



## **Case commentary on *Singsung Pte Ltd v LG 26 Electronics Pte Ltd (trading as L S Electrical Trading)* [2016] SGCA 33 ("*Singsung*")**

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### **I. INTRODUCTION**

1. The *Singsung* case has clarified various legal positions in relation to intellectual property claims under Singapore law.
2. This article seeks to provide a summary of the case as well as to discuss some of the issues which were raised in the case.

### **II. DISCUSSION OF THE CASE**

#### **A. Brief Facts of the Case**

3. The Appellant (the Plaintiff at first instance) is *Singsung Pte Ltd* and See Lam Huat ("**Johnny**"). The Respondent (the Defendant at first instance) is *LG 26 Electronics Pte Ltd* (trading as *LS Electrical Trading*) and See Lam Seng ("**Seng**").
4. Johnny and Seng are brothers and were business partners who were re-selling second hand electronics to overseas customers. The brothers' relationship broke down in 2005. Johnny then incorporated the Appellant in 2006 but he passed away in 2015 and his widow now runs the Appellant's business. The Appellant is primarily in the business of selling China-manufactured electrical appliances to African and Asian markets through resale trade buyers. A very small proportion of the Appellant's business involves selling of these products directly to Singapore consumers.
5. Seng incorporated the Respondent in 2011 (even though he began as a sole proprietorship in 2007) and his shop is next to the Appellant's (along the same road).
6. The crux of the Appellant's claim is that the Respondent's business model was to shadow the business and products of the Appellant's. Many of the Respondent's products look strikingly similar to the Appellant's and some were sourced from the same manufacturer. Most of the relevant products were only discernible by the logos affixed to them and targeted similar foreign markets as the Appellant.



7. The Appellant sued the Respondent for passing off, copyright infringement and defamation. The Respondent counterclaimed for malicious falsehood and groundless threats of copyright infringement.

**B. Judgment**

8. Before the Court of first instance (i.e. the Singapore High Court), the Appellant's claims for passing off and copyright infringement were dismissed while the defamation claims succeeded. On the counterclaims, the Court had dismissed the claim of malicious falsehood but allowed the Respondent's claim for groundless threats of copyright infringement.
9. The Appellant appealed against the decision and the appeal was allowed except in relation to the copyright infringement of the Appellant's Blue Get-Up Picture.

i. Passing Off

a) *Goodwill*

10. The Court affirmed the applicability of the doctrine of instruments of deception in the law of passing off. For such cases, even though the products are sold to middlemen (who may themselves not be confused and who may not misrepresent the goods to the end consumers), the tort can nonetheless still be established if that misrepresentation and damage may arise subsequently.
11. The Court observed that where the alleged passing off is based on the doctrine of instruments of deception, the plaintiff may not need to show goodwill within the jurisdiction. Goodwill may be present as long as the plaintiff has a business that is based within the jurisdiction. Nonetheless, the Court did not make a decision on this issue as it was clear that the Appellant had the necessary goodwill within Singapore.

b) *Misrepresentation*

12. The Appellant had sought to prove that there was distinctiveness in its "Singsung Get Up" indirectly based on the argument that the Respondent had deliberately copied the Singsung Get Up, thereby admitting that the Singsung Get Up is distinctive of the goods and is an attractive force.





- 13. The Court disagreed and cautioned against implying that deliberate copying will in every case lead to a finding that there is distinctiveness to a plaintiff's trade mark or, in this case, trade dress.
- 14. Nonetheless, the Court went on to hold that "*deliberate copying coupled with proof of an intent to pass off may go to proof of distinctiveness*" as well as to the fact that there was misrepresentation and likelihood of confusion.
- 15. In this case, the Respondent sought out products that looked identical to the Appellant's and sold them in similar markets. Seng often represented to walk-in customers that he used to own Singsung. The Respondent even copied the catalogue and warranty card of the Singsung products to a large extent.

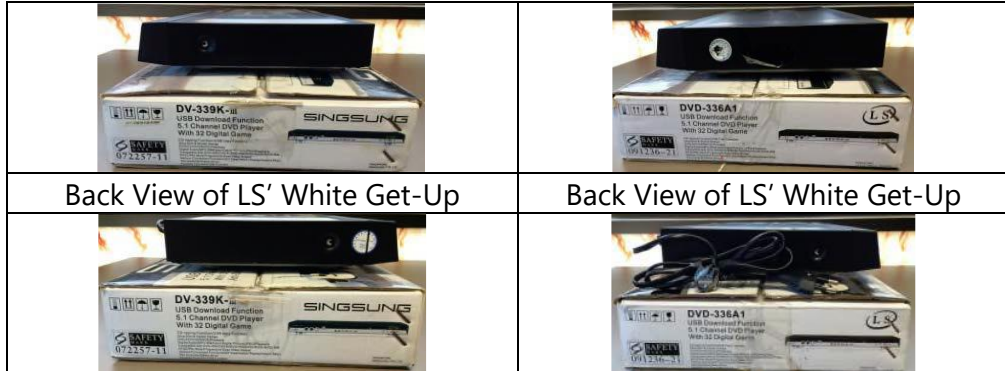
c) *Damage*

- 16. The Court briefly dealt with the last limb of the passing off test, observing that goodwill of the Appellant is clearly damaged. Furthermore, and more importantly, the Court observed that under the doctrine of instruments of deception, the supply of goods (where such supply is found to be the instrument of deception) is "*in itself sufficient to establish the element of damage*".

ii. Copyright Infringement

a) The White Get-Up Picture

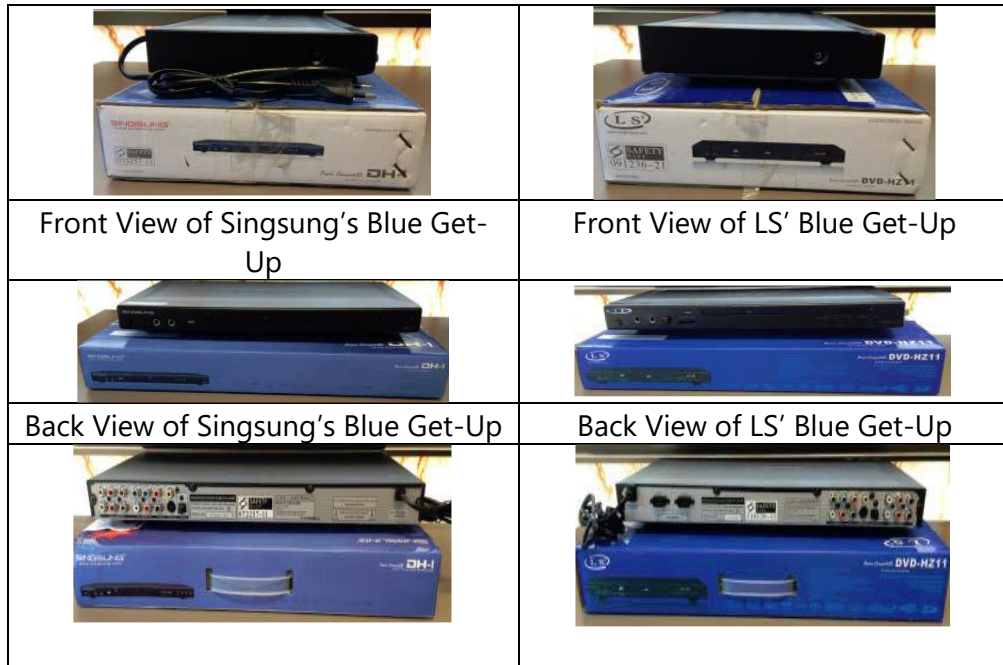
Front View of Singsung's White Get-Up	Front View of LS' White Get-Up
	
Side View of Singsung's White Get-Up	Side View of LS' White Get-Up



17. The Court of Appeal, unlike the High Court, was satisfied that although the White Get-Up Picture was produced by a Chinese factory, the copyright was owned by the Appellant as it had been in fact assigned to the Appellants. It had found that a Statement (in Chinese) which was signed between the Appellant and the Chinese factory was sufficient to assign the copyright to the Appellant and such copyright was infringed by the Respondent.
  
18. As the Appellant had also sought to claim that it owns the copyright in the White Get-Up Picture pursuant to s 30(5) of the Copyright Act, the Court also made a few provisional observations in this regard. The White Get-Up Picture, which is a computerised drawing, does not come under the ambit of s 30(5) as it does not fall within the categories stated therein, being a photograph, a drawing of a portrait or an engraving. However, these views are noted to be opened to analysis in a more appropriate case.

b) The Blue Get-Up

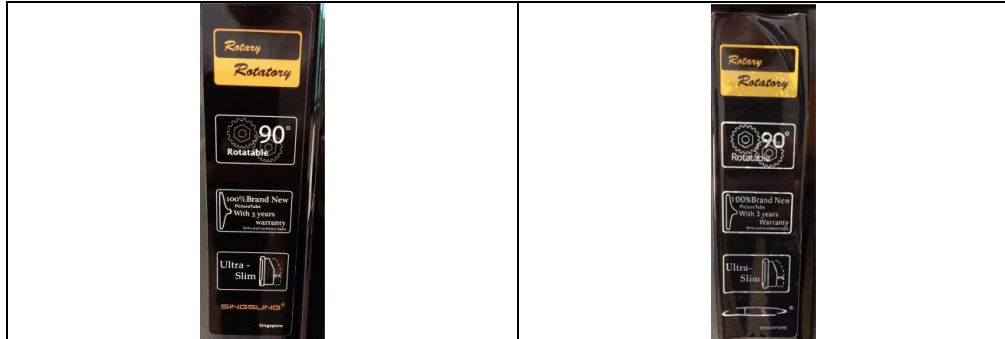




19. In the Court's view, the Appellant had not pleaded to assert their copyright in the Blue Get-Up as a whole but rather only in the photographs or pictures of the DVD player that is used on the Blue Get-Up, referred to as the "Blue Get-Up Picture".
20. Due to the simplicity of the Appellant's Blue Get-Up Picture, the Court agreed with the Judge below that only identical copying would be found as copyright infringement and in this case, no infringement was found.

c) The TV Sticker

Singsung's TV Sticker	LS' TV Sticker
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21. The only question in relation to the TV Sticker is whether the Respondent knew or ought to have known that the stickers made on behalf of the Respondent did not obtain the consent of the copyright owner, at the time the Respondent first placed an order for the TV Sticker.
22. The Court differed from the findings of the Judge below and held that the requisite knowledge to satisfy secondary copyright infringement was met.
23. Seng had visited the same factory in China that produced the Appellant's TV sets, and had asked them to produce an identical TV set for the Respondent, he also asked them to place a similar TV sticker on the Respondent's TV sets. The fact that when Seng saw the TV Sticker that bore the "SINGSUNG" mark and had then requested for a similar sticker to be placed on the Respondent's TV sets is sufficient to show that the Respondent knew or ought to have reasonably known that in doing so the Appellant's copyright was infringed. Furthermore, the Respondent conducted no inquiries into the ownership of the copyright in the TV sticker it saw at the factory (which bore the "SINGSUNG" mark).

*iii. Groundless threats of legal proceedings*

24. After examining the legal history and background of this doctrine, the Court was unwilling to sweepingly hold that a letter of demand sent in private can never amount to a groundless threat. The question is really for the Court to determine whether after considering all the circumstances, there is reason for granting a claim of groundless threat that is based on a failed allegation of infringement. It also therefore follows that just because a claim for infringement has failed, this does not always mean that the defendant is entitled to a counterclaim of groundless threat.
25. In relation to the letter of demand sent by the Appellant to the Respondent for the Blue Get-Up Picture, there was no necessity to make an order for



groundless threat; the Appellant simply lost their claim against the Respondent.

### **C. Comments**

26. The case has affirmed the applicability of the doctrine of instruments of deception in Singapore and has clarified some applicable principles in the determination of goodwill and damage when the doctrine is applied.
27. More notably, The Court of Appeal also raised the important question of whether the law, in this day and age, should still require export businesses to have consumers physically present within the jurisdiction in order to establish goodwill for passing off actions.
28. Given Singapore's economic reliance on international trade activities and our desire to foster home-grown businesses overseas, it may be practical to forego this requirement and instead place more emphasis on other factors in the goodwill analysis; for instance whether the business has sufficient reputation in Singapore which may satisfy the requisite goodwill. In a case where there are no physical consumers in Singapore, the law may consider imposing a higher threshold on the level of reputation required to be present within the jurisdiction. Having said this, business owners should take note that maintaining a clientele in Singapore will still be necessary to increase its chances of success in an action for passing off for the time being.
29. The Court of Appeal has also taken the opportunity to express their concern in relation to claims for groundless threats of legal proceedings. Not only did it recognise that actions for groundless threats are against our policy of encouraging alternative dispute resolution, more importantly it noted that the law lacks consistency and rationale in the implementation of such a regime.
30. Nonetheless, until such time the law is reviewed, intellectual property rights owners will still have to grapple with this potential counterclaim lest any enforcement action backfires upon the rights owners. For now, the Courts have shown reluctance in setting out hard and fast rules in determining what amounts to groundless threats and this would provide them some leeway in assessing each case on its own circumstances in order to, hopefully, achieve an equitable outcome.



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