

Creative Technology Ltd v Cosmos Trade-Nology Pte Ltd and Another
[2003] SGHC 188

Case Number : Suit 68/2003, SIC 1244/2003

Decision Date : 26 August 2003

Tribunal/Court : High Court

Coram : Belinda Ang Saw Ean J

Counsel Name(s) : Daniel Chia (Wong & Leow LLC) for the plaintiffs; Palanaippa Sundararaj (Straits Law Practice LLC) for the defendants

Parties : Creative Technology Ltd — Cosmos Trade-Nology Pte Ltd; Huang Wen-Lai

Trade Marks and Trade Names – Infringement – Defence – Second defendant claiming he did not consent to first defendant infringing plaintiff's registered marks Whether second defendant personally liable for first defendant's acts

Trade Marks and Trade Names – Infringement – Defence – Whether innocence is valid defence in action for trade mark infringement – Whether s 49(ii) of the Trade Marks Act (Cap 332, 1999 Rev Ed) applicable

Trade Marks and Trade Names – Infringement – First defendant selling counterfeit sound cards bearing plaintiff's registered marks – Whether plaintiff's trade marks infringed – Trade Marks Act (Cap 332, 1999 Rev Ed) s 27

1 The Plaintiff, Creative Technology Ltd, obtained summary judgment against Cosmos Trade-Nology Pte Ltd (First Defendant) and Huang Wen-Lai (Second Defendant) for trademark infringement on 5 May 2003. I granted restraining orders as well as an order for delivery up or destruction of all infringing reproductions and/or any article that has been predominantly used for making such copies. In addition, the Plaintiffs obtained an order directing an inquiry as to the damages or at the Plaintiff's option an account of profits and payment of all sums found due upon taking such inquiry or account. Only, the Second Defendant has appealed against the whole of my decision.

2 The Plaintiff is a leading manufacturer of digital entertainment products for personal computers and internet users. The Plaintiff is best noted for its "Sound Blaster" line of sound cards. This case concerns the Plaintiff's sound card marketed as Creative VIBRA 128.

3 The Plaintiff is the proprietor of five registered marks. For simplicity, I have identified them here by their registration numbers, namely Trade Mark no. B3070/94; Trade Mark no. 3071/94; Trade Mark no. T92/05291J; Trade Mark no. T92/08634C and Trade Mark no. T98/00399G (hereinafter collectively referred to as "the Plaintiff's registered marks").

4 The First Defendant is an exempt private company incorporated in Singapore in 1998. The First Defendant deals primarily in computer peripherals. The Second Defendant is a director and owns 99.99% of the shareholding of the First Defendant.

5 The Writ of Summons endorsed with a Statement of Claim was issued on 21 January 2003. In brief, it alleged that the Defendants sold and offered for sale counterfeit sound cards and infringed its trademarks. The Defendants filed their Defence on 17 February 2003. In March 2003, the Plaintiff applied for summary judgment against the Defendants for infringement of trademarks.

6 Counsel for the Plaintiff, Mr. Daniel Chia, relied on three occasions in which the First Defendant dealt with the Plaintiff's private investigator in a manner that the Plaintiff alleged constituted an infringement of the Plaintiff's registered marks without there being any reasonably

arguable defence to the contrary. The first of the dealings was on 17 June 2002 where the Plaintiff's private investigator purchased one unit of sound card bearing the Plaintiff's registered marks from the First Defendant at its retail outlet situated at 180B Bencoolen Street, #12-05, The Bencoolen, Singapore 189648. Secondly, on or about 3 July 2002, the Plaintiff's investigator purchased and collected 3,145 units of sound cards from the First Defendant's office situated at 52, Kallang Bahru, #04-11/12, Singapore 339335. Thirdly, on 20 August 2002, the Plaintiff's investigator purchased at a price of \$9.00 one unit of sound card from the retail outlet. The entrapment purchases are collectively referred to as "the Defendants' Sound Cards".

7 The Defendants' Sound Cards were manufactured without the license or consent of the Plaintiff. They were found to be counterfeit sound cards. The print quality of the packaging was dissimilar from the original in terms of standards and colour. Each box of Creative VIBRA 128 contains an installation CD-ROM and an Analog CD_IN cable (hereafter collectively referred to as the "Sound Card"). On the other hand, the Defendants' Sound Cards were packed with foam material with accompanying printed instructions but without the CD-ROM and cable. The Defendants' Sound Cards were sold at \$9.00 each whereas the Plaintiff's standard retail price for each Sound Card is \$28.00.

8 On 3 September 2002, the police with search warrants entered the First Defendant's retail outlet and office and seized a total of 56 pieces of infringing sound cards and one piece of infringing "Creative" Sound Blaster CD-ROM. They too were counterfeit sound cards and were not manufactured or licensed by the Plaintiff. The sound cards seized were identical in all material aspects to the Defendants' Sound Cards. Furthermore, the Defendants' Sound Cards and those seized on 3 September 2002 were identical copies of the Sound Cards and they also carried the Plaintiff's registered marks.

10 The ownership, validity and subsistence of the Plaintiff's registered marks were not challenged. It was also not disputed that the Defendants' Sound Cards and those seized on 3 September 2002 were counterfeit sound cards and infringed the Plaintiff's registered marks. It was also not disputed that the First Defendant had made the sales described earlier.

11 In its Defence, the First Defendant said that it did not know that the Defendants' Sound Cards were not genuine and did not know before the end of August 2002 that the sound cards it sold infringed the Plaintiff's registered marks.

12 Section 27(1) of the Trade Marks Act (cap 332) provides:

A person infringes a registered trade mark, if, without the consent of the proprietor of the trade mark, he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.

Under section 27(4), a person uses a sign if, in particular, he:

...

(b) offers or exposes goods for sale, puts them on the market or stock them for those purposes under the sign, or offers or supplies services under the sign;

(c) imports or exports goods under the sign.

13 I was satisfied that the Plaintiff by its evidence had established both conditions of section 27(1) and was entitled to injunctive relief sought in the Order 14 summons.

14 Counsel for the Defendants, Mr. Palaniappan Sundararaj, rightly accepted that on the evidence the First Defendant had committed acts that infringed the Plaintiff's registered marks. But insofar as the Second Defendant was concerned, Mr. Palaniappan argued that there were triable issues that merit a full trial.

15 In his Defence, the Second Defendant said that he did not consent to the infringement of the Plaintiff's registered marks. He said that the sales were without his knowledge, consent or connivance. In his first affidavit, he said he did not know that the 5000 pieces of Creative Vibra sound cards purchased from Mr. Yin Wei Bin of Shenzhen Binsicheng Computer Company Ltd in China were counterfeit sound cards and infringed the Plaintiff's registered marks. He only knew that the Defendants' Sound Cards were not genuine towards the end of August 2002, although he was earlier aware that a Malaysian customer had complained about the problems encountered with usage and returned 650 sound cards to the First Defendant. At the time Mr. Yin supplied the sound cards to the First Defendant, both he and Mr. Yin were not aware that the sound cards were not genuine.

16 A person who procures and induces another to commit a tort becomes a joint tortfeasor. See *MCA Records Inc & Anor v Charly Records Ltd & Ors* [2000] EMLR 743. The second Defendant had, in my view, incurred personal liability as a joint tortfeasor. I was satisfied that he had procured or induced the First Defendant's infringement of the Plaintiff's registered marks. On the evidence, the Second Defendant was closely associated with the acts of the First Defendant. The Second Defendant admitted to meeting Mr. Yin and negotiated the purchase of the 5000 sound cards for the First Defendant's business. In his affidavit, the Second Defendant said: "I thought that it would be a good idea for the First Defendant to purchase the said sound cards and resell them to our customers." His juniors in the First Defendant handled the sales. They were sold to customers who wanted to buy a cheaper "alternative". Moreover, when the sound cards supplied by Mr. Yin had usage problems, tests were done and the Defendants realised that they might not be genuine. Yet nothing was done to stop the further sales.

17 It was argued that the Defendants had acted innocently in the matter in the sense that they had no knowledge that they were infringing the Plaintiff's registered marks. Their Counsel relied on section 49(ii) of the Act. The assertion of innocence as a defence to the Plaintiff's claim was misconceived. In my view, s49(ii) is specific to the offences and penalties laid down in that particular section. The innocence of the infringer is of no relevance where injunctive relief and damages are separately sought in a civil action.

18 Counsel for the Plaintiff referred me to Kerly's law of Trade Marks and Trade Names (13th ed) at 18-153 and to the case of *Gillette UK Ltd and Anor v Edenwest Ltd* [1994] RPC 279 for the proposition that innocence is no defence in an action in infringement of a registered mark. In *Gillette UK*, the defendant company purchased 400,000 counterfeit Gillette GII razor cartridges from an Italian source and re-sold the razors to customers in the United Kingdom, even though the plaintiffs were renowned in the United Kingdom for the same goods. One of the issues raised at the hearing for summary judgment was that the defendant company was an innocent dealer in the counterfeit goods. Blackburne J held that it is settled law that innocence on the part of the infringer is no defence to a claim to damages.

19 In any case, I was not persuaded that the First Defendant's infringement of the Plaintiff's registered mark was without the Second Defendant's knowledge of the existence of the Plaintiff's registered marks. I was referred to instances of internal inconsistencies in the Second Defendant's affidavit as to when he first knew the Defendants' Sound Cards were not genuine. At first it was end August 2002 during a conversation with Mr. Yin who told him the Defendants' Sound Cards "were probably cloned." In a later paragraph, he said that he became aware that the Defendants' Sound

Cards infringed the trademarks of the Plaintiff after the raid, which was on 3 September 2002. There was the occasion in July 2002 when he complained to Mr. Yin about the sound cards after having tested them earlier. There are other objective factors from which an inference of knowledge could reasonably be drawn. One factor is the poor quality of the Defendants' Sound Cards. It is significant that the Defendants did not complain to the Plaintiff who is here in Singapore about the problems with the sounds cards that they sold. That is a clear indication that they knew that the cards were not genuine. In addition, the price retailed by the First Defendant that was three times less than the price of an original sound card sold by the Plaintiff.

20 For all these reasons, I allowed the Plaintiff's application with costs fixed at \$8,000.

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