IN THE COURT OF APPEAL OF THE REPUBLIC OF SINGAPORE

[2019] SGCA 01

Civil Appeal No 237 of 2017

Between

Burberry Limited

… *Appellant*

And

Megastar Shipping Pte Ltd

… *Respondent*

Civil Appeal No 238 of 2017

Between

Louis Vuitton Malletier

… *Appellant*

And

Megastar Shipping Pte Ltd

… *Respondent*

JUDGMENT

[Trade Marks and Trade Names] — [Infringement]

[Trade Marks and Trade Names] — [Border enforcement measures]

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Burberry Ltd
v
Megastar Shipping Pte Ltd and another appeal

[2019] SGCA 01

Court of Appeal — Civil Appeals No 237 and 238 of 2017
Andrew Phang Boon Leong JA, Judith Prakash JA, Tay Yong Kwang JA
5 September 2018

7 January 2019 Judgment reserved.

Tay Yong Kwang JA (delivering the judgment of the court):

Introduction

1 Counterfeit goods are the bane and blight of trade mark proprietors. In asserting and enforcing their rights, it is usual for trade mark proprietors to target the manufacturers or wholesalers of such goods as they are the most culpable and probably profit the most from their illegal activities.

2 However, in the present case, two trade mark proprietors commenced an infringement of trade marks action against a freight forwarder in Singapore for importing counterfeit goods by sea. On the available evidence before the court, the freight forwarder's involvement in the transaction was only to receive the cargo from one country (China) and to forward it to another country (Indonesia). The goods were in sealed containers and were never placed on or intended for the Singapore market and were not seen by any consumers in Singapore. It is

not disputed that the freight forwarder did not see or handle the goods physically while they were in transit (at least until the Singapore Customs authorities directed that the containers be opened for inspection). It is also not disputed that the freight forwarder did not know that the cargo contained counterfeit goods and was not even aware that these goods had any sign on them, whether infringing trade marks or not. In these circumstances, the issue that has to be decided is whether a freight forwarder in such a situation is liable for trade mark infringement as the importer and/or "would be" exporter of the goods? Because of the novelty of this legal issue, we requested the assistance of Prof Gordon Ionwy David Llewelyn of the School of Law, Singapore Management University, as *amicus curiae* and, as is characteristic of him, he graciously obliged us.

Facts

3 The appellants are trade mark proprietors of luxury brands, Burberry and Louis Vuitton. The respondent is a freight forwarder company which provides transhipment services in Singapore.

4 On 28 March 2013, the counterfeit goods which infringed the appellants' trade marks ("the goods") were shipped by Chinese companies from China to Singapore in two sealed containers intended for onward shipment to Batam in Indonesia. The expected dates of arrival in Singapore were 1 April 2013 and 3 April 2013 respectively. On or about 28 March 2013, the respondent received letters from an Indonesian company, PT Alvenindo Sukses Ekspress, asking the respondent to arrange for transhipment of the containers to Batam.[1] PT Alvenindo Sukses Ekspress ("the third party") was brought in as a third party in

[1] JCB vol 2 Part A pp 203–204. The letters themselves are undated but the respondent's AEIC states that they were received on or around 28 March 2013 (JCB vol 2 Part A p 195).

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the action by the respondent. For the purpose of transhipment, the respondent received the following documents:

(a) Two seaway bills dated 28[2] and 30 March 2013[3] for the first and second containers respectively. Both stated that the containers were shipped from China by different Chinese companies (which were later found to have false addresses). The respondent was listed as the consignee. The cargo was described as "household goods".

(b) Packing lists and commercial invoices that listed the third party as the consignee.[4] They described the contents of the first container as car accessories, fashion items, tools and hardware. They described the second container as comprising car accessories, computer accessories, fashion items, household goods, tools and hardware.[5]

(c) Arrival notices that listed the respondent as the consignee.

5 Accordingly, the respondent asked the carrier to declare transhipment status and made the necessary declarations on the Portnet system, an electronic system operated by the Port of Singapore Authority ("PSA"),[6] to arrange for the transhipment of the goods. At no point did the respondent see or interact physically with the cargo. As the Judge noted, under the Portnet system, the freight forwarder would not ordinarily need to see or to take physical possession of the containers. Once the instructions are entered into Portnet, PSA undertakes the necessary operations of unloading of the containers, placement into

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2 JCB vol 2 Part A p 211.

3 JCB vol 2 Part A p 207.

4 ROA vol III Part A pp 86, 88, 96, 98.

5 ROA vol III Part A p 158 (Chua Swee Teck's AEIC at paras 13 and 14).

6 JCB vol 2 Part A p 197.

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transhipment stacks and loading of the containers on board the outward bound vessel (Judgment at [29]).

6 The containers arrived in Singapore on 1 and 3 April 2013 respectively. Upon arrival, Singapore Customs informed the respondent that it would inspect both containers on 2 and 4 April 2013 respectively.[7] During the inspections, Singapore Customs found the cargoes to include counterfeit products totaling more than 15,000 items[8] and seized the goods. The goods were subsequently kept in a warehouse. The unseized goods from both containers were later combined and shipped to Batam by the respondent under instructions from the third party.

7 The appellants, with three other trade mark proprietors, commenced infringement of trade mark actions against the respondent in April 2013. As mentioned, the respondent involved the third party in the proceedings but the third party chose not to participate in any of the proceedings in the High Court. The third party was aware of the seizure and detention of the goods but made no attempt to seek their release. After the writ of summons was issued but prior to trial, with the respondent's consent and after notice was given to the third party, the goods were released to the appellants for destruction (Judgment at [40] and [192]).

The decision in the High Court

8 The Judge dismissed the appellants' claims on the basis that the respondent did not import the goods. The main question before the Judge was whether the respondent was liable for trade mark infringement under s 27 of the

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7 JCB vol II Part A pp 216 and 218.

8 Appellants' case at para 12.

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Trade Marks Act (Cap 332, 2005 Rev Ed) ("the TMA"). Under s 27(1) of the TMA, a person infringes a registered trade mark if, without the consent of the proprietor of the trade mark, he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered. A person "uses" a sign if he "imports or exports goods under the sign" (s 27(4)(*c*) of the TMA). The words "under the sign" mean that the sign is affixed on the goods or is placed in proximity to the goods such that there is an association between the sign and the goods (see Tan Tee Jim, *Law of Trade Marks and Passing Off in Singapore* vol 1 (Sweet & Maxwell, 3rd Ed, 2014) at para 11.074).[9]

9 It was not disputed that the goods bore counterfeit trade marks identical to the respective trade marks in question and the goods were within the classes in which the trade marks were registered. The only questions were therefore:

(a) whether the signs were used in the sense of the goods being imported or exported under the sign; and

(b) whether they were so used in the course of trade.

10 The Judge held that the signs were clearly used in the course of trade (Judgment at [127]), presumably because the goods were shipped commercially to Singapore in large quantities and were intended for onward journey for likely sale in Batam. The Judgment therefore focused on whether the goods were imported or exported under the sign.

11 On whether the goods were imported under the sign, the Judge held that they were imported under the sign but the respondent was not the importer. He reasoned as follows:

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[9] ASBOA Tab 7.

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(a) The goods were imported as they were brought into Singapore (Judgment at [146]). "Import" in the TMA was not defined but under the Interpretation Act (Cap 1, 2002 Rev Ed) ("IA"), "import" meant bringing or causing the goods to be brought into Singapore by land, sea or air. There was no exception for goods in transit. The IA definition should be adopted since nothing in the TMA was inconsistent with this definition. "Import" also did not require that the goods be intended for free circulation in Singapore (Judgment at [142]).

(b) However, the respondent, who was a freight forwarder, was not the importer. The question whether a person was an importer or exporter was highly fact-sensitive and careful attention to the underlying transaction in respect of the goods was necessary (Judgment at [172]). Here, the respondent had no part in making the shipping arrangements, the packing or loading of the containers on board the vessels. The instructions to the respondent to declare transhipment status came from the third party and by the time the respondent received the instructions from the third party, there was nothing the respondent could have done to prevent the goods from being brought into Singapore (Judgment at [173]).

12 On the issue of whether the goods were exported under the sign, the Judge held that they were not because they had not left Singapore and an intention to export was insufficient. He reasoned as follows:

(a) A mere intention to export was not sufficient to amount to "use" within the meaning of s 27(4)(*c*) of the TMA. It was inconsistent with the plain wording of s 27(4)(*c*), which provides that there is "use" if a person "imports or exports goods under the sign" (Judgment at [181]).

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(b) The respondent was not the exporter of the goods. It was a freight forwarder engaged for the limited purpose of arranging the transhipment of the containers and it acted as agent for the third party throughout the transaction. The invoices made it clear that the containers were bound for Batam and that the third party was the ultimate consignee. If any party was the exporter of the goods, it was the third party and not the respondent (Judgment at [188]).

13 At [189] and [190] of the Judgment, the Judge summarised his conclusions as follows:

(a) The goods were imported into Singapore for the purposes of the TMA notwithstanding that there was no intention for them to be released into free circulation here.

(b) The importer of the goods was either the shipper in China or the third party as ultimate consignee in Batam. The fact that the respondent was named as the consignee in the seaway bills and was required to submit or make declarations under Singapore law did not mean that it was to be treated as an importer or exporter under the TMA. This was so even though some of the customs permits and declarations may name the respondent as the importer.

(c) A mere intention to export does not suffice to constitute "use" under s 27(4)(*c*) of the TMA. Even if this was incorrect, the respondent was not the would-be exporter of the goods for the reasons set out at [12(b)] above.

(d) The respondent did not act in concert with or share a common design with the shipper or the third party or anyone else to do the acts

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alleged to amount to infringement. It was therefore not liable as a joint tortfeasor for the importation of the goods.

Accordingly, the Judge dismissed the appellants' claims against the respondent. He ordered the appellants to pay the respondent costs to be taxed unless agreed.

The parties' cases

Liability for import

14 The main issue in this appeal is whether the respondent should be considered the importer under the TMA. The appellants do not appeal the Judge's finding that the goods were imported since it was a finding in their favour. However, the *amicus curiae* argues that the goods were not even imported and we address this later.

15 The appellants contend that the Judge erred in holding that the respondent was not the importer for these reasons:

(a) The Judge did not give appropriate weight to the factual and expert evidence. The appellants' expert, Ms Chew Mui Ling ("Ms Chew"), opined that the respondent was the importer because it was listed as the local consignee on the seaway bill and was the only person who could take custody of the goods in Singapore.[10] Mr Aaron Cheong ("Mr Cheong") from Singapore Customs also testified that the respondent, being the local consignee, would be the importer.[11] The evidence also showed that the respondent would have to apply for

10 Appellants' case at paras 29 and 30.

11 Appellants' case at para 31.

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customs permits for the transhipment and would list itself as the importer in these documents.[12]

(b) The Judge placed undue significance on the fact that the respondent did not own the goods. Case law showed that absence of ownership was not a barrier to being considered an importer.[13] Further, the seller and the buyer in the present transaction were unidentifiable and it was therefore difficult to examine the underlying transaction.[14]

(c) The respondent caused the goods to be brought into Singapore since it was a local consignee for a non-through transhipment, without which the transaction could not go through.[15] It was not merely a form-filling agent but had the ability to collect the goods and to reship them to another destination or to bring them into Singapore.[16] UK case law showed that such persons would be considered to be importers.[17]

(d) Parliament intended for the local consignee to be liable as the importer of infringing goods. The introduction of border enforcement measures that allowed for goods in transit to be detained and the short timeframe given for an infringement action to be commenced mean that Parliament must have intended for the local consignee (who is easily identifiable) to be liable as the importer.[18] Further, as a matter of policy,

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12 Appellants' case at para 38.

13 Appellants' case at para 60.

14 Appellants' case at para 61.

15 Appellants' case at para 70.

16 Appellants' case at para 77.

17 Appellants' case at paras 72–82.

18 Appellants' case at para 119.

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holding that local consignees would not be liable would encourage consignees to turn a blind eye to the trade in counterfeit goods.[19]

16 The respondent defends the Judge's conclusion that it was not the importer as follows:

(a) The customs procedures and the evidence on these procedures are irrelevant to the determination of the importer and the exporter for trade mark infringement purposes. This is consistent with the High Court's decision in *Trade Facilities Pte Ltd and others v Public Prosecutor* [1995] 2 SLR(R) 7 ("*Trade Facilities*")[20] where Yong Pung How CJ held that the TMA had nothing to do with customs duties.[21]

(b) The appellants' expert lacked the required expertise on fundamental shipping concepts and terms which appeared in the documents. There was no basis for her to conclude that the respondent was the importer.[22]

(c) According to the respondent's expert, whose evidence was unchallenged, freight forwarders have no right to break the seals of containers unless expressly instructed by their customers and they are not responsible for the contents of containers sealed by shippers at the port of export.[23] There would be far-reaching consequences if a carrier or a freight forwarder is held to be an importer or joint importer simply because the goods were transitorily under its control.[24]

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19 Appellants' case at para 123.

20 ABOA vol II Tab 13.

21 Respondent's case at para 49.

22 Respondent's case at paras 28 and 29.

23 Respondent's case at para 40.

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(d) Any infringing use must be of a trade mark use[25] as held in *City Chain Stores (S) Pte Ltd v Louis Vuitton Malletier* [2010] 1 SLR 382 ("*City Chain*") at [36]. The respondent did not use the signs in a trade mark sense because it was only providing a freight forwarding service and had no interest in the trade marks.

(e) The respondent's role was only that of an agent for the third party and was essentially administrative in nature.[26]

Liability for export

17 The appellants contend that the respondent is also liable as the exporter or would-be exporter of the goods, on two bases:

(a) "Export" under s 27(4)(*c*) of the TMA includes an intention to export. First, if the trade mark proprietor has to wait for the goods to be exported before initiating an infringement action, the goods would already be out of the jurisdiction.[27] Second, customs officers are allowed to detain infringing goods "that are to be exported" from Singapore under s 93A(1)(*a*) of the TMA but the detention can only continue if the trade mark proprietor commences an action for infringement. If the trade mark proprietor cannot commence an action for infringement because the goods have not been exported, this would defeat the purpose of detaining the goods.[28] Parliament is presumed not to have intended an unworkable result.[29]

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24 Respondent's case at para 41.

25 Respondent's case at para 51.

26 Respondent's case at para 59.

27 Appellants' case at para 84.

28 Appellants' case at para 87.

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(b) Even if "export" requires an actual act of export, the appellants are entitled to bring a *quia timet* action to restrain the respondent from a threatened or imminent wrongful act, in this case the export of infringing goods. This is a new point not taken in the court below and the appellants are applying for leave to introduce this point.[30]

18 On either basis, the appellants contend that the respondent would be liable for trade mark infringement and/or could be restrained by way of an injunction because it was the would-be exporter. It was named the local consignee in the seaway bill[31] and would have arranged for the contract of carriage and have been the shipper for the goods to Batam if the goods had not been seized.[32] The fact that it was acting on the third party's instructions does not absolve it of liability.[33] It was entitled to seek redress from the third party if it incurred any liability and that was exactly what it did (by way of the third party proceedings).[34]

19 The respondent contends that s 93A of the TMA, which is only a power-conferring provision, cannot by itself create additional liability.[35] Infringement is a prerequisite to the continued detention of such goods. Further, there is no basis for a *quia timet* injunction, since the goods have already been destroyed. There is therefore no imminent danger or the possibility of any apprehended damage to justify the granting of an injunction.[36]

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29 Appellants' case at para 92.

30 Appellants' case at para 94.

31 Appellants' case at para 102.

32 Appellants' case at paras 103–104.

33 Appellants' case at para 115.

34 Appellants' case at para 117.

35 Respondent's case at para 77.

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The *amicus curiae*'s opinion

20 The *amicus curiae* was asked by this Court to assist on the following questions:

> (a) When are goods imported under the sign within the meaning of s 27(4)(*c*) of the TMA? When would (if ever) goods entering Singapore borders but ultimately intended for a foreign destination, in particular goods transhipped in Singapore, be considered to have been imported into Singapore within s 27(4)(*c*) of the TMA?
>
> (b) Would an intention to import or export the goods under the sign alone be sufficient for finding that the goods have been imported or exported under s 27(4)(*c*) of the TMA?
>
> (c) Assuming that goods have been imported under the sign into Singapore within the meaning of s 27(4)(*c*) of the TMA, who would be considered to have imported the goods? Would local consignees of goods entering Singapore borders but ultimately intended for a foreign destination, in particular goods transhipped in Singapore, be considered the importers of such goods under the TMA? Is a freight forwarder, who acts as a freight forwarder, an importer under the TMA?

21 The *amicus curiae*'s answers, in response to the questions posed, are summarized by him (at para 33 of his opinion) in the following manner:

> (a) Goods bearing a sign that are physically brought into Singapore for the sole purpose of transit or transhipment and subsequent egress from Singapore, although they are imported into (and exported from) Singapore, do not engage the TMA at all as there is no use of the sign

[36] Respondent's case at para 110.

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within the jurisdiction as an indication of trade origin that falls within s 27(1) and/or (2). Thus, a freight forwarder involved in arranging or facilitating such ingress and egress does not infringe. Imported or exported goods would be infringing under s 27(1) and/or (2) if, and only if, either they have gone through the necessary customs formalities for release onto the Singapore market or are in the process of doing so.

(b) It follows logically from (a) that the presence or absence of an intention to import or export is irrelevant to the question whether there is trade mark infringement. However, once a *prima facie* case that the goods are intended to enter into the course of trade in Singapore is shown by the plaintiff, the burden of proof should be borne by the freight forwarder to show, *vis-à-vis* imports, whether the goods bearing the allegedly infringing sign are present physically in the jurisdiction solely for the purpose of transhipment or, *vis-à-vis* exports, whether the goods are in the process of being or have been exported not having previously been in the course of trade in Singapore without the consent of the Singapore trade mark proprietor, should such purpose (in the case of imports) or fact (in the case of exports) be put in issue.

(c) If it is assumed that goods entering the jurisdiction for the sole purpose of transhipment and subsequent export are imported for the purposes of s 27(4)(*c*) of the TMA, the *amicus curiae* would respectfully agree with the trial Judge that a freight forwarder would ordinarily not be the importer or exporter for such purposes, although for the reasons that he has explained he does not consider such a finding is necessary to dispose of a case concerning goods in transit or goods being transhipped. Whether a local consignee could be an importer or exporter which uses the sign as a trade mark contrary to s 27(1), (2) and/or (3) would depend

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> on the factual matrix and would require consideration of such factors as whether it has acquired any property interest or physical possession of or access to the goods, plus evaluation of any evidence that the decision on export is in any way equivocal or capable of change.

22 The *amicus curiae* also opined that use falling within ss 27(1), (2) and (3) and outside s 28 (which concerns acts not amounting to infringement) constitutes infringement without any requirement of knowledge on the part of the person so using because it is a strict liability tortious invasion of property.[37]

Trade mark infringement for goods in transit

23 This appeal raises two inter-related questions. First, to what extent does the TMA regulate goods in transit for the purposes of infringement, if such goods are never intended for the Singapore market? Second, assuming that goods in transit are caught by the infringement provisions in the TMA, who is to be held liable for such infringement? The answers to these questions may have important implications for Singapore's transhipment industry and the parties that may be involved in such transhipment, such as the shippers, carriers, stevedores and, in this case, freight forwarders.

24 The parties and the *amicus curiae* take different approaches to these questions. The parties focus on the meaning of import or export under the TMA and whether an interpretation of these individual words would cover goods merely in transit in Singapore. The *amicus curiae* approaches it from the requirement of trade mark use, meaning that when the goods are only in transit and no one in Singapore is intended to see them, there is no trade mark use and therefore no infringement of the registered trade mark.

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37 Amicus's opinion at para 6.

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25 In our judgment, although both approaches are relevant, what is missing from this discussion is the significance of the requirement of "use" to establish trade mark infringement and whether one could fairly be said to use a sign if he has no knowledge at all that the sign exists on the goods. This issue does not usually arise because the statutorily defined uses under s 27(4) TMA tend to require the active involvement of the infringer. For example, an infringer who physically affixes a sign onto goods must know that the sign is being affixed. The same goes for an infringer who actively uses the sign in its advertising materials. However, in the context of transhipment, where the freight forwarder is not required to and does not see the cargo that he is forwarding, the question as to whether he ought to be liable for trade mark infringement becomes a bit more complex.

26 In the present case, it was not disputed that the respondent, as the freight forwarder, never saw what was contained in the sealed containers and there was no evidence to suggest that it was aware that it was forwarding counterfeit goods. In such circumstances, as a matter of fairness and legal policy, it would appear unduly harsh to impose liability for trade mark infringement on parties who were completely unaware that the goods that they were forwarding contained any signs, whether infringing ones or not. Further, given the numerous persons involved in handling the goods in the various vessels and ports throughout the transhipment process, there ought to be some limiting principle that distinguishes those who were truly using the sign for their economic benefit and those who were unknowingly facilitating these acts by merely being the conduit in the movement of the goods in question, for instance cross-border courier services.

27 In response to this concern, the appellants and the *amicus curiae* emphasised that trade mark infringement is one of strict liability and the mental

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state of the alleged infringer is irrelevant. However, this principle that liability is not dependent on fault or knowledge can cause injustice by overreaching and casting liability on persons in ways not intended by the TMA. A closer look at the cases concerning strict liability for trade mark infringement shows that these usually involve people who did not know that the goods (containing the infringing sign) that they were selling or otherwise handling were not genuinely from the trade mark proprietor rather than those who did not even know that a sign identical or similar to the trade mark existed on the goods at all. The need for effective enforcement of intellectual property rights has to be balanced against the over-extension of liability to honest commercial persons who happen to be tangentially involved in the movement or handling of counterfeit goods and who are wholly unaware of the existence of any infringing sign. We think it is fair and accords with the statutory intent of the TMA that an alleged infringer should at least be aware of the existence of the sign on the goods in question even if he did not know that the sign is an infringing trade mark.

Section 27 of the TMA

28 The starting point of our analysis is s 27 of the TMA which spells out the acts amounting to trade mark infringement. For our purposes, only ss 27(1) and (4) are relevant:

> **Acts amounting to infringement of registered trade mark**
>
> **27.—**(1) A person infringes a registered trade mark if, without the consent of the proprietor of the trade mark, he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.
>
> …
>
> (4) For the purposes of this section and sections 28, 29 and 31, a person uses a sign if, in particular, he —
>
> (*a*) applies it to goods or the packaging thereof;

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> (*b*) offers or exposes goods for sale, puts them on the market or stocks them for those purposes under the sign, or offers or supplies services under the sign;
>
> (*c*) imports or exports goods under the sign;
>
> (*d*) uses the sign on an invoice, wine list, catalogue, business letter, business paper, price list or other commercial document, including any such document in any medium; or
>
> (*e*) uses the sign in advertising.

29 Breaking down the elements in this section, a person infringes a registered trade mark if he:

(a) uses;

(b) in the course of trade;

(c) a sign which is identical with the trade mark;

(d) in relation to goods or services identical with those for which the trade mark is registered; and

(e) without the consent of the trade mark proprietor.

30 The first requirement of "use" is the main point of contention in this appeal. The parties do not dispute that the rest of the requirements would be made out if use is established, *ie*, the signs on the goods were identical to the relevant trade marks, the use was in the course of trade in relation to goods or services identical with those for which the trade marks were registered and the use was without the consent of the trade mark proprietor. Although the respondent was not involved in the buying or selling of the goods but was only forwarding them to Batam, we agree with the *amicus curiae* that the phrase "in the course of trade" refers to the alleged infringer's trade and simply means that the alleged infringer used the sign for commercial purposes rather than for non-

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commercial purposes. "Trade" is defined in s 2(1) of the TMA to include "any business or profession" and therefore "in the course of trade" refers generally to economic activity involving the use of the goods. This position is supported by s 28(4)(*b*) of the TMA, which clarifies that a person who uses a registered trade mark does not infringe the trade mark if such use is for a non-commercial purpose. Therefore, the requirement of use in the course of trade does not signify that the alleged infringer must have traded in the goods in the sense of selling or buying goods containing the trade mark. It merely requires that any such use occur in the course of the alleged infringer's trade.

31 Returning to the requirement of use, s 27(4) describes various ways in which a trade mark is used. The appellants relied on s 27(4)(*c*) of the TMA, which is use by import or export of goods under the sign. In the present case, the sign was affixed on the goods. The only question is therefore whether the goods were imported into or exported (or would be exported) out of Singapore. "Import" and "export" are not defined in the TMA and its interpretation formed the bulk of the Judge's decision. Before we delve into the interpretation of "import" and "export", we first consider the *amicus curiae*'s position that the factual situation here does not engage the TMA at all since there was no use of the signs within Singapore as an indication of trade origin that falls within ss 27(1) and/or (2).

The requirement of trade mark use

32 The requirement of trade mark use is not explicit in s 27 of the TMA. The Court of Appeal has established that trade mark use is required for infringement to occur: *City Chain* at [36].[38] This means that the allegedly infringing sign must have been used as a trade mark, in that it indicates that the

[38] ABOA vol IV Tab 39.

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origin of the goods is the trade mark proprietor. This can be contrasted with other uses, such as decorative use or artistic expression. For example, in *City Chain*, on appeal, the defendants were found not liable for infringement of Louis Vuitton's Flower Quatrefoil mark because they were using the alleged infringing sign (a stylized flower emblem) on their Solvil watches for predominantly decorative and not trade mark purposes. In some areas of the face of the watches, the flower emblem was not shown as a whole although there was little doubt that the truncated patterns were meant to depict the same emblem. The Court of Appeal concluded that the flower emblem was not used to indicate the origin of the watches.

33 We agree that trade mark use is required before infringement can be made out. However, in this case, there was no dispute that the goods in issue were counterfeit goods bearing the appellants' trade marks. There is therefore no need to delve further into the question whether the use of the signs was trade mark use because it obviously was.

34 However, we respectfully disagree with the *amicus curiae*'s submissions that if consumers in Singapore are not intended to and never see the infringing sign, there is no trade mark use in Singapore for the purposes of trade mark infringement. In our view, the requirement of trade mark use concerns how the sign interacts with and is represented on goods. This is why trade mark use is often contrasted to decorative use. The purpose of this requirement is to prevent trade mark proprietors from appropriating a sign even when it is not used as a badge of origin. Although how the average consumer perceives a sign in relation to the goods may be relevant to the overall question of infringement, the inquiry as to trade mark use is directed at the relationship between the sign and the goods. It does not depend on whether the trade mark is actually seen by anyone in Singapore.

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35 If it is necessary that consumers in Singapore see the sign or are intended to see the sign before it could be said to be used in a trade mark sense, then importers of counterfeit goods who intend to sell such goods to parties outside Singapore would not have committed any infringement. Similarly, persons affixing infringing signs onto goods in a warehouse or other premises closed to the public would be able to contend that they are not liable for trade mark infringement. However, ss 27(4)(*a*) and (*c*) of the TMA clearly list such activities as infringing uses. Therefore, with respect, we disagree with that the view that consumers in Singapore must see the sign or are intended to see the sign before it could be said to be used in a trade mark sense.

36 Our view is consonant with the provisions governing revocation of registration of a trade mark for non-use. Section 22(1)(*a*) of the TMA provides that the registration of a trade mark may be revoked if it has not been put to genuine use in the course of trade in Singapore for a period of five years and there are no proper reasons for non-use while s 22(1)(*b*) provides for revocation where such use has been suspended for the same period. In s 22(2), the TMA clarifies that "use in Singapore includes applying the trade mark to goods or to materials for the labelling or packaging of goods in Singapore solely for export purposes". If the trade mark proprietor "uses" his trade mark in such a situation, surely a non-proprietor would likewise be using the trade mark if he does the same acts.

37 In *Eli Lilly and Co v 8PM Chemists Ltd* [2008] FSR 11,[39] the defendant argued that the goods were not imported under the sign because when the goods were brought into the UK, the sign was covered by anonymous brown packaging and was never exposed to anyone in the UK. Mann J rejected this, stating that it was unlikely that any foreseeable act of bulk importation would

[39] ASBA Tab 4.

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ever be under circumstances in which the mark was visible. If an explicit reference to the mark were to be required for importation, there would hardly ever be an infringement and that was unlikely to have been the intention of Parliament (at [50]). In our view, this logic applies equally to the requirement of trade mark use. The concept of trade mark use should be confined to how it was explained and applied in *City Chain* and that means that the sign was intended to depict a trade mark and thereby the origin of the goods and was not used merely for artistic or decorative purposes.

38 In the circumstances, the requirement of trade mark use is clearly made out. The only remaining issue, therefore, is whether there was use by way of import or export of the goods under the sign within the meaning of s 27(4)(*c*). For completeness, this does not detract from the requirement that the act of infringement must take place in Singapore. However, it is the act constituting the use of the sign that must take place in Singapore and not the sale or intended sale or exposure for sale. We therefore consider now whether the act of import into Singapore and/or the intended export to Batam amount to infringing use by the respondent.

Importing or exporting under the sign

The meaning of "import" under the TMA

39 The core question is whether goods in transit in Singapore are considered to be imported under s 27 of the TMA. "Import" is not defined in the TMA and our starting point is therefore s 2(1) of the IA. Section 2(1) of the IA states that in every written law, the word "import" shall mean "to bring or cause to be brought into Singapore by land, sea or air" unless "there is something in the subject or context inconsistent with such construction". This

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means that goods in transit, once brought into Singapore, would be taken as imported unless the context of the TMA suggests otherwise.

40 We agree with the Judge that the context and structure of the TMA are consistent with "import" covering goods brought into Singapore only for the purpose of transit. First, the plain meaning of s 27 and its context in the TMA support the view that goods can be considered to be imported even if they are not intended for the Singapore market. This is because the acts considered as "use" for the purposes of trade mark infringement do not explicitly contemplate that the goods must be intended for sale here or to be placed on the Singapore market. Putting the goods on the Singapore market is only one of the possible infringing uses (see s 27(4)(*b*)). Applying the infringing sign on the goods or the packaging does not require that the goods be intended for the Singapore market (see s 27(4)(*a*)). The author of *Law of Trade Marks and Passing off in Singapore* (Sweet & Maxwell, 3rd Ed, 2014) states that as long as any of the infringing uses in s 27(4) of the TMA takes place in Singapore, it does not matter whether the goods are eventually intended for a foreign market (at para 11.090).[40] On this basis, even if goods in transit are not intended for the Singapore market, as long as they were brought into Singapore, they would be considered to be imported under s 27(4)(*c*). For example, in *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd and Alexir Packaging Limited* [1999] ETMR 912, the application of the sign on goods in the UK was held to be infringement even though the goods were intended to be shipped overseas. In *Waterford Wedgwood Plc v David Nagli Ltd* [1998] FSR 92,[41] the transhipment of counterfeit Waterford crystals was held to be trade

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40 ABOA vol III Tab 23.

41 ABOA vol III Tab 22 pp 89 and 99.

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mark infringement by way of importing and re-exporting. It was no answer that the goods were only temporarily in England while in transit (at 104).

41 Second, there are sections in the border enforcement measures provisions in Part X of the TMA which suggest that "imported" goods include those in transit. For instance, s 81 defines "goods in transit" to mean "goods imported, whether or not landed or transhipped within Singapore, which are to be carried to another country either by the same or another conveyance".[42] Section 82(4)(*c*) allows an authorised officer to seize infringing goods which are imported, "not being goods in transit". Similarly, s 93A provides that, notwithstanding s 82(4), any authorised officer may detain any goods that are imported into or that are to be exported from Singapore and that are not goods in transit unless the goods are consigned to any person with a commercial or physical presence in Singapore. These provisions lend support to the view that "imports" in s 27(4)(*c*) is meant to include goods in transit. They also show that goods in transit have to be excepted when "import" or "export" are used, which indicates that these two words include transit in their ordinary meanings. Nevertheless, the definitions in s 81 are only for the purposes of Part X (Assistance by Border Authorities) of the TMA. More importantly, there is no similar qualification to "imports" in s 27(4)(*c*) so as to exclude goods in transit. That being the case, "imports" in s 27(4)(*c*) would therefore bear the wider, ordinary meaning of including goods in transit.

42 More generally, it was argued that the purpose of the TMA is only to protect Singapore-registered trade marks and therefore their proprietors' economic interests in the Singapore market. There should therefore be no protection for trade mark proprietors when their trade interests in the Singapore market are not affected. This seems to us to be the crux of the *amicus curiae*'s

[42] ABOA vol I Tab 4, p 219.

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concern and the argument can be framed as follows. The purpose of the TMA is to protect trade marks, meaning the use of signs in the course of trade as an indicator of origin. Trade mark protection is territorial in that protection is only accorded in the country where one's trade mark is registered. Therefore, if the infringer does not intend to circulate the infringing sign in the jurisdiction where one's trade mark is protected, it would be contrary to the purpose and territoriality of trade mark protection to prevent such an act.

43 The problem is less evident in counterfeit goods because by definition, they are signs applied to deceive the consumer. The impetus to prevent the circulation of such goods in the name of trade mark protection is clear. However, the dilemma surfaces when the same trade mark is legally owned by different people in different jurisdictions. The *amicus curiae* gave the following example.[43] Where Party X owns a trade mark in Countries A and B and intends to import goods bearing the trade mark from Country A to Country B, logically he should be allowed to do so, since that is what owning a trade mark is for. However, if the goods transit in Country C with no intention of entering the market there and the same trade mark is owned by Party Y in Country C, the *amicus curiae* argues that it cannot seriously be contended that Party Y can sue Party X for infringement in Country C while the goods are in transit. This is presumably because Party Y's interest in its trade mark is not in any way harmed or compromised. The concern is exemplified in the decision of the European Court of Justice ("ECJ") in *Rioglass SA and Transremar SL* Case C-115/02, [2003] ECR I-12705 ("*Rioglass*"). The question was whether customs authorities in the country of transit could detain goods manufactured in one member state, to be exported to a non-member state, transiting in the country of

[43] Amicus's opinion at para 18.

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transit, for trade mark infringement. The ECJ held that it could not. It stated (at [25]–[28]):

> With respect to trade marks, it is settled case-law that the specific subject-matter of a trade mark is, in particular, to guarantee to the owner that he has the exclusive right to use that mark for the purpose of putting a product on the market for the first time and thus to protect him against competitors wishing to take unfair advantage of the status and reputation of the trade mark by selling products illegally bearing it …
>
> The implementation of such protection is therefore linked to the marketing of the goods.
>
> Transit, such as that in issue in the main proceedings, which consists in transporting goods lawfully manufactured in a Member State to a non-member country by passing through one or more Member States, does not involve any marketing of the goods in question and is therefore not liable to infringe the specific subject-matter of the trade mark.
>
> … [T]hat conclusion holds good regardless of the final destination of the goods in transit. The fact that the goods are subsequently placed on the market in a non-member country and not in another Member State does not alter the nature of the transit operation which, by definition, does not constitute a placing on the market.

This case links the marketing of the goods to infringement such that if the goods are not marketed in the country where the trade mark is registered, there is no infringement.

44 Although this argument has some attraction, we respectfully disagree with it because it is not evident from the TMA that its purpose is only to protect trade mark proprietors who market their trademarked products in Singapore. Instead, certain provisions suggest that Singapore-registered trade mark proprietors are protected notwithstanding that their intended market is overseas.

45 First, nothing in the TMA suggests that trade mark protection is limited to protecting the trade mark proprietor's right to place the goods on the Singapore market. Section 26(1)(*a*) states that the trade mark proprietor "has

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the exclusive rights to use the trade mark". The specific instances of such use under s 27(4) do not all contemplate a Singapore market.

46 Second, the types of use required for a trade mark to remain registered in Singapore include cases where the trademarked goods are not intended for the Singapore market at all. We refer here again to s 22(1) on revocation for non-use and the clarification of "use in Singapore" in s 22(2). Allowing proprietors to retain their trade marks even where their intended market is not Singapore shows that the TMA's trade mark protection extends beyond goods intended to be marketed in Singapore. It also suggests that trade mark proprietors are entitled to prevent use of infringing signs in Singapore even though their goods are not marketed in Singapore.

47 Third, a trade mark proprietor does not have to prove actual damage to his economic interests for trade mark infringement to be made out under the TMA. Where the allegedly infringing sign and the trade mark are identical, there is no need to prove any consequence from the use to make out infringement (unless the proprietor is claiming damages, in which case he has to prove the existence and quantum of damages). It is only where the plaintiff wishes to rely on the fact that its registered trade mark is well-known, that the plaintiff has to prove likely damage to his interests (s 27(3)(*d*)).[44] This shows that the TMA is not only concerned with protecting trade marks when they have some actual market effect, in Singapore or otherwise.

48 Therefore, in our judgment, the infringement provision in s 27 includes goods in transit. The same conclusion was reached by Yong CJ in *Trade Facilities*.[45] This was an appeal in a criminal matter to the High Court involving

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44 ABOA vol I Tab 4 pp 181–182.

45 ABOA vol II Tab 13.

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the import of counterfeit cognac under s 73 of the 1992 TMA (Cap 332, 1992 Rev Ed), which made it an offence to import goods with counterfeit trade marks (*Trade Facilities* at [46]). The respondent argued that "import" should be given the same meaning as in the Customs Act (Cap 70, 2004 Rev Ed) ("Customs Act"),[46] which excluded goods brought into Singapore solely for the purpose of being taken out of Singapore (*ie*, those on transit or transhipment). Yong CJ held that there was no reason to rely on the Customs Act definition of "import" since that statute was concerned with payment of customs duties, which the TMA was not concerned with. Thus, "import" under the TMA was held to include items transhipped in Singapore. Yong CJ noted Singapore's reliance on entrepot trade but held that this was a matter for Parliament (at [55]):[47]

> There is therefore nothing in the subject or context of s 73 which requires the use of the special meaning assigned to the word "import" in the Customs Act. In coming to this conclusion, I have kept in mind the consideration that Singapore also relies on *entrepot* trade. There may thus be very good policy reasons why Singapore should or should not police the transhipment of goods bearing counterfeit trade marks or the like as they pass through Singapore's free trade zone. However, that is something that Parliament must deal with. If Parliament is of the view that transhipments through Singapore should not be caught by s 73, then it is open to it to amend the Act by expressly incorporating the Customs Act definition of "import" into the Act.

We agree with Yong CJ's observation and would adopt the same reasoning in respect of s 27 of the TMA.

49 We now deal briefly with the ECJ and UK cases which decided that goods in transit were not considered to be imported. These were considered at length by the Judge at [130]–[139] of the Judgment. These cases decided as follows:

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46 ABOA vol I Tab 1, p 23.

47 ABOA vol II Tab 13.

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(a) Goods are only imported into the European Community ("EC") if they are brought in for the purpose of putting them on the market therein: *Class International BV v Colgate-Palmolive Company and others* Case C-405/03, [2005] ECR I-8735 ("*Class International*")[48] at [34].

(b) The question of whether goods are imported is fundamentally a question of whether there is any "interference with the proprietor's right of first marketing in Europe" (*Eli Lilly and Co and another v 8PM Chemist Ltd* [2008] EWCA Civ 24 ("*Eli Lilly*")[49] at [28]). If the goods are not placed on the market, there would be no infringement (at [46]).

(c) Imitation goods from outside the EC and in transit in an EC country to a non-EC country cannot be classified as counterfeit or pirated unless they are "the subject of a commercial act directed at European Union consumers, such as a sale, offer for sale or advertising": *Koninklijke Philips Electronics NV v Lucheng Meijing Industrial Company Ltd and others, Nokia Corporation v Her Majesty's Commissioners of Revenue and Customs Joined Cases C-446/09 and C-495/09,* [2011] ECR I-12435 ("*Philips and Nokia*")[50] at [57].

50 The ECJ has held consistently that goods in transit are not considered to be imported for the purposes of trade mark infringement. The Judge chose not to follow these decisions because (a) it was inconsistent with the plain meaning of the TMA (Judgment at [143]); (b) the ECJ position was driven heavily by considerations concerning the free movement of goods and the exhaustion of

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48 ABOA vol IV Tab 43.

49 ABOA vol IV Tab 42.

50 ABOA vol IV Tab 44.

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rights (Judgment at [144]); and (c) the ECJ position made it very difficult for trade mark proprietors to enforce their rights against goods in transit (Judgment at [145]). He also noted that new European Union legislation[51] had been introduced to allow trade mark proprietors to prevent third parties from bringing infringing goods into the European Union, even if the goods were not released for free circulation there. We agree with the Judge's observations.

The meaning of "export" under the TMA

51 Our reasoning above applies similarly to the definition of "export" in s 27(4)(*c*). Section 2(1) of the IA states that "export" means "to take or cause to be taken out of Singapore by land, sea or air". In our judgment, there is nothing in the TMA that is inconsistent with such a definition of "export" and we therefore hold that the definition of "export" in the IA, like its counterpart "import", applies to that word in the TMA.

52 The next issue is whether an intention to export (without any actual act of export) is sufficient to constitute infringement. The Judge rejected this argument and the appellants challenge this. They contend that if the Judge's view is correct, the trade mark proprietor would not be able to seize the goods and commence infringement proceedings until the goods have left the jurisdiction. There is also no point in detaining the goods intended for export under s 93A of the TMA because no infringement proceedings can be commenced until they leave the jurisdiction.[52] Section 93A allows customs officers to detain suspected infringing goods but the trade mark proprietors are expected to commence proceedings within ten days or the goods will be released. Parliament could not have intended an unworkable result.[53]

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51 ABOA vol IV Tabs 36 and 37.

52 Appellants' case at para 87.

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53 Subject to what we say below, we agree generally with the Judge that a mere intention to export is insufficient. He gave the following reasons. First, an intention to export is at odds with the plain meaning of "exports" in s 27(4) (Judgment at [181]). Second, as the Judge pointed out (Judgment at [182]), s 93A does not require the trade mark proprietor to commence an infringement action against the would-be exporter. Recourse could also be sought against several other persons along the supply chain.

54 We qualify our agreement with the Judge as follows. So long as the intention remains a mere state of mind without any accompanying actions, that does not amount to "export" in the TMA. However, where there are accompanying actions which are clearly directed at fulfilling the said intention to export or where there is clear evidence that export would definitely take place (for instance, the alleged exporter is under a contractual obligation to do so), there is no reason why a trade mark proprietor could not apply for an injunction to restrain a wrong that is about to be committed and therefore to restrain the goods' export before they leave the jurisdiction.[54] The evidence must be clear that the export is imminent or would definitely take place. On the facts in this case, the appellants would succeed in showing this. Indeed, that is the case of the respondent, that besides receiving the goods from China, it was also tasked to ship the goods out of Singapore to Batam. This is in fact the new alternative argument that the appellants are seeking to introduce on appeal, namely that they are entitled to a *quia timet* injunction against the respondent on the basis that there was a threatened infringement of their trade marks by way of export.

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53 Appellants' case at para 91.

54 Appellants' case at paras 94 and 95.

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The persons liable for such use

55 Having determined that "import" in the TMA means to bring the goods or cause the goods to be brought into Singapore and that "export" means to take the goods or cause the goods to be taken out of Singapore, we now consider the persons who should be liable for such acts. In our judgment, in an infringement action under s 27, it is not enough that the defendant was responsible for the physical act of importing or exporting the infringing goods. To establish liability, the plaintiff must also prove that the defendant intended to import or export goods under the signs and in particular that the defendant knew or had reason to believe that the signs were used on the goods. If this is established, it does not matter whether the defendant knew that the signs were infringing ones, based on the settled legal position that innocence is not a defence to infringement. We will say more about this later.

Evaluation of the Judge's approach

56 The Judge surveyed the relevant cases and held that whether a person was an importer or exporter was a fact-dependent inquiry. With regard to whether the respondent was an importer, he considered factors such as the respondent's role in the underlying transaction and the shipping transaction, whether it had any proprietary interest in the goods imported and whether it had been in physical possession of the goods (Judgment at [173]–[178]). With regard to whether the respondent was an exporter, the Judge found that the respondent was acting merely as an agent for the third party and that the third party, and not the respondent, was the exporter of the goods (Judgment at [188]).

57 We agree with the Judge that whether the respondent is the importer or exporter of the goods is essentially a question of fact. This depends on the level

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of involvement of the respondent and whether its involvement was needed for the goods to be brought into Singapore. We also agree that it is not determinative that the local consignee identifies itself as the importer on customs declarations or is considered under the Customs Act to be the importer (Judgment at [147]). The identification of the importer for the purposes of customs duties has different considerations when compared to the identification of the importer for trade mark infringement. More importantly, the Customs Act expressly defines importer whereas the TMA does not, and also expressly excludes goods in transit from the definitions of import and export, whereas the TMA does not.

58 However, we emphasise that the identification of the importer must only be with reference to the definitions of import and export under the TMA, *ie*, to bring goods or cause goods to be brought into or out of Singapore. Accordingly, the importer is the person who, by his acts, brought goods or caused goods to be brought into Singapore and the exporter is the person who took goods or caused goods to be taken out of Singapore.

59 The Judge, in considering the factors that he did, was attempting to distinguish between those he considered were substantively responsible for and benefited from the import of the infringing goods and those who merely facilitated the movement of the goods in a technical sense. He considered freight forwarders as part of the latter group and saw the distinction as an important limit to liability. He stated at [160] of the Judgment:

> If a carrier is held to be an importer or a joint importer simply because the goods were transitorily under their control in circumstances when he has no knowledge of the relevant intellectual property rights and the consignment, the consequences would be far reaching indeed. The same is true of freight forwarders. … A freight forwarder who deals with a number of agents or many agents worldwide will not know who the agents' importers (clients/customers) are.

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60 We agree with the Judge's concerns. Freight forwarders, who tend to have only transitory and facilitative control of the shipment and who lack actual knowledge of what is inside the shipment beyond what is declared to them and who handle a high volume of shipments a day, are in no position to examine all the goods that come their way. Some goods, like the ones in issue here, could arrive in sealed containers. In our view, the key determining factor of liability in such cases is really the intention to import or export the goods under the signs. If the freight forwarder knowingly caused or facilitated counterfeit goods to be brought into Singapore, there is every reason for it to be held liable for infringement even if it has no title to or any interest in the goods or was acting merely as an agent for someone else. Conversely, a complete lack of knowledge that the infringing signs were on the goods that it was transhipping should exonerate the freight forwarder.

61 When this concern was raised to the parties at the oral hearing, the appellants contended that trade mark infringement was a strict liability tort and innocence was not a defence. There was therefore no place for any sort of intention or knowledge as a constituent of liability. As we have mentioned earlier, this seems an unduly broad and overreaching principle which could result in injustice.

Strict liability in trade mark infringement

62 Although trade mark infringement is often described as one of strict liability, the exact meaning of this concept is indeterminate because different degrees of strictness may exist: *Public Prosecutor v Koh Peng Kiat* [2016] 1 SLR 753 at [52]–[54]. The only thing that can be said confidently of strict liability is that liability is not dependent on fault. The appellants and the *amicus curiae* submitted that the mental state of the alleged infringer is entirely

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irrelevant. However, the cases cited by the appellants all involved defendants who had known at least that the infringing signs were applied or used on the goods but maintained in their defence that they did not know that the goods were not genuine.

63 The case that is often cited for the proposition that innocence is not a defence to trade mark infringement is the UK case of *Gillette UK Limited v Edenwest Limited* [1994] RPC 279 ("*Gillette*"). In *Gillette*, the defendant bought counterfeit razor cartridges from an Italian supplier and re-sold the goods to two customers in the UK. The plaintiffs sued for infringement of their Gillette trade marks. It was not disputed that the defendant was unaware that it was dealing in counterfeit goods. The plaintiffs contended that innocence was irrelevant. Blackburne J held that "it is well settled law… that innocence on the part of the infringer is no defence to a claim to damages" (at 290). It could affect the remedy granted but it did not affect a conclusion of infringement. No reason was given for this proposition but a number of cases and authorities were cited. In none of these cases was the alleged infringer shown to have been unaware of the presence of the sign on the goods or services.

64 In our local jurisprudence, in *Creative Technology Ltd v Cosmos Trade-Nology Pte Ltd and another* [2003] 3 SLR(R) 697 ("*Creative Technology*"), the defendants (a company and its director) sold counterfeit sound cards that infringed the plaintiff's trade marks. The defendants contended that they did not know the sound cards were infringing when they ordered them from the supplier. Relying on *Gillette*, Belinda Ang J held that "the innocence of the infringer is of no relevance where injunctive relief and damages are separately sought in a civil action" (at [16]).

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65 In *Calvin Klein, Inc and another v HS International Pte Ltd and others* [2016] 5 SLR 1183, Chan Seng Onn J relied on *Creative Technology* and held that innocence was not a defence. The defendant infringers ran an e-commerce platform on which users could purchase a wide variety of goods. Upon receiving an order on the platform, the infringers would order the goods on Taobao.com, receive them at the warehouse and send them to Singapore. They claimed that they did not know that the goods that they ordered and delivered infringed the plaintiffs' trademarks. Chan J held (at [110]) that innocence "due to a lack of knowledge or awareness that the goods offered for sale … infringed the [plaintiffs'] trade marks" was not a defence. The defendant was therefore liable for trade mark infringement.

66 Finally, the appellants also rely on *Kickapoo (Malaysia) Sdn Bhd and another v The Monarch Beverage Co (Europe) Ltd* [2010] 1 SLR 1212 ("*Kickapoo*").[55] In *Kickapoo*, the appellants knowingly infringed the respondent's Kickapoo trade marks but contended that they should not be liable because (a) the respondent had committed an independent legal wrong against them and (b) they had to infringe the respondent's marks to mitigate their contractual loss. The Court of Appeal rejected these defences and held that unless the appellants could "bring themselves within a defence or other exception in the context of trade mark law itself, they [could not] be excused" (at [16]). No such defence of contractual mitigation or otherwise existed under the TMA.

67 The surveyed cases all concerned defendants who had intended to use the sign in issue and in their defence maintained that they did not know that the sign was infringing (save for the defendants in *Kickapoo*, who knew that the signs were infringing but nevertheless denied liability in unusual

[55] ASBA Tab 2.

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circumstances). These cases do not establish conclusively that a defendant who did not even know that a sign was applied or present on the goods would be liable for trade mark infringement.

Our decision

68 In our judgment, for infringement to take place under s 27 of the TMA, the alleged infringing importer must have intended to do the act constituting the infringing use under s 27(4) with knowledge or reason to believe that there was a sign present on the things in issue. "Sign" has a broad meaning under s 2(1) of the TMA. It "includes any letter, word, name, signature, numeral, device, brand, heading, label, ticket, shape, colour, aspect of packaging or any combination thereof". It is axiomatic that if a person is to use a sign in the course of trade, in this case by importing or exporting goods under the sign, he must first know or have reason to believe that there is a sign. If the above conditions are satisfied, then it does not matter whether he knew that the sign or its use was infringing. If he is aware or has reason to believe that the sign is present, it is not open to him to say that he could not see it because the goods were wrapped up in opaque packaging or kept in sealed boxes or, as in this case, sealed in a container.

69 In this case, there was no evidence that the respondent knew or had reason to believe that there were signs on the goods. The indications on the documents given to the respondent merely indicated household goods and other seemingly innocuous generic merchandise (see [4] above). There was no reason to suspect that the goods were not what they were described to be. There was no evidence that luxury products were included in the cargoes. There was also no evidence of any intention to import trademarked products. There was no evidence to show that the transactions were suspicious perhaps because they

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were surreptitious or that the third party was involved in trading in counterfeit products or that the respondent was aware that the shippers had false addresses in China. As noted at [27] of the Judgment, there was "no concrete evidence as to what would have happened to the counterfeit goods after receipt by the third party" in Batam. Further, on the question why the goods were not simply shipped direct from ports in China to Batam, the Judge accepted the explanation that larger container vessels would not be able to enter the port at Batam because the water depth was too shallow there (Judgment at [31]). There was therefore the need to transfer the containers in Singapore to smaller vessels or barges for delivery to Batam.

70 Therefore, the facts surrounding the transactions showed that the respondent was merely providing a commercial service as freight forwarders in its ordinary course of business and nothing more. Nothing sinister can be read into the situation merely on the ground that counterfeit luxury goods were found among the cargoes on inspection of the sealed containers by customs officers. In our view, to impose liability for infringement of trade marks on the respondent in this factual situation would be against the letter and the spirit in s 27 of the TMA. It would seem like a case of needing to make someone liable because the real culprits are not identifiable or reachable. For completeness, in the criminal context, s 49 of the TMA provides (among other situations) that any person who imports into Singapore for the purpose of trade or manufacture any goods to which a registered trade mark is falsely applied shall be guilty of an offence. However, the section also provides for two defences of having taken all reasonable precautions against committing an offence under the section and of having acted innocently.

71 The appellants argue that Parliament intended for freight forwarders, as the local consignees, to be liable as the importer of the goods. Under s 93A of

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the TMA, for goods in transit, the detained goods must be released to the importer, exporter or consignee unless the trade mark proprietor commences infringement proceedings within a certain time, namely ten working days after receipt of the notice of detention (see r 10 of the Trade Marks (Border Enforcement Measures) Rules (Cap 332, R 2, 2001 Rev Ed)).[56] The appellants rely on this to submit that given the short time frame in which the trade mark proprietor is to commence infringement proceedings, Parliament must have intended for the easily identifiable local consignee to be liable as the importer.[57] We do not agree with this logic. The shipper in the originating port and the recipient in the final destination would have been equally easy to identify from the seaway bills or from the consignee itself and an infringement action could be commenced against them. It was unfortunate that the foreign shippers in this case could not be traced because of their false addresses and the third party has chosen not to take part in this court action but it does not follow that a local and easily accessible freight forwarder should therefore take the blame.

72 We add two final clarifications as to the role and liability of freight forwarders such as the respondent here. First, if the freight forwarders are responsible for importing the goods into Singapore and exporting them out of Singapore, their knowledge and intention are assessed separately at the time of import and the time of export. This means that even if they did not know or have any reason to believe that they were importing infringing goods, if events transpire during the goods' transit in Singapore that put them on notice that their goods may be infringing ones, they take the risk of trade mark infringement if they nevertheless choose to export the goods. In our view, this strikes an

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56 ABOA vol I Tab 6.

57 Appellants' case at para 119d.

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appropriate balance between the commercial interests of trade mark proprietors and those of honest freight forwarders.

73 Second, even if the freight forwarders are not liable for infringement, they have a duty to disclose any relevant information if they are in possession of counterfeit goods. The recent amendments to the TMA in the form of the Intellectual Property (Border Enforcement) Act 2018 (No 34 of 2018) (parts of which came into operation on 10 October 2018 – see S 555 of 2018) would allow customs officers to require persons who are reasonably believed to possess information or documents to provide such information or documents for certain specified purposes, one of which is to enable action to be taken in relation to future shipments of goods (ss 57 and 60 of the Intellectual Property (Border Enforcement) Act). Such a duty therefore now exists under ss 85A and 93A of the TMA. Speaking at the second reading of the Intellectual Property (Border Enforcement) Bill (No 24 of 2018), Senior Minister of State for Law Edwin Tong noted that such information would probably include "commercial invoices, packing lists, bill[s] of lading, airway bill[s] or shippers' details", or information that would "allow one to identify the goods, identify the source and the shipper and perhaps its destination" (*Singapore Parliamentary Debates, Official Report* (9 July 2018) vol 94 (Edwin Tong, Senior Minister of State for Law).

Summary of our findings

74 We summarise our findings as follows:

(a) In the TMA, "import" means to bring or cause to be brought into Singapore and "export" means to take or cause to be taken out of Singapore. This includes goods that are brought into Singapore only on transit.

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(b) The importer or exporter is the person who brings or causes the goods to be brought into or out of Singapore respectively. This is essentially a question of fact. In answering this question, it is not determinative that the person is identified as the importer or exporter in shipping documents or is treated as such by the Customs Act.

(c) For infringement to take place under s 27 of the TMA, the alleged infringing importer must have intended to do the act constituting the infringing use under s 27(4) with knowledge or reason to believe that there was a sign present on the things in issue. If a person is to use a sign in the course of trade, in this case by importing or exporting goods under the sign, he must first know or have reason to believe that there is a sign. If the above conditions are satisfied, it does not matter whether the person knew that the sign or its use was infringing. If he is aware or has reason to believe that the sign is present, it is not open to him to say that he could not see it because the goods were wrapped up in opaque packaging or kept in sealed boxes or, as in this case, sealed in a container.

(d) If the defendant is responsible for both importing and exporting the goods into and out of Singapore, his knowledge and intention are to be assessed separately at the time of import and at the time of export.

75 We emphasise here that our conclusions on the meaning of "import" and "export", as well as the persons liable for such acts, are confined to the context of the TMA. These terms also appear in other statutes which may have different purposes and contexts. Therefore, the meanings ascribed to these words in this judgment should not be taken as applicable to those other statutes without further consideration.

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Application to the facts

Liability for importing under the sign

76 It follows from our discussions and findings above that while the respondent may have done or facilitated the physical act of importing the goods, he did not "use" the signs because he was not even aware of their presence and had no reason to believe that they were on the goods. The respondent is therefore not liable for infringement of the trade marks.

Liability for exporting under the sign

Whether the respondent exported the goods

77 The goods were seized soon after their arrival here and there was no opportunity for them to be shipped out of Singapore to Batam. We have agreed generally with the Judge that a mere intention to export, without any physical acts supporting that intention or clear evidence that export would definitely take place, is not sufficient for the purposes of s 27(4)(*c*) of the TMA. However, it is clear here that the respondent would definitely have shipped the goods out of Singapore to Batam if the Singapore Customs had not intervened. Indeed, this was the respondent's stand to justify its claim that the goods were only in transit in Singapore. In any case, even if it did ship the goods to Batam, the appellants would still have to show that it was done with knowledge or reason to believe that the signs were on the goods before infringement could occur within the meaning of s 27(4)(*c*).

Whether the respondent would have exported the goods

78 On appeal, the appellants applied for leave to raise a new point, mainly that they were entitled to a *quia timet* injunction to prevent the apprehended act

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of infringement as it was clear that the respondent would have shipped the goods to Batam. The respondent did not object to this point being raised.

79 This point is really moot now because the goods have already been destroyed without objections, prior to trial. There is therefore nothing left to restrain. Nevertheless, the appellants contend that the question is whether they were entitled to an injunction at the time the proceedings were commenced, *ie*, when the writ of summons was issued.[58] The appellants also submit that an injunction is still needed because the respondent will continue to infringe the appellants' trade marks in the future as it has been and is still doing business with the third party.[59]

80 Even if the appellants could have applied for an injunction when these actions were commenced, the fact is they did not and events have taken place since then which render an injunction irrelevant and meaningless now. As for the future, there is no evidence of any threat or likelihood that future infringements will take place. The fact that the respondent and the third party are still doing business together does not mean that they are or will be doing illegal business, in particular, dealing in infringing goods. If the appellants discover evidence of infringement in time to come, we are certain that they know what they can do to prevent or to punish the infringement.

Conclusion

81 We therefore dismiss the appeals with costs. In their respective costs schedules, the appellants have asked for $48,075 in costs and $11,649.15 in disbursements while the respondent has asked for $65,000 in costs and $2,200

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58 Appellants' reply at paras 8 and 9.

59 Appellants' reply at paras 19–22.

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in disbursements. Although there are two appeals before us, the factual backgrounds and the legal issues are essentially the same. We think a fair amount to award is $45,000 and this includes the disbursements. The appellants are to pay, jointly and severally, the respondent a global amount of $45,000 in costs and disbursements.

82 We thank the parties for their written and oral arguments. In particular, we express our sincere gratitude to the *amicus curiae,* Prof Llewelyn, for once again giving us his time and the benefit of his expertise and experience in this area of the law.

Andrew Phang Boon Leong	Judith Prakash	Tay Yong Kwang
Judge of Appeal	Judge of Appeal	Judge of Appeal

Ravindran s/o Muthucumarasamy, Jevon Louis and Chan Wenqiang (Ravindran Associates LLP) for the appellants;
Chia Chee Hyong Leonard and Jasmine Dhanaraj (Asia Ascent Law Corporation) for the respondent;
Prof Gordon Ionwy David Llewelyn (School of Law, Singapore Management University) as *amicus curiae*.

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