Converse Inc *v* Ramesh Ramchandani and another
[2014] SGHCR 11

Case Number : Suit No. 828 of 2012 (AD 81 of 2013)

Decision Date : 23 May 2014

Tribunal/Court : High Court

Coram : Wong Baochen AR

Counsel Name(s) : Looi Wan Hui, Florence Bok and Shalini Mogan (Gateway Law Corporation) for the plaintiff; first defendant in person; second defendant absent.

Parties : Converse Inc — Ramesh Ramchandani and another

Trade Marks and Trade Names – Infringement – Remedies

23 May 2014

Wong Baochen AR:

1 The plaintiff was a company incorporated in the United States and was the registered proprietor of CONVERSE trade marks in Singapore. Some time in 2012, the plaintiff was made aware that the defendants were involved in counterfeiting activities relating to the plaintiff's products, and thereafter commenced action against the defendants for trade mark infringement and passing off. By the time of the hearings before me, interlocutory judgment had been obtained against the defendants and the plaintiff had elected to seek statutory damages under section 31(5) of the Trade Marks Act (Cap 332, 2005 Rev Ed) for trade mark infringement involving counterfeit goods. The issue before me was therefore a narrow one of the quantum of statutory damages to be awarded under section 31(5) of the Trade Marks Act, having regard to the factors set out under section 31(6) of the Trade Marks Act.

Relevant facts of the present case

2 In 2012, through the efforts of a private investigator, Mr William Hansen ("Mr Hansen"), the plaintiff came to know that the defendants were dealing in shoes which were counterfeits of the plaintiff's high-cut Chuck Taylor All Star canvas shoes. These activities were confirmed through Mr Hansen's dealings with the second defendant, Ms Fatimah bte Mohd Yusof ("Ms Fatimah"), and subsequently with the first defendant, Mr Ramesh Ramchandani ("Mr Ramchandani"). Ms Fatimah and Mr Ramchandani were business partners and were the directors of Evergreen Exim Sdn Bhd, a Malaysian company dealing in toiletries, garments, food and household industries. Mr Ramchandani was also the owner of Evergreen Exim, a Singapore-registered sole proprietorship with its primary activities being general wholesale import and export and wholesale of cosmetics and toiletries. Evergreen Exim Sdn Bhd and Evergreen Exim were the vehicles through which the defendants dealt in the counterfeit shoes.

3 Mr Hansen had posed as a potential buyer and had already been in contact with Ms Fatimah prior to April 2012. In April 2012, Mr Hansen was invited to go with Ms Fatimah on an inspection of some 14,000 pairs of "Converse" shoes at a warehouse in Shenzhen, China (the "First Batch of Counterfeit Goods"). Mr Hansen verified that the shoes were counterfeit shoes upon checking the information on their tongue labels later. The warehouse was subsequently raided by the Shenzhen authorities and the counterfeit shoes were seized.

4 Mr Hansen continued to keep in contact with Ms Fatimah, and was introduced to Mr Ramchandani in August 2012. In September 2012, the defendants made arrangements to sell a second batch of counterfeit shoes to Mr Hansen (the "Second Batch of Counterfeit Goods"). However, the arrangements for the inspection of the Second Batch of Counterfeit Goods by Mr Hansen in Singapore eventually fell through. Mr Ramchandani then made arrangements for Mr Hansen to inspect another container of counterfeit high-cut Chuck Taylor All Star canvas shoes (the "Third Batch of Counterfeit Goods", *viz* the subject-matter of the present action) at Keppel Distripark. This was apparently the same type of counterfeit shoes as the Second Batch of Counterfeit Goods. The inspection was carried out at Keppel Distripark on 28 September 2012 with both Mr Hansen and Mr Ramchandani in attendance. Before a search and seizure warrant could be obtained by the plaintiff pursuant to section 53A(3) of the Trade Marks Act, the Third Batch of Counterfeit Goods was suddenly shipped out of Singapore on 1 October 2012. It then came to the plaintiff's knowledge that the Third Batch of Counterfeit Goods was en route to Rotterdam. The plaintiff eventually obtained a court order in Rotterdam to seize the same. Upon inspection, the Third Batch of Counterfeit Goods was confirmed to consist of counterfeit shoes.

5 The plaintiff then commenced suit against the defendants in respect of the Third Batch of Counterfeit Goods. By the time that parties appeared before me, interlocutory judgment had been obtained against Mr Ramchandani (on 21 May 2013) and against Ms Fatimah (on 20 March 2013), as both defendants had defaulted in filing their defences. Given that the issue of liability had already been disposed of, the only issue before me in these proceedings was that of quantum of damages.

6 For completeness, I should mention that at the hearings before me, Mr Ramchandani was unrepresented and Ms Fatimah was absent. Indeed, Mr Ramchandani had at all material times been unrepresented and had repeatedly confirmed that he did not wish to obtain legal representation.

The applicable law

7 As the plaintiff had elected to seek statutory damages under section 31(5) of the Trade Marks Act for trade mark infringement involving counterfeit goods, section 31(5) of the Trade Marks Act was the starting point for my consideration.

8 Section 31(5) of the Trade Marks Act provides that:

> 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 —
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> (*a*) damages and an account of any profits attributable to the infringement that have not been taken into account in computing the damages;
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> (*b*) an account of profits; or
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> *(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
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> (ii) not exceeding in the aggregate $1 million, unless the plaintiff proves that his actual loss from such infringement exceeds $1 million.

9 At the first hearing before me, counsel for the plaintiff stated that the plaintiff was seeking the maximum amount of S$100,000 under section 31(5)(c)(i) of the Trade Marks Act as the plaintiff's estimate of its loss was S$1,179,576. In subsequent hearings, the plaintiff maintained its claim for S$100,000 notwithstanding a shift in the basis of its claim. I will elaborate further on this at [20] and [21] below.

10 Counsel for the plaintiff informed me that this was a novel area of law as section 31(5) of the Trade Marks Act had hitherto not been applied in any reported decision. As such, counsel urged me to consider the legislature's intention in enacting the provision.

11 Upon review of the Parliamentary debates on the second reading of the Trade Marks (Amendment) Bill 2004, it was clear that statutory damages were intended to be compensatory in nature – to compensate rights owners for losses suffered particularly where such losses are difficult to prove (see *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).
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> [emphasis added]

12 It would also be pertinent to consider the Parliamentary debates in respect of section 119(2)(d) of the Copyright Act (Cap 63, 2006 Rev Ed), which is similar – although not identical – to section 31(5) of the Trade Marks Act. Section 119(2)(d) of the Copyright Act reads as follows:

> … in an action for an infringement of copyright, the types of relief that the court may grant include the following:
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> (*a*) an injunction (subject to such terms, if any, as the court thinks fit);
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> (*b*) damages;
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> (*c*) an account of profits;
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> (*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.

13 The statutory damages regime under the Copyright Act is similar to that under the Trade Marks Act. This was expressly noted and explained during the Parliamentary debates on the second reading of the Copyright (Amendment) Bill 2004 (see *Singapore Parliamentary Debates, Official Report* (16

November 2004) vol 78 at col 1048 and 1064–1065 (Prof S Jayakumar, Deputy Prime Minister and 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). …
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> …
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> … [T]he 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. … [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.*
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> [emphasis added]

14 From the Parliamentary debates referred to above, it was evident that the legislature had intended the remedy of statutory damages to be *alternative* and *complementary* to the existing remedies, and would be appropriate in cases where the plaintiff has difficulty proving his loss because the infringer does not proffer evidence of his activities or gains. Understood another way, the law recognises that the plaintiff should not be deprived of a remedy simply because of the infringer's or wrongdoer's refusal or failure to cooperate. Further, although there is no need for a plaintiff to prove his actual or foreseeable loss as he would otherwise have to for the default remedies, statutory damages are assessed *based on compensatory principles* and *based on the evidence and circumstances of the case*.

15 Counsel for the plaintiff informed me that there was no reported local case in which section 31(5) of the Trade Marks Act had been applied. Accordingly, he urged me to consider *PH Hydraulics & Engineering Pte Ltd v Intrepid Offshore Construction Pte Ltd and another* [2012] 4 SLR 36 ("*PH Hydraulics*"). *PH Hydraulics* was apparently the first and only reported case to apply section 119(2)(d) of the Copyright Act for copyright infringement (which, as observed above, was similar to section 31(5) of the Trade Marks Act). Counsel for the plaintiff submitted that the relevant factors for assessment of statutory damages were largely the same in intellectual property cases. I accepted that submission, which was consistent with the observations in the Parliamentary debates referred to above.

16 *PH Hydraulics* arose out of an employment context, where the second defendant was a former employee of the plaintiff, a company designing and providing hydraulic and electrical installations (such as winch systems) for the marine industry. After the second defendant left the plaintiff's employ, he eventually went on to join the first defendant, who provided similar services as the plaintiff. One of the plaintiff's complaints in *PH Hydraulics* was that a catalogue published by the first defendant and reproduced on its website contained five general arrangement drawings of winches which were similar to drawings of the plaintiff's. The plaintiff therefore sued the defendants for, *inter*

alia, copyright infringement in respect of the five drawings.

17 With regard to the copyright infringement claim, the defendants were found to be liable to the plaintiff, and the plaintiff was awarded statutory damages under section 119(2)(d) of the Copyright Act. In awarding statutory damages, Tay Yong Kwang J observed that the plaintiff had abandoned its claim for an account of profits; further, a separate damages inquiry was not warranted 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: see [81] of *PH Hydraulics*. As it appeared that the only real value derived was the time and labour saved by the defendants in copying the five drawings instead of creating them from scratch, the Court considered the remuneration which the second defendant would have been paid for the five drawings (of about S$625 per drawing), took into consideration the factors set out in section 119(5) of the Copyright Act (similar although not identical to section 31(6) of the Trade Marks Act), and found that an award of S$5,000 per drawing in statutory damages was appropriate in the circumstances.

The plaintiff's submissions

18 The action was brought against the defendants for dealing in high-cut "Chuck Taylor All Star" canvas shoes which had counterfeit trade marks applied to them. Under section 3(6) of the Trade Marks Act, counterfeit trade marks are signs identical with or so nearly resembling the registered trade mark as to be calculated to deceive, are applied without express or implied consent of the registered proprietor and falsely represent the goods to be genuine goods. It was not disputed that the requirements of section 3(6) of the Trade Marks Act were met in this case and that the shoes in question had counterfeit trade marks applied to them. What was disputed was only the extent of the defendants' involvement in the entire matter and whether they had intended to infringe the plaintiff's rights, and this must be considered in context of section 31(6) of the Trade Marks Act only (as the issue of liability had been determined).

19 The plaintiff had elected statutory damages under section 31(5)(c) of the Trade Marks Act. By section 31(5)(c), statutory damages would be capped at S$100,000 for each type of goods in relation to which the counterfeit trade mark had been used. In this case, the plaintiff's claim was based on only one type of goods, being the Chuck Taylor All Star shoes. As such, the plaintiff's claim was limited to S$100,000 at the maximum.

20 The plaintiff's initial claim was the statutory maximum of S$100,000 as its estimate of its loss was S$1,179,576. This was computed on the basis of ""*€50 (approximately S$86.00) per pair" of counterfeit [Chuck Taylor All Star] Footwear*". The €50 figure was plucked from a separate case heard before the Commercial Court of Brussels (the "Brighton case"), which was commenced by the plaintiff against a different set of defendants. Counsel for the plaintiff submitted that the Brighton case also involved counterfeit shoes of the plaintiff's, and the Commercial Court of Brussels found that the fixed sum compensation of €357,000 (being 7,140 pairs multiplied by €50) was reasonable and justified after taking into account the relevant factors and the factual circumstances of the case. Counsel therefore urged me to take into account the "great similarities" between the Brighton case and the present action, apply a "tariff" of €50 (approximately S$86) per pair of shoes as applied in the Brighton case, to arrive at S$1,179,576 (being S$86 times 13,716 pairs of shoes), and therefore award them the statutory maximum of S$100,000.

21 After parties were invited to put in further submissions, the plaintiff maintained that it should still be awarded S$100,000 although its basis was by then revised. The plaintiff's submissions at that stage were not entirely clear to me, but as I understood it, the plaintiff was seeking the amount of S$46,434.40 *in addition to* the amount of S$1,179,576 submitted previously. The former amount was

submitted to be the plaintiff's potential loss of royalties, derived by multiplying the retail price of Chuck Taylor All Star shoes of S$68 by 13,716 pairs of shoes, and taking five percent of that as royalties which would have been paid by a hypothetical licensee.

The decision

22 The analysis in *PH Hydraulics*, although a case of copyright infringement rather than trade mark infringement, was undoubtedly applicable to an analysis of the appropriate award of statutory damages in the present case.

23 Here, the primary loss which the plaintiff asserted that it had suffered or was likely to suffer was that of the commercial value of their mark, including damage to their fame, goodwill and reputation. The plaintiff also argued that it would also be difficult for it to establish any causal link between its decrease in sales and the defendants' infringing activities. As I understood it, this was why the plaintiff had relied heavily on the decision in the Brighton case. In that case, it was noted that it could not be denied that the plaintiff had suffered damage as a result of the trading in counterfeit shoes by the defendants, which damage included "*loss of reputation, loss of profits …, loss of market share, non-material damage and prejudice to the commercial value of the marks*".

24 It may have been due to the reliance on the Brighton case that the plaintiff did not adduce substantive evidence in respect of its assertions as to loss of reputation and other "intangible" losses (discussed further at [32] below). It appeared to me that the plaintiff's position came perilously close to being that section 31(5) of the Trade Marks Act did not require proof of loss; further, that the "tariff" of €50 as applied in the Brighton case should, without more, be adopted in the present case. When further questioned on the quality of the evidence adduced, counsel accepted that the plaintiff had the burden of proving its loss, but explained that it had presented its case in the way that it did in the interests of saving costs – which counsel submitted was a more practical approach.

25 This issue troubled me. After further consideration of section 31(5) of the Trade Marks Act, it was my view that it could not have been the intention of the legislature to allow the election of statutory damages to be a back-door avenue for plaintiffs to obtain potentially disproportionate amounts of damages, and without having to adduce any evidence of loss whatsoever. This was evident from the Parliamentary debates referred to above, in which it was observed that the remedy of statutory damages was alternative and complementary to the existing remedies, and would be appropriate in cases where the plaintiff had difficulty proving his loss because the infringer did not proffer evidence of his activities. Indeed, the Minister noted that the court would award an appropriate amount *based on the evidence and circumstances in each case*.

26 In my view, section 31(5) of the Trade Marks Act gave the Court a wide discretion to award an appropriate amount of damages upon consideration of the factors in section 31(6) and the proper weight given to the evidence adduced by the parties to establish these factors. Where a plaintiff did not adduce sufficient or convincing evidence in this regard, he would take the risk that the Court would accord little, if any, weight to such evidence, which would impact on the quantum of damages that he would be able to recover.

27 For the above reasons, I declined to simply adopt the "tariff" as applied in the Brighton case. Statutory damages to be awarded under section 31(5) of the Trade Marks Act must be awarded in accordance with the express wording of the legislation. As such, the correct approach was to have regard to and apply the factors in section 31(6) of the Trade Marks Act based on the evidence and circumstances of the case. Section 31(6) of the Trade Marks Act reads:

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.

28 I therefore turned to consider the factors set out at section 31(6) of the Trade Marks Act. In this regard, I first considered the factors of loss suffered by the plaintiff and benefit accrued to the defendants by reason of the infringement.

Loss suffered by plaintiff and benefit accrued to defendants

29 The plaintiff's heads of damages could be broadly summarised as follows:

(a) Loss of royalties;

(b) Loss of reputation and other "intangible" losses (such as damage to commercial value of the trade mark); and

(c) Benefit which would have accrued to the defendants.

30 Taking each in turn, I accepted the plaintiff's submissions in respect of loss of royalties. To recap, the plaintiff's potential loss of royalties was submitted to be S$46,634.40, which was derived by multiplying the retail price of the Chuck Taylor All Star shoes of an estimated S$68 by 13,716 pairs of shoes, and taking five percent of that (*ie*, the amount of royalties to be paid by a hypothetical licensee). However, the correct figure to be considered ought then to be S$46,226.40 rather than S$46,634.40. This was because, at the first hearing before me, the parties did not agree on the number of pairs of shoes constituting the Third Batch of Counterfeit Goods. Counsel for the plaintiff had eventually accepted the figure of 13,596 (which was Mr Ramchandani's position) rather than 13,716 pairs of shoes.

31 As for loss of reputation, there was no real evidence adduced by the plaintiff to show this – only bare assertions were made. It would be apposite to note counsel's submissions in this regard:

> In the present Suit, it is undeniable that the plaintiff has invested extensively in marketing on a long term basis in order to promote the plaintiff's brand and have (sic) consequently established a great distinctive character. This contention is also recognised in various jurisdictions wherein the plaintiff had successfully protected and/or enforced its rights in numerous legal proceedings.
>
> In addition, the plaintiff's products are of a consistently high quality and are perceived by the public as being at least the equivalent of other leading brands. However, the quality of these counterfeit goods will generally not be of such quality. As a result, the public may no longer perceive the CONVERSE Trade Marks and [Chuck Taylor All Star] Footwear in such a positive manner and the risk of damage and/or loss of reputation of the plaintiff's reputation, trade marks, and its products is considerable. *The plaintiff has suffered or will to (sic) likely suffer a loss of*

reputation, commercial value of mark, licensing royalties, sales, profits, etc.

[emphasis added]

32 However, I was of the view that this was not a case where the plaintiff was unable to prove its loss; indeed, there was no evidence of any difficulty in proving the loss in this regard. As mentioned, the plaintiff's view appeared to be that it was a question of costs – this was not helpful to the plaintiff's position as such. I accepted that, in principle, given that the evidence showed that this was undisputedly a case of trade mark infringement involving counterfeit goods, there would be some dilution of the exclusivity of the plaintiff's brand (which the plaintiff had shown that it had invested extensively in) and price erosion, with the corresponding loss of reputation and damage to the commercial value of the trade mark.

33 It was also apparent that the plaintiff would have suffered other losses resulting from the wrong done by the defendants, although counsel for the plaintiff did not specifically identify such losses. It was amply clear, however, that – as an example – the plaintiff would have incurred investigative costs in discovering and collating the necessary evidence to bring a case against the defendants. In this case, the work done by Mr Hansen was clearly instrumental in the plaintiff's decision to take action against the defendants and his evidence was heavily relied upon throughout the lifespan of the matter.

34 As regard benefit which would have accrued to the defendants, the plaintiff could have done more to prove what they could (such as number of pairs of shoes and sale price) and leave the profit margin that defendants would have made to submissions on the basis that plaintiff was (rightly) unable to ascertain exactly what the profit margin was. For instance, counsel had already observed that Mr Ramchandani had admitted that the unit purchase price of the shoes was US$16.25 per pair and the selling price was US$16.50 per pair, but had failed to provide any management accounts or book-keeping records of the defendants' operations. Counsel therefore submitted that the apparent profit margin of US$0.25 per pair was unbelievably low and would not make any sense at all, and that the defendants would have gained much more in profits than what they had disclosed. I accepted these submissions. However, when asked whether the plaintiff would be making submissions on the profit margins (and therefore benefit which would have accrued to defendants) in greater detail, counsel declined to do so.

35 I should add that, in rounding up my consideration of these factors, I accepted counsel's submissions that in situations involving counterfeit goods, the determinable damages are likely to be merely a fraction of the actual damages. To my mind, this was consistent with the rationale for enacting the alternative regime of statutory damages. I therefore considered and accorded due weight to the facts discussed at [32] to [34] above in deciding on the quantum of statutory damages to be awarded.

Flagrancy of infringement

36 I accepted the plaintiff's submissions that the counterfeit shoes were packaged in shoe boxes which were identical to the plaintiff's packaging materials, and the product code and description were identical to the plaintiff's. The plaintiff had adduced evidence to show that the signs used on the counterfeit shoes were identical to the plaintiff's sign and that it was only upon checking the so-called "Avery Dennison serial numbers" printed on the tongue labels that the shoes could be verified to be counterfeit shoes.

37 It would be apposite for me to note again that it was undisputed that interlocutory judgment

had been obtained and therefore the issue of liability could not be re-opened by this court in these proceedings. However, in considering the issue of flagrancy, the defendants' conduct would be relevant and to that extent, I could look at the contemporaneous evidence of the dealings in the matter. Despite Mr Ramchandani taking the position that the defendants had been nothing more than middlemen, the evidence showed that they were heavily involved in arranging for the goods to be sold. I found, in particular, the email from Mr Ramchandani to Mr Hansen of 25 August 2012 to be incriminatory. The relevant extracts from that email are reproduced as follows:

> As a very brief introduction, my name is Ramesh Ramchandani. I am the sole proprietor of EVERGREEN EXIM and the Managing Director of EVERGREEN EXIM SDN BHD. Fatimah is in fact my junior partner. As would then be expected, I am fully aware of the last attempted Order where you were the appointed 'inspector' of the 'buyer' from Europe. Obviously, it did not happen. Ces't (sic) la vie.
>
> May I also take this opportunity to inform you that I have been in this 'parallel' business now for some 25-odd years. And I am quite familiar with the trials and tribulations of the game from Europe to the USA. Never though have I supplied the Philippines. This is exciting for me.
>
> Anyway, I have read all the recent conversations between Fatimah and you and your dear wife. And it is appreciated that you guys would even consider us as your supply source for such a product into the Philippines market.
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> …
>
> Without trying to blow my own horn, I always have containers 'spare'[.] You never know, with your contacts and mine, this could be 'quite a party'…

38 When cross-examined on this email, Mr Ramchandani's evidence was that the appearance given that they were experienced in arranging for such sales was just bravado and the defendants were in fact inexperienced in such matters. I noted that Mr Ramchandani could have but did not adduce any evidence to show that he really had no role to play in the matter. Having specified in writing and in detail the extent of their experience, it defied logic for Mr Ramchandani to attribute all those details to sheer bravado. Indeed, I found that it was more likely than not that the defendants had considerable experience in dealing with counterfeit goods (which would go towards establishing both flagrancy of infringement as well as the need to deter similar instances of infringement).

39 Mr Ramchandani had conveniently tried to distance himself from Ms Fatimah, who did not even attend to contest the proceedings. This was an opportune state of affairs for both defendants, as Ms Fatimah had left the jurisdiction. However, if Ms Fatimah was in fact the real puppet-master behind the scenes, Mr Ramchandani did not put forth any evidence to show that. Indeed, the company search results on Evergreen Exim Sdn Bhd showed that Mr Ramchandani owned 499,999 shares in the company while Ms Fatimah held only 1 share; similarly, Mr Ramchandani was the sole proprietor of Evergreen Exim (the Singapore business).

40 For completeness, I also addressed Mr Ramchandani's assertion that the defendants had met with the "supplier" of the counterfeit shoes who assured them that the shoes were authentic and that documents proving authenticity would be provided once the deal was finalised. Again, other than bare assertions, Mr Ramchandani had not provided any evidence to show that he had in fact believed that the shoes were authentic. I found it difficult to believe that the defendants did not know that the shoes were counterfeit goods. On a balance of probabilities, I accepted that the defendants were in the business of dealing in counterfeit goods for sale on an organised and regular basis.

41 Lastly, in further submissions, counsel for the plaintiff urged me to adopt a "per infringing activity basis" and take into account the First and Second Batches of Counterfeit Goods which the defendants dealt in previously. It was not clear to me what counsel meant by this. As stated above, there was evidence to show that there had been at least two earlier batches of counterfeit shoes which the defendants had some involvement in. However, those two batches of counterfeit shoes were not the subject-matter of the present action. As such, I did not think it appropriate to award damages in respect of those batches of counterfeit shoes if that was what counsel meant. I accepted, however, that what the evidence showed was that the present batch of counterfeit Chuck Taylor All Star shoes was not the only instance in which the defendants were involved.

42 Thus, I found that the infringement of the plaintiff's trade mark was flagrant given that not only were the defendants aware that the activities that they were engaging in were infringing in relation to the plaintiff's trade mark, but further, that they had been engaging in such activities for some time.

Need to deter infringement

43 This brought me to the next factor to be considered – of the need to deter infringement. 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. Having spent millions of marketing dollars on promoting its brand and having it become well-known as a result, it would be tempting and all too easy for counterfeiters to ride on the plaintiff's efforts and deprive the plaintiff of the fruits of its labour.

44 The evidence showed that there was already more than one attempt by the defendants in this case to infringe the plaintiff's rights. Needless to say, right-owners' labour and efforts ought to be given due protection, particularly in the context of the difficulties which a rights-owner may face in recovering damages (as may be expected in such counterfeiting operations). There was therefore a clear need for deterrence in such cases.

Conclusion

45 To summarise, I accepted the following submissions in particular:

(a) The plaintiff would potentially have suffered a loss of S$46,226.40 in respect of royalties which it would otherwise have imposed on the defendants as hypothetical licensees;

(b) In principle, there would be dilution of the exclusivity of the plaintiff's brand and price erosion, with the corresponding loss of reputation and damage to the commercial value of the plaintiff's trade mark;

(c) The defendants would likely have profited or benefitted from the infringement to a greater extent than the evidence showed (in no small part due to the defendants' failure to disclose relevant evidence);

(d) The defendants were experienced dealers in counterfeit goods for sale and had been doing so on an organised and regular basis for some time. They knew that they were infringing the plaintiff's trade mark and such infringement was flagrant; and

(e) There was a clear need for deterrence in this case.

46 Having considered the evidence placed before me and having regard to the factors under section 31(6) of the Trade Marks Act as discussed above, I was of the view that an award of statutory damages of S$100,000 would be fair and appropriate in this case. Given that section 31(5) of the Trade Marks Act would limit the amount of the statutory damages which the plaintiff can recover to S$100,000, this was also the maximum that the plaintiff could have recovered in any event.

47 Costs of the assessment of damages were fixed at S$12,000 plus reasonable disbursements to be paid by the defendants to the plaintiff.