

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

[2016] SGHCR 5

Suit No 91 of 2014 (AD 15 of 2015)

Between

Cordlife Group Limited

... Plaintiff

And

Cryoviva Singapore Pte Ltd

... Defendant

JUDGMENT

[Damages] — [assessment] — [quantum]

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Cordlife Group Ltd
v
Cryoviva Singapore Pte Ltd

[2016] SGHCR 5

High Court — Suit No 91 of 2014 (Assessment of Damages No 15 of 2015)
Nicholas Poon AR
19, 20, 21 October 2015; 27 November 2015; 9 December 2015

15 April 2016

Judgment reserved.

Nicholas Poon AR:

Introduction

1 The action before me is for an assessment of the damages payable by the Defendant to the Plaintiff pursuant to a Consent Order dated 24 January 2014 under which the Defendant was ordered to pay the Plaintiff damages for trade mark and copyright infringement and passing off. The infringements relate to the content on and look of the Defendant's websites.

2 Having considered the evidence and arguments canvassed, I award the Plaintiff \$63,904.63 in damages. As this is significantly lower than the sum claimed, it is only fair to the parties and their counsel who have expended considerable time and effort that I explain the grounds of my decision fully.

Background

The parties

3 The Plaintiff operates a private cord blood bank in Singapore. Incorporated on 2 May 2001, the Plaintiff started operations in 2002, and has been listed on the mainboard of the Singapore Exchange Securities Trading Limited since 29 March 2012. The Defendant was incorporated on 26 July 2013 with the intention of entering the private cord blood banking business in Singapore. At all relevant times, the Plaintiff's Chief Executive Officer was Mr Jeremy Yee, its Chief Financial Officer, Ms Thet Hnin Yi, while the Defendant's CEO was Dr Ashish Munjal.

The infringing websites

4 In preparation for its launch, the Defendant engaged a third-party vendor, Maverick Innovations Pvt Ltd ("Maverick"), to design and create a website. Sometime between late August 2013 to October 2013 (this is disputed), the Defendant's website with the web address <http://www.cryoviva.com.sg/trial/> went live. Both parties referred to this as the "Trial website". As the name suggests, the Trial website was supposed to be a mock-up of the Defendant's final website which eventually went live on or around 27 December 2013 at the web address <http://www.cryoviva.com.sg/>. Both parties referred to this latter website as the "Actual website".

Notice of the infringements

5 The Plaintiff came to know of the Actual website, first, sometime around 30 December 2013, and the existence of the Trial website thereafter. The Plaintiff claimed that by 14 January 2014, after its staff had perused the contents of the Trial and Actual websites, it was clear to the Plaintiff that the

Defendant had used the Plaintiff's proprietary information and intellectual property on the two websites without the Plaintiff's knowledge and consent.

6 Specifically, the Plaintiff alleged the following:

- (a) The Trial website infringed the Plaintiff's registered trade marks which bore its name, "Cordlife".
- (b) The Trial and Actual websites infringed the Plaintiff's copyright by reproducing electronic forms, content and getup from the Plaintiff's website at the web address <http://www.cordlife.com/sg/en> ("the Plaintiff's website").
- (c) By using the Plaintiff's trade mark and replicating the Plaintiff's website's getup in its Trial and Actual websites, the Defendant was passing off as the Plaintiff by representing that it was related to or associated with the Plaintiff.

7 On 20 January 2014, the Plaintiff's solicitors wrote to the Defendant, demanding, amongst other things, the Defendant cease operation of the Trial and Actual websites. On 22 January 2014, the Plaintiff took out an application for an interim injunction to restrain the Defendant from reinstating the Trial website and operating the Actual website.

Settlement and the Consent Order

8 The parties however reached a settlement very quickly. On 24 January 2014, a Consent Order was entered into, the key terms of which are:

- (a) The Defendant shall pay the Plaintiff damages for:
 - (i) trade mark infringement by virtue of the Trial website;

- (ii) copyright infringement by virtue of the Trial and Actual websites; and
 - (iii) passing off by virtue of the Trial and Actual websites.
- (b) The extent of the infringement of the Plaintiff's trade mark and copyright shall be decided by the Court, if not agreed by the parties.
- (c) The quantum of damages to be paid by the Defendant shall be assessed by the Court, if not agreed by the parties.

9 As part of the settlement, the Defendant also posted a public apology in the major local newspapers on 27 and 28 February 2014, acknowledging that it had "infringed the intellectual property rights of [the Plaintiff]" through their Trial and Actual websites which "contained material and features copied from and/or similar to [the Plaintiff's website]".

Action for assessment of damages

Plaintiff's claim

10 Not being able to agree on the extent of infringement and quantum of damages (see [8(b)] and [8(c)] above), the Plaintiff filed its claim for the present action for assessment of damages on 7 May 2014, seeking damages of at least \$543,375.63 for four separate categories of damages:

- (a) In relation to its claim for general damages, the Plaintiff avers that it had suffered a loss of profit amounting to \$330,471 and loss of business reputation and goodwill amounting to at least \$100,000.

(b) In relation to its claim for special damages, the Plaintiff avers that it had incurred costs to investigate the Defendant's infringements amounting to \$12,904.63.

(c) In relation to its claim for additional damages under s 119(4) of the Copyright Act (Cap 63, 2006 Rev Ed), the Plaintiff avers that the flagrancy of the Defendant's infringements which persisted even after the Consent Order justifies an award of additional damages of at least \$100,000.

(d) In relation to its claim for exemplary damages, the Plaintiff avers that the flagrancy of the infringements coupled with the Defendant's conduct in pursuing the infringements merits a further award of at least \$100,000.

Defence

11 In response to the claim for loss of profit, business and goodwill, as well as the costs of the investigations, the Defendant submits that the Plaintiff should be awarded nominal damages only, because:

(a) the losses complained of are unsubstantiated by the evidence; and in any event,

(b) the Plaintiff has not proven that the infringements and the passing off were the effective cause of any of those losses.

12 Specific to the copyright infringements, the Defendant makes two broad submissions. First, the appropriate response would be damages representing the cost of obtaining a licence for the copyrighted work but this was neither pleaded nor was evidence adduced to support the substantiality of

a licence fee. Second, pursuant to s 119(3) of the Copyright Act, the Plaintiff is not entitled to damages but an account of profit, at best, because the infringements were innocently committed. The Defendant was not aware, and had no reasonable grounds for suspecting, that Maverick had committed the infringements. On that basis, the Plaintiff should only be awarded the profit made by the Defendant on two contracts entered into during the relevant period of infringement.

13 Lastly, on the claim for additional damages under the Copyright Act, the Defendant reiterates that the infringements were innocently caused, in that it was Maverick which had reproduced the information from the Plaintiff's website, unbeknownst to the Defendant. Moreover, when the Defendant found out about the infringements, it took immediate steps to rectify the situation and addressed the Plaintiff's concern. For the same reasons, the Defendant rejects the Plaintiff's claim for exemplary damages.

Issues

14 The issues in question can be neatly put thus:

- (a) whether the Plaintiff's losses, of profit, business reputation and goodwill and costs of investigations, are substantiated by the evidence, and if so, are they attributable to the infringements and passing off ("Issue 1");
- (b) whether, in relation to the copyright infringements, the Defendant is liable only to pay a licence fee, and additionally, whether the infringements were innocent, such that, pursuant to s 119(3) of the Copyright Act, the appropriate remedy should be an account of profits instead of damages ("Issue 2"); and

- (c) whether the character of the infringements coupled with the Defendant's conduct merits an award of additional damages under s 119(4) of the Copyright Act and exemplary damages ("Issue 3").

Analysis

Issue 1: Proof of loss and causation

15 There are two parts to this issue. The first is whether the Plaintiff has even suffered the loss of profit, business reputation and goodwill that it claims it has suffered. The second is if there is indeed evidence of such losses, whether those losses are attributable to the Defendant's infringements and passing off. I begin with the loss of business reputation and goodwill.

Proof of loss

- (1) Loss of business reputation and goodwill

16 The Plaintiff's counsel, Ms Melanie Ho, submits that the Plaintiff suffered this head of loss by reference principally to four factors:

- (a) there is a disparity in quality between the Plaintiff and Defendant's product and service;
- (b) the Plaintiff had invested substantially in its facilities to attain the standard required for accreditation (more than \$1.5m from 2012 to 2015);
- (c) the Plaintiff spends considerable amounts in advertising and promotion of its business (approximately \$2.7m in fiscal year 2013); and

- (d) the Defendant's infringements have a far greater impact on the Plaintiff's reputation because the infringements are on the Internet which has an immense reach.

17 I agree, however, with the submission of Defendant's counsel, Mr Low Chai Chong, that the Plaintiff has not proven this head of loss. None of the factors relied upon by the Plaintiff objectively show that the Plaintiff had suffered a loss of business reputation and goodwill.

18 There is no evidence before me of a disparity in quality between the parties' respective product and service offered. In *Mopi Pte Ltd v Central Mercantile Corp (S) Ltd* [2005] SGHC 183, Choo Han Teck J held (at [8]) that damages for loss of reputation arising from passing off and trade mark infringements is not synonymous with damages for differences in quality; "surer evidence" of the nature of the quality that is alleged to be inferior is required. Hence, even if the Plaintiff's facilities may be more accredited than the Defendant's, that is not proof of disparity of their respective product and service, much less evidence of the degree of inferiority that translates to \$100,000 in business reputation and goodwill.

19 I could not allocate substantial weight to the affidavit evidence of Mr Yee and Ms Thet. Their evidence that the Plaintiff's reputation has been "severely impacted" and that the Plaintiff has lost potential customers because they associate the Plaintiff with the Defendant which does not offer the same level of quality assurance, are bare assertions, speculative, and not backed by any objective proof.

20 It is apposite at this juncture to refer to the case of *Converse Inc v Ramesh Ramchandani and another* [2014] SGHCR 11, where the assistant

registrar awarded ‘statutory damages’ for losses which included loss of reputation, notwithstanding her finding that the plaintiff in that case did not adduce real advice of that loss. She did so for two reasons which are not applicable to the present facts.

21 First, she recognised that given the trade mark infringement involved counterfeit goods, there would be in principle some dilution of the exclusivity of the plaintiff’s brand and hence reputation even if there was no actual proof. Second and more critically, her award of \$100,000 pursuant to s 31(5) of the Trade Marks Act (Cap 332, 2005 Rev Ed), which as she explained (at [14]), is a special remedy provided by Parliament to enable a plaintiff to obtain compensation in circumstances where proof of the quantum of actual loss is difficult and which would under the normal regime result in the plaintiff obtaining only nominal damages.

22 This remedy of statutory damages is also available for copyright infringement claims, pursuant to s 119(2)(d) of the Copyright Act. It must, however, be specifically elected by the plaintiff. The act of election is important because statutory damages is an alternative remedy to and mutually exclusive from the traditional remedies of general damages and account of profit (see *Louis Vuitton Malletier v Cuffz (Singapore) Pte Ltd* [2015] SGHCR 15 (“*Louis Vuitton*”) at [45]). There being no such election for statutory damages in the present case, the normal regime therefore applied, and the Plaintiff is put to strict proof of its actual losses.

23 On the basis of the evidence presented, I find that the Plaintiff has not discharged this burden. I therefore disallow the Plaintiff’s claim for loss of business reputation and goodwill of at least \$100,000.

(2) Costs of investigations

24 Ms Ho and Mr Low were in agreement that as a matter of law, an award of special damages for the costs of investigation is permissible. *John While Springs (S) Pte Ltd and another v Goh Sai Chuah Justin and others* [2004] SGHC 76 (“*John While Springs*”) was cited as authority. The disagreement was over the question of proof.

25 Ms Ho submits that the Plaintiff should be compensated for the time costs for seven of its employees who were diverted from their ordinary work to investigating the infringements. The Plaintiff is not claiming time costs for other employees who were involved peripherally. Mr Low’s main quibble with Mr Yee’s figures in his affidavit is principally one of provenance. For instance, there is no breakdown of the time spent by each employee and the value of each employee’s hour at work. Mr Low also pointed out that there is no evidence of the underlying source documents used to compute the figures.

26 I do not consider Mr Low’s objections to be sufficiently serious as to warrant dismissing the claim for special damages. First, at \$12,904.63, the sum claimed does not appear to be exorbitant, relative to the nature and extent of the infringements which the Plaintiff discovered through its investigation. In this regard, I find credible the evidence given by Ms Labastida Meliza Rabino, the Plaintiff’s Senior Web Developer, of the investigatory steps taken.

27 Second, the precision of the figures in Mr Yee’s affidavit suggests that the numbers were crunched and not plucked out of the air. The most important reason, however, is that Mr Yee had clearly explained during cross-examination how the claimed sum was derived. It was computed by taking the seven employees’ respective per hour salary rate multiplied by the number of

hours spent on the investigation by each of them. Mr Low's response to Mr Yee, that the salary paid to each employee remains constant irrespective whether they had spent time on the investigation, misunderstands the concept of opportunity costs, as Mr Yee quite rightly pointed out.

28 While the Plaintiff could have put the matter to bed by giving complete disclosure of the underlying source documents which was used to derive \$12,904.63, this was a far cry from the situation in *John While Springs* where the assistant registrar rejected the claim for investigation expenses of \$271,004.71. There, the invoices tendered by the plaintiff did not contain a breakdown of the services provided and charged by the firm engaged by the plaintiff to investigate. The assistant registrar found this omission troubling especially since the plaintiff had admitted that the firm had provided other services unrelated to the investigation of the defendant.

29 I therefore allow the Plaintiff's claim for special damages of \$12,904.63.

(3) Loss of profit

(A) THE PLAINTIFF'S COMPUTATION

30 The derivation of the sum of \$330,471 claimed by the Plaintiff as loss of profit in the period September 2013 to January 2014 is explained in Ms Thet's affidavit. The derivation comprises, in the main, three steps.

(a) First, the total number of signups for the period from September to next January for the years 2010, 2011 and 2012 was computed. A linear projection was then applied to determine the growth rate, after which the growth rate was used to derive the expected signup for the infringing period. The drop in the actual sign

up numbers compared to the expected signup numbers was then expressed as a negative percentage of growth.

(b) The second step involved computing the percentage of the Plaintiff's clients who learn about the Plaintiff through "online means", which is defined by the Plaintiff as its channels comprising "Online Search" (5.76%), "Advertiser's Online" (4.80%), "Cordlife FB" (0.64%), "Internet" (4.00%), "Facebook" (2.97%). Thus, in the Plaintiff's estimation, 18.17% of its clients who ultimately contracted with it learnt of its business through the Internet. According to Ms Thet, the breakdown for each channel is in turn based on survey results that the Plaintiff carried out in marketing events from May 2013 to November 2013.

(c) Finally, the average contract price of all signups for the period from September to next January for the years 2010, 2011 and 2012, as well as the average profit margin based on the profit margins for the years 2011, 2012 and 2012, were computed.

31 For ease of reading, the figures from each step are reproduced below:

First step

Period	Total no. of signups	Change in no. of signups from previous year (%)	Change in growth rate (%)
Sep 2010 – Jan 2011	1806	NA	NA
Sep 2011 – Jan 2012	1855	2.72	2.72
Sep 2012 – Jan 2013	2294	23.67	20.95
Sep 2013 – Jan 2014	1786	-22.15	-45.82

Second step

Channels	Percentage (%)
Expo website	0.44
Existing customer	0.74
Radio	0.03
Pamphlets	0.70
Hospital	21.43
Magazine	4.89
TV Ad	0.24
Email	0.06
Online search	5.76
Attended past events	15.30
Advertiser's Online	4.80
Advertiser's Print Ad	0.03
Forums	0.19
Newspaper	3.24
Friends/Family	18.56
Gynae	3.60
Cordlife SMS	0.21
Cordlife FB	0.64
Internet	4.00
Unknown	9.50
Others	2.69
Facebook	2.97
Total	100

Third step

Period	Average contract price	Period	Average profit margin (%)
Sep 2010 – Jan 2011	\$6,071	FY2011	34.29
Sep 2011 – Jan 2012	\$6,410	FY2012	20.97
Sep 2012 – Jan 2013	\$6,368	FY2013	27.36
Sep 2013 – Jan 2014	\$6,283	Sep 2013 – Jan 2014	27.54

32 The loss of profit is then calculated by applying a formula which is a multiplication of the following five constituents:

- (a) total number of signups for September 2012 to January 2013
(ie, 2294);

- (b) decrease in growth rate (*ie*, 45.82%);
- (c) percentage of clients who learnt of the Plaintiff's business through the Internet (*ie*, 18.17%);
- (d) average contract price (*ie*, \$6,283); and
- (e) average profit margin (*ie*, 27.54%).

33 The question before me is whether the underlying constituent figures and formula applied are reliable and logically defensible.

(B) RELIABILITY OF THE PLAINTIFF'S FIGURES AND FORMULA

34 I have several concerns with the underlying figures but I will only highlight three of the most significant ones. The first is the projected growth rate. The Plaintiff does not put forward any basis to support its premise of a constant year-on-year growth rate of 23.67%. The fact the Defendant managed to secure on its own ability some 170 signups after June 2014, long after all the relevant infringements have ceased, shows that it is not realistic for the Plaintiff to expect to grow at the same rate, especially in a market that does not appear to be growing overall at the same pace.

35 The second and third concerns have to do with the pivotal figure of 18.17% which on the Plaintiff's case represents the percentage of clients who learnt of the Plaintiff's business through the Internet. Curiously, the Plaintiff's website is not reflected as one of the channels in the survey results. In her affidavit, Ms Thet gave evidence that 6.6% of the Plaintiff's clients signed up with the Plaintiff directly via its website. It is not clear how that figure is to be read with the 18.17% used by the Plaintiff to compute its loss of profit. Furthermore, there is a worrying lack of clarity over how the surveys were

conducted and analysed (see [30(b)] above). It does not help that the underlying survey forms were not disclosed, none of the Plaintiff's witnesses had administered the survey personally, and the temporary staff hired to conduct the survey at specific events were not called to give evidence.

36 I therefore consider it unsafe to rely on the methodology used by the Plaintiff and the figures that it produces.

(C) ALTERNATIVE METHODOLOGY

37 In the course of oral arguments, it occurred to me that the parties should consider the suitability of a methodology that computes the Plaintiff's expected profit based on the total actual number of childbirths during the year 2014, with the charitable assumption that the Plaintiff retains the same market share as it did in the preceding year. The first step involves deriving the Plaintiff's signups for the period from September 2012 to January 2013 as a percentage of the total number of childbirths in Singapore that year, which works out to 5.38%. Using that percentage, the number of expected signups that the Plaintiff could reasonably expect for the period September 2013 to January 2014 given the actual number of childbirths in 2014 is 2,136. This is approximately 350 more than the actual number of contracts signed with the Plaintiff. Applying the Plaintiff's average contract price of \$6,283 and profit margin of 27.54%, and even assuming that 18.17% appropriately represents the percentage of potential Internet-based customers who were diverted away from the Plaintiff, the Plaintiff's loss of expected profit is only \$110,041.

38 Ms Ho submits that this alternative methodology underestimates the number of signups and hence the loss of profit. Part of the reason for the underestimation, Ms Ho submits, is that the method does not factor in increased marketing efforts of the Plaintiff which should theoretically result in

a larger market share. She also submits that the timeframe for calculating the Plaintiff's loss of profits should be nine months after January 2014 because prospective clients who first see the Defendant's websites may deliver their child only nine months later.

39 I do not agree. In relation to marketing efforts, there is no evidence of increased marketing expenses in 2013 as compared to the previous years. On the contrary, the Plaintiff's own financial statement for 2014 states that there was a decrease of 3.3% in selling and marketing expenses for the months from July 2013 to June 2014. As for the timeframe, there is again no evidence that the customers who signed up with the Defendant as late as September 2014 came to know of the Defendant nine months earlier.

40 Accordingly, subject to the issue of causation which I shall turn to next, the Plaintiff's claim for loss of profit is capped at \$110,041.

Causation

41 To be entitled to claim damages for its loss of profit, the Plaintiff must prove that the Defendant's infringements had caused it to suffer that loss. It is trite law that the standard tort rules on causation and remoteness apply to, in addition to the tort of passing off, statutory tort claims such as copyright and trade mark infringements (see *Copinger and Skone James on Copyright* (Kevin Garnett, Gillian Davies & Gwilym Harbottle eds) (Sweet & Maxwell, 16th Ed, 2011) ("*Copinger and Skone James*") at para 21-193; and George Wei, *The Law of Copyright in Singapore* (SNP Editions, 2nd Ed, 2000) ("*The Law of Copyright in Singapore*") at para 10.54). In this connection, Mr Low submits that the Plaintiff has not proven that it lost customers who would otherwise have contracted with it as a result of the Defendant's websites.

42 This being a clash of Internet marketing strategies, a safe starting point for the Plaintiff would be to prove that its web traffic suffered at about the time the Defendant launched its Trial, and subsequently, Actual websites. Three key metrics captured by Google Analytics which are relevant for the present purposes are: page view, visit, and unique visitors. A ‘page view’ is a visit to a page on the website. If the visitor reloads the page, this counts as an additional page view. A ‘visit’ is a group of interactions that take place on the website within a given time frame, typically 30 minutes. A single visit can contain multiple page views. ‘Unique visitors’ refers to the number of distinct individuals requesting pages from the website during a given period, regardless of how often they visit in that period.

43 Using the months of January 2013 to August 2013 only, since the Trial and Actual websites began running sometime from end August 2013 to January 2014, the Plaintiff’s home webpage logged, on average, approximately 32,000 page views, 12,000 visits, and 9,400 unique visitors per month. If it is true that potential customers of the Plaintiff were being diverted away from the Plaintiff because of the Defendant’s websites, at the minimum, there should be a noticeable (not necessarily corresponding) decrease in the each of those metrics for the period from September 2013 to January 2014.

44 According to the Plaintiff’s Google Analytics statistics below, it had in fact experienced a drop in the number of customers following the launch of the Defendant’s websites:

Month	Page views	Visits	Unique Visitors
Sep 2013	34,193	12,627	9,812
Oct 2013	30,189	11,746	8,969
Nov 2013	26,201	10,941	8,463
Dec 2013	24,549	10,760	8,556
Jan 2014	26,003	9,837	7,392
Average	28,227	11,182	8,634

Change in average (%)	(-11.8%)	(-6.81%)	(-8.15%)
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(1) Effective cause of damage: infringements or lawful competition

45 The Plaintiff must, however, go on to show that it attracted fewer customers *because* of the Defendant’s infringements. The correct analytical approach for such problems, Mr Low submits, is found in the English High Court’s decision in *Work Model Enterprises Ltd v Ecosystem Ltd and Clix Interiors* [1996] FSR 356 (“*Work Model*”), the facts of which are as follows.

46 The plaintiff sold a range of office partitions (“Avanti”) and was the proprietor of the copyright in a brochure that provided details of the technical specifications of the Avanti range. The first defendant sold a competing range of office partitions (“Ecosystem”) which was compatible with the Avanti range. The first defendant admitted to infringing the plaintiff’s copyright in the brochure in the course of producing its own brochure for the Ecosystem. The plaintiff sought damages for lost sales, price depression of the Avanti and the first defendant’s springboard into the market by its use of the infringing brochure. The first defendant applied to have those claims struck out, on the ground that losses suffered by the plaintiff were not caused by the brochure (or the infringing text therein), but the true message in the brochure, essentially, that the Ecosystem was equivalent to the Avanti and cheaper.

47 Jacob J found in favour of the first defendant, holding that the damage suffered by the plaintiff was due to the competition between the two office partition systems, with there being no sufficient nexus between the text copied and the lawful competition which is the cause of the alleged damage. Protection afforded to the literary input of the author, he stated, does not

extend to “anything and everything which may happen thereafter” (*Work Model* at 360).

48 A similar caution was sounded by the learned authors of *Copinger and Skone James* (at para 7-31):

... Obviously, if it can be seen that the market for lawful reproductions of the claimant’s work has been adversely affected, this may be because a substantial part has been taken, particularly if the reason for this is that the public regards the defendant’s work as an adequate substitute for the claimant’s. *Care needs to be taken, however, since this decline may simply be the result of lawful (i.e. non-infringing) competition.* [emphasis added]

49 Therefore, the question presented is whether the drop in the number of customers visiting the Plaintiff’s website, which is a proxy for the Plaintiff’s loss of profit – all else being equal – is attributable to Defendant’s infringements, or mere lawful competition. In my view, having regard to the type and nature of the infringements, the latter is the more plausible of the two factors.

(2) Insufficiency of direct evidence

50 The closest piece of direct evidence that the infringements had or could have caused the Plaintiff damage was given by Ms Angela Lee, an executive in the Plaintiff’s account management department, who testified that during an event in October 2015, a customer of the Plaintiff had asked her if the Defendant was a subsidiary of the Plaintiff. According to Ms Lee, the customer was told by the Defendant’s sales representative at another event that the Defendant was a subsidiary of the Plaintiff. While this single incident does not prove that the infringements caused the Plaintiff damage even if it were true, it arguably heightens the probability that the Plaintiff’s loss was caused by the infringements.

51 In my view, however, this piece of evidence should be given little weight, if at all. First, this was a comment by a customer in 2015, long after the infringements had taken place. Second, it is an isolated incident. Third, it is not clear at all what the Defendant's sales representative allegedly said. I should mention here that Ms Lee's evidence of the contents of the representation made by the Defendant's sales representative to the Plaintiff's customer is strictly speaking hearsay evidence, as Ms Lee was neither the maker nor recipient of that representation. Fourth, without knowing exactly what was conveyed to the Plaintiff's customer, it is difficult to reach any conclusion as to why the customer could have reasonably mistaken the Defendant as being an associate of the Plaintiff.

(3) Insufficiency of inferential evidence

52 Direct evidence is not the only mode of proof. The court may infer causation from the evidence. However, even taking the Plaintiff's case at its highest, which is to say that the Defendant is liable for all the infringements alleged, for the Plaintiff to prove, by inference, that it had lost potential customers because of the infringements, it has to make good the following assumptions:

- (a) the potential customers knew about the Plaintiff;
- (b) the potential customers, after accessing the Defendant's websites, associated the Defendant with the Plaintiff; and
- (c) either:
 - (i) the potential customers were unimpressed with the Defendant's offerings, and by association, the Plaintiff's products and services; or

- (ii) the potential customers were impressed with the Defendant's offerings *because* of their perception that the Defendant was associated with the Plaintiff.

There are two sub-limbs under the third assumption because the Plaintiff's potential customers could have been dissuaded from contracting with either of the Plaintiff or Defendant (which is the first sub-limb), or diverted to the Defendant (which is the second sub-limb).

53 The Plaintiff has not made good the first two assumptions. Nevertheless, it is the third assumption that troubles me most. I am not convinced that the third assumption holds on the basis of the available evidence.

54 As a general observation, there is no evidence of what the Plaintiff's potential customers thought of the Defendant's offering. Without this evidence, there is no basis for me to infer that the customers who the Plaintiff expected to secure, but did not, had decided not to contract with the Plaintiff because of what they saw (or did not see) in the Defendant. Likewise, without evidence as to what might have impressed the Defendant's customers, I cannot ascertain whether the infringements gave the Defendant's customers the wrong impression that the Defendant was associated with the Plaintiff, much less whether it was that impression, or some other aspect of the Defendant's business proposition, which is the effective cause of the Plaintiff's loss of business.

55 I turn now to examine the specific allegations in greater detail.

(A) TRADE MARK INFRINGEMENTS

56 The trade mark infringements comprise three references to the Plaintiff's name in the "Price Offer" webpage in the Trial website, which reads:

Cryoviva brings to you special introductory offers and related benefits. Please ask our Consultant for more details. The storage of your baby's cord blood is for a contractual period of 21 years old. When your child turns 21 years old, he/she can choose to continue storing his/her cord blood with Cryoviva Singapore or with any of our affiliated facilities around the world. If you or your spouse is a Singapore citizen, you may also wish to take advantage of your Child's Development Account (CDA) to pay for this service.

Plan includes:

- Account establishment & enrolment
- ...
- *Cordlife* Care360° Safeguard Programme

Terms and conditions

- All prices are subjected to Goods and Services Tax (GST).
- ...
- *Cordlife* Group Limited may, from time to time, review and adjust prices.
- For parents delivering outside Singapore and all other enquiries on our latest pricing, please call *Cordlife* at (65) 6238 0808.

[emphasis added]

57 In my view, it is true that a reasonable customer would find the references to the Plaintiff's name peculiar, perhaps even confusing. Would the customer, however, proceed to make the assumption that the Defendant is an associate of the Plaintiff? I do not think so, and certainly not without first calling the number listed in the webpage and verifying the Defendant's background. This is after all a service and procedure that is relatively expensive, extremely personal, with long-term implications. According to the Plaintiff's website, the cord blood collected from a baby can be stored for up

to 21 years and beyond. It is therefore difficult to imagine that any responsible parent would be swayed into signing up for the Defendant's service merely by the ambiguous references to the Plaintiff's name in the Defendant's Trial website.

(B) COPYRIGHT INFRINGEMENTS

(I) *UNDISPUTED INFRINGEMENTS*

58 Turning then to the copyright infringements, the undisputed infringements consists of:

- (a) replicating, in the Trial website, two paragraphs from the "Why Us" page from the Plaintiff's website;
- (b) duplicating in the Actual website four electronic forms in the "Refer a friend program", "Download Information Pack" and "Update Personal Information" sections of the Plaintiff's website (the "Forms"); and
- (c) replicating, in the Actual website, a page from the Plaintiff's website on "Diseases Treated with Stem Cells and its Potential Applications".

59 As these infringements are admitted by the Defendant, I proceed on the basis that there is sufficient similarity between those parts of the Defendant's Trial and Actual website and the Plaintiff's website. The question, thus, is whether these similarities could have led viewers of the Defendant's websites to believe that the Defendant and the Plaintiff were related. It is imperative that the Plaintiff proves this perception of association satisfactorily, because the objective of this inquiry is to ascertain the effective cause of the Plaintiff's

loss, and not merely whether the infringements could have been the effective cause of the Defendant's gain.

60 On the copying of two paragraphs in the "Why Us" page, I reproduce the pages side-by-side for comparison:

Plaintiff's website	Defendant's Trial website
Internationally Accredited Private Cord Blood Bank Cordlife Group Limited is the longest operating cord blood bank in Singapore since 2001 with over 40,000* families entrusting their baby's cord blood with us. <u>Since our inception, we have established a quality system and proven track record of reliable cord blood banking services. Our capability was recognised when our facility in Singapore was accredited by AABB, the world's gold standard in private cord blood banking.</u> <u>We pride ourselves on these stringent standards and guarantee that your sample is screened, processed and</u>	Cord Blood Banking in India by Cryoviva with proven expertise & quality Cryoviva is a Singapore-grown company that has expanded to become the largest network of private cord blood banks in Asia Pacific with state-of-the-art cord blood and tissue processing and cryopreservation facilities in India, Indonesia and the Philippines as well as a network that extends to Singapore, Hong Kong and China. <u>Since our inception, we have established a quality system and proven track record of reliable cord blood banking services. Our capability was recognised when our facility in Singapore was accredited by AABB, the world's gold standard in private cord blood banking.</u> The winning expertise from Singapore was transferred to other Cryoviva facilities in Indonesia, Philippines, India and Hong Kong which have also attained accreditations and certifications from various standards organisations and regulators. In 2013, Cryoviva India successfully attained accreditation from AABB. <u>We pride ourselves on these stringent</u>

<u>stored to (sic) according to the strictest international quality assurance programme. Transplant physicians are more likely to accept an internationally accredited cord blood unit, compared to a unit which is not.</u>	<u>standards and guarantee that your</u> baby's cord blood unit will be <u>screened, processed and stored according to the strictest international quality assurance programme. Transplant physicians are more likely to accept an internationally accredited cord blood unit compared to a unit which is not.</u> To view accreditations and certifications attained by the Cryoviva Limited and its associates, click here.
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[Infringement in italics and underline]

61 In my judgment, the copied text in the Defendant's Trial website would not give any reasonable customer a reasonable basis to think that the Defendant is associated with the Plaintiff. Not only are the words copied not unique to the Plaintiff, it is the truth behind the meaning of the words, and not any association with the Plaintiff, that a customer would find persuasive.

62 As for the electronic Forms, it is even more remote that the duplication of these generic Forms could have caused the Plaintiff to lose customers. In this context, a picture (of one of the Forms) is worth a thousand words:

Plaintiff's website

Refer a friend program

Please fill up your friend's contact and we will contact them shortly to share the merit of cord blood banking.

Please complete the following fields:

Mandatory Fields*

Your Information (as in contract)

Client Contract Number

Mother's Full Name *

Mother's IC Number*

Contact number*

E-mail*

Your friend's information

First Name*

Contact number*

E-mail*

Estimated Delivery Date:

Reset Submit

Defendant's Actual website

Viva Referral Program

Your Information

* Indicates Mandatory Fields

Full Name: *

Email Address: *

Contact Number*

Secondary Contact Number:

Address:

Your Friend's Details

Full Name: *

Email Address: *

Contact Number*

Secondary Contact Number:

Address:

How do you know of Cryoviva Singapore?

Select all that applies *

☐ I am an existing client ☐ Flyers/Posters ☐ Referred by friend

☐ Brochures ☐ Newspaper Adverts ☐ Instagram Ad

☐ Magazine News ☐ Internet Search ☐ Facebook

☐ Gynaecologist

Other:

☐ I authorize Cryoviva Singapore to contact me.

Reset Submit

For completeness, the rest of the Forms may be seen in Annex A.

63 On the reproduction in the Plaintiff's website of the "Diseases Treated" section, even though the entire list of diseases is identical, right down to the classification groups – "blood cancers", "solid tumors (*sic*)", "non-malignant blood disorders", "immunodeficiency disorders" and "metabolic disorders" –

and order of arrangement, the point remains. Nothing about the wrongful reproduction of this list could conceivably have caused the Plaintiff to lose customers.

(II) DISPUTED INFRINGEMENTS

64 The other infringements complained of in the Actual website (which are disputed by the Defendant) are:

- (a) copying of the Plaintiff's website structure, header bars, and sub-headings;
- (b) copying of the Plaintiff's logo; and
- (c) copying of the colour scheme on the Plaintiff's website.

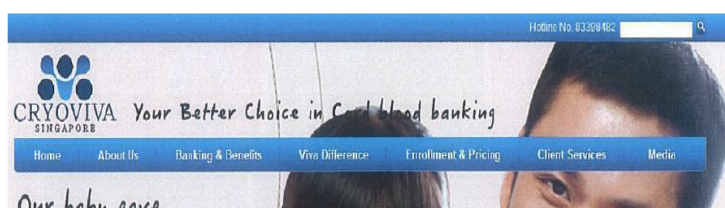
65 Ms Ho submits that the Defendant's blue coloured bubble logo is strikingly different from the gold and black Caduceus symbol used by the Defendant's affiliates in India and Thailand. Second, the blue scheme employed throughout the Defendant's Actual website is the exact same shade of blue used in the Plaintiff's website. Third, 19 of the 29 headers and sub-headers in the Defendant's Actual website were copied from the Plaintiff's website.

66 I have my doubts that copyright subsists in the Plaintiff's website structure and colour scheme. But in any event, looking at the two websites in the round, it is clear that there here are substantial differences, as can be seen from the following screenshots of the Plaintiff's website and Defendant's Actual website:

Plaintiff's website



Defendant's Actual website



67 In relation to the logos (which is at the top left of the screenshot), while both contain circles with different shades of blue, the similarity ends there. The multiple circles in the Plaintiff's logo are of different sizes and of different shades of blue, whereas the three in the Defendant's logo are of the same size and colour. The Plaintiff's logo is also set against a white background which stands in stark contrast to the Defendant's. Perhaps most crucially, the arrangement of the circles is ostensibly dissimilar. The Plaintiff's circles appear to be randomly placed, like atoms in Brownian motion, whereas the Defendant's are ordered around a V-shaped object which, according to Dr Munjal, represents a child's body with outstretched arms. Even though I do not see any child with outstretched arms in the Defendant's logo, I am satisfied that a reasonable observer of the two logos would not say that they are substantially similar or be misled.

68 So also with the headers. It is apparent from the screenshots above that the headers in the Defendant's Actual website are not carbon copies of the

Plaintiff's, whether in terms of font type, font size and number of headers. More importantly, even where there is some similarity in the categories, for example, "About Cordlife" and "About Us", or, "Price & Enrolment" and "Enrollment & Pricing", it can scarcely be said that these headers are original and unique to the Plaintiff's website. These are generic headers that can be found on most business websites.

69 Lastly, while blue is the colour scheme of both websites, the shade of blue, as it appears to the eye, is hardly the same. Even if it were, it is difficult again, to imagine a potential customer making the connection between the two companies on that basis. Moreover, as mentioned earlier, colours are not, to my knowledge, protected under copyright law.

70 The bottom line, therefore, is that it is difficult to see or comprehend how the undisputed infringements coupled with the disputed infringements would lead a potential customer of the Plaintiff to regard the Defendant as an associate of the Plaintiff, and critically, on that radical premise contract with the Defendant.

(4) Insufficiency of other arguments

71 There were a handful of other arguments, all of which I find unconvincing. For instance, I do not regard the fact that the Defendant recorded revenue of over \$1m in 2014 as having any bearing on the question of whether their infringements had caused the Plaintiff's loss. It might have, or it might not; one cannot tell by looking at the numbers. There is no question that "it is a question in each individual case whether it should be inferred that the claimant would have made all or some of the sales made by the infringer,

and that the burden of proof remains on the claimant throughout” (*Blayney v Clogau St Davids Gold Mines Ltd* [2002] FSR 233 at [32]).

72 For the same reason, I also do not accept Ms Ho’s submission that it is material to have regard to the profit accruing from the Defendant’s approximately 230-odd contracts on the ground that the number of contracts secured by the Defendant corresponds, when pro-rated, to the loss of profit experienced by the Plaintiff.

73 In summary, the Plaintiff has not shown on a balance of probabilities that the trade mark or copyright infringements were the effective cause of their loss of profit as opposed to, for example, mere lawful competition. It is more likely, in my view, that the Defendant secured the contracts it did on its own merit. It should be remembered that what is in issue in these proceedings is the efficacy of the Defendant’s websites, and not other mediums used by the Defendant’s sales and marketing team.

74 The result is not regrettable. Indeed, a similar outcome was reached in *Peninsular Business Services Ltd v Citation Plc* [2004] FSR 17. The parties there were in the business of providing certain consulting services. Their primary means of obtaining business was through initiating directing contact (such as cold-calling) with prospective clients. In breach of contract, the defendant copied materials from the claimant’s manuals. The claimant failed in its claim for damages for loss of profits, because although the infringing material was a central feature in the setting up of the defendant’s business, it played no part in the selling of the claimant’s services which occurred through the normal process of competition by canvassing of clients for which purpose the materials was not required. The court nevertheless awarded the claimant additional damages, and, damages representing the cost to the defendant of

producing or commissioning a non-infringing set of materials. The latter avenue was open but not pursued by the Plaintiff (see [76]–[78] below).

75 For the above reasons, I dismiss the Plaintiff’s claim for substantial damages for loss of profit, and award the Plaintiff nominal damages of \$1,000 for the trade mark infringements and passing off. None are awarded in relation to the copyright infringements given my decision to award the Plaintiff \$50,000 in additional damages for those infringements (see [93]–[106] below). The purpose of awarding nominal damages for the trade mark infringements and passing off is to affirm that there was an “infraction of [the Plaintiff’s] legal right which, though [gives the Plaintiff] no right to any real damages at all, [gives the Plaintiff] a right to the verdict or judgment because [its] legal right has been infringed”: *The Mediana* [1900] AC 113 at 116.

Issue 2: Licence fee and account of profit for copyright infringements

Licence fee

76 It would be apparent by now that what the Defendant had done, in relation to the undisputed and disputed copyright infringements, was essentially to piggyback on the Plaintiff’s website. In that context, the upshot of dismissing the Plaintiff’s claim for loss of profit is that it may give the unsatisfactory impression that the law sanctions the Defendant’s pilferage from the Plaintiff. But there are other recourses, one of which is a licence fee, which Mr Low conceded the Defendant was liable for, as a matter of principle. However meritorious such a claim might be, I am constrained in exploring it further because the Plaintiff has not claimed such a fee, with the corollary that there is no evidence or legal submissions which I can safely rely on to determine a reasonable licence fee that should be imposed on the Defendant.

77 Had it been appropriate for me to make a decision, the quantum for the licence fee that I would have awarded would probably be no greater than \$10,000, as the various infringements are unsophisticated and unlikely to be outside of the expertise of any regular web developer. The availability of non-infringing alternatives – in this case, other competent web developers – is a relevant factor in the calculation of a reasonable licence fee (see *32Red Plc v WHG (International) Ltd & Ors* [2013] EWHC 815 at [42]).

78 In this regard, I take my bearings from Ms Labastida who testified that the Forms could, broadly speaking, be produced by a developer in India within a day for not more than US\$30 per page. In the light of these prevalent and affordable alternatives, anything more than \$10,000 for a licence would have been economically unattractive and unviable to the Defendant. Perhaps that is why the Plaintiff elected to pursue its more significant loss of profit claim instead of a far more direct albeit modest licence fee claim.

79 There is nevertheless a point of principle on the topic of licence fee that merits clarification. Mr Low bases his submission that the Plaintiff is entitled only to a licence fee and not damages for loss of business reputation, goodwill and profit on [47] of the Court of Appeal’s decision in *Ong Seow Pheng and others v Lotus Development Corp and another* [1997] 2 SLR(R) 113 (“*Ong Seow Pheng*”) which states that:

- (a) where the infringement has caused a diminution in the capital value of the copyright, the measure of damages is the depreciation caused by the infringement to the value of the copyright as a chose in action;
- (b) where the plaintiffs are in the business of selling products incorporating the material, in which they have a copyright, the

appropriate measure of damages, in the event of infringement of their copyright, may be the loss of profit suffered by them; and

(c) in other cases, a licence fee or royalty approach may be appropriate.

80 Mr Low argues that since the copyright infringement in the case at hand did not cause a diminution in the capital value of the copyright, nor is the Plaintiff in the business of selling products incorporating the copyrighted material, the incident of copyright infringement falls properly in the category of “other cases”, for which a licence fee approach is the appropriate response.

81 If the suggestion by Mr Low is that *Ong Seow Pheng* should be read as establishing three rigid approaches to the characterisation of damages for copyright infringement, I would respectfully disagree. In outlining the possible responses to copyright infringements, the Court of Appeal was merely regurgitating the observations of Lord Wilberforce in *General Tire and Rubber Co Ltd v Firestone Tyre and Rubber Co Ltd* [1976] RPC 197 at 212–213 as to “some of the main groups of reported cases which exemplify the approaches of courts to typical situations”. Neither Lord Wilberforce nor the Court of Appeal explicitly said that the three categories of cases are exhaustive, such that if any given situation does not fall within the first two situations, it will necessarily be subject to the licence fee approach. If further support is necessary, reference may be had to the views of the learned editors of *Copinger and Skone James* at para 21-197.

Account of profit for copyright infringements

82 The next issue that falls to be considered is whether the Plaintiff is entitled to an account of profit pursuant to s 119(3) of the Copyright Act because the infringements were innocent. Section 119(3) reads:

Where, in an action for infringement of copyright, it is established that an infringement was committed but it is also established that, at the time of the infringement, the defendant was not aware, and had no reasonable grounds for suspecting, that the act constituting the infringement was an infringement of the copyright, the plaintiff shall not be entitled under this section to any damages against the defendant in respect of the infringement, but shall be entitled to an account of profits in respect of the infringement whether any other relief is granted under this section or not.

83 As a preliminary point, some commentators have noted that this section is somewhat peculiar, as it runs counter to the general principle that an account of profit is awarded against a defendant if it would be unconscionable for him to retain the profit made (see *The Law of Copyright in Singapore* at para 10.81A and Thomas Wells, “Monetary Remedies for Infringement of Copyright” (1989) 12 *Adelaide Law Review* 165 at pp 173–176, both of which refer to *Colbeam Palmer v Stock Affiliates* (1970) 122 CLR 25 at 34).

84 Some guidance on the object of this provision can be found in the *Report of the Copyright Law Review Committee* (A J Arthur, Commonwealth Government Printer, 1959) (Chairman: J A Spicer) (“the *Spicer Committee Report*”), which put forward a recommendation that eventually led to s 115(3) of the Australian Copyright Act 1968 (*Golden Editions Pty Ltd v Polygram Pty Ltd* (1996) 61 FCR 479 (“*Golden Editions*”) at 480). The history of s 115(3) is instructive because it is identical to s 119(3) of the Copyright Act, save for the substitution of “is entitled” in s 115(3) with “shall be” in s 119(3), presumably a matter of drafting preference.

85 Amongst the many recommendations in the *Spicer Committee Report* was the recognition (at para 307) that “an innocent infringer should not be liable for damages” given that “there can be no comprehensive copyright register”; but at the same time, “there is no reason why [the innocent infringer] should be permitted to gain a profit from his infringement”. The innocent infringer envisaged is one who had obtained a licence from another who he genuinely but erroneously believed to be the true owner of copyright, despite taking “every step possible” to ensure the validity of the licence (at para 308).

86 Bringing the two strands together, it would seem that the innocent infringer defence under s 119(3) of the Copyright Act was designed as a compromise which balances the interest of both the infringer and the copyright holder by exempting the infringer from liability for damages while stripping any profits in favour of the copyright holder. For this reason, the overarching consideration when applying this innocent infringer defence is “not whether the defendant knew the identity of the owner of the copyright, but whether the defendant has established a lack of awareness, and of reasonable grounds for suspecting, that the relevant act was an infringement of the copyright which was infringed, in whomsoever that copyright might be vested”: *Golden Editions* at 480.

87 Applying that test to the present facts, I do not consider the Defendant has established a lack of either awareness or reasonable grounds for suspecting that the relevant acts amounted to infringements of the Plaintiff’s copyright.

88 Dr Munjal admitted, amongst others, the following:

- (a) he was the “main representative from the Defendant overseeing the design of the website”;

- (b) he was involved in the set up and review of the Actual website, including reviewing screenshots of or links to the webpages in the emails sent to him by Maverick; and
- (c) the content on the Defendant's websites were given to Maverick by the Defendant.

89 It is no answer to say, as Dr Munjal did, that he was “assisted by a colleague in marketing”, or that Maverick was responsible for the execution of the design of the websites. Whoever in the Defendant's employment had contributed to, sight of, or approved the website designs and content, it is indisputable that the Defendant was not the sort of innocent infringer which s 119(3) of the Copyright Act was conceived to protect.

90 In *Global Yellow Pages Ltd v Promedia Directories Pte Ltd* [2016] 2 SLR 165, George Wei J held that the defendant was not an innocent infringer but knew what it was doing, as evidenced by the fact that it “photocopied the entirety of the listings in the Business Listings and scanned them into a temporary database” (at [386]). I find likewise. Given the nature of the materials copied, particularly those that are not disputed, the Defendant must have been well aware of what it was doing.

91 Accordingly, it was not appropriate for me to order an account of profit under s 119(3) of the Copyright Act.

Issue 3: Additional and exemplary damages

92 I come to the third and final major issue: exemplary and additional damages. The availability of exemplary and additional damages as a response to the infringements is not disputed by Mr Low. Rather, his submissions, like

Ms Ho's, revolve around two central themes, namely, that the infringements were not flagrant, and the Defendant's conduct was not of such a character that warrants either additional damages under s 119(4) of the Copyright Act or exemplary damages. I consider first the issue of additional damages.

Whether additional damages should be awarded

93 While the flagrancy of the infringements and the conduct of the infringing party are important factors that courts consider in deciding whether to award additional damages for copyright infringements under s 119(4) of the Copyright Act, the test for when a court may order such damages is actually significantly open-ended. The words of the provision are self-explanatory:

- (4) Where, in an action under this section —
 - (a) an infringement of copyright is established; and
 - (b) the court is satisfied that it is proper to do so, having regard to —
 - (i) the flagrancy of the infringement;
 - (ii) any benefit shown to have accrued to the defendant by reason of the infringement; and
 - (iii) all other relevant matters,
- the court may, in assessing damages for the infringement under subsection (2)(b), award such additional damages as it considers appropriate in the circumstances.

94 The court is required only to have regard to the flagrancy of the infringement, the benefit that may have accrued to the defendant by reason of the infringement, and other relevant matters, in determining whether to award additional damages. That is all. It must be emphasised that the provision does *not* go further to state that a finding of flagrant infringement and benefit accruing to the defendant are prerequisites for the awarding of additional damages. This is also how Australian courts have interpreted their equivalent

of s 119(4) of the Copyright Act (see eg, *Futuretronics.com.au Pty Ltd v Graphix Labels Pty Ltd (No 2)* (2008) 76 IPR 763 (“*Futuretronics*”) at [17]).

95 Copyright infringements are flagrant when:

(a) there is a display of calculated disregard of the plaintiff’s rights (see the summary judgment stage of proceedings in *Ong Seow Pheng* which is reported as [1993] 3 SLR(R) 56 at [35]); and *Prior v Landsdowne Press Pty Ltd* [1977] VR 65 at 70);

(b) the defendants’ infringing operation was carried out on a large scale and the defendants were fully aware that they were violating intellectual property rights (see the High Court inquiry in *Ong Seow Pheng* (reported as [1996] 2 SLR(R) 514 at [41]–[45]));

(c) the defendant used works for its own benefit despite knowing that those works belonged to the plaintiff or was at least wilfully blind to that fact, irrespective of whether the defendant knew that the use of the works would amount to an infringement (see *Futuretronics* at [20]);

(d) the defendant had taken steps to appropriate without authorisation the plaintiff’s works from the plaintiff’s control (see *Joseph Bailey v Namol Pty Limited* [1994] FCA 1401 at [46]); and

(e) the infringing scheme involved falsification of documents, misleading advertisement calculated to convey an impression of authenticity, and a network of seemingly independent companies designed to abuse the law relating to companies (in *New Line Productions, Inc and another v Aglow Video Pte Ltd and others and other suits* [2005] 3 SLR(R) 660 (“*New Line*”) at [111]);

(f) the quantity of infringing items is large, the nature of the infringement was deliberate, and the purpose was clearly commercial and calculated (see *Louis Vuitton*, albeit in the context of trade mark infringement); and

(g) the defendant disregarded court orders and persisted with its infringing operations (*Deckers Outdoor Corporation Inc v Farley (No 5)* (2009) 262 ALR 53 at [113]).

96 In relation to the undisputed infringements (see [58] above), as explained earlier, I have no doubt that the Defendant was fully cognisant of the import of its (and Maverick's) actions. Nevertheless, I am of the view that the standard generally regarded as flagrant infringements in the cases is not met on the facts of this case.

97 At worst, this was an instance of the Defendant and its vendor taking "shortcuts". I am unable to discern any disingenuous intention to rip-off the Plaintiff's materials, if nothing, because I do not think that there is any intrinsic value in what was copied. The copying was innocuous. The Defendant and its vendor was simply lazy. In the same vein, in considering whether the Defendant benefitted from the infringements, while there was obviously some time and cost convenience accruing to the Defendant, the infringements themselves did not generate direct economic value for the Defendant, unlike in the cases where flagrant infringements were found.

98 In relation to the disputed infringements (see [61]–[66] above), although it was not characterised as such, the Plaintiff's case is really that the Defendant's website has the same look and feel as the Plaintiff's. However, substantial similarity in the "look and feel" of a product has been consistently

rejected by the English court as a basis for copyright infringement. The leading case in this regard is *Navitaire Inc v EasyJet Airline Co & Anor* [2006] RPC 3 (“*Navitaire*”).

99 In that case, the claimant was the developer of an airline reservation system called OpenRes. Much of OpenRes had what would now be regarded as a rather old-fashioned "green screen" user interface. This involved users typing in commands using a set of command codes such as A for an availability query, in many cases together with appropriate data (such as departure date, city pair, return date, fare class) in a defined syntax. The first defendant was a licensee of OpenRes and its staff were accustomed to using it. However, owing to a falling out with the claimant, the first defendant commissioned the second defendant to develop a replacement system called eRes that had the same user interfaces as OpenRes. eRes substantially achieved this lofty goal, even though none of the underlying software in any way resembles that of OpenRes, save that it acts upon identical or very similar inputs and produces very similar results.

100 In its claim for copyright infringement against the defendants, the claimant argued that in copying the look and feel of the OpenRes system, the defendants had infringed the underlying business logic of the claimant’s system, because to the end user, OpenRes and eRes looked and operated in the same way and produced the same result. This argument was rejected by Pumfrey J, whose cogent reasoning has been adopted and affirmed by higher courts and hence merits citation in full (at [127], [129]–[130]):

127. ... Take the example of a chef who invents a new pudding. After a lot of work he gets a satisfactory result, and thereafter his puddings are always made using his written recipe, undoubtedly a literary work. Along comes a competitor who likes the pudding and resolves to make it himself. Ultimately, after much culinary labour, he succeeds in

emulating the earlier result, and he records his recipe. Is the later recipe an infringement of the earlier, as the end result, the plot and purpose of both (the pudding) is the same? I believe the answer is no.

...

129. The questions in the present case are both a lack of substantiality and the nature of the skill and labour to be protected. [The claimant's] computer program invites input in a manner excluded from copyright protection, outputs its results in a form excluded from copyright protection and creates a record of a reservation in the name of a particular passenger on a particular flight. What is left when the interface aspects of the case are disregarded is the business function of carrying out the transaction and creating the record, because none of the code was read or copied by the defendants. It is right that those responsible for devising OpenRes envisaged this as the end result for their program: but that is not relevant skill and labour. In my judgment, this claim for non-textual copying should fail.

130. I do not come to this conclusion with any regret. If it is the policy of the Software Directive to exclude both computer languages and the underlying ideas of the interfaces from protection, then it should not be possible to circumvent these exclusions by seeking to identify some overall function or functions that it is the sole purpose of the interface to invoke and relying on those instead. As a matter of policy also, it seems to me that to permit the 'business logic' of a program to attract protection through the literary copyright afforded to the program itself is an unjustifiable extension of copyright protection into a field where I am far from satisfied that it is appropriate.

101 Like the defendants in *Navitaire*, there is no evidence here, in relation to the disputed infringements, that the Defendant had copied the underlying codes in the Plaintiff's Actual website (eg, HTML, CSS etc). Therefore, even if I find that there is substantial similarity between the two websites (which I do not), I would still have rejected this part of the Plaintiff's claim for additional damages for copyright infringement. Consequently, I find that the Plaintiff is only entitled to additional damages only for the undisputed copyright infringements.

102 In terms of quantum, \$40,000 is a fair amount in my judgment. There was none of the sort of falsification of paperwork, misleading advertising, collusion across companies, large scale wilful copying present in *Ong Seow Pheng* and *New Line* which saw the courts imposing on the defendants there \$100,000 and \$90,000 in additional damages respectively. I must stress that \$40,000 is anything but nominal, and is necessary to reflect the gravity of the innocuous, albeit lazy, nature of the infringements (see [96] above). The amount reflects a strong disapproval of the logistical convenience that the Defendant derived from its “shortcut”.

103 Ms Ho sought to persuade me that I should have regard to the Defendant’s refusal to fully remove the infringing content from the Trial and Actual websites despite various letters of demand which then necessitated the application for an injunction. She also referred to an incident in August 2014, after the dust had mostly settled, where the Plaintiff found out that the Defendant had paid Google to have its advertisement show whenever a keyword search for the Plaintiff’s name was done.

104 Neither of these is in my view a ground for seeking additional damages. In relation to the former, the Defendant did eventually remove the infringing content, agree to the Consent Order shortly thereafter, and published an apology. I do not think there was any wilful disregard in the Defendant’s failure to comply with the letters of demand sooner. As to the latter incident, if there be an actionable wrong in what the Defendant did, that is not before me in this assessment, which is for the infringements relating to the Trial and Actual websites.

105 I will, however, additionally award the Plaintiff \$10,000 to account for the Defendant’s sudden withdrawal of Mr Omm Dev Sharma as a key witness

on the day that he was scheduled to take the stand. Mr Sharma, a director of Maverick, was supposed to give evidence on how the infringements came about. I agree with Ms Ho that her inability to cross-examine Mr Sharma undermined her ability to buttress her arguments that the infringements were flagrant. An adverse inference against the Defendant is hence merited.

106 In summary, I award the Plaintiff \$50,000 in additional damages.

Whether exemplary damages may be awarded for copyright, trade mark infringements or passing off

(1) Generally

107 A good starting point is the recent decision of Belinda Ang Saw Ean J in *Li Siu Lun v Looi Kok Poh and another* [2015] 4 SLR 667. There, pursuant to his claim under the tort of conspiracy by unlawful means, the plaintiff sought, amongst other heads of damages, exemplary damages by reference to the second defendant's reprehensible conduct. The plaintiff claimed that the second defendant had amended the plaintiff's medical reports despite being aware that the plaintiff was contemplating legal proceedings against the first defendant and was likely to have used the medical records in court as corroborative evidence.

108 Ang J observed, albeit tentatively, that Singapore law permits an award of exemplary damages in three narrow categories of cases, namely where (a) there is oppressive, arbitrary or unconstitutional action by servants of the government, (b) there is wrongful conduct which has been calculated by the defendant to make a profit for himself which may exceed the compensation payable to the plaintiff; and (c) punitive awards are expressly authorised by statute (see *Rookes v Barnard* [1964] AC 1129 ("*Rookes*")).

109 Her Honour declined to decide whether *Rookes* had imposed a further condition on the award of exemplary damages, simply called the “cause of action” requirement, under which the plaintiff has to additionally satisfy the court that exemplary damages have been awarded for the same cause of action prior to the time that *Rookes* was decided. She however noted (at [208]) that the English Court of Appeal decision of *AB v South West Water Services Ltd* [1993] QB 507, which interpreted *Rookes* as having this cause of action requirement, was subsequently overruled by the House of Lords in *Kuddus v Chief Constable of Leicestershire Constabulary* [2002] 2 AC 122.

110 Hence, there is no general bar against an award of exemplary damages in Singapore.

(2) Infringements of intellectual property rights

111 Perhaps for the same reason that the cause of action requirement has been discarded, leading intellectual property rights and torts treatises now suggest that the court has the discretionary power at common law to award exemplary damages in cases involving infringements of statutory intellectual property rights (and passing off) and torts including passing off, as long as the case falls within one of the three restricted categories set out in *Rookes* (see *Copinger and Skone James* at para 21-201; Richard Miller QC *et al*, *Terrell on the Law of Patents* (Sweet & Maxwell, 17th Ed, 2011) at para 19-58; and *Clerk & Lindsell on Torts* (Michael A Jones gen ed) (Sweet & Maxwell, 21st Ed, 2014) at para 28-142).

112 The question for me, now, is whether the criteria for awarding exemplary damages are satisfied for the group of trade mark infringements, copyright infringements and passing off. For reasons that will be apparent in

due course, I will deal with the copyright infringements first, separately from the other two.

113 In relation to the copyright infringements, even before considering whether the test in *Rookes* is satisfied, I must first determine whether an award of additional damages pursuant to s 119(4) of the Copyright Act affects the availability of exemplary damages for the same infringements. This is a question that goes to the juridical basis of additional damages. If additional damages is awarded to punish the defendant, further punishment in the form of exemplary damages would be excessive and unjustified. Put another way, the foundational consideration for awarding exemplary damages, that is, the sum the court can otherwise award in compensation is inadequate to punish the defendant (see *Rookes* at 1228), would be fully satisfied or spent by such an award of additional damages. Reference may be made in this regard to the decision of the Full Court of the Federal Court of Australia in *Facton Ltd v Rifai Fashions Pty Ltd* [2012] FCAFC 9 at [91].

114 Pursuant to my request for further written submissions, Ms Ho and Mr Low were in agreement that exemplary damages may not be awarded once additional damages are given under s 119(4) of the Copyright Act because both types of damages serve to punish the defendant. I concur.

115 In *The Law of Copyright in Singapore*, Professor George Wei (now Wei J) submits (at para 10.68) that exemplary damages ought to be awardable as a response to copyright infringements, pursuant to s 119(4) of the Copyright Act. Three of the reasons he put forward stand out:

- (a) Parliament in enacting s 119(4) chose a formula of words that is the same as that used in the equivalent Australian legislation which

the Australian courts have interpreted as conferring on courts the power to award additional damages “upon principles corresponding to those governing awards of aggravated damages and also exemplary damages at common law” (see *Autodesk Inc, Autodesk Australia Pty Limited, Microsoft Corporation and Microsoft Pty Limited v Michael Yee and Peter Leung* (1996) 35 IPR 415 at 419).

(b) Wrongful conduct which has been calculated by the defendant to make a profit for himself that may exceed the compensation payable to the plaintiff (which is the description of cases falling within the second category in *Rookes*) correspond to the same two specific factors that the court is directed by s 119(4) to consider, namely, flagrancy of the infringement and the benefit accruing to the defendant by reason of the infringement.

(c) Judith Prakash J in *Ong Seow Pheng* (see [95(b)] above) stated (at [45]) that the “aim of the award [of additional damages] is punishment and deterrence, rather than to benefit the plaintiffs.” Her Honour’s view was not contradicted on appeal.

116 To the above may be included the decision of Tay Yong Kwang J in *New Line* affirming the punitive nature of additional damages (at [110]).

117 Consequently, having awarded the Plaintiff \$50,000 in additional damages (see [93]–[106] above), no further punishment for the copyright infringements by way of exemplary damages is warranted.

118 Turning then to the trade mark infringements and passing off claim, although these are unfettered by the additional damages awarded, I nevertheless decline to award the Plaintiff exemplary damages under the

Rookes framework for these wrongs as the facts simply do not fall within any of the three categories established in *Rookes* (see [108] above).

Ancillary matter

119 There is one final matter that I have to address. Throughout the assessment proceedings, the Plaintiff repeatedly made an issue out of the Defendant's alleged attempts to poach the Plaintiff's employees. Special focus was given to one particular incident. According to one of the employees, Dr Munjal and a colleague turned up late one night at that employee's house, reeking of alcohol, asking personal questions relating to that employee's family, offering him a position as sales manager, and suggesting that he ignore a clause in his employment contract with the Plaintiff which prohibited him from joining a competitor.

120 I have some reservations about the accuracy of that employee's recollection. However, I need say no more because I fail to see how this and the other incidents of poaching, even if true (and I make no finding in this regard), is relevant to the Plaintiff's claim for damages founded on the various infringements. There may, perhaps, be other torts which the Plaintiff could prosecute, but that is a distinct and entirely different matter altogether.

Conclusion

121 In summary:

- (a) I award the Plaintiff a total of \$63,904.63 in damages, comprising \$1,000 as nominal damages for the trade mark infringements and passing off; \$12,904.63 as special damages; and

\$50,000 as additional damages for the copyright infringements pursuant to s 119(4) of the Copyright Act.

(b) I dismiss the Plaintiff's claims for:

- (i) loss of business reputation and goodwill of at least \$100,000;
- (ii) loss of profit of \$330,471; and
- (iii) exemplary damages.

122 The parties shall have 14 days from today to reach an agreement on costs, having regard to the findings and determinations I have reached. If they are unable to agree, I will hear submissions and fix costs.

Nicholas Poon
Assistant Registrar

Melanie Ho, Chang Man Phing and Jocelyn Ngiam
(WongPartnership LLP) for the plaintiff;
Low Chai Chong, Alvin Liong and Crystal Goh (Rodyk & Davidson
LLP) for the defendant.

ANNEX A

Plaintiff's website

Download Information Pack

We have put together a Cordlife Information Pack to provide you with more information on cord blood banking and its lifesaving benefits.

Kindly fill up the form below to download a set of our Cordlife Information Pack.

* Indicates Mandatory Fields

Please complete the following fields

Name: *

Gender: *

☒ Mother ☐ Father

Mobile Number: *

Email Address: *

OBGynae's Name:

Estimated Delivery Date:

Delivery Hospital: *

---Select a Hospital---

☐ By submitting this form, I agree to be contacted by Cordlife to receive more information on cord blood banking. This overrides any registration that you may have with the Do Not Call (DNC) Registry.

[Reset](#) [Submit](#)

Defendant's Actual website

Request Info

We have put together a Cryoviva Information Pack to provide you with more information on cord blood banking and its lifesaving benefits.

Kindly fill up the form below to download a set of our Cryoviva Information Pack.

Please complete the following fields

* Indicates Mandatory Fields

Name: *

Gender: *

☒ Mother

☐ Father

Mobile No. *

Email Address: *

OBGynae's Name:

Estimated Delivery Date:

Delivery Hospital: *

---Select a Hospital---

[Reset](#)

[Submit](#)

Plaintiff's website**Download Information Pack**

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Gender * ☒ Mother ☐ Father

Mobile Number *

Email Address *

OB/Gynae's Name

Estimated Delivery Date

Delivery Hospital *

--- Select a Hospital ---

- Paroway East Hospital
- Gleneagles Hospital
- KK Women's & Children's Hospital
- Mt Alvernia Hospital
- Mt Elizabeth Hospital
- National University Hospital
- Singapore General Hospital
- Thomson Medical Centre
- Raffles Hospital
- Not Applicable

contacted by Cordlife to receive more
verifies any registration that you may have

Defendant's Actual website**Request Info**

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--- Select a Hospital ---

- Paroway East Hospital
- Gleneagles Hospital
- KK Women's & Children's Hospital
- Mt Alvernia Hospital
- Mt Elizabeth Hospital
- National University Hospital
- Singapore General Hospital
- Thomson Medical Centre
- Raffles Hospital
- Not Applicable

Reset

Our Affiliated Partners

Plaintiff's website

Update Personal Information

Please fill out the form

Fields marked with * are mandatory

Relationship to child*
☒ Mother
☐ Father

Full Legal Name*

I am holding a*
☒ NRIC (for Singaporean / PR)
☐ Passport (for foreign passport holder)

NRIC No.*
 (Singaporean / PR only)

S Character Only e.g. 1234567A

Contact Number*

Email Address*

(We will be sending an acknowledgement email to you upon updating our records. Kindly provide us with the email address that you wish to receive this acknowledgement.)

My child's cord blood is stored in:*

Singapore

Effective date of updates:*

Please tick to update any of your details

☐ Address
☐ Contact Number
☐ New Email Address
☐ Full Legal Name
☐ New Identity Number

Defendant's Actual website

Updating Personal Information

Please fill out the form

Fields marked with * are mandatory

Relationship to child*
☒ Mother
☐ Father

Full Legal Name*

I am holding a*
☒ NRIC (for Singaporean / PR)
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My child's cord blood is stored in:*

Singapore

Effective date of updates:*

01/01/2017

Message (if any):

Reset Submit

Plaintiff's website

Update Personal Information

Please fill out the form

Fields marked with * are mandatory.

Relationship to child *

Full Legal Name *

I am holding a :

NRIC No *
(Singaporean / PR only)

Contact Number *

Email Address *

(We will be sending an acknowledgement email to you upon updating our records. Kindly provide us with the email address that you wish to receive this acknowledgement.)

My child's cord blood is stored in :

Effective date of updates *

Please tick to update any of your details

☐ Address

☐ Contact Number

☐ New Email Address

☐ Full Legal Name

☐ New Identity Number

☒ Mother

☐ Father

☒ NRIC (for Singaporean / PR)

☐ Passport (for foreign passport holder)

6 Characters Only e.g. 1234567A

Singapore

Singapore

Philippines

Indonesia

Hong Kong

India

Defendant's Actual website

Updating Personal Information

Please fill out the form
Fields marked with * are mandatory

Relationship to child: *
☒ Mother
☐ Father

Full Legal Name: *

I am holding a: *
☒ NRIC (for Singaporean / PR)
☐ Passport (for foreign passport holder)

NRIC No. *
 (Singaporean / PR only)
 8 Characters Only e.g. 1234567A

Contact Number: *

Email Address: *

(We will be sending an acknowledgement email to you upon updating our records. Kindly provide us with the email address that you wish to receive this acknowledgement.)

My child's cord blood is stored in: *

Effective date of updates: *

Message (if any):

Singapore
 Philippines
 Indonesia
 Hong Kong
 India