

Louis Vuitton Malletier v Cuffz (Singapore) Pte Ltd
[2015] SGHCR 15

Case Number : Suit No 560 of 2014 (HC/AD 9/2015)
Decision Date : 20 July 2015
Tribunal/Court : High Court
Coram : Edwin San AR
Counsel Name(s) : Anthony Soh, Regina Quek and Shawn Poon (One Legal LLC) for the plaintiff;
defendant absent.
Parties : Louis Vuitton Malletier — Cuffz (Singapore) Pte Ltd

Trade Marks – Infringement – Assessment of Damages – Statutory Damages

20 July 2015

Judgment reserved.

Edwin San AR:

Parties

1 The plaintiff is a company incorporated in France and is part of the LVMH Group which was formed in 1987. It is the owner of the brand Louis Vuitton (“LV”) and it manufactures and offers for sale a wide variety of luxury and fashion goods, including leather products such as wallets, belts, footwear and handbags. The plaintiff operates 5 stores in Singapore.

2 The defendant is a company incorporated in Singapore in 2011 with its registered address at 50 Raffles Place #13-05, Singapore Land Tower 048623 (“registered address”). At the material time, the defendant operated a retail outlet named “Cuffz” at 252 North Bridge Road #02-38, Raffles City Shopping Centre, Singapore 179103 (“defendant’s outlet”) where it sold fashion accessories, including wallets.

Background

3 The plaintiff is the registered proprietor and beneficial owner of the trade mark T9403807I (“Epi Mark”), which the plaintiff registered in Singapore on 15 January 1999 under Class 18 of the International Classification of Goods and Services. The Epi Mark is characterised by interleaving ridges and valleys applied to the whole or predominant area of the surface of the product, with the ridges being of a darker shade and the valleys of a lighter shade, thus giving it an immediately recognisable two-tone effect. The Epi Mark is used by the plaintiff on all its products in the Epi Line, including leather wallets.

4 On 17 January 2014, a private investigator engaged by the plaintiff visited the defendant’s outlet and purchased a vertical bi-fold wallet bearing a mark identical or similar to the Epi Mark for \$75.90 (“the Test Purchase”). The private investigator also observed two other similar wallets placed on a stand near the entrance of the defendant’s outlet. On 5 February 2014, the plaintiff’s solicitors filed a Magistrate’s Complaint and obtained a search warrant to search the defendant’s outlet. Pursuant to the search warrant, officers from the Intellectual Property Rights Branch (“IPRB”) of the Criminal Investigation Department conducted a raid on the defendant’s outlet on 6 February 2014 (“the raid”). Two wallets, namely, a vertical bi-fold wallet and a horizontal bi-fold wallet, both bearing

a mark identical or similar to the Epi Mark, were seized. Hereinafter, these two wallets and the wallet which was the subject of the Test Purchase will be collectively referred to as the "seized goods".

Commencement of Suit and Summary Judgement

5 The plaintiff filed the writ of summons in the present action on 27 May 2014. The defendant entered appearance on 3 June 2014 and subsequently filed a Defence which can only be described as 'thin' and comprising little more than bare denials. The defendant's solicitors discharged themselves on 18 July 2014. The plaintiff filed an application in summons 3924/2014 for summary judgement which was heard by the High Court Judge ("the Judge") on 2 October 2014. The defendant did not appear at this hearing.

6 On 27 October 2014, the Judge found that the defendant had infringed the plaintiff's Epi Mark contrary to section 27(1) of the Trade Mark Act (Cap 332, 2005 Rev Ed) ("the Act") by using in the course of trade a sign which is identical with the Epi Mark ("the Infringing Sign") in relation to goods which are identical with those for which it is registered i.e. leather wallets, without the plaintiff's consent. The Judge also found that the defendant's Infringing Sign was a counterfeit trade mark within the meaning of section 3(6) of the Act, thereby entitling the plaintiff to claim statutory damages pursuant to section 31(5)(c) of the Act.

7 The Judge ordered, *inter alia*, that :

(a) The defendant shall disclose to the plaintiff :

(i) The name and address of every person who supplied to the defendant or who offered to supply to the defendant any goods bearing a reproduction of the plaintiff's Epi Mark or a mark similar thereto ("Infringing Goods"), and

(ii) The full details of the dates and quantities of every such supply and offer;

(b) there shall be an assessment of the sums payable by the defendant to the plaintiff pursuant to section 31(2)(b), section 31(2)(c) and/or section 31(5) of the Act, save that the plaintiff was to elect which type of damages available to it which it intended to pursue at the assessment.

Assessment of Damages Hearing

8 The plaintiff filed the Notice of Appointment for Assessment of Damages (HC/AD 9/2015) on 6 April 2015 and served the same on the defendant at its registered address on 7 April 2015.

9 At the hearing before me on 29 May 2015, the defendant failed to appear. Counsel for the plaintiff, Mr Anthony Soh, submitted that the defendant had been evasive and uncooperative throughout the entire proceedings, and had fail to comply with the Judge's order to disclose to the plaintiff the full details regarding the supply of the Infringing Goods. Mr Soh submitted that, under the circumstances, the plaintiff was electing to claim statutory damages pursuant to section 31(5)(c) of the Act and was seeking the maximum amount of \$100,000 permissible under that provision.

10 In support of its case, the plaintiff called Mr Mayank Vaid ("Mr Vaid") as its witness. Mr Vaid is the Intellectual Property Director Asia Pacific for Louis Vuitton Pacific Limited, a subsidiary of the plaintiff. His affidavit was marked and admitted as "PA-1".

Statutory Damages Regime

11 Section 31(5) of the Act reads :

In any action for infringement of a registered trade mark where the infringement involves the use of a counterfeit trade mark in relation to goods or services, the plaintiff shall be entitled, at his election, to —

(a) damages and an account of any profits attributable to the infringement that have not been taken into account in computing the damages;

(b) an account of profits; or

(c) statutory damages —

(i) not exceeding \$100,000 for each type of goods or service in relation to which the counterfeit trade mark has been used; and

(ii) not exceeding in the aggregate \$1 million, unless the plaintiff proves that his actual loss from such infringement exceeds \$1 million.

12 Section 31(6) of the Act further provides :

In awarding statutory damages under subsection (5)(c), the Court shall have regard to —

(a) the flagrancy of the infringement of the registered trade mark;

(b) any loss that the plaintiff has suffered or is likely to suffer by reason of the infringement;

(c) any benefit shown to have accrued to the defendant by reason of the infringement;

(d) the need to deter other similar instances of infringement; and

(e) all other relevant matters.

13 The statutory damages regime in respect of infringement cases involving the use of a counterfeit trademark was enacted in 2004, and its rationale can be understood with reference to the second reading of the Trade Marks (Amendment) Bill 2004 (*Singapore Parliamentary Debates, Official Report* (15 June 2004) vol 78 at col 113 (Prof S Jayakumar, Minister for Law)):

We have also proposed, for infringement cases that involve the use of a counterfeit trade mark, a new remedy of statutory damages that will complement the current process of assessing damages. *This is because, in certain cases, it may be difficult to prove actual losses or obtain an account of profits.* For example, some infringers may not keep clear records of their sales. Hence, a new section 31(5) provides that the trade mark owner can seek statutory damages. In such a situation, the court will assess the quantum of statutory damages *on compensatory principles*, taking into account the guidelines in section 31(6).

[emphasis]

14 It is also noteworthy that a similar statutory damages regime was also introduced for copyright infringement action later in 2004 (*Singapore Parliamentary Debates, Official Report* (16 November 2004) vol 78 at col 1048 and 1064-1065 (Prof S Jayakumar, Minister for Law)):

Turning to statutory damages regime, Members would recall that in June this year, when I moved amendments to the Trade Marks Act, we enacted a statutory damages regime as a complement to the current process of assessing damages in an infringement suit. In this Bill, we proposed to introduce a similar regime for the Copyright Act. This provides copyright owners, in an infringement action, the option to choose, in lieu of actual damages suffered, a new remedy of "statutory damages". *This will be especially useful in situations where it is difficult for the copyright owner to prove the quantum of actual losses. Instead, the court will assess the quantum of statutory damages, based on compensatory principles, elaborated in new subsection 119(5).* This remedy of statutory damages will also be available for the provisions relating to the circumvention of technological measures, rights management information and performances. This provision will serve as an additional deterrent against infringers.

...

May I first take up the points made by Ms Indranee Rajah, some of which were alluded to by other Members. Her first point was about statutory damages (section 119). Just to recap, as I said, the statutory damages regime should provide an alternative for rights holders to be compensated for losses suffered due to infringements. *Where a plaintiff elects for statutory damages, there is no need to prove actual or foreseeable loss of the infringing activity.* Her point was: why not have a minimum sum? I think it is possible to conceive that approach, but we have elected for a system of damages based on compensatory principles. And in view of these principles, the court will award an appropriate amount based on the evidence and circumstances in each case. We have tried to make the set of guiding factors as comprehensive as possible. The court will look into the nature and purpose of the infringing act, including whether the infringing act was done for commercial purpose; flagrancy of the infringement; whether the party acted in bad faith; any loss suffered or likely to be suffered; any benefit shown to have accrued to the defendant; the conduct of the parties; the need for deterrence; and other relevant factors.

[emphasis]

15 The relevant provisions relating to the statutory damages regime for copyright infringement action are sections 119(2) and (5) of the Copyright Act (Cap 63, 2006 Rev Ed) ("Copyright Act"). For completeness, both provisions are reproduced below :

(2) Subject to the provisions of this Act, in an action for an infringement of copyright, the types of relief that the court may grant include the following:

(a) an injunction (subject to such terms, if any, as the court thinks fit);

(b) damages;

(c) an account of profits;

(d) where the plaintiff has elected for an award of statutory damages in lieu of damages or an account of profits, statutory damages of —

(i) not more than \$10,000 for each work or subject-matter in respect of which the copyright has been infringed; but

(ii) not more than \$200,000 in the aggregate, unless the plaintiff proves that his actual loss from such infringement exceeds \$200,000.

...

(5) In awarding statutory damages under subsection (2)(d), the court shall have regard to —

(a) the nature and purpose of the infringing act, including whether the infringing act was of a commercial nature or otherwise;

(b) the flagrancy of the infringement;

(c) whether the defendant acted in bad faith;

(d) any loss that the plaintiff has suffered or is likely to suffer by reason of the infringement;

(e) any benefit shown to have accrued to the defendant by reason of the infringement;

(f) the conduct of the parties before and during the proceedings;

(g) the need to deter other similar infringements; and

(h) all other relevant matters.

16 While it can be seen that the scope of section 119(5) of the Copyright Act is more expansive and contains more guiding factors expressly prescribed compared to section 31(6) of the Act, the rationale underpinning both regimes remains the same i.e. to allow the proprietor of a trade mark or copyright owner to recover compensation in cases where actual losses arising from the infringement may be difficult to prove or an account of profits equally difficult to obtain. From the Parliamentary debates referred to above, it is clear that the remedy of statutory damages is an alternative option to the traditional reliefs of damages or an account of profits, and is intended to enable trade mark and copyright owners to obtain compensation notwithstanding evidential difficulties. The High Court, in awarding statutory damages under section 119(2)(d) of the Copyright Act in *PH Hydraulics & Engineering Pte Ltd v Intrepid Offshore Construction Pte Ltd and another* [2012] 4 SLR 36 stated at [81] :

... I therefore awarded the plaintiff statutory damages as set out in s 119(2)(d) CA. *I agreed with the plaintiff concerning the purpose of CA statutory damages.* The plaintiff pointed out that the Parliamentary debates on the second reading of the Copyright (Amendment) Bill indicated statutory damages were introduced *to aid* a plaintiff copyright owner when he encountered difficulty in proving actual losses from the infringement....".

[emphasis]

17 Under the statutory damages regime in the Act, the proprietor of the trade mark is relieved of his burden to *prove* his loss on a balance of probabilities as he would have had to do in the usual case. Nevertheless, such proprietor will still have to adduce relevant evidence so as to establish an evidential foundation upon which the Court can then assess the stipulated guiding factors in order to arrive at the quantum of statutory damages to be awarded. In this regard, the Court is conferred a wide discretion, and the final quantum of statutory damages to be awarded cannot be arrived at with mathematical precision or exactitude but rather will reflect the amount which the Court feels is

appropriate and proportional to compensate the proprietor of the trade mark having regard to the stipulated guiding factors and the overall circumstances of the case. It also remains to be said that no one particular guiding factor is inherently more important than another, and the Court will accord the necessary weight to each guiding factor depending on the evidence adduced.

18 With these principles in mind, I now turn to consider each of the guiding factors set out under section 31(6) of the Act.

The Decision

Flagrancy of infringement

19 It is perhaps axiomatic to state that the greater the quantity of infringing items, the more flagrant the infringement. In this regard, Mr Soh very candidly conceded from the outset, that the evidence adduced in this case pointed to only 3 infringing items i.e. the seized goods. In contrast, in *Converse Inc v Ramesh Ramchandani and Fatimah bte Mohd Yusof* [2014] SGHCR 11 ("*Converse*"), the evidence adduced pointed to the presence of more than 13,000 pairs of counterfeit shoes. The Assistant Registrar in *Converse*, after considering the evidence and having regard to the guiding factors under section 31(6) of the Act, awarded the full amount in statutory damages of \$100,000.

20 Mr Soh submitted that it would not have made commercial sense for the defendant to have manufactured and sold only 3 units of the Infringing Goods, which he described as being "slavish copies". Mr Soh submitted that the uncooperative conduct of the defendant should not be to the plaintiff's detriment and invited me to draw the inference that the defendant must have sold at least 100 to 150 units of Infringing Goods in Singapore and would have stocked approximately 100 to 250 of such units.

21 Having considered the evidence before me, I decline to make such an inference as it was clearly too speculative. While it is certainly true that the refusal of the defendant to participate in this suit after filing its bare Defence may have deprived the plaintiff of the opportunity to establish the actual number of Infringing Goods held in stock and sold, this factor i.e. the uncooperative conduct of the defendant, is one that the Court can take into account under the guiding factor "all other relevant matters" in section 31(6)(e) of the Act.

22 On the evidence before me, a period of slightly less than 3 weeks (17 January 2014 to 6 February 2014) lapsed from the Test Purchase to the raid. The undisputed outcome of these two events was the seizure of the seized goods. No evidence was adduced from either the private investigator or the IPRB officers as to whether they had further established from the staff at the defendant's outlet the number of Infringing Goods at the defendant's outlet prior to the raid, or if the defendant had stocked other quantities of Infringing Goods elsewhere. In the final analysis, the figure of 100 to 150 units appeared to me to be arbitrary. There was simply insufficient evidence for me to draw the inference that the defendant had sold or stocked 100 to 150 units of the Infringing Goods in Singapore.

23 However, the quantity of infringing items is not, in my view, the sole determinant of assessing the flagrancy of the infringement. Other factors pertinent to this inquiry include the profile of the infringer as well as the nature and purpose of the infringement.

24 The evidence before me revealed that the defendant was incorporated in Singapore on 9 February 2011 with its principal activity listed as "retail sale of costume jewellery". The defendant set up its retail outlet in Raffles City, an upmarket shopping centre, and openly displayed for sale the

Infringing Goods. From a perusal of screenshots of the Defendant's website annexed at "MV-18" of Mr Vaid's affidavit, it is apparent that the defendant was portraying and marketing its 'Cuffz' brand as one which conveys a sense of sophistication and elegance. The defendant also appears to have its own distinctive brand logo, which can be described as two small symmetrical diamond shapes under the words "Cuffz". I note that this brand logo was affixed on the bottom right hand corner of each of the seized goods, which, in turn, leads to the inference that the Defendant was not merely a seller or distributor of the Infringing Goods but a manufacturer of the same. This is an aggravating factor on which I place significant weight.

25 Based on the foregoing, it is clear that the defendant had positioned itself as a potential competitor of the plaintiff, albeit one selling similar products at a much cheaper price. Upon a query of this Court, Mr Soh conceded that the evidence did not indicate that the defendant was trading only in counterfeit LV goods alone. Has this been established, it would have added to the degree of flagrancy. Nonetheless, the nature of the defendant's infringement was clearly deliberate as evidenced by the presence of its brand logo on the seized goods and its purpose was clearly commercial and calculated to enable it to gain brand prestige through association with the plaintiff's Epi Mark. For these reasons, notwithstanding that the quantity of the seized goods may have totalled only 3 infringing items, I find the infringement of the defendant to be flagrant.

Loss suffered or likely to be suffered

26 The plaintiff adduced evidence that the Infringing Goods closely resembled models M60631 and M60612 of its Epi line, and that the average retail price of these two models was \$872.50. In simple terms, the actual loss of sales suffered by the plaintiff in this case on account of customers purchasing the defendant's infringing good as a substitute for the plaintiff's genuine product will be \$2,617.70 ($\872.5×3). The plaintiff also adduced evidence revealing that the sales figures in Singapore for M60631 and M60612 for the period 2012 to 2014 were S\$11,495 and S\$5,816 respectively.

27 Mr Soh submitted that this Court ought to apply the "hypothetical licence" model to calculate the plaintiff's loss of profits. In this connection, Mr Soh relied on the case of *32Red Plc (A Gibraltar Company) v WHG (International) Limited* [2013] EWHC 815 (Ch) ("*32Red*"). Mr Soh submitted that the hypothetical licence model is predicated on calculating loss based on multiplying the retail price of the genuine goods with the number of infringing goods sold by the defendant and taking a percentage as royalties. Mr Soh invited me to draw the inference that the defendant would have been willing to pay 14% as royalty fee to use the Epi Mark due to its reputation. Further, on the basis that the defendant would have sold at least 100 to 150 units of its infringing good with such a royalty fee of 14%, Mr Soh submitted that the plaintiff's loss of profits under the hypothetical licence model would be \$12,215 to \$18,322.50.

28 In my view, the hypothetical licence model has little basis for application in the circumstances of this case. First, I had already declined to draw the inference that the defendant must have sold at least 100 to 150 units of the Infringing Goods in Singapore. Second, it was Mr Vaid's own evidence that the plaintiff has never granted a licence for the distribution of its products to any person or entity in the world. Third, even if the plaintiff did grant such a licence, no evidence was available from the defendant as regards to how it would have negotiated such a licence with the plaintiff. In contrast, it has to be noted that the Court in *32Red*, unlike the present case, had the benefit of testimonies from relevant witnesses of both the claimants and the defendants in its determination of the hypothetical licence fee. For these reasons, I decline to adopt the hypothetical licence model in the present case.

29 Notwithstanding this, it is my view that, for the purpose of assessing loss under the statutory damages regime of the Act, this Court can have regard to the damage or potential damage to the plaintiff's goodwill and reputation caused by the defendant's infringement. The plaintiff adduced evidence to show that its LV brand has been named the world's most valuable luxury brand by Millward Brown from 2006 to present. Millward Brown also ranked LV No.30 in the Top 100 Most Valuable Global Brands with an estimated brand value of US\$25.87 billion in 2014.

30 There can be no dispute to the general proposition that the sale of counterfeit goods brings damage to the reputation and goodwill attaching to the brand name trade marks (see *Louis Vuitton Malletier S.A. v Singga Enterprises (Canada) Inc* [2013] 1 F.C.R. 413). In the present case, the plaintiff also adduced evidence to show that the Epi Mark was one of its Top 5 brands and that it had invested much resources in advertising its Epi line of products in the main local newspapers such as the Straits Times and Business Times as well as in various fashion periodicals. These advertisements depict the Epi line of products as luxurious and sophisticated, and it is noteworthy that for the period 2010 to 2014, the plaintiff sold 36,478 Epi line products (all of which bear the Epi Mark) in Singapore alone for a sales revenue figure of \$50,706,816.

31 Accordingly, in assessing the appropriate weight to be attached to this guiding factor, I include the loss of goodwill and reputation likely to be suffered by the plaintiff on account of the defendant's infringement.

Benefit accrued to the defendant

32 The benefit accrued to the defendant by reason of its infringement can easily be discerned in this case. The profile of the defendant has already been elaborated at [24] above, and it is worth repeating the defendant was incorporated in 2011 and its "Cuffz" brand was relatively new in the market.

33 By infringing the plaintiff's Epi Mark, the defendant was able to position itself not as an entry level brand, but a mid-tier up-and-coming brand which retailed luxury goods that were close substitutes of the plaintiff but with a far more affordable retail price i.e. \$75.90, as compared to the plaintiff's \$872.50. The defendant was essentially free-riding on resources spent by the plaintiff on designing and marketing the Epi Mark. Through such infringement, the defendant sought to enhance its own commercial reputation and profile and gain brand prestige without investing its own corresponding resources.

Need to deter other similar infringement

34 The plaintiff adduced evidence, by way of a report from the World Trademark Review, that it was the 6th most counterfeited brand and the most counterfeited luxury brand in 2013. Specific to the Epi Mark, the plaintiff adduced evidence that there were 8 and 12 instances of infringement in Singapore in 2013 and 2014 respectively. Beyond Singapore, the plaintiff has had to take enforcement action for infringement of the Epi Mark in Taiwan, where there were 23 cases in 2013 and 36 in 2015. For Hong Kong, the plaintiff detected 18 cases of infringement of the Epi Mark in 2013 and 34 in 2014. It is also noteworthy that the plaintiff also produced a "Cease and Desist" letter dated 12 January 2015 from its Malaysian solicitors in respect of the Epi Mark. This letter was addressed to a Malaysian company named Cuffz SDN BHD, which Mr Soh pointed out had the same shareholders as the defendant with the exception of one Mr Martin Lim Chun Chye.

35 While I make no finding on the nature of the relationship between Cuffz SDN BHD and the defendant, the more pertinent point for the present inquiry is that the need to deter other similar

infringement is highly imperative given the evidence of infringement of the Epi Mark in various jurisdictions. As the Assistant Registrar in *Converse* observed at [43], “the irony of the matter was that the more well-known and attractive the brand, the more likely that counterfeiting efforts would proliferate and thrive”. In this case, plaintiff’s reputation as a leading global luxury company is well established and its Epi Mark ranks as one of its top 5 brands and has been infringed in numerous jurisdictions. Under these circumstances, I place heavy weightage on the factor of deterrence in the present case.

Other Relevant Matters

36 In spite of being duly served with the Notice of Appointment for Assessment of Damages (HC/AD 9/2015) on 7 April 2015, the defendant failed to turn up at the hearing. The defendant also did not participate in the earlier application for summary judgement before the Judge, and thereafter failed to comply with the Judge’s orders, including that to disclose to the plaintiff the details of the persons who offered or supplied the Infringing Goods as well as the dates and quantities of such offer and supply.

37 I fully accept Mr Soh’s submissions that the defendant’s evasive and uncooperative conduct had deprived the plaintiff of an opportunity to discover the full extent of the defendant’s infringement. The statutory damages regime under the Act is clearly intended to assist proprietors of trade marks faced with such a situation. It is clear that an infringer cannot be allowed to benefit by simply folding its cards and walking away from the table scot-free upon the discovery of its infringement. In this case, the evidence adduced revealed that, soon after the raid on 6 February 2014, the defendant shut down its outlet at Raffles City in May 2014. After discharging its solicitors on 18 July 2014, the defendant sought to play no further part in the legal proceedings commenced against it by the plaintiff. The defendant failed to demonstrate any form of contrition, such as consenting to judgement or offering any form of reparation or compensation to the plaintiff. Instead, the plaintiff has been forced to incur additional costs to obtain summary judgement in this case.

38 In short, the defendant’s conduct can be summed up as demonstrating a lack of respect for the intellectual property rights of the plaintiff’s Epi Mark and of the legal process. Accordingly, I consider such conduct to be a relevant matter on which I place significant weight in assessing the quantum of statutory damages to be awarded.

Australian cases on additional damages

39 Mr Soh submitted that the Australian courts, in determining the amount of additional damages to be awarded under section 115(4) of the Australian Copyright Act 1968, had to consider similar factors to those prescribed under section 31(6) of the Act. For ease of reference, section 115(4) of the Australian Copyright Act 1968 is reproduced below :

115 Actions for Infringement

...

(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; and

(ia) the need to deter similar infringements of copyright; and

(ib) the conduct of the defendant after the act constituting the infringement or, if relevant, after the defendant was informed that the defendant had allegedly infringed the plaintiff's copyright; and

(ii) whether the infringement involved the conversion of a work or other subject-matter from hardcopy or analog form into a digital or other electronic machine-readable form; and

(iii) any benefit shown to have accrued to the defendant by reason of the infringement; and

(iv) all other relevant matters;

the court may, in assessing damages for the infringement, award such additional damages as it considers appropriate in the circumstances.

40 Mr Soh further cited the following Australian cases where the courts had awarded additional damages pursuant to section 115(4) of the Australian Copyright Act 1968:

(a) *Facton Ltd & Ors v Azadzoï* [2012] FMCA 800

(b) *Facton Ltd & Ors v Yuan* [2011] FMCA 266

(c) *Facton Ltd v Erdogan (No 1)* [2012] FCA 924

(d) *G-Star Raw Denim Kft & Anor v Urban Culture Pty Ltd & Anor* [2009] FMCA 1317

41 A perusal of these cases reveals that courts therein awarded additional damages ranging from A\$17,000 to A\$50,000.

42 It has to be recognised that the additional damages provision under section 115(4) of the Australian Copyright Act 1968 is predicated on an entirely different basis from the statutory damages regime under the Act. Additional damages under the Australian Copyright Act 1968 are awarded *in addition* to the damages assessed. This is clear from a plain reading of the words "...the court may, in assessing damages for the infringement, award such additional damages as it considers appropriate in the circumstances" appearing in section 115(4). Further, such additional damages are also punitive in nature. The following passages from *Facton Ltd & Ors v Rifai Fashions Pty Ltd and Another* [199] FCR 569 ("*Rifai Fashions*"), which was also cited to me by Mr Soh, are instructive:

31 Section 115(4) speaks of additional damages. It must mean *additional to some other damage*. The only other damage to which it could refer are damages awarded under section 115(2)...

...

33 As we have already said, s 115(2) damages are designed to be purely compensatory. Section 115(4) damages must be damages other than compensatory damages. The damages contemplated in s 115(4) are of a *punitive kind*.

[emphasis]

43 The Federal Court of Australia went on to conclude at [40] of *Rifai Fashions* that “the more particular purpose of s 115(4) is punishment.”

44 In contrast, statutory damages under the Act are awarded on a *compensatory* basis as an *alternative, and not an addition*, to damages or an account of profits. This is clear by the parliamentary debates referred to above as well as section 31(4) of the Act, which reads :

(4) Except as provided for in subsection (3), the types of relief to in paragraphs (b), (c) and (d) of subsection 2 are mutually exclusive.

45 For completeness, paragraphs (b), (c) and (d) in section 31(2) of the Act refer to damages, an account of profits and statutory damages respectively. These reliefs are mutually exclusive, and the Act makes no provision for the Court to award additional damages in addition to damages assessed. As such, while some of the factors prescribed under section 115(4) of the Australian Copyright Act 1968 may be common to those stipulated under section 31(6) of the Act, it must be recognised that these two provisions are based on entirely different paradigms. For these reasons, I am constrained to conclude that the Australian cases on additional damages cited to me are of limited assistance in the present matter.

Conclusion

46 In summary, the defendant was a commercial competitor of the plaintiff who flagrantly dealt in counterfeit goods bearing the plaintiff’s Epi Mark and who then demonstrated a contumelious disregard of the plaintiff’s intellectual property rights as well as the legal process.

47 Having assessed the evidence before me, and having regard to the guiding factors set out under section 31(6) of the Act as well as the principle of proportionality, I arrive at the conclusion that the quantum of \$35,000 in statutory damages will be appropriate in this case.

48 I will now hear submissions on costs.