IN THE COURT OF APPEAL OF THE REPUBLIC OF SINGAPORE

[2016] SGCA 33

Civil Appeal No 135 of 2015

Between

Singsung Pte Ltd

… Appellant

And

LG 26 Electronics Pte Ltd (trading as L S Electrical Trading)

… Respondent

JUDGMENT

[Intellectual Property] – [Passing Off]
[Intellectual Property] – [Copyright Infringement]
[Intellectual Property] – [Groundless Threats of Legal Proceedings]

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Singsung Pte Ltd
v
LG 26 Electronics Pte Ltd (trading as L S Electrical Trading)

[2016] SGCA 33

Court of Appeal — Civil Appeal No 135 of 2015
Sundaresh Menon CJ, Chao Hick Tin JA and Andrew Phang Boon Leong JA
24 February 2016

23 May 2016 Judgment reserved.

Sundaresh Menon CJ (delivering the judgment of the court):

Introduction

1 This appeal arises out of proceedings commenced by the appellant, Singsung Pte Ltd, and See Lam Huat ("Johnny"), against the respondent, LG 26 Electronics Pte Ltd (Trading as LS Electrical Trading), and See Lam Seng ("Seng") on the grounds of passing off, copyright infringement and defamation. The respondent and Seng brought a counterclaim in malicious falsehood and for groundless threats of copyright infringement. For the reasons set out in *Singsung Pte Ltd and another v LG 26 Electronics Pte Ltd (trading as LS Electric Trading) and another* [2015] SGHC 148 ("the Judgment"), the High Court judge ("the Judge") dismissed the passing off and copyright infringement claims and the counterclaim in malicious falsehood, but allowed the claim in defamation and the counterclaim for groundless

threats of copyright infringement. This appeal does not concern the individuals, Johnny and Seng, or the claims in defamation and malicious falsehood. It is the appellant alone that appeals against the Judge's decision to:

(a) dismiss its claim in passing-off;

(b) dismiss its claim for copyright infringement in respect of three works; and

(c) allow the respondent's counterclaim for groundless threats of copyright proceedings in respect of the same three works.

2 The present appeal raises interesting legal questions which have not hitherto been fully canvassed in Singapore. These questions relate to how a plaintiff may prove the elements of the tort of passing off, the operation of the doctrine of instruments of deception, and the scope of liability for issuing groundless threats under s 200 of the Copyright Act (Cap 63, 2006 Rev Ed) ("the Copyright Act"). Before we turn to these questions, we outline the facts.

Background facts

3 Johnny and Seng are brothers. Sometime in the early 2000s, Johnny and Seng became business partners, acquiring second-hand electronic goods for re-sale to customers overseas under a partnership trading by the name S H Econ Electrical Trading. Unfortunately, by 2005, the relationship between Johnny and Seng had broken down. On 12 April 2006, the appellant was incorporated in Singapore with Johnny as one of its directors and the majority shareholder. Johnny passed away on 19 July 2015 and his widow now runs the appellant.

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4 The appellant's business consists primarily of the export of new electrical appliances manufactured in China to African and Asian markets such as Nigeria, Tanzania, Cameroon, Sri Lanka, Indonesia, Malaysia, Pakistan and Cambodia. The bulk of the appellant's sales are made to trade buyers who are not resident in Singapore and who purchase the appellant's products for export to foreign countries. It appears that these non-resident trade buyers or middlemen would usually visit the appellant's shop at 39 Upper Weld Road to select the products that they wished to purchase. Thereafter, the selected products would be shipped to the trade buyer's home country for sale to end users. At trial, the evidence that was adduced of the appellant's export sales consisted only of sales to consumers in Cameroon (at [9] of the Judgment). While a portion of the appellant's products are sold to customers resident in Singapore, it is accepted that these sales account for a relatively small proportion of the appellant's business.

5 Like the appellant, the respondent trades in electrical appliances. Seng first registered his business as a sole proprietorship in October 2007 and later incorporated the respondent in January 2011. The respondent's place of business is located next to the appellant's, at 36/37 Upper Weld Road. Seng is the manager, sole shareholder and director of the respondent. Initially, the respondent dealt only in second-hand electrical appliances. Subsequently, the respondent began to deal in new electrical appliances as well.

6 The respondent's products bear striking visual similarities to the appellant's products across a range of goods from DVD players to electric kettles. In some cases, the products are sourced from the same Chinese manufacturers. For most of the products which are the subject-matter of the proceedings before this court, the only discernible difference between the appellant's and respondent's goods is the logo that is affixed to them. The

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appellant's products bear the "SINGSUNG" mark, while the respondent's products bear the "LS" mark. Besides the similarities in the range and appearance of the products sold, the respondent also targeted the same export markets as the appellant, namely, trade buyers from Africa and Southeast Asia. The respondent's position is that, save for the sale of a handful of units of DVD players and rice cookers, its products are sold only to foreign (primarily African) customers.

7 The Judge found that the respondent had made a conscious decision to compete with the appellant in the same market over the same range of products. Essentially, the respondent's business model was to shadow the appellant's business in terms of products, markets and packaging. This is the crux of the appellant's complaint on appeal.

Summary of the appellant's claims

8 The appellant's main cause of action is in the tort of passing off. The allegation made is that the get-up of the respondent's products is identical or confusingly similar to the get-up of the appellant's products thus misleading consumers into believing that the respondent's products originate from or are somehow associated with the appellant. There are broadly eight different types of household appliances marketed and sold by the appellant which form the subject-matter of this appeal ("the Singsung Products"). They are:

(a) DVD player model DV-339K-III ("DVD Player A");

(b) DVD player models DH-I, DH-II and DH-III (collectively referred to as "DVD Player B");

(c) television sets;

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(d) rice cookers;

(e) electric kettles;

(f) electric floor fans;

(g) electric blenders; and

(h) gas stoves.

9 The appellant claims that it has goodwill in its business and that this is sufficiently associated with the get-up of the Singsung Products ("the Singsung Get-Up"). The details of the Singsung Get-Up, as pleaded by the appellant in its statement of claim, consist of the following individual get-ups:

(a) The packaging and design of DVD Player A, which is termed "the White Get-Up". The White Get-Up includes the white carton box (in which DVD player A is packaged) with an image of a DVD player, guitar and sitting room; a start-up screen that appears on the television when DVD Player A is connected to the television and switched on ("the Singsung Start-Up Screen"); a warranty card ("the Singsung Warranty Card"); the front and back panels of DVD Player A; and the white sticker on the front panel with a description of DVD Player A's functions. An image of the White Get-Up may be found at Annex A.

(b) The packaging and design of DVD Player B, which is termed "the Blue Get-Up". The Blue Get-Up includes the blue carton box (in which DVD Player B is packaged) with an image of the DVD model; the Singsung Start-Up Screen; the Singsung Warranty Card; the front and back panels of DVD Player B; and a blue sticker on the front panel

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with a description of DVD Player B's functions. An image of the Blue Get-Up may be found at Annex B.

(c) The design and placement of a sticker on the appellant's television sets, which includes the words "Rotary Rotatory" ("the Logo"); a symbol that shows that the television set may be rotated 90 degrees; an indication that the television set is brand new with three years warranty; and an indication that the television is ultra-slim ("the TV Sticker"). An image of the TV Sticker may be found at Annex C.

(d) The floral pattern on the appellant's rice cookers ("the Floral Pattern").

(e) The shape and design of five of the appellant's electric kettles, each with its own get-up (collectively, "the Singsung Kettles Get-Up").

(f) The shape and design of three of the appellant's electric blenders, each with its own get-up (collectively, "the Singsung Blenders Get-Up").

(g) The design of the appellant's electric floor fan, comprising a round plastic base in the shape of a steering wheel ("the Singsung Fan Get-Up").

(h) The design of the appellant's gas stove, comprising an embossed horseshoe shape and a gold coloured burner rimmed by a circular chrome pot support ("the Singsung Gas Stove Get-Up").

10 The appellant widely advertised and promoted its products through a catalogue ("the Singsung Catalogue"). The Singsung Catalogue included the

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phrase "Rely on us, as among the FINEST, we offer the MOST affordable prices" as well as a Swahili translation of this ("the Swahili Phrase").

11 The appellant claims that the respondent distributed, offered for sale, sold and dealt in very similar, if not, identical products and that these were packaged and presented in a way that was identical or confusingly similar to the Singsung Products. It is not disputed that save for the "SINGSUNG" and "LS" marks that were found on the goods of the respective parties, the respondent's products had a get-up that was identical to the Singsung Get-Up for the corresponding product. The respondent also advertised its products with the same Swahili Phrase. The appellant argues that the respondent's actions as a whole were calculated to deceive and/or mislead the trade and public and have in fact misled the trade and public into believing that the respondent's products originate from or are somehow associated with the appellant. For ease of reference, we shall refer to the respondent's products which are the subject-matter of the appellant's complaint as "the LS Products". We also refer to the respondent's get-ups which are similar to the White Get-Up, Blue Get-Up and the TV Sticker as the "LS White Get-Up", the "LS Blue Get-Up" and the "LS TV Sticker", respectively. Images of these get-ups may be found at Annex A, B and C, respectively.

12 Apart from the tort of passing off, the appellant brings a concurrent action against the respondent for copyright infringement in the following artistic works:

(a) the picture of a DVD player, guitar and sitting room on the White Get-Up ("the White Get-Up Picture");

(b) the picture of a DVD player on the Blue Get-Up ("the Blue Get-Up Picture");

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(c) the TV Sticker;

(d) the Logo;

(e) the Floral Pattern; and

(f) the Singsung Start-Up Screen.

13 Only the White Get-Up Picture, the Blue Get-Up Picture and the TV Sticker are relevant in the appeal. It is the appellant's case that it owns the copyright in these artistic works, and the respondent's reproduction and/or sale of products that reproduced these artistic works without a licence from the appellant has infringed the appellant's exclusive rights in the works and has caused the appellant to suffer loss and damage.

The decision below

Passing off

14 The Judge identified two types of passing off claims from the appellant's pleadings and submissions. He termed the first, where the relevant misrepresentation occurred in Singapore, "the straightforward passing off claim", and the second, where the relevant misrepresentation occurred through the deception of end users in the foreign jurisdictions to which the products were exported, passing off based on the doctrine of "instruments of deception".

15 In respect of the straightforward passing off claim, the Judge found that the appellant had established a sufficient business presence in Singapore. However, while he was satisfied that goodwill subsisted in the "SINGSUNG" brand, there was no evidence that local buyers perceived the Singsung Get-Up

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as associated exclusively with the appellant (at [134] of the Judgment). As for the foreign trade buyers who attended at the appellant's business premises, the evidence was that they were aware that the appellant and respondent were separate companies competing in the same line of products. The Judge accordingly held that the appellant's goodwill was not sufficiently associated with the Singsung Get-Up in the eyes of the foreign trade buyers (at [137] of the Judgment). As the Judge held that the Singsung Get-Up was not distinctive of the appellant, the straightforward passing off claim failed.

16 The Judge then considered the claim in passing off based on the doctrine of instruments of deception. For this claim, the only relevant foreign market was Cameroon because the evidence led at trial related only to that market. The key question was whether the Singsung Get-Up had acquired distinctiveness in Cameroon. The Judge concluded that there was insufficient evidence to warrant a finding that members of the public in Cameroon viewed the Singsung Get-Up as distinctive of the appellant or that the respondent's get-up amounted to a misrepresentation (at [148] of the Judgment). As there was no finding of goodwill in the Singsung Get-Up in Cameroon, the appellant's claim based on instruments of deception was dismissed (at [218] of the Judgment).

17 It is clear that the Judge's decision to dismiss the appellant's claim in passing off was based largely on his view that there was insufficient evidence that the relevant public (whether in Singapore or Cameroon) viewed the Singsung Get-Up as an indicator of trade origin. However, he also dealt with the appellant's submission that proof of *deliberate* copying of its get-ups and an *intention to deceive* on the respondent's part would be sufficient to prove goodwill in that which was copied. This submission is central to the appellant's case on appeal.

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18 In considering this submission, the Judge directed his mind to whether the respondent intended to deceive or pass off its goods as the appellant's. In the Judge's view, the respondent had not intended to deceive or pass off its goods as those of the appellant notwithstanding its conscious decision to choose the same range of products and models and the virtually identical get-up (at [238] of the Judgment). Rather, the Judge concluded on the evidence that the respondent intended to compete directly with the appellant in the same market and over the same range of products but that this did not mean that the respondent intended to pass its goods off as the appellant's. The Judge also appeared to have held, as a matter of law, that it would be "rare" for a finding that there was an intention to pass off, to be sufficient on its own to establish goodwill (at [257] of the Judgment).

Copyright infringement and groundless threats of copyright proceedings

19 As mentioned at [13] above, only the White Get-Up Picture, the Blue Get-Up Picture and the TV Stickers are relevant in this appeal to the question of copyright infringement. The Judge dismissed the appellant's claim in respect of the White Get-Up Picture because he found that the appellant had failed to establish that it owned the copyright therein (at [291]–[292] and [319] of the Judgment). The Judge went on to say that if he was wrong on the question of ownership, the claim for copyright infringement in respect of the White Get-Up Picture might well succeed because (a) the White Get-Up Picture enjoyed copyright in Singapore as an original artistic work; and (b) there was a good case for finding that the respondent and Seng were otherwise liable for copyright infringement under ss 32 or 33 of the Copyright Act (at [303] and [317] of the Judgment).

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20 The Judge dismissed the appellant's claim for copyright infringement of the Blue Get-Up Picture as there was insufficient copying to justify a finding of infringement (at [335] of the Judgment). In relation to the TV Sticker, the Judge held that the appellant owned the copyright therein, and that this had been infringed by the respondent (at [341] and [352] of the Judgment). However, the Judge held that the respondent was not liable for its first order, importation and sale of the television sets bearing the LS TV Sticker because he was not satisfied that at the time the first order was placed, the respondent knew or ought reasonably to have known that the LS TV Stickers had been manufactured without the consent of the copyright owner (at [355] of the Judgment).

21 Finally, the Judge allowed the respondent's counterclaim for groundless threats of copyright infringement under s 200 of the Copyright Act as consequential relief in respect of the appellant's claims for copyright infringement which had been dismissed.

The issues before this court

22 The broad issues before this court are whether the Judge erred in dismissing the appellant's claims in passing off and for copyright infringement, and allowing the respondent's counterclaim for groundless threats under s 200 of the Copyright Act. Within these broad issues, various sub-issues arise for consideration. Given the nature of the claims and the variety of issues canvassed before us, we deal with each cause of action in a discrete section in this judgment, beginning first with the appellant's claim in passing off.

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Passing off

The parties' arguments

23 The appellant submits that proof of deliberate copying almost presumptively establishes the elements of goodwill, misrepresentation and damage. On this basis, it is contended that the Judge's conclusion that the appellant's goodwill was not sufficiently associated with the Singsung Get-Up went against the weight of the evidence. The strongest evidence of the appellant's goodwill lay in the respondent's own actions in repeatedly modelling the get-up of its products on the Singsung Get-Up, which is itself an admission that the Singsung Get-Up had attractive force. Given that the respondent was deliberately copying the Singsung Get-Up, product for product, and that no other trader had products which used a similar get-up, the irresistible inference is that the Singsung Get-Up is unique to the appellant and that each variety of it constitutes a badge of trade origin for the appellant.

24 As for the second element of misrepresentation, the appellant submits that the respondent (a) misrepresented that it had a business association with the appellant; (b) misrepresented its goods as that of the appellant; and (c) furnished instruments of deception. In this connection, the appellant submits that the Judge erred in placing too much weight on the lack of evidence of actual confusion. Given the similarities in the get-ups, a customer with imperfect recollection would likely be confused as to whether the respondent's products were those of the appellant and *vice versa*. There is also a real likelihood that damage to the appellant's goodwill would be caused by a diversion of custom or by tarnishment of the appellant's reputation.

25 Against this, the respondent submits that the Singsung Get-Up does not possess the requisite goodwill *in Singapore* to found an action in passing off.

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Furthermore, it argues that the appellant has not proved that the respondent had intended to deceive consumers into thinking that the respondent's products were those of the appellant or were associated with the appellant. No misrepresentation occurred because the respondent had displayed the "LS" brand prominently on its products and Seng had not represented to customers that the respondent had a business association with the appellant. We note that the respondent confined its arguments to the issue of whether goodwill subsisted *in Singapore* and did not make any substantial submissions on this issue in the context of passing off based on instruments of deception.

The legal framework for the tort of passing off

26 The basic principle undergirding the law of passing off is that a trader should not sell his or her goods on the pretext that they are the goods of another trader. There are two oft-quoted formulations of the tort of passing off. The first is found in Lord Diplock's speech in *Erven Warnink Besloten Vennootschap and another v J Townend & Sons (Hull) Ltd and another* [1979] 1 AC 731 ("*Advocaat*") at 742 where Lord Diplock stated five characteristics of a cause of action in passing off, namely:

> (1) a misrepresentation (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so.

27 The second formulation is the "classical trinity" stated by Lord Oliver of Aylmerton in *Reckitt & Colman Products Ltd v Borden Inc and others* [1990] WLR 491 ("*JIF Lemon*") at 499:

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> … The law of passing off can be summarised in one short general proposition – no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying "get-up" (whether this consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff's identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. … Thirdly, he must demonstrate that he suffers or, in a quia timet action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.

28 Both Lord Diplock's five characteristics in *Advocaat* and Lord Oliver's reformulation in *JIF Lemon* have found expression in the judgments of our courts (see, for example, *Novelty Pte Ltd v Amanresorts Ltd and another* [2009] 3 SLR(R) 216 ("*Novelty*") at [36]). It has been suggested in a number of cases that there is no difference between these formulations, and that the main elements of the tort of passing off are encapsulated in the classical trinity of goodwill, misrepresentation and damage (see for example, *Novelty* at [37] and *Nation Fittings (M) Sdn Bhd v Oystertec plc and another suit* [2006] 1 SLR(R) 712 ("*Nation Fittings*") at [148]). We accept this, by and large, as the correct position. However, we also agree with Prof Wadlow's view that Lord Diplock's five characteristics, focussing as they do on the issue of misrepresentation and damage, "probes more deeply into the inwardness of the tort" (Christopher Wadlow, *The Law of Passing-Off: Unfair Competition by*

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Misrepresentation (Sweet & Maxwell, 4th Ed, 2011) ("*Wadlow on Passing Off*") at para 1–027). The essence of passing off – that no person is permitted to steal another's trade *by deceit* – must not be forgotten. What the tort seeks to protect is not the plaintiff's use of a mark, name or get-up *per se*; rather, the tort seeks to prevent the defendant from causing damage to the plaintiff by committing an actionable misrepresentation.

29 Counsel for the appellant, Mr Adrian Tan ("Mr Tan"), suggests that the appellant had three claims in passing off. It is useful to quote from the appellant's submissions to explain Mr Tan's argument:

> (a) Passing-off of business: [The respondent] consistently replicated [the Singsung Products and Singsung Get-Up], and continually and explicitly claimed that [the respondent] was associated with [the appellant]. [The respondent] was *passing off its business* as and for that of [the appellant], and/or confusing the trade and the public into thinking that [the respondent's] business was associated with [the appellant's] business.
>
> (b) Passing-off of goods: Goodwill in the Singsung Get-Up exists in Singapore, and trade customers/customers who buy directly from [the appellant] and [the respondent] are deceived or confused, or are likely to be deceived or confused, by the similar get-up on the [LS Products].
>
> (c) Instruments of deception: Passing off takes place in Singapore because by selling the [LS Products] to overseas trade buyers in Singapore, [the respondent] put into circulation "instruments of deception".
>
> [emphasis added]

30 We disagree with this in so far as Mr Tan is suggesting that the appellant's claim falls into three different categories of passing off. There is only one tort of passing off, though the relevant particulars of misrepresentation may transcend different aspects and will almost certainly vary from case to case. The critical question, in cases involving a misrepresentation as to trade origin, is whether the defendant is putting

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forward goods, which it, in one way or another, is passing off as the plaintiff's or as related to the plaintiff. At one end of the spectrum, a defendant may commit outright counterfeiting of the whole of the plaintiff's goods. In such cases, it is almost certain that passing off will be established. The further away one moves from outright counterfeiting, the more likely it is that the defendant will succeed. Ultimately, whether passing off is found to have occurred in a particular case is a fact-dependent exercise. For this reason, we agree with the observation made by Lord Oliver in *JIF Lemon* (at 499) that reference to other cases are likely to be only of tangential assistance to a court deciding a matter.

31 Keeping this in mind, we discuss the elements of goodwill, misrepresentation and damage and their application to the facts of this case. We also discuss the doctrine of instruments of deception and the evidential value of a finding of fraud or intentional copying on the part of a defendant to the proof of the elements of the tort.

Goodwill, misrepresentation and damage

32 Goodwill is the legal property that the law of passing off protects. In this connection, goodwill describes the state of the trader's relationship with his customers (*The Singapore Professional Golfers' Association v Chen Eng Waye and others* [2013] 2 SLR 495 ("*SPGA*") at [22]). It is, undoubtedly, an amorphous idea that does not sit well with strict definitions. The oft-quoted exposition of goodwill is found in Lord Macnaghten's speech in *The Commissioners of Inland Revenue v Muller & Co's Margarine, Limited* [1901] AC 217 at 223–224:

> … What is goodwill? It is a thing very easy to describe, very difficult to define. It is the *benefit and advantage of the good name, reputation, and connection of a business.* It is the *attractive force which brings in custom.* It is the one thing which distinguishes an old-established business from a new

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> business at its first start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has a power of attraction sufficient to bring customers home to the source from which it emanates. *Goodwill is composed of a variety of elements*. It differs in its composition in different trades and in different businesses in the same trade. One element may preponderate here and another element there. To analyze goodwill and split it up into its component parts, to pare it down as the Commissioners desire to do until nothing is left but a dry residuum ingrained in the actual place where the business is carried on while everything else is in the air, seems to me to be as useful for practical purposes as it would be to resolve the human body into the various substances of which it is said to be composed. *The goodwill of a business is one whole, and in a case like this it must be dealt with as such.*
>
> [emphasis added in italics]

33 The goodwill relevant to a passing off action is not goodwill in the mark, logo or get-up (*CDL Hotels International Ltd v Pontiac Marina Pte Ltd* [1998] 1 SLR(R) 975 ("*CDL Hotels*") at [45]). Instead, the tort of passing off protects a trader's *relationship* with his customers. As was stated by Lord Parker of Waddington in *AG Spalding & Bros v A W Gamage Ld* (1915) 32 RPC 273 at 284:

> There appears to be considerable diversity of opinion as to the nature of the right, the invasion of which is the subject of what are known as passing off actions. The more general opinion appears to be that the right is a right of property. This view naturally demands an answer to the question – property in what? Some authorities say property in the mark, name, or get-up improperly used by the defendant. Others say, property in the business or goodwill likely to be injured by the misrepresentation. Lord Herschell in *Reddaway v Banham* (LR (1906) AC 139) expressly dissents from the former view; and if the right invaded is a right of property at all, there are, I think strong reasons for preferring the latter view. …

34 In our judgment, goodwill, in the context of passing off, is concerned with goodwill in the business *as a whole*, and not specifically in its constituent elements, such as the mark, logo or get-up that it uses (see *Lifestyle 1.99 Pte*

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Ltd v S$1.99 Pte Ltd (trading as ONE.99 SHOP) [2000] 1 SLR(R) 687 ("*Lifestyle 1.99*") at [20]–[24]; *Wadlow on Passing Off* at paras 3–003 and 3–004; James Mellor QC *et al*, *Kerly's Law of Trade Marks and Trade Names* (Sweet & Maxwell, 15th Ed, 2011) ("*Kerly's Law of Trade Marks and Trade Names*") at para 18–100). Goodwill does not exist on its own, but attaches to a business in the jurisdiction and is manifested in the custom that the business enjoys: *CDL Hotels* at [46]. Goodwill may be proved by evidence of sales or of expenses incurred in promoting the goods and services in association with the mark, brand or get-up which they bear (see *SPGA* at [22]).

35 In the present case, the respondent argues that for the appellant to have the requisite goodwill to found a claim in passing off, it must prove (a) that it has a sufficient business presence in Singapore and (b) that the Singsung Get-Up, in which goodwill is asserted, is perceived in Singapore to be *an indicator of trade origin*. The Judge held that goodwill did not exist in the Singsung Get-Up as it was not proved to be *distinctive* of the appellant either in Singapore or in Cameroon. The appellant therefore failed to establish the *requisite goodwill* to found an action in passing off (see [133]–[137] and [218] of the Judgment).

36 We recognise that the vocabulary used in this area of the law suffers from a lack of precision. As stated in *Wadlow on Passing Off* at para 1–029:

> … Certain recurrent words appear to be used as if they were terms of art, but on closer inspection turn out to bear a variety of inconsistent meanings which are not always correctly distinguished. It does not help that passing-off shares some of its terminology with the law of registered trade marks, without always considering whether it is appropriate in the different context.

Indeed, our courts have not spoken with one voice in analysing goodwill and distinctiveness. On occasion, the issue of distinctiveness has been considered

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as part of the analysis of goodwill (see, for instance, *Nation Fittings* at [158] and *Asia Pacific Publishing Pte Ltd v Pioneers & Leaders (Publishers) Pte Ltd* [2011] 4 SLR 381 ("*Asia Pacific Publishing*") at [117]–[120]). This was also apparently the approach taken by the Judge (see [35] above). In such instances, goodwill tends to be analysed by reference to the claimed badge of origin. Yet, at other times, we have analysed the question of distinctiveness in the context of misrepresentation (see, for example, *Lifestyle 1.99* at [25]–[48] and *SPGA* at [25]–[62]). In these cases, goodwill is analysed first, and assuming it is found to exist in relation to the plaintiff's business, then in the inquiry on misrepresentation, the attention turns to whether the plaintiff's get-up or other claimed badge of origin is distinctive of the plaintiff, and whether the defendant's corresponding use of such elements is confusingly similar to that of the plaintiff so as to amount to a misrepresentation.

37 In most cases, when and under which element the inquiry as to distinctiveness is undertaken will be of no consequence. The elements of the tort of passing off are connected and interdependent. But, as a matter both of principle and conceptual clarity, the issue of whether a mark or get-up is *distinctive* of the plaintiff's products or services is, in our judgment, a question that is best dealt with in the context of the inquiry as to whether the defendant had made a misrepresentation. For one thing, this makes it clear that the tort of passing off protects the plaintiff's goodwill *in his business* and not specifically his right to the exclusive use of a mark, get-up or logo, as the case may be. The mark, get-up or logo will feature prominently in the analysis because this will usually be the *means* by which the tort or the misrepresentation is committed; but it is not the *ends* for which the tort exists. This also helps explain, for instance, why we held in *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc and another and another appeal*

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[2014] 1 SLR 911 ("*Staywell*") that goodwill in the law of passing off can be generated by pre-trading activity which is designed to generate an attractive force that would bring in custom when business in Singapore eventually materialised (at [145]). This too brings us back to the point that what the tort protects is the trader's goodwill or his relationship with his customers and this can come into existence even before income is generated. As we stated in *Staywell* (at [140]–[141]):

> … It is not always the case that non-publicity activities such as administrative preparations have no relevance to the establishment of goodwill in Singapore. Pre-trading activity may take many forms and it is always possible that a combination of various types of activity may suffice to *generate a sufficient degree of consumer interest and demand, amounting to tangible and protectable goodwill*. …
>
> … [G]oodwill does not focus on the income of the trader *per se* but the response of the consumer. The fact that income is generated is only a *proxy* for the attractive force of the business. This court's holding in *CDL Hotels* … acknowledged that valuable demand may be created in a product or business prior to its being monetised.
>
> [emphasis added]

38 In our judgment, the issue of distinctiveness is best understood as a threshold inquiry in the context of determining whether the defendant has committed an actionable misrepresentation. Simply put, if a mark or get-up is not distinctive of the plaintiff's products or services, the mere fact that the defendant has used something similar or even identical in marketing and selling its products or services would not amount to a misrepresentation that the defendant's products or services are the plaintiff's or are economically linked to the plaintiff. Indeed, it has been said (in the context of an alleged representation consisting of the use of a name in connection with goods) that proof that the name has become distinctive of the plaintiff's goods is a "condition precedent" to the success of a passing off action: per Viscount

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Simmonds in *T Oertli AG v E J Bowman (London) Ld* (1959) RPC 1 at 4. Similarly, where the alleged representation consists of the use of the get-up, the plaintiff is required to prove that the get-up in question has become distinctive in the sense that the relevant segment of the public recognises goods with that get-up as originating from the plaintiff. If it is found that the mark or get-up *is* distinctive of the plaintiff, then the next question is whether the use of similar indicia by the defendant amounts to a misrepresentation.

39 The foregoing analysis is also consistent with our remarks in other cases (see, most recently, *The Audience Motivation Company Asia Pte Ltd v AMC Live Group China (S) Pte Ltd* [2016] SGCA 25 ("*AMC*") at [82] as well as *SPGA* at [20] and *Hai Tong Co (Pte) Ltd v Ventree Singapore Pte Ltd and another and another appeal* [2013] 2 SLR 941 ("*Hai Tong*") at [115]) where we analysed the issue of distinctiveness in the context of the inquiry into misrepresentation. In this connection, the steps to be taken in the inquiry as to misrepresentation were summarised in *SPGA* (at [20]) as follows:

> … [The second inquiry (*ie*, of misrepresentation)] typically begins with a consideration of how the defendant is said to be doing this. In general, it will entail the use of some element that serves as a badge or identifier marking the goods or services in question as emanating from the claimant … *It will be necessary here to consider whether that element does serve as a badge or identifier, or, in the parlance of the action, whether it is "distinctive" of the claimant's goods and services, and* ***whether the claimant's goodwill (established under the first stage of the inquiry) is in fact associated with that element***. It will then be necessary to consider, amongst other factors, whether there is such a similarity between the corresponding element that is being used by the defendant on the one hand and by the claimant on the other such that in all the circumstances, it is sufficiently likely to result in the relevant segment of the public being deceived or confused into thinking that the defendant's goods or services are, or emanate from a source that is linked to, the claimant's. …
>
> [emphasis added in italics and bold italics]

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40 Whether misrepresentation has occurred is a question to be determined by the court in the light of the surrounding circumstances. The misrepresentation in question must give rise to confusion (or the likelihood thereof) in order to be actionable under the law of passing off. This is ultimately a matter for the court's judgment and it is not to be determined on a visual side-by-side comparison. Rather it is to be assessed from the vantage point of a notional customer with imperfect recollection. While evidence of actual confusion, such as the testimony of a witness, may be helpful in the court's determination of the question, the lack of such evidence is not fatal to a claim (*Novelty* at [80]; *Hai Tong* at [106]). It would be apposite to reiterate what we said in *Hai Tong* (at [100]):

> [F]inding and producing actual evidence of confusion may be difficult as members of the public are generally reluctant to attend proceedings in court. Moreover, those who are confused and deceived may remain so, and there is no reason to think that they would be moved from this state so as to bring their past experience to the attention of the parties. Furthermore, even those members of the public who have come to appreciate that they were misled will frequently have no reason to draw this to the attention of the parties, especially if the realisation comes some time after any relevant dealings with the parties. Finally, persons who discover that they have been deceived and decide not to do business with the offending party as a result may then have no further reason to contact the parties and inform them of their past confusion. For these reasons, while evidence of actual confusion can be very helpful, its absence should not be accorded undue significance …

41 Finally, as regards the element of damage, the claimant need not show actual damage as long as a real tangible risk of substantial damage is present and this could also occur by way of blurring or tarnishment (see *Novelty* at [100] and [105]).

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The export business and the doctrine of instruments of deception

42 A particular question that arises in this case pertains to whether a defendant may be adjudged liable for the tort of passing off if the goods which defendant produces, while confusingly similar to the plaintiff's goods, are sold to intermediate entities such as middlemen in the supply chain who are not themselves confused as to the true origin of the goods in question. As to this, the law of passing off recognises the doctrine of instruments of deception, which deals with precisely such a situation. A useful summary of the doctrine of instruments of deception may be found at *Wadlow on Passing Off* at para 5–140:

> It is passing-off for a trader to put into circulation goods which are inherently likely to deceive ultimate purchasers or consumers, even though the immediate purchasers may be middlemen who are not themselves deceived and even though the middlemen may ultimately dispose of the goods in a manner which does not deceive anyone at all. *The tort is complete when the defendant parts with possession of the deceptive goods, though actual damage to the claimant may not occur until later, if at all.* … [emphasis added]

43 The doctrine of instruments of deception may be considered an anomaly in the law of passing off, because the tort is complete even before misrepresentation or damage has occurred. We agree with the Judge that the tortious wrong underlying passing off based on instruments of deception is *the supply* of the instruments of deception (see [100] of the Judgment). Reference may be made to the observations of James LJ in *Singer Manufacturing Company v Loog* (1878 S 148) 18 Ch D 395 at 412–413:

> … [N]o man is entitled to represent his goods as being the goods of another man; and no man is permitted to use any mark, sign or symbol, device or other means, whereby, without making a direct false representation himself to a purchaser who purchases from him, he enables such a person to tell a lie or to make a false representation to somebody else who is the ultimate customer. … [H]e must not … make

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> directly, or through the medium of another person, a false representation that his goods are the goods of the other person.

44 In Hazel Carty, "Passing off and instruments of deception: the need for clarity" (2003) 25 EIPR 188, the author proposes that a distinction should be drawn between cases where the goods placed into circulation by the defendant are inherently deceptive and cases where the goods are only *potentially* deceptive in that something more is required to turn these goods that are not confusingly similar in and of themselves into deceptive goods. It is also suggested that the doctrine of instruments of deception should only apply "where goods lie about themselves and have been so fashioned by the defendant" (at p 193) (*ie*, where the goods are inherently deceptive). In the author's view, restricting liability for passing off based on the doctrine of instruments of deception to goods which are inherently deceptive would be consistent with the modern framework of passing off. Once a defendant has disposed of a product that carries an inherent risk of confusion and of harm to the plaintiff's goodwill, the classic trinity of goodwill, misrepresentation and damage will be found to have been satisfied. In contrast, the author suggests that cases concerning potentially deceptive goods ought to be analysed as cases of secondary liability, in that a supplier is liable not for passing off itself, but for procuring or authorising the middleman's passing off (at p 190–191).

45 It is not asserted in the present case that the LS Products are only *potentially* deceptive goods. The respondent's liability is said to arise, if at all, on the basis that the LS Products, bearing get-ups that are identical to those of the corresponding Singsung Products, are inherently deceptive. There is thus no need, in this appeal, for us to deal with the legal principles concerning liability for placing *potentially* deceptive goods into circulation. What is clear however, is that where the instruments of deception are inherently deceptive,

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the supplier will be liable for passing off notwithstanding the fact that his direct customers (as middlemen) are not deceived; this is because the supplier has placed on the market goods which are prone to deceive end users who may not be as informed as the middlemen buyers. In this regard, we also agree with the views of the Judge expressed at [97] and [99] of the Judgment that an action for passing off based on instruments of deception may be brought on a *quia timet* basis as long as it can be shown that there is a real likelihood that the instruments of deception will be placed on the market for sale to end users.

46 A further distinction must be drawn between the case where the supply of the instruments of deception to the middleman and the ultimate sale to the end user both occur in the *same* jurisdiction as the court before which the action is brought (*ie*, a non-export case), and a case where the supply of the instrument of deception to the middleman and the ultimate sale to the end user each occur in *different* jurisdictions (*ie*, an export case). In the former case, it is clear that the relevant goodwill that must be pleaded and proved is the goodwill that the plaintiff has *within* the court's jurisdiction. The position in the latter case is not as clear-cut (see also [142] of the Judgment). The question is whether a plaintiff, such as the appellant, which produces and supplies goods to middlemen in Singapore for sale to end users in foreign jurisdictions, can be said to have the requisite goodwill to found an action in passing off *in Singapore* if all (or at least the bulk of) its sales are to end users located in foreign markets. We consider this question, and its application to the facts of this case, at [59]–[69] below.

47 It is clear from the authorities, however, that in cases concerning the export of goods which are alleged to be inherently deceptive, what must be pleaded and proved is that the goods "bear indicia sufficiently close to those distinctive of the claimant for deception to take place when those goods reach

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the market" (*Wadlow on Passing Off* at para 5–144). In other words, it is necessary for the plaintiff to show that the indicium used by the defendant is distinctive of the plaintiff *in that market*, such that its use by the defendant is likely to deceive there.

Deliberate copying and an intention to pass off

48 How is the foregoing analysis affected by a finding that the defendant, in using indicia similar to that of the plaintiff in marketing or selling its goods, *intended* to commit a misrepresentation or pass off its goods as those of the plaintiff? In our judgment, deliberate copying and evidence of an intention to misrepresent or deceive consumers will together be strong *prima facie* evidence of both the distinctiveness of the indicia that has been copied and also the fact of misrepresentation and the likelihood of confusion.

49 The proposition that deliberate copying coupled with proof of an intent to pass off may go to proof of distinctiveness of that which is copied appears to be established in the law of passing off (see *Wadlow on Passing Off* at paras 5–058 and 8–003; *Modus Vivendi plc v Keen (World Marketing Ltd)* (5 July 1995) (English High Court, unreported)). It is also illustrated by the decision of the Federal Court of Australia in *Re: Telmak Teleproducts (Australia) Pty Limited v Coles Myer Limited* [1989] FCA 272 ("*Telmak Teleproducts*"), which the appellant relies on and which the Judge referred to at [243]–[256] of the Judgment.

50 *Telmak Teleproducts* was a case that concerned the sale of dry-fry pans. The plaintiff had sold their pans with the phrase "dry-fry convection oven pan with lid". At first instance, the focus of the dispute was on the

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defendant's use of the same descriptive words. The court held that the words were not distinctive of the plaintiff and dismissed the passing off claim.

51 On appeal, it was found that there were three significant similarities in the packaging used by the plaintiff and the defendant: the size and shape of the boxes, the words used by way of description (*ie*, "dry-fry convection oven pan with lid") and the size and layout of the lettering conveying that description. The appeal was allowed by a majority. There were two points of difference between the majority and minority. First, the minority judge was of the view that the plaintiff had failed to prove distinctiveness in "the words got up in the way which [had] been described" (at [15] of the minority judgment). Second, the minority judge also held that evidence of a deliberate intention to pass off would *not* assist in establishing that the plaintiff "has a reputation in relation to words used by it or its get up".

52 In contrast, the majority judges held that, having regard to the number of sales made by the plaintiff of pans in such packaging and to the extensive advertising of the pans in those boxes, it was reasonable to treat the get-up or lay-out of the words as part of the plaintiff's goodwill (at [25] of the majority judgment). We pause to note that while the majority held that the get-up and lay-out of the words could be treated as part of the plaintiff's goodwill, the majority did not directly find that the get-up or lay-out of the words had in themselves become *distinctive* of the plaintiff. Instead, the majority judges appear to have concluded that proof of deliberate copying which signifies an intention to pass off was sufficient to give rise to a presumption of distinctiveness. This is how the majority put it (at [33]–[34]):

> … [P]roof of the fact that a trader has deliberately copied the name or "get up" of a rival does not itself establish … a passing off of goods. The proof has evidentiary value only. But the evidentiary value is significant. The courts have long

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> recognised that traders best know their trade. In *Australian Woollen Mills Limited v F S Walton and Company Limited* [1937] HCA 51; (1937) 58 CLR 641 at p 657 Dixon and McTiernan JJ treated proof of copying as yielding a presumption:
>
> > "*The rule that if a mark or get-up for goods is adopted for the purpose of appropriating part of the trade or reputation of a rival, it should be presumed to be fitted for the purpose and therefore likely to deceive or confuse, no doubt, is as just in principle as it is wholesome in tendency.*"
>
> …
>
> In the present case, the evidence established that a deliberate decision was made by two senior marketing executives of Coles Myer to adopt both the descriptive words used by Telmak on its packaging and the style and layout of lettering in which that description was proclaimed. Their employer, Coles Myer, has endeavoured to maintain that position throughout this litigation. *From those circumstances, we think that the inference should be drawn that, in the judgment of those two executives, and presumably others in their organisation, the retention of these words, and this lettering, on its packaging would be likely to assist sales of the Coles Myer product. It could do so only if it caused persons who saw the Coles Myer package to relate that package to the product advertised on television by Telmak.* Any hesitation on our part must yield to those judgments, made as they are by people of considerable marketing experience on behalf of a company enjoying some 28% of total Australian retail turnover.
>
> [emphasis added]

53 It can be seen from this that the majority's view was that *in the judgment of the two executives of the defendant*, the get-up of words used on the plaintiff's product had become distinctive of the plaintiff in the sense that a person who saw a similar looking get-up and bought the defendant's product would likely do so because they related it to the plaintiff's product which had been advertised on television. In short, the use of a similar get-up demonstrated the defendant's intention to appropriate the plaintiff's goodwill by deception. In the majority's words, it was not easy to understand why the defendant should insist upon "a right to use a particular style of lettering for

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words, unless its relevant officers thought that this gave to it some marketing advantage" (at [32]).

54 We agree with the views of the majority in *Telmak Teleproducts* that distinctiveness of the plaintiff's mark, get-up or logo (as the case may be) may be inferred from proof of an intention on the defendant's part to deceive consumers by adopting or using a similar mark, get-up or logo. Indeed, as a matter of logic, if it is found that the defendant used indicia similar to that used by the plaintiff *because* it intended to misrepresent its goods as those of the plaintiff, this is both (a) an admission by the defendant that the indicia adopted is distinctive of the plaintiff, and (b) also evidence that goes to proof of the probability of deception. Such a defendant, therefore, becomes "an expert witness against himself" (Mark Davison and Ian Horan, *Shanahan's Australian Law of Trade Marks and Passing Off* (Lawbook Co, 5th Ed, 2012) ("*Shanahan's Australian Law of Trade Marks and Passing Off*") at p 767). As regards the former, the intention to misrepresent is the intention on the part of the defendant to mislead customers into believing that its goods are those of the plaintiff or originate from a source that is economically linked to the plaintiff. Inherent in such an intention is the defendant's own belief that by adopting such indicia, customers would associate the goods with the plaintiff and this amounts to an admission, on the defendant's part, that the indicia adopted is distinctive of the plaintiff. As for the latter, it has often been said that where an intention to deceive is found, the court will not be astute to find that the defendant has failed in its purpose (see for example, *SPGA* at [41], *Claudius Ash, Sons & Co Ld v Invicta Manufacturing Company Ld* (1912) 29 RPC 465 at 475). We recently reiterated this point in *AMC* in the following terms (at [55]):

> … where [fraudulent intent] *is* shown to exist, it becomes easier to establish a likelihood of deception on the simple

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> premise that one will achieve that which one specifically sets out to do (and the courts are generally inclined to infer that this is so).
>
> [emphasis in original]

55 We also recognise that the fact that the defendant deliberately copied does not inexorably lead to a finding that the defendant *intended to deceive* the relevant public. This is not an inflexible inquiry and much will depend on the extent and the motive for copying. As observed in Tan Tee Jim SC, *Law of Trade Marks and Passing Off in Singapore (Vol II)* (Sweet & Maxwell, 3rd Ed, 2014) at para 19.187, the imitation of a plaintiff's get-up may indicate nothing more than the realisation that the plaintiff has a useful idea which the defendant intends to use to its advantage, without necessarily intending to pass off its goods as those of the plaintiff. The law of passing off endeavours to maintain a balance between the protection of a person's investment in his own product or business, and the protection of free competition. What the tort seeks to prevent is unfair competition brought about through deception or misrepresentation by the defendant as to, amongst other things, the origin of the goods. In such cases, distinctiveness is a crucial facet of the inquiry as to whether misrepresentation or deception in fact occurred, because as long as what is copied is not distinctive of the plaintiff or its goods, the defendant should not be prohibited from copying these features since no misrepresentation or deception as to origin would result. That said, the stronger the evidence of deliberate copying coupled with an intention to deceive, the greater will be the evidential basis for drawing the inference of distinctiveness and a likelihood of deception. There will correspondingly be a greater burden on the defendant to explain why such inferences should not be drawn.

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56 In the final analysis, whether a defendant's deliberate act of copying indicates an intention to deceive or pass off is an assessment that a court must make in the light of all the facts and circumstances that are before it, including (but not limited to) the defendant's explanation for the similarities in the indicia used, the defendant's course of conduct, the circumstances in which the defendant carried out the copying, the extent of the defendant's copying and whether the defendant attempted to sufficiently distinguish its goods from that of the plaintiff.

57 With these principles in mind, we turn to the facts.

The application of the law to the facts

Goodwill

58 As explained at [32]–[37] above, the appellant must show that its business possesses an "attractive force" that generates custom. Evidence of sales and income of the business are a "proxy for the attractive force of the business": *Staywell* at [141].

59 The specific question that we are concerned with in this appeal is whether the appellant, which supplies goods *for export* and whose sales to end users primarily occur in foreign markets, may be said to possess the requisite goodwill to bring an action in passing off against the respondent in Singapore. It bears emphasising that what the court is concerned with at the first stage of the analysis, is the goodwill in the plaintiff's business as a whole, and not the distinctiveness of the plaintiff's mark, logo or get-up (as the case may be). As explained above (at [34]–[39]), distinctiveness is more appropriately considered at the second stage of the analysis (*ie*, misrepresentation). Counsel for the respondent, Mr Phillip Ling ("Mr Ling"), submits that the appellant

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was not able to show that it had goodwill in Singapore because there was little evidence of *Singapore-based* or *Singaporean* customers (as opposed to overseas trade buyers, who presumably were not based in Singapore). Mr Ling drew support for this submission from *Novelty* at [56] and *Staywell* at [153].

60 We make two points in response to this. First, where the passing off is alleged to be based on the doctrine of instruments of deception, it is questionable whether goodwill within this jurisdiction is a requisite element of the tort so long as the plaintiff has a business that is based here. Prof Wadlow notes that this may well be an anomaly (*Wadlow on Passing Off* at para 3–015):

> Passing off occurring in foreign countries is the one context in which a claimant may clearly base his action on *damage to an English business whether or not it has an English goodwill*. It is well-established that there may be passing-off actionable under English law even though both parties compete solely in the export trade. In such a case the nature of the goods and the mark under which they are sold are likely to be specific to a particular foreign market and *the claimant may have no customers in England for those goods*. In some cases the claimant may have *no domestic retail business* at all. …
>
> [emphasis added]

61 If this view is indeed correct, then Mr Ling's argument on the lack of Singaporean or Singapore-based customers misses the mark. Clearly, the appellant had a Singapore-based business, and on Prof Wadlow's view, this is sufficient for the appellant to bring a passing off claim against the respondent based on the doctrine of instruments of deception.

62 It is, however, not necessary for us to reach a final decision on this issue because of our second point, which is that Mr Ling's submission mischaracterises the nature of the goodwill that is required to bring a claim in passing off (as conventionally understood). In order for a trader to have the

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requisite goodwill to found an action in passing off before a Singapore court, it need not show that its customers are Singaporean or Singapore-based. Instead, what is required is that customers of the plaintiff's business are *within the jurisdiction* of the court when the plaintiff's products or services are purchased. This coheres with the definition of goodwill as an "attractive force"; the plaintiff's business, located within the jurisdiction, attracts customers who come to purchase the plaintiff's products or use the plaintiff's services within that jurisdiction. These customers need not be based in Singapore (as a matter of residency or domicile) in order for the requisite goodwill to exist in Singapore.

63 As we pointed out during the hearing, if we were to accept Mr Ling's argument, it would mean that businesses which cater to customers who are transient in the jurisdiction would never have the requisite goodwill to found a claim in passing off in Singapore. This would mean that such traders fall outside the protection of the law of passing off and this places a disincentive on traders located within the jurisdiction, from focusing on export markets or on rendering services to international clients. In our judgment, this is not, and ought not to be, the correct position.

64 Mr Ling bases his argument on a statement made by this court in *Novelty* at [56]:

> We are also aware of the impressive sales revenue derived by the Respondents from their resorts, more than 30% of which is attributable to the Respondents' international reservations office in Singapore. However, there is no evidence as to what proportion of these sales was generated by customers based in Singapore. *Sales generated by customers based overseas are entirely irrelevant for the purposes of establishing whether there has been exposure of the "Aman" name in this country, and, if so, the extent of such exposure.* [emphasis added]

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Mr Ling submits, on this basis, that the fact that the appellant has customers who are trade buyers based overseas is irrelevant for the purposes of establishing whether the appellant has the requisite goodwill to found an action in passing off.

65 With respect, this takes that passage from *Novelty* at [56] out of context. In *Novelty*, the plaintiff's services, which consisted of luxury resorts in Bali, were provided overseas. The point being made by this court in *Novelty* was that the sales revenue of the plaintiff's Singapore office could not be equated to Singapore goodwill. To the extent that bookings were made through the Singapore office by customers located overseas and who in turn were looking to consume the plaintiff's services overseas, this could not suffice for the purpose of establishing the requisite goodwill to found a passing off action in Singapore.

66 In our judgment, no real difficulty arises where the plaintiff's business and the place from which the goods or services are supplied are in Singapore. In such a case, the goodwill can be said to reside in Singapore and the plaintiff thus comes under the protection of the tort of passing off, even if its customers are not nationals or domiciliaries of Singapore. This is why it will seldom be an impediment for a hotelier within the jurisdiction to claim that it has goodwill that can be protected by the court even if its patrons may very largely be from elsewhere.

67 In our judgment, goodwill clearly exists in Singapore when a business offers a product or service for sale in this jurisdiction, and a customer purchases the product or consumes the service here. In the present case, it is clear that the appellant has the requisite goodwill to seek relief from the Singapore courts under the tort of passing off. It is not disputed that the

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appellant had a business presence in Singapore, and that trade buyers actually attended at the appellant's business premises at Upper Weld Road to make purchases. The trade buyers are customers of the appellant *within this jurisdiction*. Where the product or goods purchased by the trade buyers are ultimately consumed is irrelevant to the issue of whether goodwill exists here.

68 In this age of globalisation and electronic commerce, it may also arguably be said that the law ought not to require an export business such as that of the appellant to have customers *physically present* in Singapore before allowing it to invoke the protection of the tort of passing off here. We note that the authorities, such as *Staywell* at [152]–[153] and the United Kingdom ("UK") Supreme Court decision in *Starbucks (HK) Limited and another v British Sky Broadcasting Group PLC and others* [2015] UKSC 31 ("*Starbucks*") at [47] and [52], appear to suggest that customers must be physically located within the court's jurisdiction before goodwill sufficient to ground an action in passing off may be found. But those cases concern the specific issue of whether and when a *foreign* business could be said to have the requisite local goodwill to found an action in passing off in circumstances where the business was not located within the court's jurisdiction. In such a case, it would, as the law currently stands, be necessary for the foreign business to show that it had actual customers within the court's jurisdiction and that these customers had patronised the products or services of the foreign business within the court's jurisdiction: see *Staywell* at [153] and *Starbucks* at [52]. The question of whether a *local* business that offers products or services to customers ordinarily resident overseas has protectable goodwill in Singapore is quite a different issue. In our view, it may well be sufficient for the purposes of passing off if a business *operated from Singapore* sells its products or services from here *even if* its customers happen to be based

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overseas at the time of purchase (subject, of course, to the caveat that the plaintiff would nevertheless have to prove the elements of misrepresentation and damage). We think it may be artificial to draw a distinction between the case of a hotelier located in Singapore catering primarily (if not, entirely) to foreign nationals and the case of an online business based in Singapore and selling goods through the Internet to overseas customers. The means of access to the business (physical attendance in the case of the hotel's patron as opposed to remote electronic access in the case of the online shopper) ought not to change the fact that both businesses have goodwill which is attracting custom to the jurisdiction, even if, in the latter case, that custom comes through cyberspace. In any case, as we observed at [60]–[61] above, it is also arguable that where passing off is based on the doctrine of instruments of deception, there may be no need for the plaintiff to prove that it has customers in the jurisdiction of the court as long as it operates its business from there. There is no need for us to decide these points in the present appeal because it is clear that the foreign trade buyers physically attended at the appellant's business premises in Singapore and although we have expressed some views, we leave these issues open for re-consideration in an appropriate case.

69 The relevant goodwill of the appellant which may be said to have been allegedly damaged is the goodwill that subsists in its *export business* through its foreign trade buyers (the middlemen). Indeed, the volume of sales to such trade buyers is large. As an illustration, the appellant garnered US$2.7m in revenue for the sale of DVD Player A in the White Get-Up in 2009, US$4.3m of DVD Player B with the Blue Get-Up in 2009 and US$1.7m for its television sets with the TV Sticker and the Logo in 2010. In our judgment, this is sufficient to establish that the appellant has the requisite goodwill to found an action in passing off both in the conventional sense (where any

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misrepresentation is made to the middlemen), as well as under the doctrine of instruments of deception (where the misrepresentation may be made to the end users through the middlemen). With this, we turn to the element of misrepresentation.

Misrepresentation

70 The preliminary issue to be considered in the context of misrepresentation is whether the appellant's goodwill is sufficiently associated with the Singsung Get-Up, or, put another way, whether the Singsung Get-Up is distinctive of the appellant's goods. If so, the appellant will have to satisfy two further requirements: first, that there was a misrepresentation made by the respondent in adopting get-ups for its products which are strikingly similar or identical to the Singsung Get-Up, and second, that actual confusion or a sufficient likelihood of confusion arose from this. The quintessential misrepresentation in this variety of the tort of passing off is a misrepresentation as to trade source or the trade origin of goods, the classic form being a false representation by the defendant that his goods or services emanate from the plaintiff or an entity connected to or associated with the plaintiff (see Ng-Loy Wee Loon, *Law of Intellectual Property of Singapore*, (Sweet & Maxwell, 2nd Ed, 2014) ("*Law of IP in Singapore"*) at para 18.1.2). If these elements are established, they would also serve to show that the respondent's goods are "inherently deceptive" for the purposes of the doctrine of instruments of deception.

71 Distinctiveness is generally considered in relation to the class of consumers of the goods in question (*ie*, the relevant public). In the present case, the respondent's alleged misrepresentation might have been made to a middleman who buys the goods in Singapore for export or it might have been

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made to the ultimate consumer in an overseas jurisdiction under the doctrine of instruments of deception. In the former case, the appellant would have to prove that the Singsung Get-Up is distinctive of the appellant in the eyes of the class of trade buyers who purchase such goods for resale in their home jurisdiction; while in the latter case (which requires the application of the doctrine of instruments of deception), the concern is with the ultimate consumer in the overseas jurisdiction and whether he or she identifies goods with the Singsung Get-Up as emanating from the appellant.

72 The Judge observed in his detailed analysis of the specific get-ups that the direct evidence of distinctiveness of the Singsung Get-Up, whether in Singapore or Cameroon, was thin (at [267(b)] and [297(b)] of the Judgment). Sales of the appellant's products to local Singaporean consumers were small in volume. No marketing of the appellant's products appeared to have been done in Singapore aside from the distribution of the Singsung Catalogue, which given the Swahili Phrase, appeared to have been targeted at African trade buyers.

73 There was also little direct evidence to the effect that end users in Cameroon consider the Singsung Get-Up to be distinctive of the appellant. While there was evidence that the appellant had advertised its products overseas, these advertisements depict the actual Singsung Products and *not* the packaging of the DVD players (*ie*, the White Get-Up and Blue Get-Up), the TV Sticker or the Logo. The pictures of the actual Singsung Products are not inherently distinctive; they are ordinary representations of electrical appliances which are common to the trade.

74 Recognising the difficultly of adducing direct evidence of distinctiveness in the Singsung Get-Up, Mr Tan mounted an argument that

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distinctiveness may be proved indirectly, by evidence of the respondent's *deliberate copying*. He contends that this, in effect, is an admission of the attractive force of the Singsung Get-Up. For the reasons explained at [55]–[56] above, we disagree with Mr Tan's argument to the extent that he suggests that deliberate copying in and of itself will be sufficient to establish distinctiveness. However, we do agree that, on the evidence, the respondent has by its actions, admitted that the Singsung Get-Up is distinctive of the Singsung Products in the export markets in which the appellant and respondent were competing in and that this is what the respondent sought to tap. It is here that we respectfully differ from the Judge.

75 It is not disputed that as between the appellant and the respondent, the appellant was the market leader for the products in question in the various export markets in issue. The evidence showed that the appellant developed the markets for the Singsung Products and that it had begun advertising "heavily" since at least 2009. At the hearing of the appeal, Mr Ling agreed as much. Mr Ling also agreed that there was nothing to suggest that any other trader had adopted get-ups similar to the Singsung Get-Up in selling or marketing its products.

76 It is also the case that Seng, through the respondent, intended to enter those export markets where the appellant was *already successfully trading* and to sell goods which looked identical in appearance to the Singsung Products, save that a different brand name was applied to the goods. We agree with the Judge's observation at [155] of the Judgment that the respondent had intended to and did take advantage of the appellant's effort and labour in selecting desirable and saleable devices and in developing the export markets for such electrical appliances. Seng was candid in admitting at trial that he had

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deliberately sourced for and produced items which were similar or identical in appearance to the appellant's goods. We refer to a few examples:

(a) Seng admitted that the LS White Get-Up was deliberately made to resemble the White Get-Up and to associate the respondent's product with the White Get-Up. This was done apparently because this was what the customers wanted. Seng also agreed that he wanted the factory to produce a DVD player which was as far as possible similar in size to the appellant's DVD player A.

(b) Seng stated that he produced the LS Blue Get-Up after a customer sent him photographs of the appellant's DVD player B and of its packaging (*ie*, the Blue Get-Up). He then sent the photographs to a factory in China to get the product replicated.

(c) Seng explained that the appellant's television set was also brought to his attention by a customer. He then approached a factory in China (the Jin Pin factory) to find out if a television set identical to the appellant's television set could be produced.

(d) Seng agreed that the rice cooker he chose for the respondent appealed to him the most out of all the possible choices of models because it was the same one that the appellant was marketing.

(e) Seng chose electric kettle model LS-2002A for the respondent's inventory because it resembled the appellant's kettle (model F-2002A) which bore the "Penguin Kettle Get-Up". It should be noted that the "LS" brand does not appear prominently on the LS-2002A kettles marketed by the respondent, but rather, appears only on the base of the kettle.

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77 Not only did the respondent copy the Singsung Products and Get-Up, it also copied and mimicked the appellant's business methods down to the details. The Swahili Phrase which appeared on the Singsung Catalogue was copied and placed on the respondent's catalogue, even though neither Seng nor his employee, Dong Li, knew what this meant. Seng also stated under cross-examination that he had provided a copy of the Singsung Catalogue to Dong Li for her reference in developing the respondent's catalogue.

78 The respondent also copied the content and layout of the Singsung Warranty Cards. Notably, the words "SINGSUNG Dealer" is mentioned thrice in the respondent's warranty card:

> *LS Dealer* gives a Warranty to its products in the circumstances i.e. The products must be purchased in their own country and covered by a Warranty Card. In such a case as when the product (under proper usage) proves to be defective by reason only of faulty design, workmanship or materials, *it will be repaired free of charge at* ***SINGSUNG Dealer*** as according to the terms and conditions stated below.
>
> 1. This equipment is warranty for 1 year on workmanship and three months on parts from the date of purchase.
>
> …
>
> 3. Presenting of Proof of Original Purchase.
>
> Proof of original purchase as the sales receipt must be presented with this Warranty Card at the ***SINGSUNG Dealer***
>
> …
>
> 5. Delivery to the ***SINGSUNG Dealer***
>
> The product must be delivery to the *LS Dealer* at owner's expense and risk.
>
> [emphasis added in italics and in bold italics]

Seng's evidence was that the warranty cards were provided by the Chinese factory, and that the respondent had furnished the Singsung Warranty Card as a sample. He explained that the factory was asked to replace the

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"SINGSUNG" name with the "LS" name, but it made a mistake. The Judge did not regard Seng's evidence that the warranty cards were provided by the Chinese factory as credible (at [178] of the Judgment). In the end, whether the warranty card was in fact provided by the Chinese factory is not material; the real point pertains to the respondent's deliberate copying of the appellant's business methods right down to the details of the appellant's warranty card. If anything, the retention of the reference to the "SINGSUNG" name strongly suggested that the respondent was related to the appellant. Even if this was a mistake, it does not change the fact that end users may have formed such an impression. However, the fact that the respondent never made any attempt to correct the alleged mistake suggests that it was not a mistake at all but something the respondent had done intentionally.

79 Aside from this sustained course of deliberate copying, two further points weighed on us. First, apart from the use of a catalogue, the respondent exerted no efforts whatsoever in advertising or marketing the LS Products in the export markets in question. In fact, Seng candidly said during trial that he had never been to Africa. Second, the evidence showed that Seng had represented to potential walk-in customers that he used to be associated with the appellant. This exchange during cross-examination is pertinent:

> Q: … I'm asking you about your communication with your customers about Singsung. Is it the case that you tell your customers that you used to own Singsung?
>
> A: Yes.
>
> …
>
> Q: So I suggest to you that you make it a point to tell your customers that you're associated with Singsung.
>
> A: Yes, I agree.

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80 Seng also appeared to tell the respondent's employees that the appellant and the respondent had a business relationship. In this regard, Dong Li testified that Seng had told her that the appellant and the respondent "were part of the same group".

81 In our judgment, these factors make a compelling case for finding that the respondent's sales strategy was to sell the LS Products by deception. We differ from the Judge in his view that the respondent only wanted to "compete in the same market or market segment with the same range of goods" (at [257] of the Judgment). With respect to the Judge, this analysis fails to explain why the respondent used the same *packaging* for the DVD players, or why, out of the range of possible products and get-ups that the respondent had its pick of, it chose, time and time again, the same products with the same get-up which the appellant had chosen for its products. During the hearing, Mr Ling referred to Seng's evidence (see [76(a)] above) that the respondent's deliberate copying came about because the respondent was seeking to supply goods which customers "liked". His case was that his client was responding to market demand rather than trying to pass off its goods as the appellant's. In the first place, it seems implausible to us that the appellant had found the perfect combination of goods and get-up such that customers would want nothing else but that. If this were even possible, the world would be so much duller and there would be no room for ingenuity or competition.

82 But in truth, the suggestion by Seng that he was doing this because the customers wanted it, was nothing more than a euphemistic way of saying that this combination of goods and get-up had been shown by the appellant's successful business to attract customers; and we are satisfied that this was why Seng and the respondent embarked on the campaign to replicate it. In short, this was an admission on the respondent's part that the Singsung Get-Up was

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distinctive. It does not matter whether the end users knew the appellant by name or where exactly its business was located. What matters is that, by the respondent's own admission, the goods supplied by the appellant in the Singsung Get-Up had the attractive force to draw the end users to a particular *source* and this was exactly what the respondent wanted to appropriate by mimicking the Singsung Get-Up. The trade buyers who purchased the respondent's goods for import into their home countries would have understood and had knowledge of those markets and what the end users were looking for. It is reasonable to infer that the respondent had been asked by its trade buyers to sell products specifically mirroring the appellant's goods and get-up because they perceived a market benefit in doing so, in that end users would be attracted to purchase the LS Products in the belief that they are from the same source as, or a source associated with, the Singsung Products.

83 If, as Mr Ling submitted, the respondent was not seeking to pass its goods off as the appellant's, one would have expected the respondent to have undertaken efforts to promote its own brand name in the relevant export markets. But it did no such thing. Mr Ling also pointed to the fact that the respondent had always used the "LS" mark on the LS Products. However, the appendage of the "LS" mark on the LS Products does not displace the conclusion that the relevant public, even assuming they noticed this at all, would have formed the belief that the "LS" brand was in some way linked or associated with the "SINGSUNG" brand, which too would amount to a relevant misrepresentation (see *United Biscuits (UK) Ltd v Asda Stores Ltd* [1997] 12 RPC 513 at 532). Indeed, this was precisely in line with Seng's stated intention (at [79] above).

84 In our judgment, the plainest explanation for the respondent's conduct was that it was seeking to latch on to and take advantage of the appellant's

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efforts not just in selecting profitable devices, but also to appropriate to itself the value which the appellant had created through its marketing activities by misrepresenting an association with the appellant. There is simply *no* other credible reason why the respondent would use the LS White Get-Up or LS Blue Get-Up unless it believed that consumers in the export markets were attracted to buy the appellant's DVD players *because* they were packaged in such get-ups and the respondent was looking to appropriate the appellant's trade by adopting a virtually identical get-up for the LS Products. As we pointed out to Mr Ling, there was nothing to suggest that customers were drawn to the packaging for its own sake and were asking for this in order to acquire and own just the packaging. In fact, the thriving market enjoyed by the respondent validated this strategy, illicit though it was. As the Federal Court of Australia said in *Sydneywide Distributors Pty Ltd v Red Bull Australia Pty Ltd* [2002] FCAFC 157 at [117]:

> … where a trader, having knowledge of a particular market, borrows aspects of a competitor's get-up, it is a reasonable inference that he or she believes that there will be a market benefit in so doing. Often, the obvious benefit will be the attraction of custom which would otherwise have gone to the competitor. …

85 In all the circumstances, we are satisfied that the Judge erred in finding that the respondent had no intention to deceive customers or pass off its goods as being those of the appellant. Instead, we find that the respondent intended to deceive end users and pass off its goods as being those of the appellant, or of an entity that was economically associated with the appellant.

86 Our finding that the respondent, by copying the Singsung Get-Up, intended to deceive end users in the relevant export jurisdictions that the respondent's goods are those of the appellant, or of an entity economically linked to the appellant, carries with it a finding of distinctiveness in the

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Singsung Get-Up. As we have noted above, it does not matter whether these customers knew the appellant's identity. What matters is that the customers were attracted to the Singsung Get-Up for the particular *source* that lay behind it. So too is the likelihood of confusion established; the court will not readily presume that a defendant who is a knave is unable to achieve the very thing he sets out to do. The LS Products are inherently deceptive, in that by adopting indicia distinctive of the appellant, they tell a lie about themselves. By supplying the instruments of deception to trade buyers for the purposes of sale to end users overseas, the tort is complete and the respondent is liable to the appellant in the tort of passing off. In the circumstances, it is not necessary for us to deal separately with what the Judge described as the straightforward passing off claim.

Damage

87 The element of damage may be dealt with briefly. In our judgment, in view of the respondent's misrepresentation, it is indisputable that the appellant's goodwill would be adversely affected through a diversion of custom, given that the appellant and respondent were competing in exactly the same line of products and in the same export jurisdictions. Further, under the doctrine of instruments of deception, liability is established once the goods are supplied on the basis that the instrument of fraud is likely to cause harm to the appellant. The supply of the goods (which are found to be instruments of deception) is in itself sufficient to establish the element of damage, and separate proof of real or potential damage is not necessary. Therefore, in the present case, the element of damage is satisfied.

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Conclusion on the appellant's claim in passing off

88 We therefore allow the appellant's appeal against the Judge's decision to dismiss its claim in passing off.

Copyright infringement

89 The appellant's claim for copyright infringement is an additional claim brought concurrently with the claim in passing off. The appellant asserted copyright in six works at trial. Only three of these works are relevant to the appeal, namely, the White Get-Up Picture, the Blue Get-Up Picture and the TV Sticker.

90 We first outline the parties' arguments in respect of the three works before setting out our analysis and conclusions on whether the respondent has infringed copyright in each of the three claimed works.

The parties' arguments

91 The appellant submits that it owns the copyright in the White Get-Up Picture by virtue of s 30(5) of the Copyright Act as it commissioned the creation of the White Get-Up Picture. It contends that the respondent is liable for secondary infringement as it imported and sold the LS White Get-Up in circumstances where it knew or ought reasonably to have known that the making of the LS White Get-Up (bearing the White Get-Up Picture) was done without the consent of the copyright owner. The respondent on the other hand submits that the appellant has not proved that it owns the copyright in the White Get-Up Picture. The respondent contends that the White Get-Up Picture was produced by the Chinese manufacturer and that it did not copy the White Get-Up Picture from the appellant.

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92 As for the Blue Get-Up Picture, the appellant submits that the Judge erred in failing to take a cumulative approach. An important aspect of the Blue Get-Up Picture is the "Transparent Box Effect", *ie*, a depiction of the front, back and sides of the DVD player on the respective panels of the box. Substantial aspects of the Blue Get-Up Picture were copied; the respondent is therefore liable for copyright infringement. The respondent submits, however, that the appellant's contention that the Blue Get-Up Picture should be considered holistically is irrelevant as the appellant appears to be claiming copyright ownership only in the photograph of the DVD player. In these circumstances, the respondent submits that nothing short of exact reproduction will amount to infringement. It says this is not made out because its picture is of a different DVD player.

93 Finally, in respect of the TV Stickers, the appellant appeals against the Judge's finding of fact that the respondent did not actually or constructively know that the making of the LS TV Sticker, at the time the respondent placed its first order, was without the consent of the copyright owner. The respondent's position is that the Judge did not err as the Chinese manufacturer had given the impression that it had the right to reproduce the TV Sticker for whoever chose to place an order for it.

The White Get-Up Picture

94 The facts pertaining to the creation of the White Get-Up have been discussed by the Judge at [274]–[276] and [291]–[292] of the Judgment. In brief, Johnny's evidence was that he had designed the White Get-Up Picture personally, with the help of one of his employees, Chen Yongxiu, and the in-house graphics designer of the Yinke Factory in China (the factory that manufactured DVD Player A). The Yinke Factory had given a statement

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written in Chinese on 5 January 2007 ("the Statement") addressed to the appellant. The Statement reads:

> All the artwork of DVD-339K Series, white colored box, external box and panel sticker etc that SINGSUNG PTE LTD ordered from my company are designed by SINGSUNG. My company is committed to and assures that the artwork design will not be given for use by other clients.

95 After considering the evidence, the Judge held that Johnny was not an author of the White Get-Up Picture under the Copyright Act. Instead, he held that the Yinke Factory's in-house graphics designer was responsible for executing Johnny's idea and producing the actual White Get-Up Picture. The Judge also held that the Statement did not amount to an assignment of, or a grant to the appellant of an exclusive licence of the copyright in the White Get-Up Picture. The appellant thus had no basis to mount a claim for copyright infringement against the respondent as it does not own the copyright to the White Get-Up Picture.

96 The appellant has neither appealed nor advanced any arguments against the finding that Johnny was not the author of the White Get-Up Picture. Instead, the appellant claims copyright in the White Get-Up Picture under s 30(5) of the Copyright Act on the basis that the Yinke factory that produced the White Get-Up Picture had been commissioned by the appellant to do so. The appellant also argues that the Judge's finding that the Statement did not amount to an assignment or grant of a licence of copyright is a narrow and untenable interpretation of the Statement. Instead, the appellant contends that the Statement should be given a fair reading bearing in mind that it was written in Chinese and was not drafted by lawyers.

97 Chinese law has not been pleaded or submitted on. Hence, we invoke the presumption that it is the same as Singapore law. On that basis, we are

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satisfied that the appellant owns the copyright in the White Get-Up Picture by virtue of the Statement, which amounts to an assignment of the copyright in the White Get-Up Picture from the Yinke Factory to the appellant. In this connection, we also accept that the Yinke Factory owned the White Get-Up Picture as it was substantially produced by an employee of the Yinke Factory.

98 The clear purport of the Statement was the Yinke Factory's express recognition that the appellant had designed and had exclusive rights to the use of the White Get-Up Picture. While the language of assignment was not expressly used in the Statement, it is clear that the Yinke Factory intended that the exclusive right to use and to exclude others from using the White Get-Up Picture would vest in the appellant. This is fortified by evidence showing that Johnny had requested that the Yinke Factory provide the Statement with the specific aim of protecting the appellant. The Yinke Factory, in effect, declared that it had no residual commercial interest in the works. In our judgment, this, in substance, amounted to an assignment by the Yinke Factory of the copyright in the White Get-Up Picture to the appellant.

99 Section 194(3) of the Copyright Act provides that no assignment of copyright (whether total or partial) shall have effect unless it is in writing signed by or on behalf of the assignor. The Statement is signed by a representative from the Yinke Factory and a corresponding seal is affixed thus satisfying the formal requirements of s 194(3) of the Copyright Act. The Statement is therefore effective to assign the Yinke Factory's rights in the White Get-Up Picture to the appellant. In the circumstances, we hold that the appellant owns the copyright in the White Get-Up Picture.

100 Having found that the appellant owns the copyright in the White Get-Up Picture, we agree with the Judge that the White Get-Up Picture enjoys

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copyright in Singapore and that the respondent had, for the reasons given at [314]–[318] of the Judgment infringed the copyright in the White Get-Up Picture.

101 Our finding that the appellant owns the copyright in the White Get-Up Picture and that the respondent had infringed this copyright is sufficient to dispose of this aspect of the appeal. Before leaving the topic of the White Get-Up Picture, we also set out some *provisional* views concerning the appellant's submissions on s 30(5) of the Copyright Act, to the effect that it owns copyright in the White Get-Up because it had commissioned the Yinke Factory to produce it. Section 30(5) of the Copyright Act provides as follows:

> (5) Subject to subsection (4), where —
>
> > (*a*) a person makes, for valuable consideration, an agreement with another person for the *taking of a photograph, the painting or drawing of a portrait or the making of an engraving* by the other person; and
> >
> > (*b*) the work is made in pursuance of the agreement,
>
> the first-mentioned person shall be entitled to any copyright subsisting in the work by virtue of this Part, except that if the work is required for any particular purpose, that purpose shall be communicated to that other person and that other person shall be entitled to restrain the doing, otherwise than for that particular purpose, of any act comprised in the copyright in the work. [emphasis added]

102 As is clear from the statutory language, in order to come within s 30(5), the appellant must show, as a threshold requirement, that the commissioning is in respect of either:

(a) the taking of a photograph;

(b) the painting or drawing of a portrait; or

(c) the making of an engraving.

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103 It appears to be undisputed that the White Get-Up Picture is a computerised drawing. The question is whether such a drawing is a type of painting or drawing falling within the scope of s 30(5) of the Copyright Act or whether that provision is confined to paintings and drawings *of portraits*. Our present view is that the latter interpretation is more consistent with the statutory language. In this regard, the word "portrait" is generally understood to mean a likeness of a person, especially of a face, which may be produced in various forms such as a painting, sketch or photograph. It was suggested in *Leah v Two Worlds Publishing Co Ld* [1951] 1 Ch 393 at 398 that the word "portrait" might, in the context of the English Copyright Act 1911 (c 46) (UK), cover "all kinds of pictorial representation, however produced". However, that was in the context of the commissioning provision in that Act, which is reproduced here for comparison:

> **Ownership of copyright**
>
> **5.—**(1) Subject to the provisions of this Act, the author of a work shall be the first owner of the copyright therein :
>
> Provided that—
>
> (*a*) where, in the case of an *engraving, photograph, or portrait,* the plate or other original was ordered by some other person and was made for valuable consideration in pursuance of that order, then, in the absence of any agreement to the contrary, the person by whom such plate or other original was ordered shall be the first owner of the copyright; and
>
> (*b*) where the author was in the employment of some other person under a contract of service or apprenticeship and the work was made in the course of his employment by that person, the person by whom the author was employed shall, in the absence of any agreement to the contrary, be the first owner of the copyright, but where the work is an article or other contribution to a newspaper, magazine, or similar periodical, there shall, in the absence of any agreement to the contrary, be deemed to be reserved to the author a right to restrain the publication of the work,

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> otherwise than as part of a newspaper, magazine, or similar-periodical.
>
> [emphasis added]

104 Vaisey J highlighted that "engraving, photograph or portrait" within s 5(1)(*a*) of the Act was "a curious collation of words". This was the context in which Vaisey J suggested that "portrait" could cover "all kinds of pictorial representation". Our provisional view is that the language of s 30(5) of the Copyright Act is clear and no stretching of the generally understood meaning of the term "portrait" is necessary. On this analysis, the White Get-Up Picture would not be a painting or drawing of a portrait within the meaning of s 30(5) of the Copyright Act.

105 There is also a separate question as to whether a computerised drawing may be considered a "photograph" under the Copyright Act. Section 7 of the Copyright Act defines "photograph" to mean:

> … a product of photography or of a process similar to photography, other than an article or thing in which visual images forming part of a cinematograph film have been embodied, and includes a product of xerography, and "photography" shall have a corresponding meaning[.]

106 The definition of "photograph" under s 7 of the Copyright Act includes products of xerography, that is, products of photocopying techniques. However, as is pointed out in George Wei, *The Law of Copyright in Singapore* (SNP Editions, 2nd Ed, 2000) at para 2.75, this does not mean that any photocopy of a document has its own copyright. While the photocopy may be technically considered a photograph, it is unlikely to have been created with the requisite skill, labour and judgment required to satisfy the element of originality. But if for example, a person makes a montage of various documents or drawings which he photocopies, then arguably that photocopy could be protected by its own copyright as a photographic work under the

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Copyright Act. A montage of various images created through an image-processing software such as Paint or Adobe Photoshop would not be dissimilar from a photocopy of a montage of documents. However, the crucial difference between the two is the *process* by which the image is captured. Both photography and xerography, as conventionally understood, involve the capturing or recording of light on a particular medium (namely, film, paper, *etc*). In this regard, the definition of "photograph" in s 4(2) of the Copyrights, Designs and Patents Act 1988 (c 48) (UK) as "a recording of light or other radiation on any medium on which an image is produced or from which an image may by any means be produced, and which is not part of a film" may be usefully referred to. We therefore do not at present consider a computerised drawing made with computer software, such as the White Get-Up Picture, to be a "photograph" under the Copyright Act. As we stated above (at [101]), these views are provisional and remain open for further consideration and analysis in an appropriate case.

The Blue Get-Up Picture

107 In its statement of claim, the appellant asserts copyright in "[t]he picture of a DVD Player on the Blue Get-Up" (*ie*, the Blue Get-Up Picture), as an original artistic work. At the hearing of the appeal, Mr Tan accepted (correctly, in our view) that the appellant's claim to copyright in the Blue Get-Up Picture is "vague". We do not agree with the appellant's submission that the pleadings support the assertion of copyright in "the photograph of a DVD player *on a deep blue box*" [emphasis added], which suggests that the appellant is asserting copyright in the positioning and placement of the picture of the DVD player on the blue background. We do not think that the appellant's pleadings are wide enough to encompass such a reading. In our judgment, the appellant, by its pleadings, has asserted copyright only in the

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photographs or pictures of the DVD player found on the Blue Get-Up and *not* the Blue Get-Up as a whole. As a result, the appellant's arguments concerning the "Transparent Box Effect", the use of similar colours and the placement of the pictures on the blue background are irrelevant.

108 The main question to be determined is whether the respondent's picture of its DVD player on the LS Blue Get-Up is a reproduction of the Blue Get-Up Picture which satisfies the requirement of substantiality under s 10 read together with ss 31 or 103(2) of the Copyright Act. It is not disputed that the picture of the DVD player printed on the LS Blue Get-Up is not the same picture that appears on the Blue Get-Up as the DVD player models in question are different. The appellant argues that this should be of no consequence. It relies on the decision of the English Patents County Court in *Temple Island Collections Ltd v New English Teas Ltd and another* [2012] EWPCC 1 ("*Temple Island*") for the proposition that copyright infringement in a photograph does not require a facsimile reproduction.

109 In *Kenrick & Co v Lawrence & Co* (1890) 25 QBD 99, the court was concerned with whether the defendant had infringed the claimant's copyright in a drawing of a hand holding a pencil and marking a cross in a square. The purpose of this drawing was to inform voters at parliamentary and other elections of the appropriate way of marking ballot slips. The defendant published a similar drawing, but the hand on the defendant's drawing was in a slightly different position. In dismissing the action for infringement, Wills J stated (at 102–104):

> … I think that I am upon very safe ground in saying that the mere choice of subject can rarely, if ever, confer upon the author of the drawing an exclusive right to represent the subject … It may be also that even the coarsest, or the most commonplace, or the most mechanical representation of the commonest object is so far protected on registration that an

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> exact reproduction of it, such as photography for instance would produce, would be an infringement of copyright. *But in such a case it must surely be nothing short of an exact literal reproduction of the drawing registered that can constitute the infringement, for there seems to me to be in such a case nothing else that is not the common property of all the world.* It is possible that in this case the proprietors of the drawing registered may have a right to be protected from a reproduction of their picture of a hand drawing a cross in which every line, dot, measurement, and blank space shall be rendered exactly as in the original, or in which the variations from such minute agreement shall be microscopic. But I cannot see how they can possibly make a higher claim … It is obvious that unless there be a copyright in the subject, any other person who wishes to draw a hand pencilling a cross within a square cannot help producing something so like the plaintiffs' design as to look very like a colourable imitation of it. … It seems to me, therefore, that although every drawing of whatever kind may be entitled to registration, the degree and kind of protection given must vary greatly with the character of the drawing, and that with such a drawing as we are dealing with the *copyright must be confined to that which is special to the individual drawing over and above the idea* …
>
> [original emphasis omitted; emphasis added in italics]

110 In the same vein, we recognised in *Flamelite (S) Pte Ltd and others v Lam Heng Chung and others* [2001] 3 SLR(R) 610 the general proposition that where "rudimentary drawings" are concerned, infringement of copyright would only result if there was "almost an exact reproduction" (at [45]).

111 In the present case, the difficulty faced by the appellant lies in the simplicity of the Blue Get-Up Picture. In essence, it is a photograph of a DVD player. The appellant relies on *Temple Island* but we do not find that decision useful. There, the court found that the plaintiff's image of a red bus travelling across the Westminster Bridge with the Houses of Parliament in the background was "not just another photograph of clichéd London icons" (at [63]). The plaintiff had applied a level of skill and labour in taking and producing the photograph to create something which possessed "appealing

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qualities". We are not able to say the same about the Blue Get-Up Picture, which is a straightforward representation of a commonplace object.

112 In the premises, we agree with the Judge's finding that nothing less than identical copying would suffice to amount to copyright infringement. This makes it unnecessary for us to further consider the issues of authorship, ownership or copyright subsistence.

The TV Sticker

113 The parties accept that the only question on appeal as regards the TV Sticker is whether the respondent knew or ought to have known, at the time it placed the first order for the LS TV Sticker that the making of the stickers on behalf of the respondent was done without the consent of the copyright owner. This will determine whether the respondent is liable for secondary infringement of copyright under s 32 of the Copyright Act. The Judge held that he was not satisfied on the balance of probabilities that the respondent knew or ought reasonably to have known that the making of the LS TV Sticker was without the consent of the copyright owner.

114 We respectfully differ from the Judge on his finding on the question of the respondent's knowledge. It is clear that Seng visited the Jin Pin Factory (which is the Chinese manufacturer that produced the appellant's television sets) to inquire if it would be able to produce an *identical* television set for the respondent. When he visited the Jin Pin Factory with Dong Li, Seng chanced upon one or more of the appellant's television sets bearing the TV Sticker. He then asked the Jin Pin Factory to place a similar sticker on the respondent's television sets. This was also the tenor of Dong Li's evidence. The following exchange between Seng and Mr Tan during cross-examination is pertinent:

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> Q: Do you agree the only difference between the two stickers is that the one on the right says it's from Singsung and the one on the left is from LS?
>
> A: Yes.
>
> Q: The sticker that you saw or your claimed you saw at Jinpin Factory, the factory that produced Singsung televisions, was it the Singsung sticker that you [saw]…?
>
> A: I'm not able to confirm whether this was exactly the same sticker which I saw, but perhaps---but this---but this looks similar to the one I saw.
>
> Q: And it was a Singsung sticker that you saw.
>
> A: Yes.

115 Seng stated under cross-examination that apart from the appellant, he did not know of any other television or electronics company that placed a label similar or identical to the TV Sticker on their television sets. However, he later recanted from this position, stating that he was not sure if the TV Sticker could be found elsewhere.

116 In our judgment, the fact that the TV Sticker was on the appellant's television set coupled with the fact that it had the "SINGSUNG" mark on it when Seng came across it and asked for it to be placed on the respondent's television sets is sufficient to show that the respondent knew, or ought reasonably to have known, that it was infringing the appellant's copyright when it sought the reproduction of the TV Sticker without the consent of the appellant. The presence of the "SINGSUNG" mark on the TV Sticker ought to have alerted Seng to the possibility that he would be using material that belonged to the appellant. The relevant knowledge for this purpose is not knowledge, as a matter of legal conclusion, that the respondent might be infringing copyright but knowledge, as a matter of fact, that the respondent might be using something that belonged to the appellant without its consent.

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The burden is therefore on the respondent to show that it conducted sufficient inquiries to dispel the prospect that it was about to use the TV Stickers without the copyright owner's consent. It is clear that Seng did not ask the Jin Pin Factory if it owned the copyright in the TV Sticker. In fact, Seng conducted *no* inquiries as to the provenance and ownership of the TV Sticker which bore the "SINGSUNG" mark when he saw it. In the circumstances, we are satisfied that the respondent knew or ought reasonably to have known that the making of the TV Sticker was carried out without the consent of owner of the copyright.

Conclusion on the appellant's claim for copyright infringement

117 In the result, we allow the appellant's appeal against the Judge's decision in respect of the White Get-Up Picture and the TV Sticker. We dismiss the appellant's appeal against the Judge's decision in respect of the Blue Get-Up Picture. As a consequence of these conclusions, the appellant's appeal against the Judge's decision allowing the respondent's counterclaim for groundless threats of legal proceedings in respect of the White Get-Up Picture and the TV Sticker are also accordingly allowed.

Groundless threats of legal proceedings

118 Given our holding that the respondent is not liable for copyright infringement in respect of the Blue Get-Up Picture, the issue that remains is whether the appellant is liable to the respondent for groundless threats of legal proceedings under s 200 of the Copyright Act. Section 200 provides as follows:

> **Groundless threats of legal proceedings**
>
> **200.**—(1) Where a person, by means of *circulars, advertisements or otherwise*, threatens a person with an action

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> or proceeding in respect of an infringement of copyright, then, whether the person making the threats is or is not the owner of the copyright or an exclusive licensee, a person aggrieved may bring an action against the first-mentioned person and *may* —
>
> (*a*) obtain a declaration to the effect that the threats are unjustifiable;
>
> (*b*) obtain an injunction against the continuance of the threats; and
>
> (*c*) recover such damages, if any, as he has sustained,
>
> unless the first-mentioned person satisfies the court that the acts in respect of which the action or proceeding was threatened constituted, or, if done, would constitute, an infringement of copyright.
>
> (2) The mere notification of the existence of a copyright does not constitute a threat of an action or proceeding within the meaning of this section.
>
> (3) Nothing in this section shall render an advocate and solicitor liable to an action under this section in respect of an act done by him in his professional capacity on behalf of a client.
>
> (4) The defendant in an action under this section may apply, by way of counterclaim, for relief to which he would be entitled in a separate action in respect of an infringement by the plaintiff of the copyright to which the threats relate and, in any such case, the provisions of this Act with respect to an action for infringement of a copyright are, with the necessary modifications, applicable in relation to the action.
>
> [emphasis added]

119 The respondent's counterclaim pursuant to s 200 arises from a letter sent by Drew & Napier LLC (the appellant's previous solicitors) to the respondent on 11 April 2011. In the letter, the appellant's solicitors made reference to the appellant's ownership of copyright in the White Get-Up, the Blue Get-Up, the TV Sticker and the Floral Pattern, and stated that the respondent's reproduction and/or sale of products with similar or identical get-ups was an infringement of the appellant's copyright. The appellant's solicitors demanded that the respondent cease and desist from dealing in the

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offending products, failing which legal proceedings would be commenced against the respondent. This culminated some months later in these proceedings.

The parties' arguments

120 The appellant submits that it should not be held liable for making groundless threats under s 200 of the Copyright Act for two reasons. Firstly, s 200 should be interpreted narrowly to cover threats made by way of public communications only and not private communications such as letters of demand. Secondly, the threats made were not made without basis (*ie*, they were not "groundless"). These points were not canvassed before the Judge below.

121 The respondent submits that the interpretation suggested by the appellant is at odds with the decisions of the Court of Appeal in *Asia Pacific Publishing* and *RecordTV Pte Ltd v MediaCorp TV Singapore Pte Ltd and others* [2011] 1 SLR 830 ("*RecordTV*"). The words "circulars, advertisements or otherwise" were intended to describe communications in the forms of threats made *in writing* as opposed only to threats that were communicated *publicly*.

Groundless threats provisions in intellectual property legislation

122 Similar provisions to that found in s 200 of the Copyright Act have been enacted across the intellectual property legislation in Singapore, such as s 35 of the Trade Marks Act (Cap 332, 2005 Rev Ed) ("the TMA"), s 77 of the Patents Act (Cap 221, 2005 Rev Ed) and s 44 of the Registered Designs Act (Cap 266, 2005 Rev Ed). While the precise language and scope of each of these provisions differ, they are, broadly speaking, designed to deal with the

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situation where a person has threatened another with legal proceedings for infringement of the intellectual property right in question. They allow a person aggrieved by such threats to bring an action in court seeking: (a) a declaration that the threats are unjustifiable, (b) an injunction against the continuance of the threats and/or (c) damages in respect of any loss sustained as a result of the threats. Effectively, the groundless threat provision in each of these Acts is, as Lightman J put it in *L'Oréal (UK) Ltd and another v Johnson & Johnson and another* [2000] FSR 686 at [9] in the context of s 21 of the Trade Marks Act 1994 (c 26) (UK) ("the UK TMA") (upon which s 35 of the TMA is based), a statutory tort and substantive cause of action that allows a party aggrieved by the threats to bring an action against the threatening party.

123 In *Asia Pacific Publishing* and *RecordTV*, we allowed a counterclaim for groundless threats of legal proceedings as a form of natural consequential relief where it was found that the plaintiff's action for copyright infringement failed. In both those cases, the threats were made through letters of demand issued by the plaintiff's solicitors. However in both *Asia Pacific Publishing* and *RecordTV*, there was no analysis concerning the history, scope or intent of s 200 of the Copyright Act. In this judgment, we take the opportunity to explore these issues further, since the appellant has raised concerns as to the scope and application of s 200 of the Copyright Act.

The history and rationale of the groundless threats provisions

(1) Groundless threats provisions generally

124 The groundless threats provisions have a long history. The first of them was introduced in the UK in the Patents, Designs and Trade Marks Act 1883 (c 57) (UK) ("the 1883 Act"), in response to situations where a competitor misused threats of an infringement action to damage a trade rival.

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125 Such misuse is exemplified by the decision in *Halsey v Brotherhood* (1881-82) LR 19 Ch 386. Halsey and Brotherhood both manufactured steam engines. Brotherhood's business was thriving. However, much of it was built on the back of Brotherhood threatening to sue Halsey's customers for infringing its patents. When the customers received these threats, they stopped buying Halsey's products. Halsey then sought an injunction against Brotherhood. However, in the absence of any proof of malice, the court declined to grant the injunction. In response to this perceived lacuna in the law, the UK Parliament enacted s 32 of the 1883 Act, which provided that:

> **Remedy in case of groundless threats of legal proceedings**
>
> **32.** Where any person claiming to be the patentee of an invention, by circulars, advertisements, or otherwise threatens any other person with any legal proceedings or liability in respect of any alleged manufacture, use, sale or purchase of the invention, any person or persons aggrieved thereby may bring an action against him and may obtain an injunction against the continuance of such threats, and may recover such damage (if any) as may have been sustained thereby, if the alleged manufacture, use, sale or purchase to which the threats related was not in fact an infringement of any legal rights of the person making such threats: Provided that this section shall not apply if the person making such threats with due diligence commences and prosecutes an action for infringement of his patent.

126 The rationale for providing a remedy for groundless threats in s 32 of the 1883 Act was explained as follows by Bowen LJ in *Skinner & Co v Perry* [1893] RPC 1 ("*Skinner v Perry*") at 8:

> … The legislature desires that threats of patent actions shall not hang over a man's head; that the sword of Damocles, in such a case, should either not be suspended, or should fall at once…

127 It may be observed from this that s 32 of the 1883 Act was intended to prevent persons from making threats of infringement in circumstances where they had no real intention of prosecuting an action for infringement. This

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position, however, developed over time. As explained by Laddie J in *Reckitt Benkiser UK v Home Pairfum Ltd and others* [2004] EWHC 302 (Pat) ("*Home Pairfum*") (at [10]):

> … The cost and complexity of patent infringement proceedings were thought to be so high that the issue of such threats might drive competitors from the market. For this reason, unscrupulous patentees with weak cases might be tempted to issue threats even when they had no intention to litigate. To overcome this, the 1883 Act made it actionable to threaten another with patent infringement proceedings. Under that legislation, the proprietor could avoid liability if he commenced and pursued patent infringement proceedings with due diligence; thus under that legislation, a patentee could still utter as blood curdling threats as he liked as long as he followed them through. The legislation was subsequently changed. It was no longer a defence to follow up the threats with proceedings. A threat was actionable even if the proprietor had every intention of commencing and pursuing the infringement proceedings and did so.

128 Over time, various groundless threats provisions similar to that found in s 32 of the 1883 Act have been enacted in a broad range of intellectual property legislation. In the United Kingdom, similar provisions may be found in the Copyright, Designs and Patents Act 1988 (c 48) (UK) ("the CDPA"), the UK TMA, the Registered Designs Act 1949 (c 88) (UK) and the Patents Act 1977 (c 37) (UK). They may also be found in the intellectual property legislation of several other Commonwealth countries including Australia (see for example, s 202 of the Copyright Act 1968 (Cth) ("the Australian Copyright Act") and s 129 of the Trade Marks Act 1995 (Cth)) and Singapore (see [122] above). It is interesting to note that no groundless threats provision in respect of alleged copyright infringement has been enacted in the UK; the threats provision found in the CDPA deals only with design rights.

129 While the contours and language of each piece of legislation may differ, the rationale underlying the groundless threats provisions are broadly

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aligned. In essence, the groundless threats provision seek to establish a balance between the protection of existing intellectual property rights and the prevention of "bullying" tactics where right-holders use the threat of legal proceedings directed at their competitors or their customers to chill their legitimate activities. In *Shanahan's Australian Law of Trade Marks and Passing Off*, the position is set-out as follows (at p 907):

> Given the high costs of defending an action for infringement of an intellectual property right, the owner of such a right will frequently be able to deter an actual or potential infringer by a simple threat of infringement proceedings. Such a threat, however, may also have the same effect on a person whose activities do not infringe, but who is unprepared to face the costs and time involved in establishing this. As a result, a threat of an infringement action may enable the owner of an intellectual property right to frighten away competitors or to damage such persons less directly by threatening to sue their customers or suppliers as joint tortfeasors.

(2) Section 200 of the Copyright Act

130 The Copyright Act was first enacted in Singapore as the Copyright Act 1987 (No 2 of 1987). It was modelled largely on Australia's copyright law (*Singapore Parliamentary Debates, Official Report* (5 May 1986) vol 48 at col 12 (Prof S Jayakumar, Second Minister for Law)) ("the Second Reading"). At the time the Copyright Bill (No 8/1986) ("the Bill") was presented at the Second Reading, s 200 had not been drafted. It was only included as a section in the Bill following a suggestion made by the Law Society of Singapore to the Select Committee. The suggestion is reproduced here:

> No provision has been made in the Bill to provide a remedy against groundless threat of proceedings.
>
> Such a remedy is provided for in section 202 of The 1968 Australian Copyright Act and is intended to prevent *unjustified threats of infringement proceedings from being used as a means to injure competitors or to discourage others from dealing with competitors*. Threats of this kind are of tremendous potential damage, for given the fear and the high costs of

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> litigation, such threats often do have the result of damaging the competitor's business.
>
> The common law provides no relief for the competitor, the aggrieved party. To restrain such threats, his causes of action are trade libel and, possibly, interference with business relations. *But the standard of proof under these heads is higher. Depending on the action, malice, motive and intent of the person making the threat may have to be gone into.*
>
> [emphasis added; paragraph numbers omitted]

131 The Select Committee considered the Law Society's suggestions and inserted a clause modelled on s 202 of the Australian Copyright Act.

132 It is useful then, to consider the genesis of s 202 of the Australian Copyright Act. That provision was introduced in response to an incident that occurred during an election campaign where one candidate sought to hamper another candidate's campaign by threatening to sue the latter's distributors of "how to vote" cards for copyright infringement (see Commonwealth of Australia, *Parliamentary Debates: House of Representatives* (11 April 1935) (Mr William Morris Hughes (North Sydney) (Vice President of the Executive Council)) and Commonwealth of Australia, *Parliamentary Debates: Senate* (29 March 1935) (Senator Thomas Brennan (Victoria) (Acting Attorney-General))). At the time, similar provisions for groundless threats were enacted in Australia's intellectual property legislation pertaining to patents and trade marks. In the light of the election incident mentioned above, the Australian legislature decided to introduce a similar provision prohibiting groundless threats where copyright was alleged to have been infringed.

133 The history of the provision suggests that the legislative intention behind s 200 of the Copyright Act is consistent with the general rationale behind groundless threats provisions in other Commonwealth jurisdictions. Section 200 is meant to provide a statutory remedy for aggrieved parties

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whose business or reputation might be affected by threats emanating from another party without the need to prove the bad faith of the threatening party.

Criticisms of the groundless threats provisions

134 However, in seeking to afford protection to parties aggrieved by unjustified threats, the groundless threats provisions create an anomaly as, by incentivising the commencement of suits, they pull against the law's policy of encouraging out of court settlement of disputes. It may be observed that under s 200 of the Copyright Act, it is the threat rather than the actual commencement of a suit, which is actionable. Moreover, if the respondent is correct, it would follow that every plaintiff that issues a demand asserting its rights has potentially committed a tort unless it then sues and succeeds.

135 In England, practitioners and members of the judiciary have voiced concern that the groundless threats provisions are inconsistent with the position under the relevant procedural rules which encourage alternative dispute resolution and the out-of-court settlement of disputes (see, for example, *Home Pairfum* at [15]–[18]; Isabel Davies and Tom Scourfield, "Threats: is the current regime still justified?" (2007) 29 EIPR 259 at 261). The disconnect between the groundless threats provision which encourages parties to "sue first, talk later" and the policy push towards settlement of disputes out of court was one impetus for the on-going reform of the groundless threats provisions in intellectual property legislation in the UK (see The Law Commission, "Patents, Trade Marks and Design: Unjustified Threats" (Law Com No 360) (12 October 2015)). This has since resulted in the Intellectual Property (Unjustified Threats) Bill, which may be tabled before the UK Parliament in due course.

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136 As we see it, some of these criticisms may also be made with respect to the groundless threats provisions found in Singapore's intellectual property legislation. In Singapore, there has been a noticeable shift towards alternative dispute resolution. Order 59 r 5(*c*) of the Rules of Court (Cap 322, R 5, 2014 Rev Ed) provides that the court in exercising its discretion as to costs may take into account the parties' conduct in relation to any attempt at resolving the cause or matter by alternative means of dispute resolution (see also the recent amendments to the Supreme Court Practice Directions (1 January 2013 release) at para 35B).

137 Apart from the tension between the groundless threats provisions and the law's policy of preferring alternative dispute resolution, the groundless threats provisions across the range of intellectual property rights are in some respects, inconsistent. No groundless threats prohibition exists for the tort of passing off. It seems that such threats may therefore be made without fear of liability even if the true complaint may be one of trade mark or copyright infringement. Under s 35 of the TMA, no action for groundless threats may be brought against threats concerning primary infringement (see Tan Tee Jim SC, *Law of Trade Marks and Passing Off in Singapore (Vol I)* (Sweet & Maxwell, 3rd Ed, 2014) ("*Tan Tee Jim*") at para 15.021), but under s 200 of the Copyright Act, no similar distinction is made. It is not clear whether there is any rational basis for these differences.

138 Finally, although the rationale behind the groundless threats provisions may be to prevent the use of unjustified threats to *unfairly* injure competitors, the groundless threats provisions may have an unintended "chilling" effect. Fearing the prospect of costly litigation and exposure to liability under the groundless threats provision to larger businesses with greater financial resources, small and medium sized firms that own intellectual property rights

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may hesitate to enforce, and perhaps even forgo, their rights. In our view, this may be one area of the law that would benefit from legislative attention and possible reform.

139 Having set out the legislative background to s 200 of the Copyright Act, we turn to the facts of the present case.

Whether the appellant is liable to the respondent for groundless threats

140 It is not disputed that the effect of the words in the letter of demand was to threaten the respondent with legal proceedings for copyright infringement. However, Mr Tan argues that based on the *ejusdem generis* principle, a canon of construction, the scope of s 200 of the Copyright Act is not intended to cover letters of demand sent by one party to another privately. The *ejusdem generis* principle directs that words of wide meaning associated in the text with words of more limited meaning are taken to be restricted by implication to the same limited character (see Oliver Jones, *Bennion on Statutory Interpretation* (Sweet & Maxwell, 6th Ed, 2013) at p 1105 cited in *Attorney-General v Aljunied-Hougang-Punggol East Town Council* [2016] 1 SLR 915 at [60]). In general, *ejusdem generis* applies as an interpretative canon when the word of wider meaning appears last in a list of words with more limited definitions. On this basis, Mr Tan argues that s 200 does *not* cover all forms of threats of legal proceedings regardless of their form or circumstances, but instead, only deals with threats that are made by way of "circulars" or "advertisements" or other communications of a similar nature, that is to say communications made to a sizeable number of people. Mr Tan argues that a letter of demand which is not transmitted to a wider audience ought not to be an actionable threat under s 200 of the Copyright Act. In his submission, the policy of encouraging alternative dispute resolution as well as

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the underlying purpose of the provision supports a narrower interpretation of s 200 of the Copyright Act.

141 There is some merit in the argument that a single letter of demand addressed to a potential defendant does not contravene the spirit of s 200. Yet, this precise question was considered by the English Court of Appeal in the case of *Skinner v Perry* (which was not cited by either party), and the court there arrived at the opposite conclusion.

142 In *Skinner v Perry*, the plaintiff had a camera which he wished to introduce to the public. He sent to a retailer, the London Stereoscopic Company ("the LSC"). The LSC, thinking that it looked like the defendant's camera and fearing an infringement action being brought against it by the defendant, sent the plaintiff's camera to the defendant with a request for the latter's opinion on the camera. The defendant replied that the plaintiff's camera was undoubtedly an imitation. The LSC declined to buy any of the plaintiff's cameras, which prompted the plaintiff to write to the defendant who replied that it considered the plaintiff's cameras to be an infringement of its patent, and that it was "prepared to take action to stop the sale". The plaintiff sued for an injunction to restrain the defendant from making or continuing threats of legal proceedings under s 32 of the 1883 Act. Section 32 of the 1883 Act (reproduced at [125] above), like s 200 of the Copyright Act, contains the phrase "circulars, advertisements, or otherwise". Counsel for the defendant mounted the same argument Mr Tan puts forward to us, that the phrase should be construed narrowly on the *ejusdem generis* principle, and that a letter sent privately should not amount to an actionable threat. The English Court of Appeal rejected that argument, holding that s 32 of the 1883 Act prohibited threats communicated in letters to infringing parties as well as third parties. Bowen LJ stated (at 7–8):

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> Mr Bousfield's argument, as it seems to me, with his usual quickness and perception he understood, depends on his being able to convince us that this is not a threat by circular, advertisements or otherwise. The word "otherwise", he says, ought to be cut down and considered according to the rule which is shortly described as the rule of *ejusdem generis*, that it follows upon "circular or advertisement," and that you must construe "otherwise" in such a sense as to confine it to the class or the genus of circulars or advertisements. There is no doubt of the existence of the rule of *ejusdem generis*, it cannot be denied that general words ought to be construed with reference to the words which immediately are around them. But there is an exception to that rule, if it be a rule, and not a maxim of common sense, which is, that, although the words immediately around and before the general words are words which are *prima facie* confined, if you can see from a wider inspection of the scope of the legislation that the general words, notwithstanding that they follow particular words, are nevertheless to be construed generally, you must give effect to the intention of the legislature as gathered from the entire section, and here the question is whether the entire section, when you have regard to the special subject-matter to which it is applied, does not lead you to the view that the larger meaning must be put on the words "or otherwise," and that they do rather extend the words which precede them than are themselves confined by them.
>
> …
>
> … What is the explanation of the addition of the words "circulars of advertisements"? I think it is rather to enlarge the words "or otherwise" than to cut them down. …

143 *Skinner v Perry* has been cited in Singapore for this point in *Biogen Inc v Scitech Medical Products Pte Ltd and another* [1994] SGHC 188 in the context of the patents legislation in force at that time. We also note that, as far as we are aware, *Skinner v Perry* has been applied in various Commonwealth jurisdictions where the intellectual property legislation contains the words "circulars, advertisements *or otherwise*".

144 However, a closer examination of *Skinner v Perry* reveals that the case concerned a different provision and factual situation. It will recalled that under s 32 of the 1883 Act, a threatening party would not be liable for making a

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groundless threat if he followed it up with the commencement and prosecution of an action in court. That this was the case under s 32 of the 1883 Act had a bearing on the outcome which the court eventually reached (see *Skinner v Perry* at 5 (*per* Lindley LJ), 7–8 (*per* Bowen LJ and Smith LJ)). Furthermore, on the facts of that case, it was found that the defendant had made a threat to the LSC – a third party – which then declined to accept the plaintiff's business (see *Skinner & Co v Shew & Co* [1894] 2 Ch 581 at 593; *Skinner v Perry* at 4 *per* Lindley LJ). That brought the case squarely within the mischief which s 32 of the 1883 Act sought to regulate. Indeed, it is arguable that the factual matrix in *Skinner v Perry* would have satisfied the scope of s 200 of the Copyright Act as the defendant's conduct in that case was precisely the type of conduct with s 200 of the Copyright Act was designed to prevent. We note, however, that there remains the concern that those who may have rights in intellectual property might not press them for fear that they may not have the financial muscle to follow through on a threat and may instead find themselves on the wrong end of a suit for making a groundless threat (see [138] above).

145 In determining the scope of s 200 of the Copyright Act, we are bound to apply a purposive approach as mandated by s 9A of the Interpretation Act (Cap 1, 2002 Rev Ed). Thus, in deciding the scope of impermissible conduct, we take reference from the legislative intention, which, as mentioned, was to prevent the making of unjustified threats to damage or harass others (see [130]–[133] above). In our judgment, this is also reflected in the fact that the action is made available to "a person aggrieved" who may seek the relief in question.

146 Mr Ling submits that the term "circulars, advertisements or otherwise" should be interpreted to mean threats made in *writing* as opposed to oral threats. We do not think that this submission is supported by the language or

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the rationale of s 200 of the Copyright Act. Oral threats uttered publicly, for example, in the vicinity of an alleged infringer's business may cause much more damage to the alleged infringer than a letter of demand sent privately. Also, advertisements are often communicated orally over the radio. In our judgment, Mr Ling's suggested interpretation is not the correct one.

147 On the other hand, Mr Tan's suggested limitation by reference to whether the threat is made publicly may have a little more to commend except that if the focus is on the undesirable effect the threat may have on the legitimate activities of the recipient, then whether the threat is made publicly or not is irrelevant.

148 On balance, we are unwilling to hold that a letter of demand sent privately to an alleged infringer can *never* amount to a groundless threat. Otherwise it would deprive a person, who receives in such circumstances a threat which he considers to be groundless, the opportunity to take steps to assert his rights by filing suit seeking a declaration of groundlessness. This cannot be correct. In our judgment, the real task is not to try to restrict the plain language of the provision in either of the two ways suggested by counsel, but rather to consider whether in all the circumstances, there is any reason for the court to grant relief upon a claim of a groundless threat that is founded on a failed allegation of infringement. It simply does not follow that where an allegation of infringement has failed, this *must* necessarily result in any relief being granted under s 200 of the Copyright Act. Indeed, in our judgment, the grant of relief under s 200(1) by the court is discretionary. Incidentally, it may be noted that this appears to also be the position under s 202 of the Australian Copyright Act (see the decision of the Federal Court of Australian in *Telstra Corporation Limited v Phone Directories Company Pty Ltd* [2014] FCA 568 at [665]). In the context of s 21 of the UK TMA, the UK courts also appear to

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have held that the grant of a declaration and an injunction are discretionary remedies, and that the court retains a discretion to refuse an inquiry as to damages if the damage suffered is likely to be trivial or negligible, or if there is no evidence of loss (see generally *Tan Tee Jim* at paras 15.034 and 15.038; *Kerly's Law of Trade Marks and Trade Names* at para 19–124). In our judgment, in the context of s 200(1) of the Copyright Act, in each case, the question of whether relief ought to be granted will be a fact-sensitive inquiry as to whether the action was warranted and whether any relief is required at all. The cost consequences flowing from a failed claim would also be a relevant consideration.

149 On the facts of the present case, the letter of demand in so far as it concerned the Blue Get-Up Picture sent by the appellant's solicitors and addressed to the respondent and Seng was not conduct of a sort that called for any order to be made under s 200(1) of the Copyright Act. It is true we have found that the respondent had not infringed the appellant's copyright in the Blue Get-Up Picture. But no conceivable damage flows from the demand having been made, which cannot now be compensated by a costs order against the appellant for having made an unwarranted threat. A declaration that the threat was groundless is also unnecessary since we have held that the alleged infringement fails. To put it shortly, the appellant sued and lost and there is nothing more that needs to be said or done in this regard. We therefore set aside the Judge's order on in relation to the respondent's counterclaim for groundless threats of legal proceedings in respect of the Blue Get-Up Picture.

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Conclusion

150 For these reasons, the appellant's appeal (save for the appeal concerning copyright infringement of the Blue Get-Up Picture) is allowed. In the circumstances, we grant the appellant the following relief:

(a) an injunction to restrain the respondent, whether by itself, its servants, its agents or otherwise, from passing off the LS Products as having originated from or being associated with the Singsung Products by the use of get-up similar or identical to the Singsung Get-Up;

(b) an injunction to restrain the respondent, whether by itself, its servants, agents or otherwise, from infringing the appellant's copyright in the White Get-Up Picture and the TV Sticker;

(c) an order for the delivery up or destruction upon oath of the LS Products the use or sale of which would be a breach of the foregoing injunctions; and

(d) damages to be assessed.

151 As the appellant has largely succeeded in its appeal, it would be entitled to its costs here and below. In this regard, we award the appellant 85% of its costs here and below to be taxed on a standard basis if not agreed. The discount of 15% is to take account of the fact that it failed in part in its claims for copyright infringement for which the respondent ought to get some costs. However, instead of making two costs orders which are then set off against each other, we make a single costs order with a larger discount.

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152 The usual consequential orders are to follow.

Sundaresh Menon	Chao Hick Tin	Andrew Phang Boon Leong
Chief Justice	Judge of Appeal	Judge of Appeal

Adrian Tan Gim Hai, Ong Pei Ching, Loh Jien Li, Joel Goh Chee Hsien (Morgan Lewis Stamford LLC) for the appellant;
Philip Ling Daw Hoang and Kam Kai Qi (Wong Tan & Molly Lim LLC) for the respondent.

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Annex A: The White Get-Up and LS White Get-Up

The Singsung Get-Up	The LS Get-Up
	
	
	

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Annex B: The Blue Get-Up and LS Blue Get-Up

The Singsung Get-Up	The LS Get-Up
	
	
	
	

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Annex C: The TV Sticker and LS TV Sticker

The Singsung Get-Up	**The LS Get-Up**
	
	

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