

PH Hydraulics & Engineering Pte Ltd v Intrepid Offshore Construction Pte Ltd and another
[2012] SGHC 133

Case Number : Suit No 450 of 2011
Decision Date : 27 June 2012
Tribunal/Court : High Court
Coram : Tay Yong Kwang J
Counsel Name(s) : Tan Tee Jim, S.C, Maurice Cheong, Freddy Lim (Lee & Lee) for the plaintiff; Han Wah Teng (Nanyang Law LLC) for the defendants.
Parties : PH Hydraulics & Engineering Pte Ltd — Intrepid Offshore Construction Pte Ltd and another

Copyright

Contract – Confidential Information

Contract – Restraint of Trade

27 June 2012

Tay Yong Kwang J:

1 This is an action brought by the plaintiff, PH Hydraulics & Engineering Pte Ltd, against its former employee, Mr Rinov Herawan, the second defendant in this suit, and his current employer, Intrepid Offshore Construction Pte Ltd, the first defendant.

2 As an overview of the claims against both defendants, the plaintiff alleged copyright infringement and breach of confidence in respect of five of its General Arrangement drawings ("GA drawings") of winches (the "five GA drawings"). Further, only as against the second defendant, the plaintiff alleged breach of the non-competition clause in his employment agreement with the plaintiff.

The Parties

3 The plaintiff is a Singapore-incorporated company which designs and provides hydraulic and electrical installations, like winch systems, for the marine industry. It also manufactures drilling rig equipment for the marine industry.

4 The first defendant is a Singapore-incorporated company which provides and manufactures hydraulic and electrical installations such as winch systems.

5 The second defendant was a former employee of the plaintiff. He worked there from 16 May 2006 to 31 July 2008 as a Mechanical Design Engineer. After that, he resigned and joined EMS Engineering & Marine Services (Pte) Ltd ("EMS") on 1 August 2008, leaving it thereafter to work for the first defendant as a Project Engineer on 1 December 2009.

Facts

6 The second defendant signed an employment agreement dated 16 May 2006 when he

commenced work with the plaintiff. In that agreement, the clauses relevant to the present suit are the confidentiality clause and the non-competition clause. They are set out below: [\[note: 1\]](#)

Restrictive Covenants:

1. Confidentiality

You are aware that in the course of employment with PH Hydraulics & Engineering Pte Ltd, (herein referred to collectively as "the Company"), you have access to and be entrusted with information in respect of the trade secrets, machine designs, manufacturing processes and operations, dealings, transactions and finance of the Company, its subsidiaries, associates, customers, vendors and suppliers, including but not limited to the design and performance of the hydraulics-related machines and information pertaining to the manufacturing process of the same, all of which information is or may be confidential (hereinafter referred to collectively as "Confidential Information").

You shall not, except in the proper course of your duties, during your period of employment with the Company, and for a period of two (2) years following the resignation/termination of your employment, divulge to any person whatever or otherwise make use of, and shall use your best endeavours to prevent the publication or disclosure of, any Confidential Information.

All notes and memoranda of Confidential Information which shall be acquired, received or made by you during the course of your employment with the Company, including copies thereof, shall be the property of the Company and shall be surrendered by you to the Company at the termination of your employment or at the request of the Company at any time during the course of your employment.

The restriction shall cease to apply to any Confidential Information after it comes into public domain without breach of contract or misfeasance by any person.

...

3. Non-competition

You shall not within Singapore and Malaysia and for a period of two (2) years following the resignation/termination of your employment, without the prior consent of the Company, either alone or jointly with or as manager agent consultant or employee of any person, firm or company, directly or indirectly carry on or been engaged in any activity or business which shall be in competition with the business of PH Hydraulics and its associated company.

In the event of any breach of the abovesaid provisions, the Company shall be entitled to forthwith terminate your employment without payment in lieu of notice or, as the case may be, compensation, but the Company otherwise reserves all its rights against you in respect of any such breach and you are to indemnify the Company against all lost or damage suffered by the Company as a result of any such breach.

7 During his term of employment with the plaintiff, the second defendant worked in the engineering department and was involved in the authorship of the five GA drawings. [\[note: 2\]](#) According to the plaintiff, these winches were designed and customised specially for its customers. As these five GA drawings formed the subject matter of the plaintiff's copyright infringement and breach of confidentiality claims, it would be useful to set out the names of these drawings here:

- (a) 150 Ton Winch General Arrangement,
- (b) Mooring Winch c/w Spooling General Arrangement,
- (c) Waterfall Winch General Layout,
- (d) 175T Mooring Winch GA-LH Side Drive, and
- (e) 450T Linear Winch. [\[note: 3\]](#)

8 During his employment with the plaintiff, the second defendant had access to the plaintiff's engineering and design drawings relating to hydraulics-related machines and equipment.

9 The second defendant resigned as an employee of the plaintiff on 31 July 2008 and joined EMS as a Mechanical Design Engineer on 1 August 2008.

10 Subsequently, the second defendant left EMS and started work as a Project Engineer at the first defendant on 1 December 2009. It was not disputed that the first defendant was a competitor of the plaintiff in the marine industry.

11 In 2010, the plaintiff learnt that the first defendant had published a hard copy promotional catalogue exhibiting its product expertise. It was titled "Product Showcase Catalogue 2010" ("catalogue"). This catalogue was also published on the first defendant's website. In the catalogue, five general arrangement drawings of winches (the "infringing drawings") were similar to the plaintiff's five GA drawings listed at para [\[7\]](#) above. They were described in the first defendant's catalogue correspondingly as follows:

- (a) Electric Drive Winch 150 T SWL,
- (b) Constant Tension Winch 30 T SWL,
- (c) Waterfall Type Winch 100 T SWL,
- (d) A & R Winch 150 mT, and
- (e) Linear Winch 500 T. [\[note: 4\]](#)

12 A private investigator hired by the plaintiff was shown the catalogue bearing the infringing GA drawings. The private investigator also obtained seven drawings from the first defendant during a meeting with it at its premises, of which three were allegedly similar to the plaintiff's drawings of winches.

The plaintiff's case

13 To reiterate, the plaintiff claimed copyright infringement and a breach of confidence against both defendants in respect of the five GA drawings. Against the second defendant, the plaintiff additionally claimed a breach of the non-competition clause.

14 First, it was pleaded by the plaintiff that its copyright in the five GA drawings was infringed. The plaintiff argued that the GA drawings were copyrighted artistic works under section 7(1) of the Copyright Act (Cap 63, 2006 Rev Ed) ("CA"). Pursuant to section 30(6) CA, since the authors of the

five GA drawings were the plaintiff's employees who authored them during their employment, the plaintiff was the owner of the copyright to these. It submitted that because the defendants had substantially reproduced and published the GA drawings in its catalogue and its website, this constituted copyright infringement under section 31(1) and section 10(1) CA. To establish its infringement claim, it relied both on the fact that the second defendant had ample opportunities to access the plaintiff's five GA drawings and the fact that there was such close similarity between these drawings and the drawings in the first defendant's catalogue and website. Observable "fingerprints" were pointed out. The plaintiff further argued that it was very probable that the second defendant himself provided the plaintiff's GA drawings to the first defendant which then published a substantial reproduction of these drawings on its own catalogue and website.

15 Second, the plaintiff pleaded breach of confidence by the defendants. It emphasized the confidential nature of the plaintiff's GA drawings as the winch designs were customised for their clients' needs. The plaintiff added that not only were the five GA drawings marked confidential, it had also put in place security measures and policies to safeguard their confidentiality. The plaintiff alleged that the second defendant breached the confidentiality clause in his Employment agreement (see para [6] above) when he revealed the plaintiff's five GA drawings to the first defendant. The plaintiff argued that, contrary to the first defendant's assertions, it did not hand over the GA drawings to the first defendant without qualifications of confidentiality made, pursuant to work done and a meeting held regarding the Bumi Armada project which both the plaintiff and the first defendant were involved in. The Bumi Armada project involved the plaintiff providing specific winches to a vessel. The plaintiff also asserted that, in any case, the first defendant, as an indirect unauthorised recipient of confidential information, would have an equitable obligation to protect the drawings' confidentiality and could not use them in its catalogue and website. Further, the plaintiff sought to rely on the springboard doctrine, arguing that since the first defendant was a newcomer to the winch business, not stopping its acts would confer an unfair head start on the first defendant and cause detriment to the plaintiff. The detriment alleged was a loss in reputation should customers believe wrongly that the first defendant created the designs which the plaintiff simply copied.

16 Third, the plaintiff alleged that the second defendant breached the non-competition clause in his Employment agreement by working for the first defendant who was a direct competitor of the plaintiff. The non-competition clause, it was argued, was valid, being limited to Singapore and Malaysia and lasting only two years.

17 The plaintiff claimed the following relief: injunctions to restrain the copyright infringement and the breach of confidentiality, an inquiry into damages for the copyright infringement and the breach of confidentiality or, alternatively, for an account of profits and an order for delivery up or destruction of the infringing drawings and confidential information. Additionally, specific only to the second defendant, the plaintiff asked for damages for the breach of the terms of his Employment agreement.

The defendants' case

18 On the copyright infringement claim, while the defendants did not appear to deny that they had substantially reproduced the five GA drawings on its catalogue and its website, they disputed copyright ownership of these drawings as they disagreed that the GA drawings were the original work of the plaintiff's employees at that time.

19 They also pleaded the defence of industrial application, *i.e.*, that even if the defendants had manufactured articles from the drawings, copyright would not be infringed as these drawings have been industrially applied for sale or hire. However, the defendants did not pursue this defence in their closing submissions.

20 The defendants addressed the issue of damages for copyright infringement in more detail in their submissions. They argued that an award of nominal damages would suffice as the plaintiff's loss could not be proved. This was because the plaintiff's business was in designing, manufacturing and selling of winches and not in drawings, that the plaintiff did not receive further winch orders based on the five GA drawings and that there was no evidence that the defendants had designed or sold any winches based on the plaintiff's GA drawings.

21 In particular, the defendants addressed the issue of statutory damages under s 119(5) CA in their submissions. They argued that damages, if any, should be nominal. On the factors set out in s 119(5), they submitted that there was no flagrant infringement because no wilful copying was done, the plaintiff suffered no loss in sales as winches were customised products not simply bought off the catalogue, the defendants' benefit was negligible as the time saved in drawing a GA drawing was not considerable, that they acted reasonably in the conduct of proceedings and that there was a need to stop frivolous litigation like the present case commenced by the plaintiff.

22 The defendants denied breaching their confidentiality obligation. They argued that the circumstances in which the five GA drawings were disclosed to the first defendant were not confidential as the plaintiff's representatives had given these drawings to the first defendant directly during a meeting held in April 2008 concerning the Bumi Armada project with no express qualifications of confidentiality.

23 The defendants also pointed out that the five GA drawings could not constitute confidential information or trade secrets because they were simply preliminary drawings and that there was no policy of confidentiality practised by the plaintiff. Hard and soft copies of technical drawings created by the plaintiff's employees were freely circulated within the plaintiff's premises and not kept under physical or virtual lock and key.

24 The second defendant, while acknowledging the presence of a confidentiality clause in his Employment agreement, disputed access to or knowledge of any such confidential information during his employment with the plaintiff.

25 In their submissions, the defendants also argued that under the confidentiality clause of the second defendant's Employment agreement, the plaintiff's GA drawings would have already ceased to be confidential by 1 August 2010. This was before the first defendant created its catalogue in October 2010. Therefore they should not be under any further confidentiality obligation concerning the five GA drawings.

26 On the springboard principle, the first defendant submitted that it did not apply when the allegedly confidential information had entered the public domain as was the case here.

27 On the breach of the non-competition clause, the second defendant pleaded that the plaintiff had acquiesced in his alleged breach of the clause by not taking any action against him previously. This was despite finding out through his exit interview that he was joining the plaintiff's competitor, EMS. It was also pleaded that the non-competition clause was void and contrary to public policy, being a restraint of trade. The reasons given were that the two-year restriction was too long, he was a relatively junior employee and the plaintiff had no legitimate interest to protect since the GA drawings were not confidential information.

The decision of the court

28 I will first deal with the issue of liability for the respective claims made before addressing the

corresponding relief.

Whether there was infringement of copyright in the plaintiff's five GA drawings

29 I found that the defendants had infringed the copyright in the five GA drawings.

30 This claim was easily disposed of as the defendants made various admissions on infringement in the course of their cross-examination. Before I address the defendants' admissions, I will discuss how the claim could be made out on the evidence available in any case.

31 The plaintiff's five GA drawings were original artistic works protectable by copyright under section 7(1)(a) CA. Simplicity of works does not detract from copyright protection: *Auvi Pte Ltd v Seah Siew Tee and another* [1991] 2 SLR(R) 786; [1991] SGHC 165 at [33]. The plaintiff's five GA drawings would enjoy copyright protection despite being simple preliminary drawings of winches. While the defendants repeatedly contended that the copyright in the five GA drawings did not subsist in the plaintiff, it was difficult to maintain this argument because the drawings were in fact drawn by the plaintiff's employees during the course of their employment with the plaintiff in Singapore. The second defendant was one such employee. The list of employees involved in authoring the GA drawings was set out by the plaintiff's third witness and director, Mr Loh Lan Chiung ("Loh"), at paras [9]-[10] of his affidavit of evidence-in-chief ("AEIC"). The second defendant in his AEIC at para [25] also alluded to this, saying that he was either author or co-author of the drawings while he was in the employment of the plaintiff. [\[note: 5\]](#)

32 The legislative provision relevant to the defendants' infringing act here is section 31 CA. Ng-Loy Wee Loon in *Law of Intellectual Property of Singapore (Sweet & Maxwell, 2009 Rev Ed)* ("Ng-Loy") at [10.1.1] summarised the essence of primary infringement as doing in Singapore any act comprised in the copyright without the licence of the copyright owner. The act in issue here was reproducing in material form the five GA drawings in the first defendant's catalogue and website. The author noted that infringement is likely where there is 'causal connection' in the form of the defendant copying from the plaintiff's copyrighted work and where infringement concerns taking a 'substantial part' of the copyrighted work: *Ng-Loy* at [10.1.3].

33 The Court of Appeal held in *Flamelite (S) Pte Ltd v Lam Heng Chung* [2001] 3 SLR(R) 610; [2001] SGCA 75 ("*Flamelite*") at [27]-[28] that a *prima facie* inference of 'causal connection' may be drawn where the defendant had access to the plaintiff's work and where there was close similarity between the defendant's and the plaintiff's work. The defendant can then rebut the inference of copying by offering an alternative explanation for the works' similarity.

34 As an engineer working in the plaintiff's engineering department where the GA drawings were kept, the second defendant had ready access to the hard and soft copies of the plaintiff's GA drawings during his employment. [\[note: 6\]](#) I agreed with the plaintiff's submission that the defendants' infringing drawings bore substantial similarity to the plaintiff's GA drawings. A visual comparison of the first defendant's drawings and the plaintiff's drawings would find striking similarities between them. Besides, during cross-examination, Loh went so far as to say that after adjusting for dimension, upon comparing both parties' drawings using a light-box, he found that there were substantial similarities between them, with corresponding drawing lines. [\[note: 7\]](#) Additionally, the plaintiff pointed out various tell-tale "fingerprints" on its five GA drawings which were also present on the infringing drawings. These comprise mainly of erroneous features and lines such as leader lines and dimensional lines which were not drawn to indicate functional components of a winch. The significance of "fingerprints" pointing to substantial similarity of works was noted by the High Court in *Virtual Map (Singapore) Pte*

Ltd v Singapore Land Authority [2008] 3 SLR(R) 86; [2008] SGHC 42.

35 The “fingerprints” on each of the plaintiff’s five GA drawings which were found on the first defendant’s corresponding infringing drawings were:

- (a) 150 Ton Winch General Arrangement: Leader lines in the plaintiff’s drawing were present in the first defendant’s drawing;
- (b) Mooring Winch c/w Spooling General Arrangement: The feature of four outer lifting eyes in the winch which was left erroneously in the plaintiff’s drawing was present in the first defendant’s drawing. Pull direction lines, indicative only of direction of motion and not part of the actual make-up of winch, were present in both drawings at the same positions;
- (c) Waterfall Winch General Layout: Two extension lines and one dimensional line were found in the same positions in both drawings;
- (d) 175T Mooring Winch GA-LH Side Drive: Leader lines in the plaintiff’s drawing were also similarly seen in the first defendant’s drawing. The hole positions of the winches in both drawings were found at the same positions; and
- (e) 450T Linear Winch: Erroneous annotations on the plaintiff’s drawing were replicated in the first defendant’s drawing. Leader lines, detail circles and dimension lines found in the plaintiff’s drawing were similarly present in the first defendant’s drawing. [\[note: 8\]](#)

36 With the close visual similarities and the “fingerprints” in both sets of drawings shown, substantial similarity between the plaintiff’s five GA drawings and the first defendant’s infringing drawings was found. Coupled with the second defendant’s access to the plaintiff’s drawings, this gave rise to the inference that the defendants copied the plaintiff’s five GA drawings. No credible alternative explanation was proffered by the defendants on the facts to rebut this inference.

37 Additionally, it was not difficult to find that a substantial proportion of the plaintiff’s five GA drawings had been copied by the defendants. Reference must be made to quality and not quantity when deciding whether a substantial part of the copyright holder’s work had been reproduced: *Flamelite* at [37]. The substance of the plaintiff’s five GA drawings here were the technical pictorial sketches of the winches itself. That these sketches were reproduced in the defendants’ catalogues and website albeit with minor variations showed that substantial portions of the plaintiff’s five GA drawings were copied.

38 Therefore, with the requisite causal connection established (see [\[36\]](#) above) and a substantial part of plaintiff’s GA drawings held to have been copied (see [\[37\]](#) above), the plaintiff’s claim that its copyright in the five GA drawings had been infringed is made out against the defendants.

39 In any case, I agreed with the plaintiff’s submissions that during trial, admissions were elicited from the defendants that they had committed the infringing acts.

40 The starkest admission of copyright infringement by the first defendant came from Mr James Dobbs (“Dobbs”), the defendants’ second witness and director of the first defendant, in the course of cross-examination. The relevant section of the cross-examination is as follows: [\[note: 9\]](#)

Q: So these drawings, you in fact copied it from others.

A: (indistinct)---

Q: Are you saying that?

A: Er, that's what happened, yah.

Q: So this seven drawings at 2---page 223 to 231 were copied from others including my clients. Is that your evidence?

A: Er, that's correct, yes.

41 This position echoed Dobbs' AEIC at para [31] where he admitted that on hindsight, "it may have been (the first defendant's) mistake to copy (the plaintiff's) drawings so closely."

42 The second defendant admitted, albeit more obliquely, to an infringement of the plaintiff's copyright. When cross-examined, he answered as follows: [\[note: 10\]](#)

Q: Now it is your case, as I understand, that the plaintiff's drawings were in fact used in the catalogue. Your case is that there's no confidentiality, that's it. But you are not disputing that the drawings were used in the catalogue.

A: Mm, yes.

43 As such, on the weight of the evidence and in light of the admissions, a clear case of copyright infringement was made out by the plaintiff against the defendants for each of its five GA drawings.

Whether there was a breach of confidentiality of the plaintiff's five GA drawings

44 In the second defendant's employment agreement, the plaintiff had provided expressly for a definition of what it regarded as amounting to "confidential information". The plaintiff submitted that the five GA drawings were confidential information as these were contemplated by the phrase "the design ... of the hydraulics related machines" in the definition part of the confidentiality clause (see [\[6\]](#) above). I agreed with the plaintiff's submissions on this and found that the GA drawings did amount to confidential information.

45 Each of the five GA drawings also had a confidentiality statement marked at the top as follows:

"This document and all information and data disclosed herein or herewith are the confidential and proprietary property of PH Hydraulics & Engineering Pte Ltd and are not to be used, reproduced or disclosed in whole or in part by or to anyone without written permission of PH Hydraulics & Engineering Pte Ltd."

While not conclusive, I found that this did help in indicating the confidentiality of the drawings: *Ng-Loy* at [39.1.8]. The simplicity of the GA drawings would not in themselves make them incapable of being protected as confidential information.

46 The essence of information being confidential is that it is not freely available in the public domain: *Ng-Loy* at [39.1.1]. It bears emphasis, as the authors in Bently and Sherman, *Intellectual Property Law* (Oxford University Press, 3rd Ed, 2009) ("*Bently & Sherman*") noted at p 1014, that an action for breach of confidence is built around the notion of "relative secrecy". That is, information may still be regarded as not being in the public domain even though a number of people know about

it. Whether the information was published in a sufficiently widespread manner for it to lose its confidentiality depended on various factors such as the type of information, the section of public who have an interest in knowing about the information, the domain in which the publication occurred, the degree of publication in that domain, the form in which the information is published and the vigour with which the information is likely to be pursued within that domain: *Bently & Sherman* at 1014-1015. In this regard, the plaintiff pointed out, correctly in my view, that although it had published the GA drawings in its operating manuals and sent out soft copies of its drawings, these were issued only for the limited and specific purpose of its customers' use and consideration. [\[note: 11\]](#) There did not appear to be strong evidence that the plaintiff's customers' widely disseminated these drawings thereafter. Thus the five GA drawings here would not lose their confidentiality merely because of this.

47 To address parties' arguments whether the five GA drawings were simply confidential information or if they amounted to trade secrets *i.e.*, highly confidential information, I found guidance in *Man Financial v Wong Bark Chuan* [2008] 1 SLR(R) 663; [2007] SGCA 53 ("*Man Financial*") (at [83]) where the Court of Appeal adopted the factors set out by Neill LJ in *Faccenda Chicken Ltd v Fowler* [1987] Ch 117 ("*Faccenda Chicken*") at 137-138:

(a) *The nature of the employment* – where the employee habitually handles confidential information, a higher obligation of confidentiality may be imposed.

(b) *The nature of the information itself* – in this regard, the information concerned must be a trade secret or material which, whilst not properly described as a trade secret as such, is, having regard to all the various circumstances, "of such a highly confidential nature as to require the same protection as a trade secret". ...

(c) *Whether the employer impressed on the employee the confidentiality of the information* – on this point, Neill LJ was of the view that, in order to prevent the use or disclosure of the information in question, it was insufficient for the employer to merely tell the employee that the information was confidential. The employer's attitude towards the information itself had to be considered as well.

(d) *Whether the relevant information can be easily isolated from other information which the employee is free to disclose* – whether the information alleged to be confidential is "part of a package" (as Neil LJ put it ...) and the remainder of the package is not confidential, this factor, although not conclusive in itself, can shed light on whether the information in question is truly a trade secret.

48 The second defendant worked in the plaintiff's engineering department as a mechanical design engineer and was involved in producing GA drawings which were regarded as confidential by the plaintiff.

49 The GA drawings were customised and designed specially according to its customers' specifications [\[note: 12\]](#) and that these were unique works. [\[note: 13\]](#) The plaintiff stated that its customers expected it to keep their projects confidential and the GA drawings were part of the projects. [\[note: 14\]](#)

50 I also took cognisance of the steps that the plaintiff had taken to keep their GA drawings confidential. The plaintiff stated that soft copy drawings were kept in a password-protected file server accessible only by engineering department employees while the hard copies were kept in cabinets within the plaintiff's engineering department with restricted access to it. [\[note: 15\]](#) It added

that whenever drawings were issued out to the engineering employees, they had to sign against them. [\[note: 16\]](#) However, the defendants countered that Willie Ng, the plaintiff's first witness and sales manager, stated during cross-examination that the sales team generally had easy access to the plaintiff's GA drawings. Further he said that he had sent out amended copies of these drawings to prospective customers' merely with verbal permission despite the plaintiff's printed confidentiality statement stipulating written permission (see [\[56\]](#) above). [\[note: 17\]](#) Further, it was revealed during Loh's cross-examination that while there was a numbering system for each of the original GA drawings, there was no system to record the number of copies made of each of these drawings when they were issued to the plaintiff's employees. [\[note: 18\]](#) These revelations allowed for inferences to be made that in practice, the plaintiffs did not treat its GA drawings as highly confidential material.

51 Therefore, I concluded that the plaintiff's five GA drawings were confidential information but were not of such a high degree of confidentiality as to amount to trade secrets.

52 I turn now to examine if a breach of the defendants' obligation of confidentiality was established on the facts.

53 The defendants argued that the five GA drawings in issue were given to the first defendant without any qualifications of confidentiality made by the plaintiff during a meeting in April 2008 with the plaintiff's representatives, Mr Steven Seow and Mr Adrian Tan. They also claimed that one of the GA drawings had been copied to the first defendant in an email sent on January 2009. [\[note: 19\]](#) However, as the plaintiff pointed out, the defendants had not adduced any evidence in support of these claims. [\[note: 20\]](#) The defendants did not exhibit any documentary evidence of the minutes of the meeting or their notes thereof. They also did not call Mr Adrian Tan, who is now the first defendant's employee, to testify that the April 2008 meeting did in fact take place. [\[note: 21\]](#) The second defendant's story of chancing upon the five GA drawings while looking through the old files of the first defendant [\[note: 22\]](#) also did not seem credible, given that no further evidence was adduced in support of this save for the assertions of both defendants. I therefore found that, in all likelihood, it was the second defendant who took the hard or soft copies or both of the plaintiff's GA drawings and passed them to the first defendant. In the circumstances, I found that the alternative source alleged by the defendants was not proved on the evidence.

54 As mentioned above, between the plaintiff and the second defendant, there was an Employment agreement governing their relationship at the material time as employer and employee. Any obligation of confidence owed would therefore be set out by the express terms in that agreement: *Ng-Loy* at [40.4.2]. The agreement provided a duty of confidence to be imposed on the second defendant for a period of 2 years post-employment (see above at [\[6\]](#)). That such a restrictive covenant of confidentiality would be enforceable post-employment against the employee, thus ensuring that the employer's confidential information remained secret, gives force to the concept of freedom of contract. This was recognised by the Court of Appeal in *Man Financial* at [86] as one of the approaches towards such restrictive covenant. (See further the discussion of the Court of Appeal's position in *Man Financial* at *Ng-Loy* [40.4.13]-[40.4.14]). There would not be any additional implied or equitable duty of confidence post-employment arising over and above what was already expressly stipulated in the contractual confidentiality clause, contrary to the suggestions by the plaintiff. On the facts, there was a clear breach of the express contractual obligation of confidence by the second defendant when he took the five GA drawings from the plaintiff without permission and passed them to the first defendant.

55 As an indirect recipient of the five GA drawings and knowing their confidential nature, equity

imposes on the first defendant an obligation of confidence. This obligation bound the first defendant from the moment it received the five confidential GA drawings from the second defendant. Where there is no underlying contract, the elements required to establish a breach of confidentiality were set out by Megarry J in *Coco v A N Clark (Engineers) Ltd* [1960] RPC 41: the information must have the necessary quality of confidence about it, the information must have been imparted in circumstances importing an obligation of confidence and there must be an unauthorised use of that information to the detriment of the party communicating it. This has been accepted locally in *X Pte Ltd v CDE* [1992] 2 SLR(R) 575; [1992] SGHC 229 at [27]. It has been established above that the five GA drawings were confidential information and that an equitable obligation of confidence was imposed on the first defendant in the circumstances. Therefore, the first defendant's use of the five GA drawings and its publication of them in its catalogue and on its website was plainly unauthorised use of the confidential information and a breach of its obligation of confidence.

56 Turning now to consider separately the implications of the express 2-year limit placed by the plaintiff on the second defendant's duty of confidentiality in his Employment agreement, [\[note: 23\]](#) I note that this duty would have expired on 1 August 2010. Therefore, on a plain reading of the clause, the second defendant would be free to disclose the confidential information of the plaintiff, including that of the plaintiff's five GA drawings after that date. Such was the effect of this contractual covenant and I did not think this restriction unusual as it was not unimaginable that the plaintiff would take the view that the technology behind the winches and hydraulic systems would advance such that any information would become obsolete at the end of 2 years.

57 I shall conclude this section with a few words on the springboard doctrine since the plaintiff sought alternatively to rely on this to stop the first defendant from using the five confidential GA drawings and gaining an unfair advantage in the winch business. [\[note: 24\]](#) The doctrine has been applied by the Court of Appeal in *Tang Siew Choy v Certact Pte Ltd* [1993] 1 SLR(R) 835; [1993] SGCA 35 at [33]-[35]. In *Terrapin Ltd v Builders' Supply Company (Hayes) Ltd and Others* [1967] RPC 375, cited in the local High Court decision of *Stratech Systems Limited v Guthrie Properties (S) Pte Ltd and another* [2001] SGHC 77 at [40], the doctrine was articulated as follows (at 391-392):

... the essence of this branch of the law, whatever the origin of it may be, is that a person who has obtained information in confidence is not allowed to use it as a spring-board for activities detrimental to the person who made the confidential communication, and spring-board it remains even when all the features have been published or can be ascertained by actual inspection by any member of the public.

58 The rationale of this doctrine is that of fairness, where persons receiving confidential information ought not to reap where they have not sown to gain an unfair advantage against third parties who lack the benefit of that information altogether: S Ricketson & C Creswell, *The Law of Intellectual Property: Copyright Designs & Confidential Information* (Lawbook Co, Thomson Reuters, 2003) at [25.80]. A special disability will therefore be imposed on the defendant confidant to ensure that it gains no head start over its competitors: *Bently & Sherman* at 1016.

59 However, it is pertinent to note that *Murray v Yorkshire Fund Managers* (1997) 1 WLR 951 ("*Murray*") at 960 has held that the springboard doctrine would no longer be applicable where the information in issue has ceased to be confidential. In my view, this is correct. The expiry of the 2-year limit on 1 August 2010 in the contractual confidentiality clause meant that the five GA drawings in issue were no longer confidential after that date. Following the proposition of law set out in *Murray*, the springboard doctrine would therefore be inapplicable at present to prevent the first defendant from using the plaintiff's 5 GA drawings.

Whether there was a breach of the non-competition clause

60 The non-competition clause in the second defendant's Employment agreement sought to prevent him from working with businesses in competition with the plaintiff and its associated company within Singapore and Malaysia for two years after his resignation from the plaintiff.

61 In *CLAAS Medical Centre Pte Ltd v Ng Boon Ching* [2010] 2 SLR 386; [2010] SGCA 3 ("CLAAS"), the Court of Appeal reiterated the basic principles on restraint of trade. While that case was concerned with restrictive covenants in the context of a sale of business, the Court of Appeal emphasised that the basic principles were general ones and were applicable even in situations dealing with restrictive employment covenants. The court in *CLAAS*, summarising the classic statement of the law set out in the House of Lords' decision in *Thorsten Nordenfelt v The Maxim Nordenfelt Guns and Ammunition Company, Limited* [1894] AC 535, stated at [44]:

... [A]ll covenants in restraint of trade are *prima facie* void. However, they can be held to be valid if the party seeking to rely on the restrictive covenant can show that, firstly, the clause concerned is reasonable in the interests of the *parties and*, secondly, the clause is also reasonable in the interests of the *public*. Additionally, there must be a legitimate proprietary interest to be protected. As was held in *Man Financial*, the court will only enforce the covenant if it goes no further than necessary to protect the legitimate interests. There cannot be a bare and blatant restriction of the freedom to trade ... Moreover, even where a legitimate proprietary interest is shown, the court will ensure that the covenant in restraint of trade goes *no further than what is necessary* to protect the interest concerned.

[emphasis in original]

62 Simply put, for a restraint of trade covenant to be upheld, the plaintiff has to show that it has a legitimate proprietary interest to be protected by the covenant and that the covenant is reasonable as between the parties and the public.

63 In *Man Financial*, the Court of Appeal discussed the practical application of the above principles (at [72]):

In so far as the *application* of the above-mentioned statement of principle is concerned, the following paragraphs from the same work [i.e., *Butterworths Common Law Series: the Law of Contract* (Michael Furmston gen ed) (LexisNexis, 2nd Ed, 2003)] may be usefully noted (see *Butterworths Common Law Series* at paras 5.104-5105):

However, the very process of balance means that the specific facts and circumstances of each case become of vital importance. In addition, the actual interpretation of the covenant(s) concerned must be done in *context*, for a literal construction, shorn of the context, could lead, inter alia, to the covenant(s) concerned being unjustifiably struck down. However, the court will always look to the substance rather than the form in which the covenant(s) concerned are couched. And in a related vein, it is clear that the courts will proscribe any indirect attempt to circumvent an otherwise reasonable covenant, utilising (in the main) techniques of construction of the covenant itself. In so far as the burden of proof is concerned, this is on the party seeking to rely upon the covenant. The crucial time for ascertaining whether or not the covenant in question is in fact reasonable (or unreasonable, as the case may be) is the time at which the contract is made.

Generally speaking, two particular factors almost invariably arise for reconsideration simply

because they are almost always part and parcel of the covenant itself in any event: the factors of *area* on the one hand and *time* on the other. The idea of physical space, therefore, still remains a factor, although it cannot obviously be a controlling one, as was the situation where the distinction between general and partial restraints was concerned. There is, however, no clear formula that would lead to a fairly predictable result. To take the factor of time, for example, it has been held that a covenant that literally fetters forever may be reasonable, having regard to the specific circumstances of the case. Such was the holding of the House of Lords in *Fitch v Dewes* [[1921] 2 AC 158], where a solicitor's clerk at a certain town agreed that, after leaving the employer, he would never practise within seven miles of the town hall. The very small radius of restraint was a significant factor in the decision of the House, not only because the smallness of the town meant that the employer had a real and legitimate interest to protect but also because the covenantor had the rest of the United Kingdom (indeed, the world) in which to practise. No one factor, therefore, is decisive; the court has to examine all the circumstances as a whole and decide accordingly. Some guidelines as to application may, however, be discerned from the case law itself, in particular where established categories are concerned.

[emphasis in original]

64 The Court of Appeal in *Man Financial* observed at [79] that bare and blatant restrictions of the freedom to trade were not allowed and the employer had to have a legitimate proprietary interest requiring protection in order for non-competition clauses to be upheld. Here, I found such interest on the plaintiff's part. The marine winch industry is a relatively small and specialised one. This was accepted by the second defendant himself during the trial. In the course of his employment with the plaintiff, the second defendant received training in this specialised field to build up his expertise in this area. It would not be too far-fetched to point out that the plaintiff would have invested much time and resources in this training. Thus the interest of the plaintiff requiring protection by the non-competition clause was that of maintaining employees well-versed and skilled in the plaintiff's system of work such that it can pursue its commercial activities successfully. If due protection of this legitimate interest was not given, it would see the employees of the plaintiff, upon receiving extensive specialised training by the plaintiff, leaving it soon thereafter for its competitors.

65 The second defendant submitted that *Stratech Systems Ltd v Nyam Chiu Shin* [2005] 2 SLR(R) 579 ("*Stratech*") at [48]-[49] stated that where there was already another clause protecting confidential information or trade secrets in the contract, the restraint of trade clause must cover a legitimate proprietary interest beyond the protection of the confidential information or trade secrets for it to be valid. He argued that as the plaintiff here was already protected by a confidentiality clause, there was no legitimate interest protectable by the non-competition clause in the same contract. While I acknowledge the force of this argument, as I have explained earlier at [64], the plaintiff's legitimate interest protected here by the non-competition clause was not confidential information or its trade secrets but that of building up and maintaining a pool of trained skilled workers like the second defendant. As such, the proposition in the *Stratech* case was not directly applicable.

66 Apart from establishing a legitimate interest, the reasonableness of the scope of protection of the non-competition clause had to be examined too. In this regard, the trade restrained, the geographical area and the duration of the restraint would be considered. This inquiry was a contextually and factually sensitive one with the circumstances to be considered as a whole.

67 The non-competition clause here sought to prevent the second defendant from working for firms directly or indirectly engaged in businesses competing with the plaintiff and its associated company's business. As the plaintiff's business was mainly that of designing and manufacturing marine

hydraulic and electrical installations, preventing the second defendant from joining businesses in competition directly or obliquely to it to protect its legitimate interests did not seem unreasonable. The clause did not amount to a blanket prohibition to work for the marine industry. [\[note: 25\]](#) Geographical area-wise, it has been observed that the restricted area must have a reasonable nexus with the need to protect the employer's trade connections: Alexandra Kamerling and Chris Goodwill, *Restrictive Covenants under Common and Competition Law* (Sweet & Maxwell, 6th Ed, 2010) at p 171. The restriction here encompassed Singapore and Malaysia. In light of the business presence of the plaintiff and its associated company in these two jurisdictions and the fact that this was a small and specialised industry with only a select group of potential customers, the geographical delimitation of the restraint was permissible. Besides, it is relevant to point out that the second defendant, an Indonesian, had accepted that there were marine industries of substantial sizes in Indonesia and Thailand and it was not impossible for him to seek employment in those nearby countries. [\[note: 26\]](#) Duration-wise, the restraint was for a period of 2 years post-employment. In light of the specialised nature of the industry which the plaintiff was in and the purpose of the non-competition clause here, this time restriction did not seem unreasonable. While I noted that EMS' and the first defendant's later employment contract with the second defendant had non-competition clauses of only up to a year, [\[note: 27\]](#) the fact that the first defendant's initial employment contract had a 2-year non-competition clause [\[note: 28\]](#) gave some indication that a 2-year time restriction could not be said to be wholly unreasonable in the marine industry. The plaintiff also pointed out that a 2-year restrictive covenant was found valid in *Heller Factoring (S) Ltd v Ng Tong Yang* [1993] 1 SLR(R) 495 ("*Heller*") where the industry concerned was the factoring industry, also a specialised one. While the second defendant argued that the time restriction was excessive as he was only a mere mechanical design engineer working in the background like the defendant in *Fellowes & Sons v Fisher* [1976] QB 122 who was a solicitor's clerk, the time restriction in *Fellowes* was 5 years for a solicitor's clerk, much longer than the present 2-year period here. The court in that case nevertheless saw it fit to uphold the validity of the clerk's covenant against canvassing.

68 More importantly, the second defendant was a versatile individual employment wise and had shown a commendable aptitude towards learning new skills to secure employment in other related and non-related industries. [\[note: 29\]](#) For instance, he joined EMS to learn about rigs and had previously worked in his family business in Indonesia designing automation. With his transferable skill sets and his ability to thrive in different industries and in different countries, it was clear that the non-competition clause here would not have a seriously adverse impact on his livelihood.

69 In my view therefore, the non-competition clause here was valid. In the light of this, there was no need to discuss possible severance of parts of the non-competition clause to preserve the validity of non-offending parts.

70 Separately, I would note the observation made by Lord Greene MR in *Routh v Jones* [1947] 1 All ER 758 that while an employer is not entitled to stipulate for protection against competition, the fact that a side effect of a legitimate covenant could potentially prevent some competition did not mean that the covenant was thus bad. Although the context of this case dealing with restrictive covenants was that of customer connection and knowledge of customers' peculiarities, it could apply more generally to the present case as well. As such, I did not make much of the second defendant's argument that the function of the plaintiff's non-competition clause was simply to restrain competition.

71 I turn now to ascertain if the second defendant breached this clause on the facts of this case.

72 Factually, it was plain that the second defendant breached this clause when he left the employment of the plaintiff to join EMS on 1 August 2008, a company dealing with marine oil and gas equipment. The plaintiff had regarded EMS as a competitor and the second defendant did not deny this in cross-examination. [\[note: 30\]](#)

73 However it was also equally clear that the breach was acquiesced by the plaintiff for about 16 months from the time the second defendant started work at EMS because the plaintiff had in fact learnt about the second defendant joining EMS soon after he did so but took no action against him. While I recognise that acquiescence was raised in the pleadings in a different way (see the Defence at para [16]), the facts in the finding above were canvassed during the trial and in the closing submissions.

74 The law on the defence of acquiescence has been set out in Halsbury's Laws of England vol 16 (4th Ed Reissue) ("*Halsbury's*") at para 924 as follows:

The term acquiescence is ... properly used where a person having a right and seeing another person about to commit, or in the course of committing an act infringing that right, stands by in such a manner as really to induce the person committing the act and who might otherwise have abstained from it, to believe that he consents to its being committed; a person so standing-by cannot afterwards be heard to complain of the act. In that sense the doctrine of acquiescence may be defined as quiescence under such circumstances that assent may reasonably be inferred from it and is no more than an instance of the law of estoppels by words or conduct ...

[emphasis added]

75 The above paragraph in *Halsbury's* has been cited with approval by the Court of Appeal in *Genelabs Diagnostics Pte Ltd v Institut Pasteur and another* [2000] 3 SLR(R) 530; [2000] SGCA 60 at [76] and was also cited recently in the High Court decision of *Tan Yong San v Neo Kok Eng and others* [2011] SGHC 30 at [112].

76 The acquiescing party must also be shown to be aware of the acts he seeks to complain against as one cannot acquiesce to something one has no knowledge of: *Tan Yong San* at [117], citing *LS Investment Pte Ltd v Majlis Ugama Islam Singapura* [1998] 3 SLR(R) 369 at [40] and *Keppel Tat Lee Bank Ltd v Teck Koon Investment Pte Ltd* [2000] 1 SLR(R) 355 at [27]. The plaintiff here had knowledge of the second defendant joining EMS very soon after he left the plaintiff. In fact, Loh admitted during cross-examination that he heard about this when word spread in the plaintiff within a month or two after the second defendant's departure. [\[note: 31\]](#) While there was no doubt the plaintiff had a right to enforce the non-competition clause then, the plaintiff, knowing that its right had been breached, chose not to act and stood by for a considerable period of about 16 months thereafter, inducing the second defendant to believe that it had consented to the breach.

77 More importantly, I found that the acquiescence must be regarded as extending to the second defendant joining the first defendant on 1 December 2009 since the first breach of about 16 months was not acted upon by the plaintiff. While the plaintiff said during cross-examination that it reserved its right to enforce the non-competition clause against the second defendant, [\[note: 32\]](#) I was of the view that any alleged reservation of rights by the plaintiff was a purely mental one, not communicated at all to the second defendant.

78 If I am wrong in making the finding of acquiescence, the breach by the second defendant would have been for a period of 8 months only, *i.e.*, from 1 December 2009 to 31 July 2010, because the

non-competition clause would have expired after that time.

Reliefs sought

Relief for infringement of plaintiff's copyright

79 An injunction would be granted against the continued use of the plaintiff's five GA drawings because of the defendants' copyright infringement and not because of the breach of their obligation of confidentiality. This is so as the confidentiality clause protecting the confidentiality of the five GA drawings had already expired on 1 August 2010 and there was no further existing obligation of confidentiality to speak of presently.

80 The plaintiff has abandoned its claim for an account of profits as an alternative to damages.

81 On the issue of damages, I was of the view that this case did not warrant a separate damages inquiry for the copyright infringement claim as there was no commercial loss shown to have been suffered by the plaintiff and neither was there any apparent commercial benefit conferred on the defendants. The second defendant averred at para [29] of his AEIC that the first defendant had not manufactured or sold any winches based on the five GA drawings. It thus appeared that the only real value derived from the five GA drawings was the time and labour saved by the defendants in copying them instead of creating original drawings. I therefore awarded the plaintiff statutory damages as set out in section 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 2004 indicated that statutory damages were introduced to aid a plaintiff copyright owner when he encountered difficulty in proving actual losses from the infringement. [\[note: 33\]](#) This award would be in lieu of the reliefs of damages or an account of profits. I note here that although the plaintiff did not expressly elect for an award of statutory damages at the outset in its statement of claim, it nevertheless did address the court on this point in the course of its submissions.

82 For ease of reference, the relevant statutory provisions relating to statutory damages for a copyright infringement action are set out here:

Actions for infringement

119. – (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:

...

(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.

83 In working out the appropriate amount to award as statutory damages and keeping in mind the statutory limitations provided in section 119(2)(d)(i) and (ii) CA, I considered the second defendant's original contract with the first defendant which provided for a salary of S\$5,500, plus a bonus of S\$10,000 for the first year of work. [\[note: 34\]](#) The total remuneration for the second defendant for the first year of his employment with the first defendant would therefore be a total of S\$76,000 or S\$208.20 per day on the basis of 365 days in a year.

84 With respect to the amount of time it would take for such a GA drawing to be created, the second defendant put it at 2 hours [\[note: 35\]](#) and while Loh was uncertain, he estimated it would be half a day to 2 or 3 days approximately. [\[note: 36\]](#) Having regard to the background preparation which may be required in producing the drawings, I found that the second defendant would have taken no more than 3 days to complete each drawing if he were to create original drawings similar to the five GA drawings in issue.

85 Therefore, in respect of five drawings, 15 days of work would be required by the second defendant. This would amount to a total sum of S\$3,123 or about S\$625 per drawing, based on the rate of remuneration of S\$208.20 per day (see [\[83\]](#) above).

86 I also took into consideration the various factors set out in section 119(5) CA. Firstly, as the plaintiff rightly submitted, the nature and purpose of the defendants' infringing acts were commercial and were done with the intent of gearing themselves up as a potential competitor of the plaintiff in the winch segment of the marine industry as evidenced by the publication of the infringing drawings in its catalogue and on its website for trade-related purposes. Secondly, the infringement was flagrant as the second defendant's story of finding the drawings incidentally while searching through old files in the first defendant's office could not be true. [\[note: 37\]](#) The defendants also made efforts to hide the fact of their acts of copying for instance by simply changing the respective names of the winches and flipping some of the profiles of the winches in the plaintiff's GA drawings from left to right in their own infringing drawings. [\[note: 38\]](#) Little or no regret was expressed by either defendant when they admitted to their infringing acts during the course of the trial. Thirdly, it was clear that the defendants did benefit from being spared the expense of time and effort in preparing and doing the GA drawings when they simply copied from the plaintiff's works. I acknowledge the need to deter such

infringements going forward, considering the unfair nature of the appropriation of the work of others. There was also some semblance of bad faith when the first defendant continued using and publishing the infringing drawings in the catalogue and website despite the plaintiff indicating in its letter of demand that that was an infringement of its copyright. More importantly, the conduct of proceedings by the defendants was less than satisfactory. For one, they had raised defences earlier in their pleadings which were unsupportable on the facts of the case, such as the non-expert defence and the industrial application defence. Both of these were eventually abandoned when the trial commenced. Also, the defendants had pleaded in their defence at paras [8]-[10] that building 3-dimensional articles from the drawings would not infringe the plaintiff's copyright. This had resulted in an erroneous impression that the defendants had already manufactured winches based on the plaintiff's GA drawings.

87 In the light of the s 119(5) CA factors considered above and the approximate value of the drawings (see [85] above), I decided that an award of statutory damages of S\$5,000 per drawing would be appropriate in the circumstances. The total statutory damages awarded to the plaintiff in respect of its copyright infringement claim would therefore be a total of \$25,000.

88 Additionally, I ordered both defendants to deliver up and to forfeit all hard and soft copies of the 5 GA drawings to the plaintiff's solicitors or to file and serve an affidavit that those drawings have been destroyed and/or deleted. This was to be done within 10 days from the date of the pronouncement of my decision in court.

Relief for breach of obligation of confidentiality

89 As the 2-year time restriction stipulated in the confidentiality clause in the second defendant's employment agreement has since expired, no injunction would be granted.

90 The plaintiff has abandoned its claim for an account of profits as an alternative to damages.

91 No further damages would be awarded to the plaintiff on this ground. Given that the breach of confidentiality claim involved the same five GA drawings, the damages under this claim could be subsumed in the statutory damages awarded for copyright infringement.

Relief for breach of non-competition clause

92 No injunction would be granted to enforce the non-competition clause as the 2-year period of restriction in the clause has since expired. Similarly, no injunction would be granted in the light of my finding above that the plaintiff had acquiesced in the breach of the non-competition clause.

93 If I am wrong on the finding of the plaintiff's acquiescence, considering that the plaintiff has not shown any damages suffered as a result of the eight-month breach, I would only award it nominal damages set at S\$5,000.

Conclusion

94 In summary, on the issue of liability, I found as follows:

- (a) Both defendants are liable for infringement of the plaintiff's copyright in the five GA drawings;
- (b) Both defendants are liable for breach of their confidentiality obligations imposed on them

concerning the five GA drawings; and

(c) The second defendant is not liable for breaching the non-competition clause due to acquiescence on the part of the plaintiff in not enforcing its rights under this clause upon the first breach by the second defendant.

95 On the matter of relief, I ordered as follows:

(a) For copyright infringement, an injunction was granted against continued use of the five GA drawings, statutory damages of S\$25,000 were awarded and the defendants were to deliver up and forfeit the five GA drawings in issue or to file and serve an affidavit affirming the destruction and/or deletion of the drawings within 10 days from the date of my decision;

(b) For breach of confidentiality, no injunction was granted and no damages were awarded as they could be subsumed in the statutory damages awarded for the copyright infringement; and

(c) For breach of non-competition clause, no injunction was granted.

Costs

96 I turn now to address the issue of costs.

97 The plaintiff argued in this regard that a clause in the employment agreement stipulated that costs would be paid by the second defendant to the plaintiff on an indemnity basis. The clause (see [\[6\]](#) above) is set out again below:

In the event of any breach of the abovesaid provisions, the Company shall be entitled to forthwith terminate your employment without payment in lieu of notice or, as the case may be, compensation, but the Company otherwise reserves all its rights against you in respect of any such breach and you are to indemnify the Company against all lost or damage suffered by the Company as a result of any such breach.

98 I disagreed with the plaintiff's submissions that the above clause provided for indemnity costs in the context of the restrictive covenants. It did not provide explicitly for costs to be paid by the employee on an indemnity basis in the event of breach of the stipulated covenants. The words "all los[s] or damage suffered" ought not to be read, in the context in which they appear, as extending to costs as well. If the plaintiff had intended to have legal costs paid by its employee on an indemnity basis, it ought to have provided for such in much clearer language.

99 In the absence of a contractual provision stipulating that costs would be payable on an indemnity basis, such indemnity costs may still be awarded where there are special or exceptional circumstances to do so, such as when a party acted unreasonably in the proceedings: *Lee Kuan Yew v Vinocur John and others* [1996] 1 SLR(R) 840; [1996] SGHC 73 at [30], and *Teo Siew Peng and another v Neo Hock Pheng and others* [1999] 1 SLR 293; [1998] SGHC 312 at [34]. While the defendants' conduct was far from exemplary in so far as some of the issues were concerned (see [\[86\]](#) above), their conduct of the trial as a whole did not amount to the sort of unreasonable behaviour that should attract the sanction of indemnity costs.

100 I therefore ordered the costs of the trial to be paid by both defendants on the standard basis and for such costs to be agreed or taxed.

101 In view of the amount of statutory damages of S\$25,000 awarded, which did not exceed the District Court limit, I invited submissions on whether costs should be awarded on the High Court or the Subordinate Courts scale.

102 The plaintiff submitted two points in favour of the High Court scale of costs. Relying on the High Court decision of *Cheong Ghim Fah and another v Murugian s/o Rangasamy* [2004] 3 SLR(R) 193; [2004] SGHC 125 ("*Cheong Ghim Fah*") at [14], the plaintiff submitted firstly that, pursuant to s 39(6) of the Subordinate Courts Act (Cap 321, 1999 Rev Ed) ("SCA"), it had reasonable grounds at the outset to take the view that it would recover damages in excess of the Subordinate Courts' jurisdiction. This was because the defendants had created the misleading impression that they had manufactured and sold winches based on the plaintiff's five GA drawings. Given this impression and the fact that winches were expensive equipment costing between S\$500,000 and S\$800,000 each, the plaintiff argued that they did have a reasonable basis to believe that the amount of damages awarded would be more than S\$250,000. Secondly, the plaintiff submitted that the present case was a complex one concerning the first case on statutory damages for copyright and also the springboard doctrine which had not been discussed in great detail by previous local decisions. On the other hand, the defendants argued that the case was not one of great complexity. It involved only preliminary GA drawings of winches and not the building of winches. While winches were expensive, the drawings were not. The defendants also submitted that the points of law canvassed at the trial were not novel. They therefore contended that costs ought to be awarded on the Subordinate Courts scale.

103 I agreed with the plaintiff's first argument. The High Court in *Cheong Ghim Fah* observed that s 39 SCA and O 59 r 27(5) of the Rules of Court (Cap 322, R 5, 2004 Rev Ed) allow proceedings to be initiated in the High Court only where there was a sufficient reason to do so, such as when there were reasonable grounds to believe that the damages recoverable would exceed the District Court's jurisdiction. It noted at [14] that the assessment of reasonableness ought to be seen in the light of the factual circumstances when proceedings were initiated. In the light of the impression that the defendants gave during most part of the litigation that they had already made three-dimensional winches, I found the plaintiff did have reasonable grounds for believing that the damages recoverable would be beyond the District Court's jurisdiction.

104 As for the plaintiff's second argument, I did not think the present case was of that requisite "unusual complexity" as described by the court in *Cheong Ghim Fah* at [17]. While it appeared that this was the first case addressing the application of the s 119(5) CA factors in ascertaining the quantum of the CA statutory damages award, I did consider similar factors in applying s 119(4) CA when determining the quantum of additional damages under s 119(4) CA in *New Line Productions, Inc and another v Aglow Video Pte Ltd and others and other suits* [2005] 3 SLR(R) 660; [2005] SGHC 118. Further, the springboard doctrine has already been discussed, albeit briefly, in local decisions.

105 Accordingly, I ordered that costs of the proceedings be awarded to the plaintiff on the High Court scale.

[note: 1] Exhibit LLC-2, page 59 of Mr Loh's Affidavit of Evidence in Chief

[note: 2] See table at para [10] of Mr Loh's Affidavit of Evidence in Chief

[note: 3] Plaintiff's Statement of Claim para [4]

[note: 4] Plaintiff's statement of claim para [7]; First defendant's catalogue pages 7, 8, 9, 11 and 13

[\[note: 5\]](#) Loh's AEIC at [9] and [10], and Second defendant's AEIC at [25]

[\[note: 6\]](#) The soft copies of the plaintiff's GA drawings were said to be kept in a file server which was only accessible by members of the engineering department and the hard copies of the drawings were said to be kept in cabinets within the engineering department: Plaintiff's opening submissions at [49]

[\[note: 7\]](#) Notes of Evidence, Day 2, page 141-144

[\[note: 8\]](#) Loh's AEIC at [39]-[66]

[\[note: 9\]](#) Notes of Evidence, Day 3, at page 120

[\[note: 10\]](#) Notes of Evidence, Day 3 at page 56

[\[note: 11\]](#) Plaintiff's closing submissions at [57]

[\[note: 12\]](#) Loh's AEIC at para [7]

[\[note: 13\]](#) Plaintiff's closing submissions at [45]

[\[note: 14\]](#) Plaintiff's closing submissions at [50]

[\[note: 15\]](#) Loh's AEIC at [14]-[15]

[\[note: 16\]](#) Plaintiff's closing submissions pages 26-27

[\[note: 17\]](#) Defendants' closing submissions at para [33]

[\[note: 18\]](#) Defendants' closing submissions at para [37]; Notes of Evidence Day 2, page 54

[\[note: 19\]](#) Dobbs' AEIC at [14]-[21]

[\[note: 20\]](#) Plaintiff's closing submissions at [70]

[\[note: 21\]](#) Notes of Evidence, Day 3, pages 126-127

[\[note: 22\]](#) Second defendant's AEIC at [25]

[\[note: 23\]](#) See above at [6]

[\[note: 24\]](#) Plaintiff's closing submissions [66]-[67]

[\[note: 25\]](#) Notes of evidence, Day 3, Page 100

[\[note: 26\]](#) Notes of evidence, Day 3, Page 102

[\[note: 27\]](#) Loh's AEIC Exhibit LLC-10, page 184 and page 187

[\[note: 28\]](#) Loh's AEIC Exhibit LLC-10, page 190

[\[note: 29\]](#) Notes of Evidence, Day 3, page 103

[\[note: 30\]](#) Notes of Evidence, Day 3, page 14

[\[note: 31\]](#) Notes of evidence, Day 2, page 93 - 94

[\[note: 32\]](#) Notes of Evidence, Day 2, page 94

[\[note: 33\]](#) See Plaintiff's closing submissions at para [85] – Professor S Jayakumar's speech as Deputy Prime Minister and Minister for law in the Parliamentary debates on 16 November 2004, Hansard (Vol 78, Col 1041)

[\[note: 34\]](#) See Loh's Affidavit at page 187

[\[note: 35\]](#) Transcript, Day 3, page 91

[\[note: 36\]](#) Transcript, Day 2, pages 67-71

[\[note: 37\]](#) Second defendant's AEIC at para [25]

[\[note: 38\]](#) Plaintiff's reply submissions at close of trial

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