

1 February 2019

**Intellectual Property Policy Division**

Ministry of Law  
100 High Street  
#08-02 The Treasury  
Singapore 179434  
Email: MLAW\_Consultation@mlaw.gov.sg

Attention: Mr Simon Seow

Dear Sirs,

**RE: Law Society of Singapore's Response on Public Consultation on Intellectual Property ("IP") Dispute Resolution Reforms ("IPDR Consultation Paper")**

1. We refer to the IPDR Consultation Paper and its accompanying Final Report – Review of Singapore's IP Dispute Resolution Framework (the "**Final Report**"), both of which were released in October 2018.
2. We set out hereunder our responses to the questions posed in the IPDR Consultation Paper along with comments on selected portions of the Final Report.
3. This response is prepared by the undersigned who are members of the IP Enforcement Sub-committee of the Law Society of Singapore ("**IP Enforcement Sub-comm**", "us", "we", or "our") which is a sub-committee of the larger IP Practice Standing Committee of the Law Society of Singapore chaired by Mr. Jonathan Foong<sup>1</sup>. ("**IP Committee**").
4. Since the Final Report and the IPDR Consultation Paper were released, the IP Enforcement Sub-comm was tasked to review the Final Report and the IPDR Consultation Paper and provide a response. The views in this response represent the members of the IP Enforcement Sub-comm and other IP practitioners who volunteered their comments (our "**Learned Friends**").
5. We had asked for an extension of time for one (1) month after the deadline for the Civil Justice Reform response.

**Preliminary Observations**

6. We take this opportunity to commend the members of IPDR Committee chaired by Justice George Wei as he then was, the Ministry of Law and the Intellectual Property Office of Singapore for taking the initiative to improve the IP Dispute Resolution Framework in Singapore.

<sup>1</sup> The list of current members are available at <https://www.lawsociety.org.sg/About-Us/Organisation-Structure/Standing-Committees/Intellectual-Property>

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7. As practitioners, we have all seen our fair share of promising cases that never saw the light of day or that ended prematurely because of cost considerations. We share the vision that the new “fast track” would improve access to justice, especially for straightforward IP cases.
8. We, along with our Learned Friends agree unanimously with the proposal that an IP Division in the High Court of Singapore be established. The reasons set out at paragraphs 2.3.1 to 2.3.5 of the Final Report are sound. We further agree that there is current and growing IP expertise in the High Court and that the High Court should have exclusive jurisdiction over most if not all IP matters, especially civil IP disputes.
9. In principle, we welcome the proposal for a “fast-track” system within the proposed IP Division of the High Court as we share the view that such a system would improve access to justice for modest litigants.
10. We move now to respond to the specific questions posed in the IPDR Consultation Paper and provide our comments to specific parts of the Final Report.

***Question 1: Is \$500,000 an appropriate cap on the value of the claim (for damages or an account of profits on the “fast track”? If not, what would be the appropriate cap and why?***

11. At the outset, it is noted that the premise of SGD 500,000 as a cap on the value of the claim for damages or an account of profits for the “fast-track” is intended for lower value cases, which tend to be less complex.
12. In our practical experience, the value in IP cases is often not measured so much in damages/profit recovered at the end of the day but more importantly in the **value of the injunction** to a plaintiff, or the consequences of infringement on a defendant. For example, the maintenance of a monopoly over a patent and the exclusivity of a trade mark could be of considerable value to a plaintiff. For plaintiffs, the value of the claim could be measured through the effect of the pleaded injunction on the defendant, wherein a relevant question could be whether an injunction would put the defendant out of business, and if so, the value of loss of such business.
13. In light of the foregoing, any cap on damages/profits would inevitably be arbitrary. It would appear that the proposed SGD 500,000 damage/profits cap was imported from the corresponding UK IPEC limit.
14. Perhaps a way to rationalise the damage/profits cap is to align this limit with the prevailing District Court limit of SGD 250,000. This is because the new “fast-track” needs to be read in line with the proposed exclusive jurisdiction of the High Court over IP Matters. We do not see any social, policy or any other reason for adopting the cap of SGD 500,000 for the “fast-track” action.
15. It appears that the “fast-track” is premised to hear only IP claims. It is not clear whether mixed claims will be provided for. We welcome discussion on this point.

**Question 2: What are your views on the proposed caps on P&P Costs and disbursements at the various stages, the overall cap of the whole proceeding, and the exceptions thereto? Note that the overall cap is lower than the sum of caps across all stages.**

16. The SGD 50,000 cost cap appears to be copied from the UK IPEC costs cap.
17. We note that the cost of absolute cost of doing business in Singapore, as a first world country, and in United Kingdom is approximately the same.
18. At the 2<sup>nd</sup> Civil Justice Review Townhall, the Minister commented that P&P Costs should go up because the winning party should not be out of pocket.
19. Substantial disbursements are required in IP cases by virtue of the prevailing burden of proof required of litigants. For example, it is near impossible for a patent case to be disposed of without the need for an expert witness.
20. Expert witness disbursements are beyond the control of the Bar and depend on external market forces, the technology involved, and the expertise required to name a few examples. Proof that a mark is well-known to the public at large or even the likelihood of confusion in trade mark cases may require survey evidence. Such disbursements, if adjudicated as reasonably incurred, should be recoverable by plaintiffs to some extent. Otherwise, there would be a disconnect between the burden of proof required by the courts and the financial burden on plaintiffs, especially in "fast-track" cases.
21. Of particular concern are the modesty of the following stage cost caps:
  - a. Providing or Inspecting Disclosure or Product / Process Description [SGD 6,000];
  - b. Performing or Inspecting Experiments [SGD 3,000];
  - c. Affidavits [SGD 6,000];
  - d. Preparing Experts' Report [SGD 8,000].
22. Having said the foregoing, we appreciate that the IPEC cap of £50,000 on P&P Costs includes disbursements. We reckon that the purpose of the inclusion of disbursements in the cost cap provides certainty to the Plaintiff in litigation but can be prejudicial to an honest Defendant where S&C Costs far exceeds P&P Costs.
23. We are not at this point in time in a position to commit to any position regarding the cost caps because of the lack of time to conduct an exhaustive survey. We therefore conclude our response on this point by saying that Plaintiffs should not be allowed to use the "fast track" as a weapon that can cause an honest Defendant to incur S&C Costs over and above what they can claim back in P&P Costs. Safeguards can be built in through the "fast track" Court Guide and through the discretion of a senior IP Judge.

**Question 3: What are your views on the considerations for transferring matters from one "track" to another?**

24. We are of the view that the most important issue in the implementation of the "fast track" is the discretion of the Managing IP Judge in transferring cases from one track to another.

25. Paragraph 2.4.19 of the Final Report states that there will be rules or Practice Directions governing when a matter listed on the “fast track” may be re-listed on the “normal track”. These rules, rather than setting out a dispositive test for when a matter should be re-listed, will codify a soft set of considerations that the court ought to take into account when considering the question.
26. The court, in considering which court is suitable, shall have regard to the following matters under paragraph 1.3 of the UK IPEC Court Guide:
- a. **Size of the parties.** *If both sides are small or medium-sized enterprises then the case may well be suitable for the IPEC. If one party is a small or medium-sized enterprise but the other is a larger undertaking then again the case may be suitable for the IPEC but other factors ought to be considered such as the value of the claim and its likely complexity.*
  - b. **The complexity of the claim.** *The procedure in the IPEC is streamlined and trials will seldom last more than 2 days. A trial which would appear to require more time than that even with the streamlined procedure of the IPEC is likely to be unsuitable.*
  - c. **The nature of the evidence.** *Experiments in a patent case may be admitted in the IPEC but a case which will involve substantial complex experimental evidence will be unsuitable for the IPEC.*
  - d. **Conflicting Factual Evidence.** *Cross-examination of witnesses will be strictly controlled in the IPEC. The court is well able to handle cases involving disputed factual matters such as allegations of prior use in patents and independent design as a defence to copying; but if a large number of witnesses are required, the case may be unsuitable for IPEC.*
  - e. **Value of the claim.** *Subject to the agreement of the parties, there is a limit on the damages available in the IPEC of £500,000. However, assessing the value of a claim is not only concerned with damages. Putting a value on a claim is a notoriously difficult exercise, taking into account factors such as possible damage, the value of an injunction and the possible effect on competition in a market if a patent was revoked. The value of the claim will generally be a secondary indicator of its suitability for hearing in the IPEC. It may sometimes be inferred that a claim of very high value will require evidence and argument of an amount which will render the claim unsuitable for the IPEC. On the other hand, if a claim is otherwise appropriate for hearing in the IPEC it will be unusual for this to be ruled out solely because of an estimate of the claim’s value.*
27. We suggest that that the “fast track” Court Guide in Singapore be codified *in pari materia* with or along the lines of Paragraph 1.3 of the IPEC Court Guide so that the “fast track” can **quickly benefit from the influence of existing UK jurisprudence concerning the transfer/allocation of cases, while the Singapore High Court develops its own binding precedents.** Examples of useful jurisprudence are as follows:

- a. *Comic Enterprises Limited v. Twentieth Century Fox Film Corporation* [2012] EWPCC 13 (the “**Glee Club Case**”) appears to be a leading case on the issue of transfer, which is unique because it was found that the value of the injunction outweighed the fact that the Plaintiff was modest. The Defendant was a multi-national corporation. However, notwithstanding the “size of the Plaintiff” Justice Colin Birss decided that the case was to be transferred to the High Court, subject to an undertaking by the Defendant not to seek an order for security of costs exceeding £50,000, because the Plaintiff was held to “*not [be] approaching the case as if it is a Patents County Court claim. The claimant’s approach has been to run this case as a full-scale High Court style action with a claim for an injunction with catastrophic consequences for the defendant*”. The decisive factor, in this case, was the Plaintiff’s approach to litigation, which was found to not be approaching the case as if it were a Patents County Court claim, but rather a full High Court action. This case appears to stand for the proposition that a smaller party cannot use the IPEC (or then PCC) as a weapon against larger organisations.
  - b. Conversely, *BG Electrical Ltd v ML Accessories Ltd* [2016] EWHC 2296 (Pat) (the “**BG Case**”) was a case where the Defendant successfully applied for and had the case transferred from the Patents Court to the then Patents County Court. Judge Hacon reasoned, *inter alia*, that the absence of a costs cap in the Patents Court might put unfair pressure of the Defendant to settle, and where the Defendant had undertaken not to sell the products complained of so that the value of any injunction awarded might be nil.
28. Suffice it to say that the issue of transfer has thrown up a myriad of issues and considerations. While flexibility in the law is not without its merit, uncertainty in the law occasioned by the lack of jurisprudence initially would put lawyers in a difficult position in advising clients whether to initiate the case in the “fast-track” or otherwise.
29. Some of our Learned Friends are concerned that a defendant should not be allowed to rely on its impecuniosity to force the case to be brought under the “fast track”, which may compromise the plaintiff’s ability to prove its case or would prejudice the plaintiff’s case, especially when the case requires difficult facts to be proven. On the other hand, others are concerned of a plaintiff’s ability to use the “fast track” as a weapon to oppress a defendant as stated above.
30. We are of the view that applications to switch tracks should be made no later than the initial case management conference and after pleadings have been filed, unless the plaintiff starts to ‘expand’ its case after the first case management conference through, *inter alia*, amendment of pleadings, increase in number of witnesses etc.

**Question 4: What are your views on the proposed approach relating to appeals as of right and appeals requiring leave?**

31. Paragraph 2.4.21 of the Final Report seems to only address the issues of appeals against interlocutory decisions of the Managing Judge in “fast-track” cases. The Final Report does not appear to address the issue of whether “fast-




track” cases themselves are appealable, and if so, whether as of right or only with the leave of the Court of Appeal.

32. Paragraph 1.8 of the UK IPEC Court Guide states that “*if a party wishes to appeal, permission is generally required. Permission may be sought from the judge making the order or from the court to which the appeal is addressed*”. The UK IPEC Court Guide does not appear to make the distinctions we have made in paragraph 31 above.
33. Our preliminary view is that there is nothing inherently objectionable about restricting appeals for all interlocutory applications in the “fast-track” save with the leave of the Court of Appeal. This would significantly limit the escalation of costs for the parties which will not be recoverable due to the cap on costs but at the same time preserve the right to appeal where there is a serious issue to be heard.
34. As for the second issue of whether “fast-track” cases should be appealable, we say that the answer must be in the affirmative. The right to at least one level of appeal is one of the cornerstones of any progressive judicial system. The issue that perhaps could be discussed is (1) whether leave should be required, (2) whether a cost cap should be further provided for in the appeal of a “fast-track” case, or (3) both (1) and (2).
35. In light of the foregoing, we welcome a closed-door discussion between the IP Committee and the Ministry of Law (IP Division).
36. Thank you for your kind attention to our response. We look forward to the reforms.

Yours faithfully,

**IP Enforcement Sub-committee**  
**IP Practice Committee**  
The Law Society of Singapore

*For and on behalf*  


**Mark Teng**  
Infinitus Law  
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