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State of Mind and the Plea of Innocence

The law on trademarks essentially allows registered proprietors to prevent others from “using” a “sign” which infringes their registered trademarks without consent.¹ As attractive as it may be, a plea of innocence is no defence for an infringer.² The courts have consistently held the state of mind of an infringer is irrelevant.³

The equation is however rendered more complex where intermediaries are involved, or have facilitated, in the infringing act. An example would be freight forwarders, who often find themselves in precarious situations if the goods shipped under their care turn out to be counterfeit goods.

In *Burberry Ltd v Megastar Shipping Pte Ltd*,⁴ the registered proprietors commenced an action for trademark infringement against the freight forwarder, instead of the manufacturers, for counterfeit goods. The Singapore Court of Appeal held the principle of irrelevance of state of mind may cause injustice by casting liability on persons in ways not intended by law.⁵ The rationale is the need to balance against over-extension of liability to “honest commercial persons” who, being entangled in the movement or handling of counterfeit goods, are wholly unaware of the existence of any infringing signs.⁶ The court refused to impose liability on the freight forwarder as the evidence proved they were unaware of any signs on the goods, let alone knew the signs were infringing.⁷ To decide otherwise would be tantamount to a case of “needing to make someone liable because the real culprits are not identifiable or reachable”.⁸

Another example is e-commerce platforms. In *L’Oréal v eBay*,⁹ the Court of Justice of the European Union¹⁰ ruled the “users” of infringing

¹ Section 54 of the Trademarks Act 2019, *Coty Germany GmbH v Amazon Services Europe Sàrl, Amazon Europe Core Sàrl, Amazon FC Graben GmbH, Amazon EU Sàrl* Case C-567/18 (2 April 2020) at para 38

² *Calvin Klein, Inc and another v HS International Pte Ltd and others* [2016] 5 SLR 1183 (“*Calvin Klein*”) at paras 108-109

³ *Ibid* at para 109, citing James Mellor et al, *Kerly’s Law of Trade Marks and Trade Names* (Sweet & Maxwell, 15th Ed, 2011)

⁴ *Burberry Ltd v Megastar Shipping Pte Ltd* [2019] SGCA 1 (“*Burberry*”)

⁵ *Burberry* at para 27

⁶ *Ibid*.

⁷ *Ibid*. at para 69

⁸ *Ibid*. at para 70

⁹ *L’Oréal SA v eBay International AG* [2011] RPC 27 (“*L’Oréal*”)

¹⁰ In a reference for preliminary ruling

signs displayed in e-commerce platforms were the sellers and not the platform operators.¹¹ This is notwithstanding the latter's acts of offering for sale on its server, setting the terms of services, and receiving remuneration for that service.¹²

The situation however takes a different turn where e-commerce platform operators play a more active role, and depart from taking a mere neutral position between sellers and buyers.¹³ This increase in dynamics was examined in *Calvin Klein v HS International*¹⁴ which concerned an e-commerce platform with a different approach. When a buyer selects and makes payment for a particular order on the website, the operator of the platform places a corresponding order on another well-known platform in China, receives delivery of the goods in China, and ships the goods to the buyer in Singapore.¹⁵ The Singapore High Court found the platform operator played a far more active role compared to other e-commerce platform operators which do not themselves place product orders, make and receive payment, or receive and deliver goods.¹⁶ The operator was found to have committed trademark infringement, and their argument of innocent infringement or lack of knowledge was rejected.¹⁷

The reality is freight forwarders and e-commerce platform operators do face the risk of being held responsible for counterfeit or trademark infringing goods. When the perpetrators hide behind the cloak of anonymity, registered proprietors are left with little or no option but to sue freight forwarders or e-commerce platform operators for remedies. This predicament is exemplified by the irrelevance of innocence or state of mind. While the law continues to evolve to keep up with technological advancements and the modern nuances of businesses, freight forwarders and e-commerce platform operators should in the meantime be mindful that ignorance is certainly not bliss.

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¹¹ *L'Oréal* at para 103
¹² *Ibid.* at para 115
¹³ *Ibid.* at para 116
¹⁴ *Calvin Klein, supra* n 2 at paras 107-110
¹⁵ *Calvin Klein* at para 2
¹⁶ *Ibid.* at para 66
¹⁷ *Calvin Klein* at para 110