a lone inconspicuous A4-sized poster comprising three sentences, which was placed in the toolroom alongside an assortment of numerous other notices.[59] It is evident that while the Defendant had developed an anti-piracy policy, its conduct pertaining to its operations and the implementation of this policy fell short of reasonable steps in preventing Mr Win's infringing acts.

29 Moving to the fourth authorisation factor, I am of the opinion that the Defendant did not have knowledge, either actual or constructive, of the occurrence of copyright infringement or the likelihood of such infringement occurring. There is no evidence before me to show that the Defendant knew of the infringing acts before they were brought to its attention by Mr Low[60] or that the Lenovo Laptop had been taken and used by Mr Win.

30 Assessing these four factors in their entirety, I conclude that the Defendant did not authorise Mr Win's infringing acts under s 31(1) of the Copyright Act. While the Defendant may have been negligent in the implementation of its anti-software piracy policy and in the conduct of its operations, I am satisfied that the Defendant did not sanction, approve, or countenance Mr Win's infringing acts because it did not possess the knowledge that the infringing acts had occurred and had little practical control over Mr Win's actions on the Lenovo Laptop. Moreover, the very existence of its anti-software piracy policy and the measures taken in furtherance of this policy support the conclusion that the Defendant would not have granted Mr Win, either expressly or impliedly, the right to commit the infringing acts.

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59 Phua Yi Xuan's AEIC at page 24.

60 Wong Quee Seng's AEIC at paragraph 5.1.1.

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31 For these reasons, the Defendant is not primarily liable for copyright infringement with respect to Mr Win's actions.

Issue 2: Whether the Defendant is vicariously liable for copyright infringement

32 I begin my analysis by addressing an anterior issue which parties have taken to be a given – whether the doctrine of vicarious liability in tort extends to cases involving copyright infringement. Despite the dearth of local case law on this point, I take the view that it does. The doctrine of vicarious liability is a form of secondary liability which holds a defendant liable for the wrongful acts of another even if the defendant has not been negligent at all: *Ng Huat Seng v Munib Mohammad Madni* [2017] 2 SLR 1074 ("*Ng Huat Seng*") at [41]. In doing so, this doctrine seeks to ensure that the persons who put risky enterprises into the community are fairly held responsible when those risks emerge and cause loss or injury to members of the public: *Skandinaviska Enskilda Banken AB (Publ), Singapore Branch v Asia Pacific Breweries (Singapore) Pte Ltd and anor* [2011] 3 SLR 540 ("*Skandinaviska*") at [70] citing *Roman Catholic Episcopal Corporation of St George's v John Doe (a pseudonym) and John Doe (a pseudonym)* [2004] 1 SCR 436 at [20]. I see no reason why this doctrine cannot be extended to cases involving copyright infringement. The CA in *Skandinaviska* at [86] clarified that it was not necessary to put any particular type of tortious misconduct into a special category where the doctrine of vicarious liability should not apply. Given that copyright infringement constitutes a statutory tort (see *Rank Film Distributors Ltd v Video Information Centre (a firm)* [1982] 1 AC 380 at 420–421), it follows that it should not be excluded from the applicability of the doctrine of vicarious liability.

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33 This conclusion is consistent with the position taken in other leading common law jurisdictions. In the United Kingdom, the English High Court in *Al-Hasani v Nettler and anor* [2019] EWHC 640 (Ch) ("*Al-Hasani*") recognised the possibility of bringing a claim against a person for vicarious liability pertaining to copyright infringement. In that case, the claimant wrote a research paper while he was studying in London. The claimant was later admitted to a university for further studies. During this time, he handed his research paper to his academic supervisor. A few years later, the claimant alleged that his supervisor had published, in his own name, the research paper as an article in a book without permission or authorisation from the claimant. He brought copyright infringement claims against both the supervisor as well as the university. They, in turn, applied to strike out these claims. In striking out the claim of vicarious liability against the university, the English High Court held that the particulars of the claim failed to include facts which established a sufficiently close connection between the alleged infringement and the supervisor's employment with the university: *Al-Hasani* at [93.7] and [114]. In doing so, the court recognised that vicarious liability would have potentially been imposed on the university if these facts were present, thereby affirming the extension of the doctrine of vicarious liability to copyright infringement.

34 A similar conclusion was reached by the Supreme Court of New South Wales in *Australasian Performing Right Association Ltd v Miles and ors* [1961] 3 FLR 146. This case concerned the unauthorised performance of music at a club by a dance orchestra. The orchestra was engaged by members of the club to provide music for a social function. The plaintiff, who was the owner of the copyright subsisting in the music, brought a claim of copyright infringement against the members of the club. Although the Supreme Court found that the members were directly liable as the orchestra was found to have acted as

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servants of the club, it suggested that the members would have also been found vicariously liable as the employer of the orchestra. While this case is of some vintage, it has been cited by the High Court of Australia as support for the applicability of vicarious liability to copyright infringement under Australian law: *Roadshow Films Pty Ltd v iiNet Ltd* [2012] HCA 16 at [100].

35 Therefore, in the absence of express restrictions in the Copyright Act, I am satisfied that the doctrine of vicarious liability, as it has developed in our local jurisprudence, may be extended to copyright infringement.

36 Both parties are in agreement that the legal test to be applied in determining whether vicarious liability should be imposed is the two-step inquiry formulated in *Ng Huat Seng* at [66]–[67]:

(a) There must be a special relationship between the tortfeasor and the defendant ("the First Inquiry"); and

(b) There must be a sufficient connection between the defendant and the tortfeasor on the one hand, and the commission of the tort on the other ("the Second Inquiry").

37 Applying this two-step test and taking the relevant policy considerations into account, I find that vicarious liability should be imposed on the Defendant. As parties are in agreement that the First Inquiry is made out by virtue of the contractual employment relationship between the Defendant and Mr Win, I turn to address the Second Inquiry directly. The CA in *Ng Huat Seng* at [44] explained that in assessing whether a sufficient connection exists, the central question to be asked is whether the defendant has in some way created or significantly enhanced, by virtue of the relationship, the very risk that in fact materialised. It also highlighted that this exercise is consistent with the "close

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connection" test set out in *Skandinaviska*. To my mind, this suggests that the factors identified in *Skandinaviska* at [87] as relevant in determining if a close connection exists between the creation or enhancement of a risk and the misconduct remain instructive to an assessment of the Second Inquiry. These factors include, *inter alia*:

(a) The opportunity that the enterprise afforded the employee to abuse his or her power;

(b) The extent to which the wrongful act may have furthered the employer's aims (and hence be more likely to have been committed by the employee); and

(c) The vulnerability of potential victims to wrongful exercise of the employee's power.

Having considered these factors, the court should take the relevant policy considerations into account in determining if an imposition of vicarious liability is justified.

38 On the facts, I am satisfied that there exists a sufficient connection between the employment relationship between Mr Win and the Defendant and the infringing acts which occurred. To begin with, I am persuaded that the circumstances in which Mr Win was allowed to operate in the course of his work afforded him the opportunity to commit the infringing acts. This follows from my earlier finding at [28] that the Defendant had failed to take reasonable steps in preventing Mr Win's infringing acts. I accept the Plaintiff's argument that the Defendant's lax supervision of Mr Win afforded him the latitude and opportunity to commit the infringing acts.

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39 Moreover, the Defendant's mismanagement of the Lenovo Laptop facilitated the acts of copyright infringement. I am unable to adopt the Defendant's explanation that the Defendant was not aware of the existence of the Lenovo Laptop and the fact that administrative controls had not been installed on it.[61] A brief history of the Lenovo Laptop bears restating here. The Defendant came into the possession of the Lenovo Laptop in 2019, when a machine which the Defendant had purchased was delivered to its premises.[62] The laptop was delivered alongside the machine and was used in the machine's initial set-up and configuration. Although Mr Wong was under the mistaken impression that the Lenovo Laptop had been returned to the technicians who assembled the machine, he discovered the laptop in the toolroom in July 2020. When he realised that the laptop was faulty, he sent it for repairs and, upon its return, placed it back into a drawer in the toolroom.[63] Mr Wong did not inform anyone at the Defendant about the existence of the laptop or that he had sent it for repairs. In cross-examination, Mr Wong admitted that he had failed to follow proper procedure. He did not (a) obtain approval for the repair of the Lenovo Laptop,[64] (b) bring the existence of the laptop to the Defendant's attention,[65] and (c) ensure that the laptop was properly secured in the toolroom.[66] This mismanagement of the Lenovo Laptop by the Defendant's senior toolroom manager both created and enhanced the risk that Mr Win could commit the infringing acts.

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61 DCS at paragraph 47.

62 Wong Quee Seng's AEIC at paragraph 4.1.2.

63 Wong Quee Seng's AEIC at paragraphs 4.2.1 to 4.2.2.

64 Notes of Evidence dated 6 October 2022 ("NE Day 3") at page 37 lines 11 to 28.

65 NE Day 3 at page 36 line 28 to page 37 line 4.

66 NE Day 3 at page 85 at lines 8 to 10.

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40 Second, the infringing acts were committed in the context of Mr Win's employment for the Defendant's benefit. Even taking into account my previous finding at [22] that Mr Win's infringing acts fell outside his job scope, as well as the Defendant's evidence that the infringing NX Software was never used in relation to the Defendant's official projects or jobs, I am unable to make the finding that Mr Win had carried out these acts for his own purposes. Mr Win did not install the infringing software in furtherance of his personal interests; he testified that he wanted to become more skilful in using the NX Software by obtaining more practice.[67] This evinces the ultimate objective behind Mr Win's acts of infringement – to improve his performance *at work*, which would necessarily be in relation to the tasks assigned to him by the Defendant. I also agree that the Defendant stood to benefit from the infringing acts, as an improvement in Mr Win's skills would logically translate into an increase in productivity for the Defendant. To this end, the fact that the Defendant already possessed licences to use the relevant modules of the NX Software is irrelevant because the existing licences only allowed a single user to use the modules at any one time.[68] Mr Win's infringing use thus allowed him to practise on the module while the authorised version of the software was concurrently processing the Defendant's official projects. I make clear that this finding that Mr Win's infringing acts were carried out in the *context* of his employment does not mean that they were committed within the *authorised scope* of his employment. This is therefore in line with my conclusion at [22] that Mr Win had acted outside the scope of the authority granted to him by the Defendant.

41 For these reasons, I find that there is a sufficient connection between the relationship of employment and Mr Win's infringing acts. The manner in which

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67 NE Day 2 at page 28 lines 25 to 28.

68 Nicholas Low's AEIC at paragraph 27.

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the Defendant handled its staff, operations, and assets created and enhanced the risk that Mr Win could commit the infringing acts. The acts were also committed in the context of Mr Win's employment and were beneficial to the Defendant in furthering its commercial aims. The imposition of vicarious liability on the Defendant is therefore justifiable in the circumstances.

42 This conclusion is supported by a consideration of the two policy considerations highlighted by the CA in *Skandinaviska* at [76] – ensuring the effective compensation of the victim and the deterrence of future harm.

43 The imposition of vicarious liability on the Defendant will ensure the effective compensation of the Plaintiff for the very reason that the Defendant is the person best placed and most able to provide such compensation. This consideration is particularly relevant in this case because machinists employed by the Defendant are only paid between $1,800 to $3,200 every month.[69] Even taking his promotion in 2019 into account, Mr Win is unlikely to possess sufficient financial resources to compensate the Plaintiff himself.

44 I also concur with the Plaintiff's arguments that a finding of vicarious liability in this case will incentivise employers to take further steps in reducing the incidence of copyright infringement by their employees. Employers are generally placed in the best position to manage the conduct of their employees: *Skandinaviska* at [80]. This is especially so for cases such as the present, which involve copyright infringement through the unauthorised downloading and installation of software. In these cases, it may be difficult, if not impossible, for the copyright owners to detect instances of infringement and to trace these instances to the wrongdoers. Indeed, if not for the automatic reporting function

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[69] 1ABOD at page 80.

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built into the Plaintiff's software, Mr Win's infringing acts would have gone unnoticed and unpunished. The particular vulnerability of copyright owners in these situations highlights the need to deter wrongdoers from such acts of infringement.

45 The relevance of the two policy considerations above to the present case reinforces my finding that an imposition of vicarious liability on the present facts is not only justifiable, but also just and reasonable.

46 As a final point, I address the Defendant's argument that the Plaintiff had failed to take reasonable measures in this case because it (a) took four months to bring the misuse to the Defendant's attention, (b) did not choose to pursue infringements committed by other actors, and (c) did not employ any preventive measures in safeguarding its interests.[70] While the Defendant contends that these points militate against any finding of vicarious liability, I am not convinced.

47 First, I see no merit in the Defendant's argument that the Plaintiff was potentially at fault for the ensuing liability because it delayed bringing the instances of infringement to the Defendant's attention for a period of four months. I accept the Plaintiff's evidence that even after its automatic reporting function informs it of potential infringements, it still needs to undertake an investigative process and conduct its due diligence. Given the "hundreds of infringements" coming into the Plaintiff's system every day, the period of four months which the Plaintiff took to bring the infringement to the Defendant's attention cannot be said to be unreasonable.[71]

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70 DCS at paragraphs 48 to 54.

71 Notes of Evidence dated 4 October 2022 ("NE Day 1") at page 19 lines 7 to 16.

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48 Second, I am unable to see why the Plaintiff *had* to pursue infringements committed by other actors. Indeed, the Plaintiff should be free to pursue (or not pursue) each and every instance of infringement against its copyright. The law does not mandate the enforcement of intellectual property rights – it merely enables such action to be taken by rightholders.

49 Third, the Defendant's argument that the Plaintiff's failure to employ preventive measures in protecting its copyright was unreasonable does not hold water. On this point, the Defendant proposed to call an expert witness, one Mr Chia Soo Lim James, pursuant to s 47(1) of the Evidence Act 1893 (1997 Rev Ed) ("Evidence Act") to testify on the mechanisms and practices which companies can put in place to protect their software from online copyright infringement.[72] The Defendant intended to rely on this evidence to support its argument that the Plaintiff was at fault for not adequately protecting its copyright. This would, in the Defendant's view, point away from a finding of a sufficient connection between the employment relationship and the infringing acts and dilute the force of the policy considerations of victim compensation and deterrence.[73]

50 Parties were then directed to file written submissions on the issue of expert evidence prior to a judge pre-trial conference on 15 August 2022.[74] Having read these submissions, I did not allow the Defendant to adduce expert evidence.[75] From a broader policy perspective, imposing a duty on the part of the copyright owner to take active measures in protecting his or her copyright

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72 Defendant's Written Submissions ("DWS") at paragraph 2.2.1.

73 Defendant's Written Submissions dated 8 August 2022 at paragraphs 4.1.1 and 4.1.2.

74 DWS at paragraph 2.2.3.

75 Minute Sheet (JPTC on 15 August 2022).

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would be overly onerous. It would prejudice copyright owners endowed with less financial resources and unduly complicate the commercial calculus which these owners necessarily undertake in deciding the measures they need to put in place to monitor and/or prevent infringements of their copyright. As such, I decided that there was no need for expert evidence to assist me on further measures which the Plaintiff could or should have taken to protect its copyright. Even if the Plaintiff had not employed these preventive measures, I do not, for the reason above, find the absence of such measures to be unreasonable.

51 In any case, I did not find Mr Chia to be suitably qualified. While Mr Chia had considerable experience in the IT industry, there was no evidence that he possessed any particular expertise on matters relating to the reporting or tracking functions used in programmes or experience pertaining to the prevention, resolution, or management of copyright infringement issues. I also accepted the Plaintiff's argument that Mr Chia had not worked in businesses similar to the Plaintiff or, for that matter, the Defendant.[76] Therefore, I exercised my discretion under s 47(4) of the Evidence Act to exclude the admission of expert evidence.

52 For the reasons above, I do not accept the Defendant's arguments on the alleged inadequacies pertaining to the Plaintiff's conduct and they bear no relevance to my finding of vicarious liability.

Issue 3: What is the appropriate measure of damages

53 I turn now to the issue of the assessment of damages. The object of damages is to compensate the plaintiff for loss or injury by placing him in the

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[76] Plaintiff's Reply Submissions to the Defendant's Request to Adduce Expert Evidence dated 12 August 2022 at paragraph 26.

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same position as he would have been in if the wrong had not been suffered. The plaintiff has the burden of proving its loss and damages should be liberally, albeit not punitively, assessed: *Ong Seow Pheng* at [47]. The parties agree that there are three approaches which may be adopted in the assessment of damages for infringements of copyright (see *General Tire and Rubber Co v Firestone Tyre and Rubber Co Ltd* [1975] 1 WLR 819 ("*General Tire*") at 824–826):

> (a) Where the plaintiff is in the business of selling products which incorporate the protected material, the appropriate measure of damages is the loss of profit suffered by the plaintiff ("the Loss of Profit Approach");
>
> (b) Where the plaintiff exploits the copyright through the granting of licences for royalty payments, the appropriate measure of damages is the sum which the infringer would have paid by royalty if the infringer had acted legally instead of illegally ("the Established Licence Royalty Approach"); and
>
> (c) Where it is not possible to prove a normal rate of profit or an established licence royalty, the appropriate measure of damages is the price which, although no price was actually quoted, the plaintiff could have reasonably charged for the infringer to have used the copyright in a hypothetical bargain ("the Hypothetical Bargain Approach").

54 Having considered the circumstances of this case, I find that the Hypothetical Bargain Approach should be adopted. The Loss of Profit Approach does not apply because the Plaintiff has adduced no evidence with respect to the profit it gains from the sale of each module by its distributor or reseller to an end-user. In fact, Mr Low expressly declined to comment on the profit margin accruing to the Plaintiff in relation to the net sales proceeds

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received by its distributors or resellers.[77] The Established Licence Royalty Approach cannot be adopted either as the Plaintiff has not provided evidence on the prices of any *actual* licences granted by itself, SISPL, or its distributors or resellers. The only piece of evidence adduced by the Plaintiff is its price book, which it accepts only serves as a reference for its distributors and resellers.[78]

55 This leaves the Hypothetical Bargain Approach. This approach is founded upon the "user principle", which is the principle that a person who has made wrongful use of another person's property may be held liable to pay a reasonable sum of damages for this use: *Stoke-on-Trent City Council v W & J Wass Ltd* [1988] 1 WLR 1406 at 1416. The utility of this principle is particularly evident in cases involving intellectual property, as such property may very well be "used" by an infringer without in any way affecting the condition or value of the property in its owner's hands: David Llewelyn, "Assessment of Damages in Intellectual Property Cases – Some Recent Examples of "the Exercise of a Sound Imagination and the Practice of a Broad Axe"?" (2015) 27 SAcLJ 480 at para 25. The House of Lords in *General Tire* emphasised at 826 that this process is one of "judicial estimation of the available indications", and that the true principle is for the court to consider what could have reasonably been charged for permission to use the right in question.

56 Applying this approach, I find the Plaintiff's measure of damages at $259,511 to be excessive. The primary basis for the assessment of damages according to this approach is to consider what sum would have been arrived at in hypothetical negotiations between the parties, having regard to the circumstances of the infringement(s), the parties' respective bargaining

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77 NE Day 1 at page 39 lines 25 to 28.

78 PCS at paragraph 83.

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positions, and the commercial context at the time of the breach: *Henderson v All Around the World Recordings Ltd* [2014] EWHC 3087 (IPEC) at [18]–[19].

57 As a preliminary step, the extent of Mr Win's use of the infringing NX Software must be determined. This is because the Hypothetical Bargain Approach ultimately serves as a convenient means of valuing the benefit gained by the infringer (and correspondingly the loss suffered by the claimant): *Reformation Publishing Company Ltd v Cruiseco Ltd and anor* [2018] EWHC 2761 (Ch) at [53]–[54]. An assessment of this benefit cannot be divorced from Mr Win's use of the infringing software. Specifically, the benefit gained in the present case is the additional practice afforded to Mr Win with respect to specific modules in the infringing software. It is therefore altogether sensible for any hypothetical bargain to be assessed vis-à-vis the individual modules which were actually used by Mr Win.

58 This is implicitly recognised by the Plaintiff, who has limited the compensation it seeks to notional licence fees only for the modules allegedly used by Mr Win.[79] The Plaintiff claims that Mr Win and the Defendant had likely used seven modules in the NX Software because these modules were assessed by Mr Low to be applicable to the Defendant's business. These seven modules are set out in the table below alongside their respective licence fees (with maintenance costs) according to the Plaintiff's price book:

S/N	**Module**	**Licence fee with maintenance costs according to Plaintiff's price book (SGD)**
1.	NX Mach 3 Mold Design	$56,644

[79] Plaintiff's Reply to Defendant's Closing Submissions at paragraph 33.

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2.	NX EasyFill Analysis – Advanced Add-ons	$38,771
3.	NX Mold Cooling Add-ons	$49,191
4.	NX Electrode Design Add-ons	$7,507
5.	NX Total Machining	$79,584
6.	NX NC Simulation Add-on	$14,136
7.	NX Design Simulation	$15,678
	Total Price	**$259,511**

According to the Plaintiff, it was forced to carry out such an assessment because (a) the Defendant uninstalled the unauthorised software before the extent of Mr Win's use was fully ascertained,[80] and (b) its automatic reporting function was unable to detect the exact modules which were used.[81] On the other hand, the Defendant maintains that Mr Win had only used one module in the NX Software pertaining to 3-axis programming.[82]

59 Much uncertainty would have indeed been avoided had the Defendant not rushed to uninstall the unauthorised NX Software without first establishing the extent of Mr Win's misuse. This is especially so since Mr Low did not demand for the immediate uninstallation of the unauthorised NX Software when he first brought the instances of infringement to Mr Wong's attention.[83] Despite

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80 NE Day 3 at page 64 lines 27 to 31.

81 PCS at paragraph 103.

82 NE Day 3 at page 59 line 15 to page 61 line 19.

83 1ABOD at pages 103 and 107.

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this unexplained knee-jerk reaction from the Defendant, I accept that Mr Win had only used two modules in the NX Software.

60 At all material times, the Defendant had legally licensed the use of three modules from the Plaintiff: the CAD/CAM 3 Axis Milling Foundation, the Wire EDM Add-on, and the NX Mach Advantage.[84] Given that Mr Win had downloaded and used the NX Software for the purpose of gaining additional *practice*,[85] it stands to reason that he would have only used the modules which were already licensed by the Defendant and which were relevant to his job. Coupled with the fact that the NX Mach Advantage pertains to CAD capabilities, which fall outside of Mr Win's job scope,[86] I am satisfied that Mr Win would have only used the CAD/CAM 3 Axis Milling Foundation and the Wire EDM Add-on modules on the infringing NX Software. It would not have been to Mr Win's benefit to use the other modules in the NX Software as his capabilities vis-à-vis those modules would be irrelevant for the purposes of his work at the Defendant.

61 I am unable to agree with the Plaintiff's assessment that seven modules were used by Mr Win on the sole basis that these modules were theoretically relevant to the business of the Defendant. The Plaintiff failed to provide further details regarding its methodology in selecting these modules. In addition, these selected modules were inappropriately tailored to the Defendant's commercial needs. For instance, the Plaintiff submits that the NX Total Machining module, which covers 3-axis to 5-axis manufacturing,[87] is appropriate for the

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84 1ABOD at page 311.

85 NE Day 2 at page 29 line 7.

86 NE Day 2 at page 10 lines 3 to 21.

87 NE Day 1 at page 72 lines 16 to 25.

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Defendant's business even though the Defendant does not own a 5-axis manufacturing machine.[88] The Plaintiff's assessment of the extent of Mr Win's infringing acts is thus inaccurate.

62 Having found that the CAD/CAM 3 Axis Milling Foundation and the Wire EDM Add-on modules were used by Mr Win, I turn to address what the licence fees between the parties would be if a hypothetical bargain was struck. On the totality of the circumstances, I am persuaded that such fees should be assessed with respect to perpetual node-locked licences without the need for maintenance.

63 The Plaintiff's evidence shows that it did not offer annual licences when Mr Win's infringing acts began in December 2020 as these licences were only introduced in 2021.[89] In response, the Defendant relies on the Plaintiff's software supplemental terms dated 15 July 2020 which include subscription licences for a limited time in the list of licences which may be offered by the Plaintiff for its products.[90] I am of the opinion that the software supplemental terms by themselves are insufficient in refuting the Plaintiff's account that annual licences were only introduced in 2021. These terms not only applied to a broad range of the Plaintiff's products beyond the NX Software, but also merely contemplated the possibility that such time-limited licences could be offered by the Plaintiff. As such, had the parties entered into a hypothetical bargain at the date of the breach, only perpetual licences would have been available. I also agree with the Defendant that the appropriate measure of damages should relate to node-locked licences without the need for

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88 NE Day 3 at page 83 lines 4 to 13.

89 NE Day 1 at page 32 line 13 to page 33 line 10.

90 1ABOD at page 71; DCS at paragraph 92(c).

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maintenance, as this coheres better with the fact that the infringing acts only occurred on a single device and involved only one version of the NX Software.[91]

64 The Defendant has adduced quotations by the Plaintiff's distributor, Hitachi, in its bid to demonstrate that any hypothetical licence fee should be lower than the prices listed in the Plaintiff's price book. The quotations are given in two overlapping parts – some prices are provided in an official quotation document dated 27 April 2021; others are set out in an email dated 4 May 2021 from Hitachi to G-Tech. These prices are summarised in the following table:

Source	**Module**	**Type of licence**	**Price**
Official quotation document	NX CAD/CAM 3 Axis Milling Foundation	Node-locked & annual	$11,052
	Wire EDM Add-on	Floating & annual	$1,800
	NX Turning Add-on	Floating & annual	$3,144
Email	NX CAM 5 Axis Machining	Floating & annual	$14,484
	Wire EDM Add-on	Node-locked & annual	$1,800
	NX CAD/CAM 3 Axis Milling Foundation	Node-locked & annual	$11,052

[91] 1ABOD at page 75.

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	NX CAD/CAM 3 Axis Milling Foundation	Floating & annual	$15,324
	NX 5 Axis Machining Add-on	Floating & annual	$4,500

65 Following my findings above, the Hitachi quotations are not directly helpful as they do not reflect the distributor's prices for perpetual node-locked licences with respect to the modules which Mr Win had used, although they do evince an approximately 28 per cent proportional difference between floating and node-locked licences (in particular with respect to the NX CAD/CAM 3 Axis Milling Foundation module).

66 The main issue which the Plaintiff takes with the Hitachi quotations, however, is that they amount to inadmissible hearsay evidence. This is because no one from either Hitachi or G-Tech gave evidence at trial. In response, the Defendant asserts that the quotations fall under an exception to the hearsay rule pursuant to s 32(1)(*b*)(iii) of the Evidence Act, which pertains to statements consisting of "any information in market quotations, tabulations, lists, directories or other compilations generally used and relied upon by the public or by persons in particular occupations". The Plaintiff disputes the applicability of this exception as the Defendant has not disclosed the context in which the quotations were obtained and provided conflicting accounts on when the quotations were sought.[92]

67 While I accept that the Hitachi quotations fall within the exception to hearsay under s 32(1)(*b*)(iii) of the Evidence Act, I am of the view that they

[92] PCS at paragraphs 92 to 97.

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should be excluded due to serious questions regarding their reliability. The exception was enacted to grant the courts the discretion to admit all business records produced in the ordinary course of business which appear *prima facie* authentic: *Gimpex Ltd v Unity Holdings Business Ltd and ors* [2015] 2 SLR 686 ("*Gimpex*") at [92]. Given that the quotations are, at least in part, contained within an official document which was *prima facie* granted by Hitachi in its capacity as a distributor of the Plaintiff's software, I find that they fall within the remit of s 32(1)(*b*)(iii) of the Evidence Act.

68 That being said, I think it appropriate to exercise the residual power granted to the court to exclude the Hitachi quotations pursuant to s 32(3) of the Evidence Act. This provision states that a piece of evidence which falls within an exception to the hearsay rule may still be deemed not relevant if the court is of the view that it would not be in the interests of justice to treat it as relevant. Some factors which the court may take into consideration in determining if evidence should be excluded include the lack of reliability (where the circumstances of the author of a statement or in which the statement was made raise concerns about its truthfulness) and the evidence's tendency to confuse or the evidence's misleading effect (as when there are doubts about authenticity and good faith): *Gimpex* at [106] citing Professor Jeffrey Pinsler SC, *Evidence and the Litigation Process* (LexisNexis, 4th Ed, 2013) at para 6.052. The CA in *Gimpex* explained at [108] that these factors must be taken into account by the court where relevant on the facts of each case.

69 On the present facts, the application of the reliability measure points toward exclusion as the Defendant has failed to provide the context in which the quotations were obtained. To begin with, there appears to be a working relationship between Hitachi and the Defendant, as all of the Defendant's

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existing licences were purchased through Hitachi between 2018 and 2020.[93] The Hitachi quotations, however, were not directly obtained by the Defendant, but sourced through G-Tech. No evidence was led before the court on why the Defendant did not obtain the quotations itself. Pertinently, the Defendant did not adduce the instructions which were given from the Defendant to G-Tech or the initial emails sent from G-Tech to Hitachi requesting the quotations. This was despite the fact that the Defendant had adduced the *other* emails in the same email thread between G-Tech and Hitachi. When questioned why these documents were not submitted in evidence, the witnesses for the Defendant dithered. Mr Wong's answer was that this was "something that [the Defendant] missed out";[94] Mr Phua Swee Hoe, the managing director of the Defendant, stated that the exclusion was a result of "a guideline from counsel".[95] The Defendant's inadequately explained decision to leave out the parameters within which the quotations from Hitachi were sought casts substantial doubt on their reliability. I am therefore of the view that there is insufficient evidence to show that there were safeguards in place to ensure the Hitachi quotations were reliable and objective. In the interests of justice, I do not treat the Hitachi quotations as relevant and, accordingly, do not rely on them in my decision.

70 On the other hand, the figures in the Plaintiff's price book, such as those stated in [57], do not assist me directly as they list the licence fees for perpetual *floating* licences.[96] However, I take the view that the figures relating to the relevant modules can be adjusted downwards to reflect the licence fees for perpetual node-locked licences. It is not disputed that the fees pertaining to

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93 1ABOD at page 311.

94 NE Day 3 page 76 line 4.

95 NE Day 4 page 12 line 6.

96 NE Day 1 page 34 lines 2 to 10; 1ABOD at page 121.

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node-locked licences are lower than those for floating licences, as floating licences have greater utility by virtue of enabling access across multiple devices. In the face of unsatisfactory evidence on both sides – an incomplete price book on one hand and an unreliable quotation on the other – I am of the opinion that a 25 per cent downward adjustment from the prices in the Plaintiff's price book reflects a fair assessment of the loss suffered by the Plaintiff.

71 I therefore find the appropriate measure of damages to be $30,574 (being the cost of perpetual node-locked licences for the CAD/CAM 3 Axis Milling Foundation and the Wire EDM Add-on without maintenance):

Module	**Perpetual floating licence fee according to the Plaintiff's price book (SGD)**	**Final fee after downwards adjustment of 25 per cent (SGD)**
CAD/CAM 3 Axis Milling Foundation	$36,480	$27,360
Wire EDM Add-on	$4,285	$3,214
Total		**$30,574**

72 I emphasise that any application of the Hypothetical Bargain Approach will necessarily involve some level of speculation as to the precise amount which parties would have agreed to in exchange for permission to use the relevant rights. This is especially so in the present case where distributors and resellers of the Plaintiff's software price the licence fees "as they see fit, for any number of commercial or business reasons".[97] To my mind, therefore, the sum

[97] Plaintiff's Reply to Defendant's Closing Submissions at paragraph 38.

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above constitutes the best estimation of the Plaintiff's loss based on the available indications. Given my finding at [47] above that the Plaintiff had not delayed its pursuit of the matter for an unreasonable amount of time, I also reject the Defendant's argument that the Plaintiff had failed to mitigate its losses.

Issue 4: Whether additional damages and other reliefs should be awarded

73 I now address the issue regarding the other reliefs sought by the Plaintiff. On additional damages, section 119(4) of the Copyright Act provides that:

> **119.—** …
>
> (4) Where, in an action under this section —
>
> (*a*) an infringement of copyright is established; and
>
> (*b*) the court is satisfied that it is proper to do so, having regard to —
>
> (i) the flagrancy of the infringement;
>
> (ii) any benefit shown to have accrued to the defendant by reason of the infringement; and
>
> (iii) all other relevant matters,
>
> the court may, in assessing damages for the infringement, award such additional damages as it considers appropriate in the circumstances.

The aim of an award for additional damages is punishment and deterrence: *Lotus Development Corp and anor v Ong Seow Pheng and ors* [1996] 2 SLR(R) 514 at [45].

74 On the facts, I am persuaded that the Defendant's actions were not flagrant. It is not disputed that upon being informed of the infringement, the Defendant immediately conducted its own internal investigations and stopped

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all infringing use.[98] The documents adduced by the Defendant also show that, despite some lapses in implementation, it *did* have an anti-piracy policy in place. Any benefit accruing to the Defendant as a result of the infringing acts is also unlikely to be substantial given that Mr Win did not use the infringing NX Software for a significant period of time or on any official projects or jobs. Lastly, I did not find the Defendant's conduct in the course of the proceedings to be so unsatisfactory as to warrant the imposition of additional damages. The Defendant was entirely justified in rejecting the Plaintiff's offer to "legalize" the infringement by purchasing a module costing around $80,000 which it did not even require for its business.[99] I therefore decline to impose additional damages in this case.

75 In its reply closing submissions, the Defendant raised the argument that additional damages should not be imposed in cases involving vicarious liability.[100] Vicarious liability is "a form of strict liability" and "not based on any fault on the ultimate defendant". According to the Defendant, this renders the imposition of additional damages unfair as the defendant will *already* be held liable without having committed any infringing acts itself. In the light of my conclusion in the previous paragraph, it is not necessary for me to make a determinative finding on this issue for the purposes of the present case. This is particularly so given that the Plaintiff has not had the opportunity to respond on this point. As such, I will leave the availability of additional damages as a remedy in cases involving vicarious liability for the courts' future determination.

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98 1ABOD at page 107.

99 1ABOD at page 111.

100 Defendant's Reply Closing Submissions at paragraph 36.

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76 Moving to the other reliefs sought by the Plaintiff, I do not find it necessary to grant the declaratory relief which the Plaintiff asks for. The power to make a declaration is a discretionary power: *Wing Joo Loong Ginseng Hong (Singapore) Co Pte Ltd v Qinghai Xinyuan Foreign Trade Co Ltd and anor* [2009] 2 SLR(R) 814 at [176]. I agree with the Defendant that there is no longer any need for a declaration following my decision in this matter, which I deem sufficient in affirming the rights of the Plaintiff in respect of the present dispute with the Defendant.

77 As a final point, I am satisfied that a permanent injunction should be granted in favour of the Plaintiff to restrain future infringements by the Defendant. It is generally accepted that a claimant will be entitled to a permanent injunction if he succeeds at the trial in establishing copyright infringement: *Copinger and Skone James* at para 21-234. While the Defendant has managed to put a stop to Mr Win's infringing acts, the analysis above has also demonstrated that the management of staff and IT assets at the Defendant may not prove entirely effective in preventing acts of copyright infringement. Amid this backdrop, I find it just to grant a permanent injunction to restrain the Defendant from further infringements of the Plaintiff's copyright.

Conclusion

78 In sum, I find the Defendant vicariously liable for the acts of copyright infringement committed by its employee, Mr Win, and assess damages at $30,574 to be paid by the Defendant to the Plaintiff. I also grant a permanent injunction restraining the Defendant from further infringements of the Plaintiff's copyright subsisting in the NX Software. I make no order imposing additional damages on the Defendant.

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79 I will hear parties on interest and costs separately.

Dedar Singh Gill
Judge of the High Court

Sivagnanaratnam Sivananthan, Mok Ho Fai and Loy Ming Chuen, Brendan (Bird & Bird ATMD LLP) for the plaintiff;
Jevon Louis, Tan Jing Han, Alvin and Chong Kar Yee Cristel (Shook Lin & Bok LLP) for the defendant.

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