

# IMPORTING KNOWLEDGE IN TRADE MARK INFRINGEMENT

[2019] SAL Prac 13

Jonathan **LIANG** Tian Zhi  
LLB (Hons) (National University of Singapore);  
Senior Legal Associate, Ella Cheong LLC.

## I. Introduction

1 Trade mark infringement is commonly described as a strict liability statutory tort. An alleged infringer's lack of knowledge that the goods he or she is dealing with are infringing goods cannot succeed as a defence in an action for trade mark infringement. Innocence can only affect the remedy sought, for example, whether an account of profits should be ordered against the infringer.<sup>1</sup>

2 The strict liability nature of trade mark infringement has been cited with approval in a number of High Court cases.<sup>2</sup> In fact, it has been held to “represent the law in Singapore”.<sup>3</sup> The provenance of this proposition is often traced back to the English case of *Gillette UK Limited v Edenwest Limited*<sup>4</sup> (“*Gillette*”), where Blackburne J famously declared that “it is well settled law, and has been for very many years, that innocence on the part of the infringer is no defence to a claim to damages”.<sup>5</sup>

---

1 Tan Tee Jim, *Law of Trade Marks and Passing Off in Singapore* (Sweet & Maxwell, 3rd Ed, 2014) at paras 14.046 and 14.052.

2 See, for example, *Bosch Corp (Japan) v Wiedson International (S) Pte Ltd* [2013] 2 SLR 700 at [39]; *Creative Technology Ltd v Cosmos Trade-Nology Pte Ltd* [2003] 3 SLR(R) 697 at [16] and [17]; and *Calvin Klein, Inc v HS International Pte Ltd* [2016] 5 SLR 1183 at [110].

3 *Calvin Klein, Inc v HS International Pte Ltd* [2016] 5 SLR 1183 at [110].

4 [1994] RPC 279.

5 *Gillette UK Limited v Edenwest Limited* [1994] RPC 279 at 290.

3 Case law aside, the express wording and structure of the Trade Marks Act (the “Act”)<sup>6</sup> also appear to support this proposition. With the exception of s 27(5), the infringement provisions under s 27 of the Act generally do not make any reference to the alleged infringer’s state of mind. This is to be contrasted with the trade mark offences under s 49 of the Act, where the alleged infringer’s innocence may absolve him of guilt.

4 Legal commentators are also largely in agreement that the defendant’s mental state is irrelevant to trade mark infringement.<sup>7</sup>

5 However, the Court of Appeal recently held in *Burberry Ltd v Megastar Shipping Pte Ltd*<sup>8</sup> (“Burberry”) that an alleged infringer’s knowledge of the existence of the sign on the goods in question is a relevant consideration for liability under s 27.

## **II. Factual background**

6 The respondent is a freight forwarder providing transshipment services in Singapore. The appellants are trade mark owners of luxury brands, namely Burberry and Louis Vuitton.

7 Sometime in March 2013, the respondent received two sealed containers which were falsely declared to contain household goods, car accessories, computer accessories, fashion

---

6 Cap 332, 2005 Rev Ed.

7 See, for example, Ng-Loy Wee Loon, *Law of Intellectual Property of Singapore* (Sweet & Maxwell, 2nd Ed, 2014) at para 23.1.2; Susanna H S Leong, *Intellectual Property Law of Singapore* (Academy Publishing, 2013) at para 29.020; M Ravindran, *Trade Marks Act: A Commentary* (Lexis Nexis, 2010) at p 168; Tan Tee Jim, *Law of Trade Marks and Passing Off in Singapore* (Sweet & Maxwell, 3rd Ed, 2014) at paras 11.003 and 13.004; and David Llewelyn, “Statutory Damages for Use of a ‘Counterfeit Trade Mark’ and for Copyright Infringement in Singapore – A Radical Remedy in The Law of Intellectual Property or One in Need of a Rethink?” (2016) 28 SAclJ 61 at para 26.

8 [2019] 1 SLR 536.

items, and tools and hardware.<sup>9</sup> These items were goods in transit and were not intended for the Singapore market. The respondent was to subsequently export them to a port in Indonesia.

8 When Singapore Customs inspected the containers, however, it was found that they actually contained counterfeit products “totalling more than 15,000 items”.<sup>10</sup> The products bore counterfeit trade marks which were identical to the respective trade marks owned by the appellants. The products were also within the classes of goods under which the trade marks were registered.<sup>11</sup>

9 The appellants did not dispute that the respondent was not aware that the containers carried counterfeit products or that the products had any signs on them, whether infringing trade marks or not. It was also not in dispute that the respondent “did not see or handle the goods physically while they were in transit (at least until the Singapore Customs authorities directed that the containers be opened for inspection)”.<sup>12</sup>

10 The appellants then commenced trade mark infringement proceedings against the respondent under s 27(1) of the Act.

11 Section 27(1) of the Act states that:

A person infringes a registered trade mark if, without the consent of the proprietor of the trade mark, he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.

12 Section 27(4) adds that a person uses a sign if he “imports or exports goods under the sign”.

---

9 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [4].

10 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [6].

11 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [9].

12 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [2].

### III. Legal issues

13 Since the goods bore signs which were identical to the appellants' trade marks, and the goods were in the same classes under which the appellants' trade marks were registered, what was left to be decided was whether the respondent was an importer for the purposes of s 27 of the Act. This raised two sub-issues:<sup>13</sup>

- (a) to what extent does [the Act] regulate goods in transit for the purposes of infringement; and
- (b) assuming that goods in transit are caught by the infringement provisions in [the Act], who is to be held liable for such infringement?

14 With respect to the first sub-issue, the Court of Appeal held that "import" under s 27 covered goods in transit.<sup>14</sup> It was observed that the "context and structure" of the Act were consistent with the definition of "import" under s 2(1) of the Interpretation Act.<sup>15</sup> The definition also appeared to be supported by a couple of English decisions.<sup>16</sup>

15 The Court of Appeal then went on to address the second sub-issue, which will be discussed in the next section.

### IV. No infringement

16 Although the respondent was found to have physically imported the counterfeit products into Singapore, the Court of Appeal held that the respondent was *not* liable for trade mark infringement because it did not "use" the sign under s 27.<sup>17</sup>

---

13 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [23].

14 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [40].

15 Cap 1, 2002 Rev Ed.

16 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [40], citing *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd and Alexir Packaging Limited* [1999] ETMR 912 and *Waterford Wedgwood Plc v David Nagli Ltd* [1998] FSR 92.

17 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [76].

17 This may sound surprising since s 27(4) of the Act clearly states that a person “uses” a sign if he “imports ... goods under the sign”. Nevertheless, the Court of Appeal reasoned that for a person to “use” a sign, he must first know or have reason to believe that the sign exists on the goods.<sup>18</sup> Therefore, it was held that:<sup>19</sup>

... for infringement to take place under [s 27] of the [Act], the alleged infringing importer must have *intended to do the act* constituting the infringing use under [s 27(4)] *with knowledge or reason to believe* that there was a sign present on the things in issue. [emphasis added]

18 The court was primarily concerned that:<sup>20</sup>

Freight forwarders, who tend to have only transitory and facilitative control of the shipment and who lack actual knowledge of what is inside the shipment beyond what is declared to them and who handle a high volume of shipments a day, are in no position to examine all the goods that come their way. Some goods ... could arrive in sealed containers.

19 The intention and knowledge requirements also apply to the export of goods in transit. The Court of Appeal clarified that a freight forwarder’s knowledge and intention must be assessed separately at the time of import and export. As such, a freight forwarder will still be liable for infringement if it subsequently becomes aware or has reason to believe that the goods in transit are infringing goods and decides to export the goods anyway.<sup>21</sup>

20 Therefore, only an importer or exporter who knows or has reason to believe that the goods being imported or exported contain signs and intends to import or export said goods would be “using” the sign under s 27 of the Act. The mere act of importing or exporting goods will not be considered “use” for the purposes of infringement.

---

18 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [68].

19 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [68].

20 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [60].

21 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [72].

21 On the facts, the Court of Appeal was satisfied that there was nothing in the documents given to the freight forwarder respondent to give rise to any knowledge or reasonable belief that there were signs on the goods.<sup>22</sup> There was no evidence of any suspicious transactions surrounding the cargo and the documents only indicated that the cargo contained household goods and generic merchandise. The court also noted that there was no evidence of any intention by the freight forwarder to import trademarked products. Therefore, the appellants had not proved that the freight forwarder knew or had reason to believe that the signs were used on the goods.

## **V. “Intention”, “knowledge” and strict liability**

22 In response to the Court of Appeal’s revised formulation on infringement, the appellants quite naturally raised the objection that trade mark infringement is a strict liability tort and that there should be no need to prove intention or knowledge on the part of the respondent to succeed in a claim for infringement.<sup>23</sup>

23 However, the Court of Appeal rejected the appellants’ contention as it seemed to be an “unduly broad and overreaching principle which could result in injustice”.<sup>24</sup>

24 While acknowledging that trade mark infringement is usually described as a strict liability tort, the Court of Appeal cited *Public Prosecutor v Koh Peng Kiat*<sup>25</sup> for the proposition that there is no fixed meaning attached to the concept of strict liability and that it can come in varying degrees of strictness.<sup>26</sup> The only thing that can be said for certain is that “liability is not dependent on fault”.<sup>27</sup>

---

22 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [69].

23 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [61].

24 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [61].

25 [2016] 1 SLR 753 at [52]–[54].

26 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [62].

27 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [62].

25 The Court of Appeal then carefully distinguished past cases on the facts. It was observed that the alleged infringers in *Gillette* and the cases and authorities cited therein, as well as those in the local cases applying *Gillette*, were all aware that signs were present on the goods in question.<sup>28</sup> Therefore, the court took the view that none of these cases “establish conclusively that a defendant who did not even know that a sign was applied or present on the goods would be liable for trade mark infringement”.<sup>29</sup>

## VI. Outstanding issues

### A. Degree of lack of knowledge required

26 One issue that remains unclear is the degree of lack of knowledge required before one can say that there is no “use” of the sign. For example, must the alleged infringer be aware or have reason to believe that the goods do not contain *any* signs whatsoever, or that the goods do not contain signs identical or similar to specific trade marks?

27 If the former, would it not have been reasonable for the respondent to believe that at least some of the falsely declared goods (*ie*, household goods, car accessories, fashion items, tools and hardware) have signs affixed on them? This is especially so given that “sign” is broadly defined under the Act as including “any letter, word, name, signature, numeral, device, brand, heading, label, ticket, shape, colour, aspect of packaging or any combination thereof”.<sup>30</sup>

28 If the latter, would a trader operating under a mistaken belief that the goods he offered for sale contained the same sign as that on the packaging or container of the goods when in fact they are not, be able to rely on this decision?

---

28 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [62]–[67].

29 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [67].

30 Trade Marks Act (Cap 332, 2005 Rev Ed) s 2(1).

**B. Application of Burberry Ltd v Megastar Shipping Pte Ltd to infringement provisions in other intellectual property statutes**

29 Since *Burberry* was decided with the services of freight forwarders in mind and most statutory intellectual property infringements are also commonly thought to be strict liability torts, should the principles articulated in this case apply to other intellectual property laws where goods in transit are concerned?

30 While it is beyond the scope of this article to analyse the infringement provisions for each intellectual property statute, it must be borne in mind that the Court of Appeal’s decision was guided by the overarching principle of “fairness and legal policy”<sup>31</sup> in the specific context of the Act. As such, the express wording of the statute in question and the legal policy engaged for each type of intellectual property may dictate that fairness be achieved in other ways. It would be interesting to see how the courts tackle similar challenges in other (strict liability) intellectual property torts in future cases.

**VII. Conclusion**

31 Although intention and knowledge have been read into s 27, it only applies to the alleged infringer’s mental state with regard to the existence of the sign on the goods in question. Once he knows or has reason to believe that there is a sign that is being used by him, then “it does not matter whether he knew that the sign or its use was infringing”.<sup>32</sup>

32 In practice, and apart from the goods in transit cases, trade mark infringement would still retain attributes of a strict liability tort because an alleged infringer would almost always be aware that the sign being “used” by him is present on the goods in question. As the Court of Appeal noted, most instances of use “tend to require the active involvement of the infringer”.<sup>33</sup>

---

31 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [26].

32 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [68].

33 *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] 1 SLR 536 at [25].



33 This case has the largest impact on brand owners who may not be able to identify the shipper or the ultimate recipient of counterfeit goods if false information is declared on shipping documents.<sup>34</sup> Under s 88 of the Act, Singapore Customs will release the detained goods to the importer if the brand owner has not instituted an infringement action in relation to the goods within ten working days.<sup>35</sup> If the brand owner is not able to identify the proper defendant to the infringement action, the brand owner may perhaps consider seeking the freight forwarder's co-operation on matters under ss 87 and 92(2) read with s 93A of the Act.

---

34 It is unclear if this decision would have an impact on Singapore's status as a transshipment hub. On the one hand, it is not a desirable state of affairs if counterfeiters are able to import and export counterfeit goods into and out of Singapore. On the other hand, requiring freight forwarders to check for counterfeit products in each shipment of goods received may drive up costs and lengthen transit time. For now, the balance of these competing factors appears to weigh in favour of the freight forwarder. Only time will tell if there is a need for Parliament to intervene.

35 Trade Marks (Border Enforcement Measures) Rules (Cap 332, R 2, 2001 Rev Ed) r 8.