Seiko Epson Corporation v Sepoms Technology Pte Ltd and Another
[2007] SGCA 52

Case Number : CA 19/2007

Decision Date : 16 November 2007

Tribunal/Court : Court of Appeal

Coram : Andrew Phang Boon Leong JA; V K Rajah JA

Counsel Name(s) : Kang Choon Hwee Alban, Koh Chia Ling and Arthur Yap (Alban Tay Mahtani & de Silva) for the appellant; Yeong Zee Kin and Lee So Kang (Rajah & Tann) for the respondents

Parties : Seiko Epson Corporation — Sepoms Technology Pte Ltd; JAL Technology (S) Pte Ltd

Patents and Inventions – Defence – Defence of innocent infringement – Scope of defence of innocent infringement – Whether defence of innocent infringement operating as defence to liability

Patents and Inventions – Infringement – Liability for infringement – Defence of innocent infringement – Whether defence of innocent infringement could be raised after liability for patent infringement admitted

Words and Phrases – "Defence" – "Liability" – "Defence to Liability"

16 November 2007

Andrew Phang Boon Leong JA (delivering the grounds of decision of the court):

1 This was an appeal against the decision of the High Court judge ("the Judge") upholding the decision of the assistant registrar ("the AR"), who rejected the application by Seiko Epson Corporation ("the appellant") for directions that Sepoms Technology Pte Ltd and JAL Technology (S) Pte Ltd ("the respondents") file a further account of profits for the period from 20 February 1998 to 30 September 2005 (see *Seiko Epson Corp v Sepoms Technology Pte Ltd* [2007] 3 SLR 225 ("GD")).

2 The present appeal raised important issues of law and statutory interpretation in the context of s 69(1) of the Patents Act (Cap 221, 2005 Rev Ed) ("the Singapore Act"), which reads as follows:

> **Restrictions on relief for infringement**
>
> **69.**—(1) In proceedings for infringement of a patent, damages shall not be awarded and no order shall be made for an account of profits against a defendant who proves that at the date of the infringement he was not aware, and had no reasonable grounds for supposing, that the patent existed.

At the end of the hearing, we unanimously dismissed the appeal with costs and the usual consequential orders. We now give the detailed grounds for our decision.

The facts

3 The appellant is a company incorporated under the laws of Japan and has its principal place of business in Japan. The appellant's primary business relates to the development, manufacture and sale of electronic consumer goods. In particular, the appellant develops, manufactures and sells Epson

computer printers and Epson printer cartridges. It was, at all material times, the registered proprietor of Singapore Patent No SG 46602 ("the Patent").

4 The respondents are companies incorporated under the laws of Singapore, with the same registered office in Singapore. The respondents' primary businesses relate to the development, manufacture and sale of compatible and refillable printer cartridges for, *inter alia*, Epson printers.

5 On 5 October 2005, the appellant commenced an action against the respondents for a declaration that the latter had infringed the Patent and for, *inter alia*, an account of the profits derived by the respondents from the alleged infringement under ss 67(1)(*e*) and 67(1)(*d*), respectively, of the Singapore Act.

6 The respondents filed a defence and counterclaim on 27 December 2005 denying infringement on several grounds. The respondents also pleaded that, even if they had infringed the Patent, s 69(1) of the Singapore Act ("s 69(1)"), which sets out what is commonly known as the "defence of innocent infringement", afforded them protection from any claim for damages or an account of profits. We pause here to note that the word "defence" may encompass not only the issue of liability, but also, where liability has been established, the issue of relief, in particular, the relief awardable. This is, in fact, a point that we will elaborate upon in greater detail below (at [17]–[18]).

7 On 16 March 2006, the respondents applied (via Summons No 1173 of 2006) to the High Court for a preliminary hearing on the defence of acquiescence. It was argued that the appellant had or was deemed to have acquiesced in the respondents' dealings with the printer cartridges which constituted the alleged infringing products, and was thus estopped from suing the respondents. On 29 March 2006, Assistant Registrar Chung Yoon Joo dismissed the application. On 6 April 2006, the respondents filed a notice of appeal (Registrar's Appeal No 112 of 2006) against the decision. On 17 April 2006, Kan Ting Chiu J dismissed the appeal.

8 On 3 May 2006, the respondents' counsel informed the High Court at a pre-trial conference that the respondents would consent to judgment. On 2 August 2006, a consent judgement was entered before Tan Lee Meng J ("the Consent Judgment"). The declarations and orders in the Consent Judgment were as follows:

(a) The Patent was valid and had been infringed by the respondents.

(b) The respondents, whether by themselves, their directors, officers, servants, agents or any of them or otherwise howsoever, were restrained from making, disposing of, offering to dispose of, keeping for disposal or otherwise, using and/or importing ink cartridges under the trade mark "SEPOMS" in respect of 43 model numbers (which were set out), and were restrained from directing, procuring, instigating, causing, enabling or assisting others to do so.

(c) There was to be an account of profits by the respondents.

(d) The respondents were to pay the appellant interest at the rate of 6% per annum on the accounted sum from the date of the writ of summons to the date of judgment.

(e) The respondents were to deliver up forthwith to the appellant (or destroy, such destruction to be verified on oath) all articles in relation to which the Patent had been infringed.

(f) The respondents were to pay the appellant the costs of the suit, which were to be taxed if not agreed.

(g) The counterclaim was to be withdrawn, with the costs of the counterclaim (to be agreed or taxed) to be paid by the respondents to the appellant.

(h) The parties had liberty to apply.

9 On 30 October 2006, in compliance with order (c) of the Consent Judgment, the respondents filed an account of profits for the period from 1 October 2005 to 31 July 2006. The respondents subsequently filed an affidavit of evidence-in-chief ("the AEIC") wherein one of their directors, Chou Kuo Shing alias Chu Kok Sein, deposed that the respondents had first acquired knowledge of the Patent on 7 October 2005 when they were served with the appellant's statement of claim. Prior to that, the respondents, it was averred, had not been aware either that the Patent existed or that they were infringing it.

10 The appellant was dissatisfied with the contents of the respondents' account and filed a notice of objection to the account on the ground that it did not cover the entire period of infringement, which, in the appellant's view, commenced from 20 February 1998 (the date of publication of the Patent). The appellant also filed a notice of objection to the contents of the AEIC on the ground that the evidence deposed was irrelevant for the account of profits hearing.

11 On 21 November 2006, the appellant applied to the High Court (via Summons No 5337 of 2006) for an order that the respondents file a further account for the period from 20 February 1998 to 30 September 2005. The respondents resisted the application on the basis that s 69(1) allowed for a restriction of the period for which an account was to be rendered (the "accounting period"), and the question as to the exact accounting period was to be determined during the account of profits hearing proper.

12 As stated at [1] above, the application was dismissed by the AR, whose decision was upheld by the Judge. The appellant subsequently appealed against the decision of the Judge, which led to the appeal that was before this court.

The issues

13 The issues raised by the appellant in its submissions were as follows:

(a) whether the defence of innocent infringement as set out in s 69(1) operated as a defence to liability or merely as a restriction on the relief awardable; and

(b) if s 69(1) operated as a defence to liability, whether the respondents were estopped from raising s 69(1) at the account of profits hearing by virtue of the Consent Judgment, which made the issue of liability *res judicata*.

The appellant argued that, on a true interpretation, s 69(1) operated as a defence to liability, and, as the Consent Judgment was final on the issue of liability, the respondents were estopped from raising s 69(1) at the account of profits hearing (which was concerned with the relief awardable rather than liability). The respondents, on the other hand, argued that they were not estopped from raising s 69(1) as, on a true interpretation, s 69(1) merely operated to restrict the relief awardable.

14 Whether or not s 69(1) operated as a defence to liability (or merely related to the relief awardable) was clearly the decisive issue in this appeal. In this regard, we came to the conclusion that s 69(1) was, on a true interpretation, a restriction on the relief awardable, and not a defence to liability.

15 In arriving at our decision, we were of the view that the nuances underlying the concept of a "defence to liability" in the context of patent infringement should be explored at the outset. As observed in *Emjay Enterprises Pte Ltd v Skylift Consolidator (Pte) Ltd* [2006] 2 SLR 268 ("*Emjay*") (at [1]):

> The line between theory and practice is often a fine one and, in any event, one ought never to gainsay the role that rigorous theoretical analysis can – and does, in fact – play in ensuring a more nuanced development of the law as set in its broader practical canvass.

The concept of a "defence to liability"

16 Both parties did not make submissions on the *concept* of a "defence to liability". Indeed, while this is an oft-used expression, it has attracted little theoretical analysis by the Judiciary and academics alike. However, especially in relation to cases such as the present, a proper understanding of the concept and the elements which it comprises (in particular, the various senses or conceptions thereof) is vital to a clear understanding (and resolution) of the substantive issues before the court. We therefore considered, at the outset, the concept of a "defence to liability", commencing with an analysis of the terms "defence" and "liability" in the context of patent infringement.

The concept of a "defence"

17 The theoretical concept of a "defence", in the context of civil matters, has a broad compass and can manifest itself in a number of forms or senses. In David M Walker, *The Oxford Companion to Law* (Clarendon Press, 1980), for example, a "defence" from the civil perspective is defined (at p 346) as follows:

> In civil matters a defence may be a traverse, or denial of the plaintiff's claim or an allegation of counter-claim, or a confession and avoidance, which admits the plaintiff's allegations but alleges other facts which justify or excuse the defendant, or a statement of defence raising an objection in point of law to the effect that the facts alleged, even if established, do not disclose a good cause of action.

Similarly, in John Burke, *Jowitt's Dictionary of English Law* (Sweet & Maxwell Limited, 2nd Ed, 1977) vol 1, a "defence" is described (at p 579) as "a denial of the plaintiff's right or an allegation of a set-off or counterclaim by the defendant which will cover wholly or in part the claim of the plaintiff".

18 Based on these definitions, *even if* s 69(1) is not construed to operate as a "defence" to *liability*, this does not, *ipso facto*, prevent it from operating as a "defence" with regard to the *relief awardable*. This is because it is clear that the invocation of s 69(1) in *both* the former *and* the latter senses just mentioned would *equally* entail an allegation of facts which would "excuse" the defendant; this would constitute a "defence" in so far as there would be a resultant "denial of the plaintiff's right" to damages or an account of profits. Thus, the mere characterisation of s 69(1) as a "defence" in the broad sense of the word (*ie*, in the sense of a restriction on liability and/or the relief awardable) *per se* would not be fatal to an argument (by the respondents) that this subsection relates to a restriction on the *relief awardable*, rather than liability, for patent infringement. This is an important point which should therefore be borne in mind.

The concept of "liability"

19 Counsel for both the appellant and the respondents conceded that the Consent Judgment was final on liability. What was disputed was the scope of the term "liability". Counsel for the

appellant, Mr Alban Kang ("Mr Kang"), was of the view that the concept of "liability" subsumed the issue of the relevant accounting period. This was challenged by counsel for the respondents, Mr Yeong Zee Kin ("Mr Yeong"), who argued that the Consent Judgment was only final on "liability" in the sense that it determined the question of infringement, and that a distinction should be drawn between an order for an account of profits (which meant that there would be an assessment of the appropriate accounting period) and an order given at the assessment itself stating the relevant accounting period.

20 We rejected Mr Kang's contentions for the following reasons. The concept of "liability" involves some form of duty or obligation. The term "liability" is described in *The Oxford Companion to Law* ([17] *supra*) at p 765 as a situation where "one is subject to the requirement to pay or perform something by virtue of rules of civil law". In *Jowitt's Dictionary of English Law* ([17] *supra*) vol 2 at p 1091, "liability" is described as "the condition of being actually or potentially subject to an obligation". However, a duty or obligation cannot arise in a legal vacuum. In other words, a defendant is only "liable" (and, hence, subject to a duty or obligation) if certain legal prerequisites have been met. Put simply, there must be a "legal trigger point". In patent *infringement* cases, the "legal trigger point" must, *ex hypothesi*, lie in the *infringement* of the patent concerned. *Infringement*, therefore, is the key to establishing liability in patent infringement cases: If infringement is established, liability will be established. The issue of the relief awardable for infringement should not be conflated with the concept of "liability". As was stated in *Emjay* ([15] *supra*) at [16], there must be a distinction drawn between "the obligation to pay damages on the one hand and the quantum ultimately payable on the other". Only the former concerns liability. Indeed, no issue as to the relief awardable can arise if liability has not been established in the first place.

A "defence to liability" in the context of patent infringement

21 If the presence of liability in the present appeal is, in substance, synonymous with the presence of patent infringement, *only principles or rules which operate to negate a finding of infringement* should be considered to operate as "defences to liability", and this is the meaning which we ascribed to this expression for the purposes of this judgment. In contrast, principles or rules which limit the relief awardable for infringement, whilst they may be characterised as a form of "defence" (in the broad sense discussed at [17]–[18] above), should *not* be described as "defences to liability".

22 It follows, for the purposes of the present appeal, that if s 69(1) does not operate to negate a finding of patent infringement (that is, if this provision impacts *only the relief awardable*), s 69(1) *cannot* be considered to operate as a defence to *liability*, although it might operate as a defence in *another sense* inasmuch as it might restrict the *relief awardable* (as opposed to liability).

The scope of the Consent Judgment

23 Before considering the true nature of s 69(1), we pause to consider the scope of the Consent Judgment. Having already explored the concept of "liability", it is now appropriate (and necessary) to ascertain whether the Consent Judgment was, in addition to being final on liability, final on the applicable accounting period as well. If the Consent Judgment was, in point of fact, also final on such accounting period, we could have allowed this appeal without further deliberation (on, *inter alia*, the true nature of s 69(1)) as it would have meant that the respondents would be estopped from raising any arguments premised on s 69(1) as to restrictions on the relief awardable for patent infringement.

24 Mr Kang was of the view that the effect of the Consent Judgment, in particular, order (c) thereof, which stated that "there be an account of profits by the Defendants [*ie*, the respondents]", was that it was implicit that the respondents had agreed to having infringed the Patent from the date

alleged by the appellant in its claim. Mr Yeong, however, argued that the Consent Judgment was final *only* on the issue of the respondents being infringers of the Patent (*viz*, on the issue of liability). The relevant accounting period, according to Mr Yeong, had not been settled and was to be determined at the account of profits hearing.

25 In support of his contention, Mr Kang referred us to the English Court of Appeal decision of *Roger James Weston v Sara Elizabeth Dayman* [2006] EWCA Civ 1165, where it was stated by Arden LJ (at [5]) that a consent judgment should be interpreted like a contract. Arden LJ then referred (at [6]) to well-known principles of contract interpretation, as follows:

> As to the principles applying to the interpretation of contracts generally I would refer to the well-known passage from the speech of Lord Hoffmann in *Investors Compensation Scheme Limited v West Bromwich Building Society* [1998] 1 WLR [896] at 912-[913]. It is sufficient to cite Lord Hoffmann's first and second propositions:
>
> > "1. Interpretation is the ascertainment of the meaning which the document would convey to a reasonable person having all the background knowledge which would reasonably have been available to the parties in the situation in which they were at the time of the contract.
> >
> > 2. The background was famously referred to by Lord Wilberforce as the 'matrix of fact', but this phrase is, if anything, an understated description of what the background may include. Subject to the requirement that it should have been reasonably available to the parties and to the exception to be mentioned next, it includes absolutely anything which would have affected the way in which the language of the document would have been understood by a reasonable man".

26 The principles of contract interpretation articulated by Lord Hoffmann in the oft-cited House of Lords decision of *Investors Compensation Scheme Ltd v West Bromwich Building Society* [1998] 1 WLR 896 are, in fact, now established law and have been adopted locally in cases such as *Sandar Aung v Parkway Hospitals Singapore Pte Ltd* [2007] 2 SLR 891 and *China Insurance Co (Singapore) Pte Ltd v Liberty Insurance Pte Ltd* [2005] 2 SLR 509. Mr Kang, in essence, argued that an objective construction of order (c) of the Consent Judgment, in the light of order (a) thereof, supported the appellant's argument that the Consent Judgment was final on the relevant accounting period.

27 In our view, an objective construction of the Consent Judgment indicated that it was final only on the issue of liability, with the specific accounting period (for the purposes of ascertaining the precise quantum owed upon a taking of accounts) to be determined at a later stage. Nothing in the factual matrix surrounding the Consent Judgment permitted an inference to be drawn in the manner argued for by Mr Kang. Most pertinently, it would have been illogical for the respondents, in agreeing to the Consent Judgment, to have also intended to have forgone their right to raise s 69(1) as, in the circumstances, this might have resulted in the respondents having to account to the appellant for profits over a longer period than the accounting period which would have applied had they not consented to judgment.

28 As we were of the view that the Consent Judgment was not final on the applicable accounting period, we proceeded to consider the precise nature and effect of s 69(1) – in particular, whether, on a true interpretation, s 69(1) operated to negate a finding of infringement (which would, accordingly, make it a defence to liability). In doing so, we examined the origins of s 69(1), the provision itself, case law, as well as textbooks. We should state, at this preliminary juncture, that we found little to support the argument that s 69(1) operated as a defence to liability. On the contrary,

the preponderance of the relevant materials pointed in the *opposite* direction.

The nature and function of section 69(1) of the Singapore Act

The origins of section 69(1)

29 Section 69(1) of the Singapore Act has its origins in English legislation – in particular, s 62 of the Patents Act 1977 (c 37) (UK) ("the 1977 UK Act"); see also [30] below. Section 62 of the 1977 UK Act itself has a history stretching back some 70 years. On 9 August 1907, James Dundas White, Member of Parliament for Dumbartonshire, proposed the introduction of a new clause ("the Clause") to the Patents and Designs Bill (see United Kingdom, House of Commons, *Parliamentary Debates* (9 August 1907) ("*Hansard*") at cols 649–650). George Cave KC (later Viscount Cave of Richmond and Lord Chancellor of Great Britain) noted that the Clause would be an entirely new departure from patent law as it then was (see *Hansard* at col 642). The Clause was subsequently enacted, first, as s 27 of the Patents and Designs (Amendment) Act 1907 (c 28) (UK) ("the 1907 UK Amendment Act"), and then as s 33 of the Patents and Designs Act 1907 (c 29) (UK) ("the 1907 UK Consolidation Act"), which consolidated the law on patents and designs.

30 Section 59(1) of the Patents Act 1949 (c 87) (UK) ("the 1949 UK Act") subsequently replaced s 33 of the 1907 UK Consolidation Act. The former provision was, in turn, replaced by s 62(1) of the 1977 UK Act. Section 62 of the 1977 UK Act, as alluded to above (at [29]), appears to be the basis for s 69 of the Singapore Act (see the comparative table attached to the Patents Bill (Bill 4 of 1994) ("the Bill") at p 116). Further, there is in s 69 itself an express reference to s 62 of the 1977 UK Act.

31 Returning to the genesis of s 27 of the 1907 UK Amendment Act (which is the very first legislative incarnation of s 69 of the Singapore Act) and (in particular) the relevant legislative debates, these debates reveal that the primary purpose of the Clause was to protect the public from the consequences of inadvertent infringement. Although there were no discussions on how the Clause was meant to operate, an indication that it was not meant to negate a finding of infringement can be found in Cave KC's description of the "effect" (as he termed it) of the Clause, where he observed that a patent holder could obtain an injunction against an infringer even if the infringement was inadvertent (see *Hansard* ([29] *supra*) at col 652). Similarly, Mr White, who introduced the Clause, also stated that "nothing in the new section should affect any proceedings for an injunction" (*id* at col 650). If *other forms of relief* for infringement were envisaged to be available despite a finding of inadvertent infringement, the logical conclusion to draw would be that s 27 of the 1907 UK Amendment Act was not intended to operate in such manner as to negate a finding of infringement.

32 Turning to the *local* context, whilst there was no discussion of s 69(1) in the relevant parliamentary debates, the explanatory statement to the Bill ("the Explanatory Statement") stated the following with regard to Pt XIII of the Bill (of which cl 69 (the present s 69 of the Singapore Act) was a part):

> Part XIII of the Bill (clauses 66 to 78) concerns the infringement of patents. The acts which constitute infringement are defined, as also are certain exempted acts; provisions are included dealing with the remedies for infringement, *restricting the recovery of damages in the case of innocent infringement*, conferring on a person who uses an invention before another person seeks protection of the same invention a right to continue to use it, conferring on an exclusive licensee a right to bring an action for infringement, excluding damages for infringement if a change in the ownership of a patent is not registered in due time, conferring on the proprietor of a patent a right to take proceedings for infringement of the published patent application, giving a remedy for

groundless threats of infringement proceedings, and empowering the court or the Registrar to make declarations of non-infringement. [emphasis added]

The Explanatory Statement thus described s 69 as a restriction on the recovery of damages. Restrictions can, of course, be construed as a "defence" in the broad sense (as discussed at [17]–[18] above), but a restriction which affects the recovery of damages *per se* should, at most, be considered to be a defence going to the relief awardable, rather than a defence impugning a finding of infringement (*ie*, a defence to liability). It is also interesting to note that the Explanatory Statement is consistent with the (initial) marginal note to, as well as the later heading of, s 69 (all of which we deal with in more detail below at [34]–[38]).

The provision

33 We then proceeded to consider the heading and the text of s 69(1) itself (set out above at [2]). For the sake of completeness, we also looked at the marginal note to as well as the texts of the predecessor provisions to s 69(1).

The heading and marginal note

34 When s 69 of the Singapore Act was first enacted (via the Patents Act 1994 (Act 21 of 1994)), it contained a marginal note (on occasion, also referred to as a "sidenote") stating: "Restrictions on recovery of damages for infringement" ("the initial marginal note"). In 2004, the initial marginal note was amended (via the Patents (Amendment) Act (Act 19 of 2004)) to the present heading of s 69. (Headings now take the place of marginal notes; they perform the same function, and differ from the latter only in terms of physical positioning.) The present heading reads as follows: "Restrictions on *relief* for infringement" [emphasis added]. A plain reading of the initial marginal note would clearly suggest that s 69 was enacted as a restriction on the *relief awardable after* a finding of infringement (*ie*, after liability had been established). Furthermore, s 69 at that time related, as it likewise does now, not only to awards of damages, but also to orders for an account of profits, although the initial marginal note only referred to restrictions on the recovery of *damages* for infringement. Be that as it may, the more general (and fundamental) point which bears reiteration is that the focus of the initial marginal note was on the *relief awardable* (or, more accurately, the restrictions on the relief awardable) *and not* the issue of *liability* as such. Indeed, a plain reading of the *present* heading of s 69 confirms this in no uncertain terms inasmuch as the heading refers *expressly* – and *generally* – to "*relief* for infringement" [emphasis added]. As stated earlier (at [22]), restrictions on the relief awardable can, at best, be considered to constitute a defence going to the *relief awardable*, rather than a defence impugning a finding of infringement (*viz*, a defence to *liability*).

35 The marginal notes to s 62 of the 1977 UK Act and s 59 of the 1949 UK Act were in fact *identical* to the initial marginal note referred to above (at [34]), *ie*, they similarly state: "Restrictions on recovery of damages for infringement". As already explained in the preceding paragraph, what a plain reading of this phrase suggests is that these two English provisions operated as a restriction on the relief awardable for patent infringement, rather than as a restriction on liability.

36 However, it should be noted that the marginal notes to both s 27 of the 1907 UK Amendment Act and s 33 of the 1907 UK Consolidation Act appeared, at first blush, to support the appellant's argument that these provision operated as a defence to *liability* (as opposed to a defence going to the relief awardable) instead. The particular marginal notes state as follows: "*Exemption* of innocent infringer from *liability for damages*" [emphasis added]. On a closer analysis, however, the use of the words "liability for damages", in our view, constituted the central (and controlling) concept, which entailed that a finding of infringement would not be negated by the operation of the provisions; only a

particular type of relief – namely, damages – would be withheld, but other forms of relief could still be awarded against an innocent infringer. It appeared to us that the word "exemption" was utilised simply to convey the fact that if the infringer fulfilled the conditions set out in those particular sections, the infringer would *not* have to pay damages *at all*. Our conclusion in this particular regard would have been different had the marginal notes stated, for example, "Exemption of the innocent infringer *from liability*" or "Exemption of the innocent infringer *from liability for infringement*" [emphases added]. Indeed, the actual text of s 27 of the 1907 UK Amendment Act and s 33 of the 1907 UK Consolidation Act, which will be discussed below (at [42]), supported our view.

37 Turning to a more *general* point centring on the legal significance of headings (or marginal notes) in the context of statutory interpretation, the appellant argued that while a heading (or marginal note) was a factor to be taken into account, it might be an inaccurate guide and should be regarded with caution. The basis of this contention was the English Court of Appeal's decision in *Oyston v Blaker* [1996] 1 WLR 1326 ("*Oyston*"), where Henry LJ observed thus (at 1333) with regard to s 32A of the Limitation Act 1980 (c 58) (UK):

> In those circumstances, while I do not find it necessary to rely as an aid to construction on the fact that both the heading and the sidenote to the section (both of which are part of the Act) speak of a "discretionary extension of time limit," I take the view that I would be able to consider the significance of the use there of the word "discretionary" *provided* I properly take into account that ***the function of such headings "is merely to serve as a brief, and therefore necessarily inaccurate, guide to the material to which it is attached:"*** see *Bennion, Statutory Interpretation*, 2nd ed. (1992), pp. 510–512. Making all such allowance, ***those headings can be nothing but support for my interpretation, were such support necessary***. [emphasis added in bold italics]

It should be noted, however, that the work cited by Henry LJ in *Oyston* (*viz*, F A R Bennion, *Statutory Interpretation: A Code* (Butterworths, 2nd Ed, 1992)) also expresses the view (at pp 511–513) that a heading (or marginal note) is still part of an Act, and that it is a court's duty to take advantage of it as an aid when arriving at the legal meaning of a particular statute (or statutory provision); see also what is now stated in F A R Bennion, *Statutory Interpretation: A Code* (Butterworths, 4th Ed, 2002) at pp 635–637. Similarly, in John Bell & George Engle, *Cross on Statutory Interpretation* (Butterworths, 3rd Ed, 1995), it is noted (at p 131) that headings have parliamentary authority and should be appropriately consulted to resolve an ambiguity in the text. Marginal notes, it is also observed (*id* at p 132), "have a similar status to headings".

38 More importantly, *local case law* has established the importance of headings and marginal notes in the context of statutory interpretation. In the recent decision of *Tee Soon Kay v AG* [2007] 3 SLR 133, this court was of the view that the interpretation of the provision in question, based on a plain reading, was buttressed by its marginal note (now embodied in the form of a heading). It was held (at [37]) that in Singapore, it has long been established that marginal notes (and headings) could be used as an aid to statutory interpretation. It was also noted (at [38]) that, in contrast, in England:

> [I]t used to be a matter of debate as to whether reference could be made to marginal notes for the purpose of shedding light upon the meaning of ambiguous provisions.

It was then pointed out that in recent times, the position in England has been *reversed* and is now the same as that adopted in Singapore. As this court observed (at [40]):

> The position in England in relation to the relevance of marginal notes as an aid to statutory

interpretation has now been confirmed by the House of Lords in its recent decision in *Regina v Montila* [2004] 1 WLR 3141. As already mentioned, the position is now the same as that in Singapore. The House [of Lords] … [held]:

> …
>
> The question then is whether headings and sidenotes, although unamendable, can be considered in construing a provision in an Act of Parliament. Account must, of course, be taken of the fact that these components were included in the Bill not for debate but for ease of reference. This indicates that less weight can be attached to them than to the parts of the Act that are open for consideration and debate in Parliament. But it is another matter to be required by a rule of law to disregard them altogether. One cannot ignore the fact that the headings and sidenotes are included on the face of the Bill throughout its passage through the legislature. They are there for guidance. They provide the context for an examination of those parts of the Bill that are open for debate. Subject, of course, to the fact that they are unamendable, they ought to be open to consideration as part of the enactment when it reaches the statute book.
>
> ...
>
> The headings and sidenotes are as much part of the contextual scene as these materials [the Explanatory Notes], and there is no logical reason why they should be treated differently. That the law has moved in this direction should occasion no surprise. As Lord Steyn said [in *Regina (Westminster City Council) v National Asylum Support Service* [2002] 1 WLR 2956 at [5]], the starting point is that language in all legal texts conveys meaning according to the circumstances in which it was used.

[emphasis in original omitted]

Thus, the passage from *Oyston* as quoted above is no longer good law in both England and Singapore, and ought to be disregarded.

The text of section 69(1)

39 The proposition that s 69 restricts *the relief awardable* (as opposed to *liability*) is also supported by a plain reading of the text of s 69(1) itself. It may, in this regard, be convenient to restate the text of the provision, as follows:

> In proceedings for infringement of a patent, damages shall not be awarded and no order shall be made for an account of profits against a defendant who proves that *at the date of the infringement* he was not aware, and had no reasonable grounds for supposing, that the patent existed. [emphasis added]

The provision, on a plain and literal construction, indicates that a defendant is allowed to prove that he had been (reasonably) unaware of the patent in question despite committing acts of patent infringement, and, accordingly, need not compensate the patent owner for damages or be liable to account for profits with respect to the period during which he was unaware of the patent. More pertinently, the phrase "at the date of the infringement" is used. This can only mean that infringement has to be established *before* s 69(1) can even begin to be considered. Nothing in the provision indicates that a finding of infringement (which, it will be recalled, centres on *liability*) will be affected by the operation of s 69(1); *only the relief awardable* (*viz,* the quantum of damages or

profits which must be accounted for) will potentially be affected. Most importantly, an infringer will still be liable for *other* forms of *relief*, such as an injunction or a declaration of infringement (see s 67(1) of the Singapore Act). Section 69(1), therefore, operates to limit the type and extent of *relief awardable* for patent infringement after infringement has been proved, rather than to negate liability (in the form of a finding of infringement). In other words, s 69 operates *not* as a defence to *liability*, but, rather, as a defence to (or constraint on) *the relief awardable*. We should also add, at this juncture, that where the plain reading of a particular statutory provision is clear *and leads to no absurdity*, the courts ought to give effect to that reading of the provision (in the present case, s 69(1)).

40 Section 69, read as a whole, similarly does not contradict what is suggested by its heading and contains nothing whatsoever to support the argument that s 69(1) operates as a defence to liability. The *rest* of s 69 reads as follows:

> (2) A person shall not be taken to have been aware or to have had reasonable grounds for supposing by reason only of the application to a product of the word "patent" or "patented", or any word or words expressing or implying that a patent has been obtained for the product, unless the number of the patent accompanied the word or words.
>
> (3) In proceedings for infringement of a patent, the court or the Registrar may, if it or he thinks fit, refuse to award any damages, make an order for an account of profits or grant any other relief (including, in proceedings before the court, an injunction) —
>
> > (*a*) in respect of an infringement committed during any further period specified under subsection (3) of section 36, but before the payment of the renewal fee and any additional fee prescribed for the purposes of that subsection;
> >
> > (*b*) where the patent was granted on the basis of any examination report referred to in section 29(5), any search and examination report referred to in section 29(6) or any international preliminary report on patentability referred to in section 30(2)(*b*)(vi), in respect of any infringement alleged to have been committed at any time when any claim (in the specification of the patent) that is alleged to have been infringed is not related to any claim in the application for the patent at the time the report was issued —
> >
> > > (i) which has been examined; and
> > >
> > > (ii) which is referred to in the report; or
> >
> > (*c*) where the patent was granted on the basis of the prescribed information relating to a corresponding application referred to in section 29(2)(*c*)(ii) or the prescribed information relating to a corresponding international application referred to in section 29(2)(*d*)(ii), in respect of any infringement alleged to have been committed at any time when any claim (in the specification of the patent) that is alleged to have been infringed is not related to any claim —
> >
> > > (i) which is set out in the prescribed information relating to the corresponding application or corresponding international application, as the case may be; and
> > >
> > > (ii) which has been examined to determine whether the claim appears to satisfy the criteria of novelty, inventive step (or non-obviousness) and industrial applicability (or utility).

(4) Where an amendment of the specification of a patent has been allowed under any of the provisions of this Act, the court or the Registrar shall not, in proceedings for an infringement of the patent committed before the decision to allow the amendment, award any damages, make an order for an account of profits or grant any other relief (including, in proceedings before the court, an injunction) unless the court or the Registrar is satisfied that the specification of the patent as published was framed in good faith and with reasonable skill and knowledge.

In brief, the rest of s 69 sets out, *inter alia*, the rule that a person cannot be taken to have been aware of a patent if the product in question merely contains words which express or imply that a patent has been obtained (see s 69(2)), as well as other situations where the court or the Registrar may or must refuse to grant relief (see ss 69(3) and 69(4)). These provisions contain nothing to contradict what is suggested by the heading of s 69 *as well as* a plain reading of s 69(1). Indeed, these provisions refer to the issue of the *relief awardable* (as opposed to liability), albeit in *more specific* contexts, and therefore actually *support* the proposition that s 69(1) addresses the issue of the *relief awardable* rather than liability.

41 However, one argument raised by the appellant was that ss 67(1) and 69(1), when read together, supported the contention that s 69(1) operated as a defence to liability. This was because, so counsel submitted, s 69(1) was to be used only in "proceedings for infringement of a patent". The said "proceedings", according to the appellant, referred to proceedings under s 67, on which the present suit (which led to the Consent Judgment) was based. In essence, it was argued that ss 69(1) and 67(1), when read together, indicated that s 69(1) could be raised only at the hearing on liability and not at the account of profits hearing. Section 67(1) itself reads as follows:

Proceedings for infringement of patent

67.—(1) Subject to this Part, civil proceedings may be brought in the court by the proprietor of a patent in respect of any act alleged to infringe the patent and (without prejudice to any other jurisdiction of the court) in those proceedings a claim may be made —

(*a*) for an injunction restraining the defendant from any apprehended act of infringement;

(*b*) for an order for him to deliver up or destroy any patented product in relation to which the patent is infringed or any article in which that product is inextricably comprised or any material and implement the predominant use of which has been in the creation of the infringing product;

(*c*) for damages in respect of the infringement;

(*d*) for an account of the profits derived by him from the infringement; and

(*e*) for a declaration that the patent is valid and has been infringed by him.

We saw no basis for the interpretation argued for by the appellant. There is no reason why the account of profits hearing cannot be considered as constituting "proceedings" in its own right for the purposes of ss 67 or 69. Alternatively, the account of profits hearing may be considered to be part of the proceedings in an infringement action. Proceedings in an infringement action, as noted correctly by the respondents, will include a trial on liability *and* a final determination of the relief to be granted (this determination being made at the account of profits hearing) in order that the matter may be concluded.

42 The texts of the UK predecessor provisions to s 69(1) also do not indicate that this subsection was intended to operate as a defence to liability. The text of s 62(1) of the 1977 UK Act reads as follows:

> In proceedings for infringement of a patent damages shall not be awarded, and no order shall be made for an account of profits, against a defendant or defender who proves that at the date of the infringement he was not aware, and had no reasonable grounds for supposing, that the patent existed; and a person shall not be taken to have been so aware or to have had reasonable grounds for so supposing by reason only of the application to a product of the word "patent" or "patented", or any word or words expressing or implying that a patent has been obtained for the product, unless the number of the patent accompanied the word or words in question.

In a similar vein, the text of s 59(1) of the 1949 UK Act provides as follows:

> In proceedings for the infringement of a patent damages shall not be awarded against a defendant who proves that at the date of the infringement he was not aware, and had no reasonable ground for supposing, that the patent existed; and a person shall not be deemed to have been aware or to have had reasonable grounds for supposing as aforesaid by reason only of the application to an article of the word "patent", "patented", or any word or words expressing or implying that a patent has been obtained for the article, unless the number of the patent accompanied the word or words in question.

The text of s 27 of the 1907 UK Amendment Act, which is identical to that of s 33 of the 1907 UK Consolidation Act, reads as follows:

> A patentee shall not be entitled to recover any damages in respect of any infringement of a patent, granted after the commencement of this Act, from any defendant who proves that at the date of such infringement he was not aware, nor had reasonable means of making himself aware, of the existence of the patent, and the marking of an article with the word "patent," "patented" or any word or words expressing or implying that a patent has been obtained for the article, stamped, engraved, impressed on, or otherwise applied to the article, shall not be deemed to constitute notice of the existence of the patent unless the word or words are accompanied by the year and number of the patent:
>
> *Provided that nothing in this section shall affect any proceedings for an injunction*.
>
> [emphasis added]

Like the text of s 69 of the Singapore Act, there is nothing in the texts of the foregoing English provisions to indicate that a finding of infringement will be affected by the operation of the respective provisions. Only the relief awardable will potentially be affected, and, even if damages or an account of profits are not ordered, an innocent infringer will still be liable for other forms of relief for infringement. The text of s 27 of the 1907 UK Amendment Act (which is identical to that of s 33 of the 1907 UK Consolidation Act) even indicates *expressly* that an innocent infringer will still be liable for an injunction.

Case law and textbooks

43 One conclusion which could be drawn from the discussion thus far on the nature and function of s 69(1) (see [29]–[42] above) would be that it was *Parliament's intention* that s 69(1) should

relate to quantum and not liability. While this in itself would generally be decisive in any matter concerning statutory interpretation, we decided that, for the sake of thoroughness, and with due respect to the efforts of counsel for both the appellant and the respondent, we would consider the parties' arguments on case law and textbooks.

Case law

44 There was, to the best of our knowledge, no decision that was directly on point. Indeed, neither of the parties was able to point us to any such decision. The only case where there was some *obiter dictum* that was relevant was the decision of Tay Yong Kwang JC (as he then was) in the Singapore High Court decision of *Institut Pasteur v Genelabs Diagnostics Pte Ltd* [2000] SGHC 53 ("*Institut Pasteur*") (affirmed by the Court of Appeal in *Genelabs Diagnostics Pte Ltd v Institut Pasteur* [2001] 1 SLR 121, but without any comment on this particular point). Tay JC held (at [222]) that "[i]nnocent infringement is *no defence to a claim for infringement of a Patent save for the question of whether damages are to be awarded*" [emphasis added].

45 This *dictum* clearly indicates that s 69(1) is not relevant for the purposes of ascertaining whether there has been infringement of a patent, but is only relevant to the issue of the relief awardable. As the provision is not relevant to infringement, it *cannot* be considered to operate as a defence to *liability*. The finding of fact made by Tay JC in *Institut Pasteur* further emphasises this point. That case involved two defendants. In so far as the second defendant was concerned, Tay JC held that there had been an infringement of the patent concerned. However, he accepted (at [227]) that the second defendant, while being an infringer, was:

> ... not aware and had no reasonable grounds for supposing that the Patent existed. Pursuant to Section 69(1) of the Patents Act, no damages shall be awarded nor an account of profits ordered against the Second Defendant.

46 *Institut Pasteur* was not referred to by either party. The appellant, however, referred to two cases where s 69(1) (or its equivalent in other legislation) was described as a "defence". The use of that term in the two cases, the appellant argued, was indicative of s 69(1) being operative as a defence to liability. This argument, however, should be rejected in the light of what we have discussed earlier (at [18]), *viz*, the mere characterisation of s 69(1) as a "defence" (in the broad sense of this term) *per se* will not be fatal to an argument that it is a restriction on the relief awardable, as opposed to a restriction on liability. We will, nevertheless, proceed to consider the two cases in order to demonstrate that they do *not*, in fact, support the appellant's contention that s 69(1) operated as a defence to *liability*.

47 The first case referred to was the English High Court decision of *Wilbec Plastics Limited v Wilson Dawes (Sales and Contracts) Limited* [1966] RPC 513, where Lloyd-Jacob J described s 59(1) of the 1949 UK Act (at 514) as a "special defence". Earlier in his judgment, however, he held that he was (*ibid*):

> ... prepared to come to the conclusion that claims 1, 2 and 6 are infringed. That would lead in the *normal way to what is the appropriate relief to grant*, and here consideration must necessarily be given to the plea raised in the amended paragraph 4 of the defence, the *statutory protection against the award of damages in respect of infringement provided by section 59(1) of the Act* … [emphasis added]

By his use of the phrase "statutory protection against the award of damages in respect of infringement", it appears that Lloyd-Jacob J had, in fact, recognised the *relief*-limiting characteristic

of the provision. Moreover, he only dealt with the use of the provision *after infringement had been established*, and did *not* use it to negate the *presence or existence* of infringement which had been established. Only the *relief awardable* was potentially to be affected.

48 The second case referred to by the appellant was the decision of this court in *Hunter Manufacturing Pte Ltd v Soundtex Switchgear & Engineering Pte Ltd (No 1)* [2000] 1 SLR 401. There, L P Thean JA, delivering the judgment of this court, described (at [74]) the argument of innocent infringement in the context of s 3 of the United Kingdom Designs (Protection) Act (Cap 339, 1985 Rev Ed) (a provision similar to s 69(1), but which has since been repealed) as a "defence". However, he also observed, as follows (*ibid*):

> It will be recalled that the trial judge held that on the evidence adduced the defence of innocent infringement was available to Soundtex so that, *even if there was infringement*, which in our view there was, *no damages would be awarded in respect of any infringement up to 12 June 1997*. [emphasis added]

It is evident that Thean JA was referring to s 3 of the repealed Act as being capable of reducing the amount of damages awarded *only after infringement had been established*. In other words, the provision was not to be used to negate the presence of infringement, which had, on the facts of that case, been established.

49 Two other cases where s 69(1) was referred to as a "defence" were referred to by the appellant, albeit as the basis for other arguments. The first was the recent Singapore High Court decision of *Main-Line Corporate Holdings Ltd v UOB Ltd* [2007] 1 SLR 1021, where Tay Yong Kwang J observed as follows (at [75]):

> In my view, a defence of innocent infringement ought to have been positively pleaded rather than by mere implication. Order 18 r (1) of the Rules of Court (Cap 322, R 5, 2004 Rev Ed) states that a party must plead specifically any matter which he alleges makes any claim of the opposite party not maintainable or which, if not specifically pleaded, might take the opposite party by surprise. A defence of limitation is given as an example of such a matter. In my view, a defence in the nature of s 69 is of the same genre.

50 The appellant submitted that the *dictum* of Tay J, where he indicated that innocent infringement under s 69(1) was of the same genre as the defence set out in s 4 of the Limitation Act (Cap 163, 1996 Rev Ed), supported the argument that s 69(1) operated as a defence to liability. In our view, however, the true interpretation of the *dictum* is that Tay J regarded both innocent infringement and the defence of limitation as being of the same genre in the sense that both had to be positively pleaded pursuant to O 18 r 8(1) of the Rules of Court (Cap 322, R 5, 2004 Rev Ed). It should be noted that, in the present case, there were no difficulties with regard to pleadings as the respondents had clearly pleaded innocent infringement (*cf Emjay* ([15] *supra*) at [31]–[35]). It should also be noted that this court has since delivered its decision on the appeal from *Main-Line Corporate Holdings Ltd v UOB Ltd*. In that decision (*First Currency Choice Pte Ltd v Main-Line Corporate Holdings Limited* [2007] SGCA 50), it was observed, with respect to s 69(1), as follows (at [95]):

> There is one further point which we would like to briefly address. The trial judge had, in [75] of the Judgment, characterised the protection conferred by s 69(1) of the [Singapore] Act as a "defence". *It should be noted that the statutory protection is not a "defence" in the strict sense of the word, but is, rather, an extenuating consideration that ameliorates unknowing and, therefore, innocent transgressions in terms of the remedy (either in the form of damages or an order for an account of profits) that can be granted*. [emphasis added]

51 In the second case cited by the appellant, *viz*, the English High Court decision of *Schmittzehe v Roberts* (1955) 72 RPC 122, the equivalent provision of s 69(1) (of the Singapore Act) in the Registered Designs Act 1949 (c 88) (UK) was described by Lloyd-Jacob J (at 126) as a "statutory protection which is intended to safeguard the innocent person from some portion of the liability attached to the infringement of registered designs". The appellant submitted that this *dictum* supported its argument that s 69(1) operated as a defence to liability. However, the use of the words "some portion", in our view, indicates that the provision was being referred to as a protection going to the relief awardable, as opposed to a protection going to liability. Indeed, it had been noted earlier by the learned judge (*ibid*) that this particular protection had been pleaded "[*i*]*n addition to* attacking [the] validity [of the design concerned] *and denying infringement*" [emphasis added]. This view is further supported by the fact that Lloyd-Jacob J then held that while an argument of innocent infringement had been made out, the owner of the registered design would still be granted an injunction against further infringement by the infringer.

52 The appellant also referred to the English High Court decision of *Benmax v Austin Motor Coy Ld* (1953) 70 RPC 143, where s 59(1) of the 1949 UK Act was described *not* as a "defence", but (*per* Lloyd-Jacob J at 156) as an "absolute" protection which "secure[d] [an offender] against an order in the proceedings awarding damages to a successful patentee". The appellant submitted that this supported the argument that s 69(1) operated as a defence to liability as it indicated that an infringer could avoid the payment of any damages. In our view, however, the above words were more an indication that the provision operated to restrict the relief awardable, as Lloyd-Jacob J did not indicate that the provision would operate to negate a finding of infringement.

53 Mr Kang further referred to the decision in *Emjay* ([15] *supra*), where the following was stated at [12]:

> An exception clause is a term of the contract. In particular, such a clause is intended to operate either to modify the obligations under the contract and/or to act as a defence to any claim by the other party to the contract. If so, such a clause goes to liability as opposed to the assessment of the quantum of damages.

It was then held (*id* at [25]–[26]) that exception clauses, both in principle and logic, ought to be dealt with at the stage of *liability*. Mr Kang submitted that an analogy could be drawn with that decision – in particular, a limitation provision such as that found in s 69(1) would, like an exception clause, go to liability and should therefore be dealt with at the stage of liability (*ie*, at the trial) and not at the account of profits hearing.

54 Such an argument is, with respect, misconceived. In the first place, and more generally, reliance should *not* be placed on a decision relating to the interpretation of *contractual clauses* for the purposes of *statutory construction*. As the respondents rightly noted, it is trite law that the rules for interpreting contracts are vastly different from those for interpreting statutes. An example of one such difference would be that contractual interpretation centres on the intention of the contracting parties whilst statutory interpretation looks to the intention of Parliament instead. Indeed, it was noted in *Emjay* at [14] that the construction of the limitation clause in question should not be taken as an automatic rule of law, but as a matter of construction of the contract with due regard to the contracting parties' intentions.

55 Further, it would be erroneous to argue that s 69(1) is analogous to an exception clause. The primary nature and purpose of *exception clauses* are (see *Emjay* at [19]):

> ... to govern the *obligations* of the respective parties to the contract – an issue that necessarily

> relates to *liability* rather than the quantum of damages [*viz*, the relief awardable], although the latter is inextricably linked to the former as a matter of *literal* fact as well as causation. [emphasis in original]

A number of other reasons buttressing this particular proposition were set out in *Emjay* (at [25]–[27]) such as, *inter alia*:

> (a) the consideration of an exception clause was logically an inquiry prior to an assessment of damages;
>
> (b) the allied issues of incorporation and construction (of an exception clause) were really issues of liability; and
>
> (c) allowing a limitation of liability clause, which was a specific type of exception clause, to affect the amount of damages claimable would lead to excessive uncertainty and "legal hair-splitting".

56 In *contrast*, the *intention of Parliament*, as inferred from the origins, the heading and the text of s 69(1) (see above at [29]–[42]), is that s 69(1) relates to a restriction on *relief* – and *not to liability*. In this last-mentioned regard, it ought also to be noted that the *intention of Parliament must* be given *primacy*.

57 We note, however, that it was also observed in *Emjay* at [7] that a clause which excluded liability completely (a "*total exclusion* of liability clause") would (compared to a *limitation* of liability clause) be a species of exception clauses that would "*clearly not* have related to the quantum of damages but, rather, to liability" [emphasis in original]. As this observation appears, at first blush, to contradict the interpretation of *Emjay* which we have adopted in the present appeal, some clarification is necessary. It will be recalled that a *clear distinction* was drawn above (at [54]) between the *nature* of an *exception clause* on the one hand and that of a *statutory provision (here, s 69)* on the other. It bears reiterating that a *total exclusion* of liability clause is *but a species of the larger genre termed "exception clauses"*. In the circumstances, therefore, a *total exclusion of liability* clause operates as *an exception clause, the nature and function of which* relate to the *obligations of the parties and, hence, the issue of liability* (as opposed to *the relief awardable* after liability is established). In the context of a *total exclusion* of liability clause, its effect is (by its very nature, as reflected by its nomenclature) to reduce the amount of compensation to be paid to zero, thus resulting in the *total* removal of liability *altogether*. It is important, at this juncture, to point out that while the operation of s 69(1) can *also* reduce the amount of compensation to be paid to zero, this is not (*unlike* the effect of a *total exclusion* of liability clause) due to the *negation* of *liability* as such, but, rather, to the fact that the *legislative intent* underlying s 69(1) is to *negate* the *quantum*, where appropriate, of *monetary relief* (in the form of either an award of damages or an account of profits) awardable. It should also be noted that, notwithstanding the operation of s 69(1), which may reduce the amount of compensation paid to zero, an infringer may still be subject to *other forms* of reliefs, such as an injunction restraining him from further infringement.

Textbooks

58 In what appears to be the only textbook which is directly on point in this matter, *viz*, *A Guide to Patent Law in Singapore* (Alban Kang *et al* gen eds) (Sweet & Maxwell Asia, 2005), it is observed (at para 6.2.13) that s 69 "sets out certain restrictions" on the recovery of damages or an account of profits. More significantly, perhaps, this statement is made under the heading entitled, "What *relief* can a plaintiff ask for?" [emphasis added]. It is also stated (at paras 7.5.5–7.5.6), with specific

regard to s 69(1), that:

> [L]ack of knowledge of the patent is not a valid defence to a claim for patent infringement. Thus, under the Patents Act there is no defence of innocent infringement.
>
> However, s 69(1) provides that no damages shall be awarded or an account of profits ordered where a defendant proves that 'at the date of infringement, he was not aware, and had no reasonable grounds for supposing a patent existed.'

The above observations are, in fact, consistent with the proposition that whilst s 69(1) does not constitute a defence to liability as such, it does operate to constrain the relief that might otherwise be obtained in the context of an award of damages or an account of profits.

59 Counsel for the appellant, however, referred to other textbooks which, he said, highlighted s 69(1) as being a "defence", and argued that these authorities supported the contention that s 69(1) operated as a defence to liability. For example, in Simon Thorley *et al*, *Terrell on the Law of Patents* (Sweet & Maxwell, 16th Ed, 2006) ("*Terrell*") at pp 510 and 512*,* s 62(1) of 1977 UK Act is described as a "defence". Likewise, in *Halsbury's Laws of Singapore* vol 13(3) (LexisNexis, 2007) at para 160.407, s 69(1) is described as a "defence". Again, this argument should be rejected in the light of what has already been discussed, *viz*, the use of the term "defence" *per se* is in no way a conclusive indication of the presence of a defence to liability, as the scope of this term embraces both a factor which excuses a defendant from liability altogether, *as well as* a factor which excuses him from being subject to certain types of *relief* where liability has been established (see generally [17]–[18] above).

60 In any event, in the textbooks cited by the appellant in the preceding paragraph, s 69(1) (or its equivalent) is also described as a restriction on the relief awardable. In *Terrell,* s 62(1) of the 1977 UK Act is discussed (at para 13-26) under the heading "Restrictions on damages or an account", which is (in turn) under the topic "Damages and Profits". In particular, it is stated (at para 13-25) that the 1977 UK Act "contains various provisions which *restrict* the successful patentee's rights to damages or an account of profits" [emphasis added]. Similarly, in *Halsbury's Laws of Singapore*, s 69(1) is discussed (at para 160.428) under the heading "Restrictions on recovery of damages or account of profits".

61 Yet other textbooks indicate that s 69(1) should be construed as a restriction on the relief awardable. For example, in the *CIPA Guide to the Patents Act* (Sweet & Maxwell, 5th Ed, 2001) prepared by Alan W White for the UK Chartered Institute of Patent Agents, the commentary on s 62(1) of the 1977 UK Act (which, it will be recalled, is the UK equivalent of s 69(1)) states (at para 62.02) that "[s]ection 62 provides a *patent infringer* with the possibility of some *relief from the consequences of his infringement in certain circumstances*" [emphasis added]. Also, in Lionel Bently & Brad Sherman, *Intellectual Property Law* (Oxford University Press, 2nd Ed, 2004), it is stated (at p 521), in reference to s 62(1) of the 1977 UK Act, that "[w]hile intention to infringe is not relevant to the determination of liability, *mens rea* might play a significant role in relation to the remedy granted by the court". And, in David I Bainbridge, *Intellectual Property* (Pearson Longman, 6th Ed, 2007), s 62(1) of the 1977 UK Act is not dealt with in the section on defences, but, rather, in the section on remedies instead. There, it is stated (at p 459) that "'[i]nnocent' infringers may *escape some of the remedies*" [emphasis added].

62 In William Cornish & David Llewelyn, *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights* (Sweet & Maxwell, 6th Ed, 2007), the learned authors describe s 62(1) of the 1977 UK Act, as follows (at para 2-42):

> Normally, rights that rank as common law property are enforceable even against those who unwittingly interfere with them. However, this aspect of the property analogy in our field has not always appealed to Parliament and the courts. *They have not, it is true, refused injunctions against the continuance of an infringement simply on the ground that a defendant in all innocence expended money on a production system – a change of position that will bring him loss if he is then obliged to desist.* But there has been some *reluctance to oblige him to pay damages for infringements committed during a period of "innocence"*. Thus, in the Acts relating to patents, designs and copyright it is explicitly provided that *no damages are payable for a period in which the infringer did not know, and had no reasonable grounds for supposing, that the right existed.* [emphasis added]

The learned authors are clearly of the opinion that the concept of innocent infringement relates to the relief awardable, as opposed to infringement (*viz*, liability). This passage, incidentally, also encapsulates our sentiments on the jurisprudence of s 69(1).

Conclusion

63 In order for s 69(1) to be construed as a defence to *liability*, as opposed to a defence to (or constraint on) *the relief awardable*, it has to operate to negate a finding of patent infringement. However, parliamentary intention (as inferred from the history, the heading and the text of s 69(1)), as well as the relevant case law and textbooks, clearly indicate that s 69(1) operates to restrict the relief awardable, but does *not* operate to negate a finding of infringement. As stated by Tay JC in *Institut Pasteur* ([44] *supra*) at [222], "[i]nnocent infringement is no defence to a claim for infringement of a Patent save for the question of whether damages are to be awarded". We therefore came to the conclusion that s 69(1) cannot be considered to operate as a defence to liability.

64 Since s 69(1) does not operate as a defence to liability, it follows that the appellant's second contention on the operation of the doctrine of *res judicata* (see [13] above) must necessarily fail *in limine*. Accordingly, we dismissed this appeal with costs, with the usual consequential orders to follow – albeit for somewhat different reasons from those given by the court below.

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