

Highway Video Pte Ltd v Public Prosecutor (Lim Tai Wah) and other appeals
[2001] SGHC 370

Case Number : MA 203/2001, 204/2001, 205/2001
Decision Date : 11 December 2001
Tribunal/Court : High Court
Coram : Yong Pung How CJ
Counsel Name(s) : Anthony Lee Hwee Khiam and Rowena Chew (Bih Li & Lee) for the appellants;
Wong Siew Hong and Chia Soo Michael (Infinitus Law Corp) for the respondent
Parties : Highway Video Pte Ltd — Public Prosecutor (Lim Tai Wah)

Copyright – Infringement – Existence of copyright – Foreign cinematograph films made before 10 April 1987 – Whether such films enjoy copyright protection in Singapore – Whether film unauthorised infringing copy – Whether film legitimate parallel import – ss 7(1), 184, 205, 210, 220 & 221 Copyright Act (Cap 63, 1999 Ed) – regs 2(2), 3 & 6 Copyright Regulations (International Protection) (Cap 63, Rg 2, 1990 Ed)

Criminal Law – Offences – Copyright and trademark offences – Possession for purposes of sale infringing copies of copyright film – Whether offences proven beyond reasonable doubt – ss 7(1), 25(3) & 136 Copyright Act (Cap 63, 1999 Ed) – s 107 Trade Marks Act (Cap 332, 1999 Ed)

: These appeals arise from the decision of the trial judge convicting the appellants of two offences under the Copyright Act (Cap 63, 1999 Ed) and the Trade Marks Act (Cap 332, 1999 Ed) and sentencing them to fines of \$20,000 each. I heard the appeal on 1 November 2001 and reserved judgment to give more consideration to the issues raised.

Facts

The first appellant, Highway Video Pte Ltd (‘Highway’), operates a shop at Parkway Parade Shopping Centre which engages in, inter alia, the sale of video cassettes and Video Compact Discs (‘VCDs’) which contain theatrical films, television serials and other entertainment programs. The other appellants, Teng Yock Poh (‘Yock Poh’) and Teng Kem Hong (‘Kem Hong’) (hereinafter these two appellants will collectively be referred to as ‘the Tengs’), are siblings and the two directors of Highway. At the time of the alleged offence, they had been selling and distributing films for more than ten years.

The substantive respondent, Lim Tai Wah, prosecuted the appellants under a fiat from the Public Prosecutor. He is a director of Golden Mandarin Organisation Pte Ltd (‘GMO’) and is authorised to act on behalf of Television Broadcasts Ltd (‘TVB’), a company incorporated in Hong Kong, and TVBI Co Ltd (‘TVBI’) which is responsible for distributing and sub-licensing TVB’s cinematograph films in countries outside Hong Kong, to enforce their copyright rights in Singapore.

Sometime in the 1980s, TVB produced the film serial ‘The Duke of Mount Deer’ (‘the film’). The film was first telecast in Hong Kong in July 1984 and its copyright is owned by TVB in Hong Kong. As a cinematograph film made or first published in Hong Kong, the film enjoys copyright in Singapore by virtue of s 184 of the Copyright Act read with reg 3 of the Copyright (International Protection) Regulations (Cap 63, Rg 2, 1990 Ed). The TVB logo is also protected under the trade marks regime in Singapore as it is a registered trade mark here.

In late 1999 or early 2000, TVBI became aware that there might be infringing copies of TVB’s copyrighted films being offered for sale in Singapore in the VCD format. Consequently, it requested its

prospective licensee in Singapore, GMO, to place warning advertisements in the major newspapers here. The warning advertisements were published in The Straits Times and Lianhe Zaobao on 10 January 2000. Essentially, the warning stated that TVB/TVBI had never produced, distributed or licensed TVB programmes in the VCD format and therefore any TVB programs in the VCD format were infringing copies that were not produced with their authorisation. To ensure that the warning advertisements were brought to the actual attention of all known distributors in Singapore, GMO also sent a copy of the advertisements to each of them via facsimile. Highway was one of the distributors which received this notice.

On 1 or 2 February 2000, the Tengs purchased a copy of the film from GC Video Pte Ltd's ('GCV') Toa Payoh outlet for \$100. The film came in a set of 40 VCDs and the proprietor of GCV, one Ng Chin Guan ('Ng'), assured Yock Poh that the set was a parallel import from Malaysia.

On 3 February 2000, two private investigators, acting on the instructions of GMO, conducted a trap purchase of the set of 40 VCDs at Highway's shop. Upon arrival at the shop, the two investigators saw the set of VCDs on display and, after some bargaining, bought the entire set for \$118.

Subsequently, Highway was charged under s 136(2)(a) of the Copyright Act for having possession of the VCDs for the purposes of sale or trade when it ought reasonably to have known that they were infringing copies of the film. It was also charged under s 49(b) of the Trade Marks Act for the sale of the 40 VCDs, on which the registered trade mark of TVB was falsely applied. The Tengs were both charged for the same offences as Highway under s 201B of the Copyright Act and s 107 of the Trade Marks Act respectively. These provisions state, inter alia, that, where a body corporate is proven to have committed an offence under s 136(2) of the Copyright Act or s 49(b) of the Trade Marks Act, any director who consents or connives with the body corporate committing the offence is also liable to be punished for that offence.

The defence's case

In the court below, the appellants were not represented by counsel. They did not dispute that the set of VCDs was an infringing copy of the film but centred their defence on the argument that in the circumstances they did not know and were not put on notice that the set of VCDs was not genuine. As such, they contended that it could not be said that they ought reasonably to have known that the VCDs were infringing copies. In support of this argument, the Tengs asserted that they did not know about the advertisements in The Straits Times and Lianhe Zaobao on 10 January 2000 and did not receive the fax from GMO. Moreover, they said that they genuinely believed that the set of VCDs they purchased was a genuine parallel import from Malaysia based on the assurance by their supplier, GCV, and they contended that in the circumstances they had made sufficient inquiries on the authenticity of the VCDs.

With regard to GMO's fax, the appellants took issue with the letters 'ECM' stated on the fax transmission report provided by GMO, which the prosecution used to prove that the fax was sent to Highway. They tendered some evidence from an instruction manual of a fax machine (Canon Fax L-250) to the effect that 'ECM' meant 'Error Correction Mode'. They therefore contended that the fax was not properly sent.

As for their belief that the VCDs were authorised copies, the appellants stated that they believed that the VCDs were genuine as the printing on the box was very 'beautiful and well done' in comparison with 'pirated' copies sold at the night markets. Moreover, they claimed that simply because the name of the licensed distributor of TVB films, Golden Star TVB Sdn Bhd ('Golden Star')

was not printed on the box did not mean that the set was not a genuine parallel import as Golden Star may have authorised another distributor to distribute the films. To demonstrate this point, Kem Hong tendered some VCDs which showed that such a practice exists. In any case, Yock Poh gave evidence that when she examined the display set of the film at GCV, it had the name of a Malaysian company and had its address printed on it. From these circumstances, the appellants argued that there was nothing that would have put them on notice as to the questionable origins of the set of VCDs.

The trial judge`s findings

The trial judge rejected the appellant`s arguments and found that they had not taken the necessary measures to check that the set of VCDs was a genuine import from Malaysia. He was of the view that the Tengs were experienced people in the video business and should have been alerted to the possibility that the VCDs were infringing articles. While the printing on the box containing the VCDs was professionally done, there was no mention of the name and address of the purported Malaysian licensee or distributor at the back of the box. In addition, logos such as `dolby digital`, `video cd`, and other copyright logos were also missing. These, the trial judge thought, were warning signs which should have put the Tengs on notice that something could be amiss. Moreover, if the Tengs had watched the films themselves, they would have realised that the opening credits, closing credits and copyright notices were missing in each of the serial`s episodes.

On top of the above factors, the trial judge was persuaded by the fact that the Tengs were aware of TVB`s licensing arrangements in Singapore and Malaysia. As Kem Hong had admitted that he had not seen TVB serials being sold in VCD format before, they could, and should, have simply checked with Golden Star about the status of the VCDs that they purchased. The trial judge also drew an adverse inference from the appellants` failure to call Ng of GCV as a witness. This, he felt, undermined their defence as Ng could have given some clarification as regards the assurance he gave the appellants that the set of VCDs he sold them was a genuine parallel import from Malaysia and also his basis for saying so. The trial judge stated unequivocally that this clarification was crucial, considering that Yock Poh claimed that Ng did not tell them that it originated from Golden Star and the Tengs could not name the Malaysian entity from which the VCDs originated.

With regard to the warning advertisement which was faxed to the appellants, the trial judge was of the view that the fax had been successfully transmitted for two reasons. First, there was no evidence that GMO had used the Canon Fax L-250 when faxing the warning advertisement to the appellants. Secondly, the transmission went through because `OK` was printed beside `ECM` on the fax transmission report.

Reaching the conclusion that the appellants had shut their eyes to the obviously dubious origin of the set of VCDs, the trial judge agreed with the prosecution that the appellants` conduct lacked remorse and contrition and sentenced them based on the sentencing benchmarks of \$300 per copyright infringement and \$200 per trade mark infringement. The trial judge accepted the prosecution`s position that each VCD constituted a film and therefore sentenced the appellants to fines based on 40 copyright infringements. For the trade mark infringements, the TVB trade mark was on each VCD and the trial judge accordingly sentenced the appellants for 40 trade mark infringements. Using the same formula, each appellant was ordered to pay a fine of \$12,000 for each charge under the Copyright Act and a fine of \$8,000 for each charge under the Trade Marks Act. Therefore the appellants paid a total of \$60,000 (\$20,000 each) in fines.

The appeals against conviction

In the appeals before me, many issues have been raised by the appellants. Apart from their argument that the trial judge erred in finding that they ought reasonably to have known that the VCDs were not authorised copies, they have canvassed three issues which were not raised in the court below. First, they have contended that no copyright subsists in the film. Secondly, they have contended that the prosecution had not proven that the set of 40 VCDs were in fact infringing copies of the film. Finally, and this point is related to the second issue, they have contended that the prosecution had also not proven that the registered trade mark of TVB was falsely applied to each of the VCDs. I will deal with these three issues first, before turning to the trial judge's finding that the appellants ought reasonably to have known that the VCDs were infringing copies of the film.

Whether copyright subsists in the film

Section 136(2) of the Copyright Act reads:

A person who at a time when copyright subsists in a work has in his possession any article which he knows, or ought reasonably to know, to be an infringing copy of the work for the purpose of -

(a) selling, letting for hire, or by way of trade offering or exposing for sale or hire, the article;

(b) distributing the article for the purpose of trade, or for any other purpose to an extent that will affect prejudicially the owner of the copyright in the work; or

(c) by way of trade exhibiting the article in public,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 for the article or for each article in respect of which the offence was committed or \$100,000, whichever is the lower, or to imprisonment for a term not exceeding 5 years or to both.

At the appeal, the appellants have contended that copyright cannot subsist in the film under s 184(1) of the Copyright Act read with reg 3 of the Copyright (International Protection) Regulations because the film was made in or around 1984. As a result, they cannot be guilty of an offence under s 136(2). Their argument is premised on s 220 of the Copyright Act, which states that '[c]opyright shall not subsist by virtue of section 88 in a cinematograph film made before 10th April 1987'. Section 88 lays down the requirements which have to be satisfied in order for copyright to subsist in a cinematograph film. Regulation 3 states that the Copyright Act applies to, inter alia, cinematograph films made or first published in a country specified in the Schedule to the Regulations in the same manner as it applies to cinematograph films made or first published in Singapore. Reading reg 3 with s 220, the appellants say that the film, like any cinematograph film in Singapore which satisfies the requirements laid down in s 88 of the Copyright Act but was produced before 10 April 1987, has no copyright subsisting in it. Accordingly they contend that they cannot have possessed any infringing article.

The appellants support the above argument by reference to reg 6 of the Copyright (International Protection) Regulations which provides for the application of s 210 of the Copyright Act to a work first published before 10 April 1987 in a country specified in the Schedule. The relevant portion of s 210

reads,

(1) Notwithstanding anything in Part III, copyright shall not subsist by virtue of that Part in a work first published before 10th April 1987 unless copyright subsisted in the work under the Copyright Act 1911 immediately before that date.

It is clear from the definition of `work` in s 7(1) of the Copyright Act that a `work` only means a literary, dramatic, musical or artistic work.

The appellants also refer to reg 2(2) and argue that this shows that a cinematograph film does not fall under the definition of a `work`. Regulation 2(2) states that:

... a reference in these Regulations to a subject-matter other than a work shall be read as a reference to a sound recording, a cinematograph film, a published edition of a work or works, a sound broadcast or a television broadcast.

From the above, the appellants contend that it was the intention of the Minister, when the Copyright (International Protection) Regulations were promulgated, to exclude cinematograph films produced before 10 April 1987 from the application of the Copyright Act. Otherwise, reg 6 would have included cinematograph films.

This argument, while rather ingenious, cannot be sustained in the light of s 221 of the Copyright Act and the law prior to the enactment of the Act in 1987. Section 221(1) reads:

Where a cinematograph film made before 10th April 1987 was an original dramatic work as defined by section 205, this Act (other than this subsection) shall have effect in relation to the film as if the film had been an original dramatic work as defined by section 7 and the person who was the author of the work for the purposes of the Copyright Act 1911 shall be deemed to be the author of the work for the purposes of this Act as having effect by virtue of this subsection.

The relevant portion of s 205 reads:

"dramatic work" includes ... a cinematograph production where the arrangement, the acting form or the combination of incidents represented gives the work an original character.

Prior to the enactment of the Copyright Act in 1987, the statute governing the copyright regime in Singapore was the UK Imperial Copyright Act 1911(`the Copyright Act 1911`): see **Ng Sui Nam v Butterworth & Co (Publishers)** [1987] SLR 66 [1987] 2 MLJ 5. Under that statute, cinematograph films were protected as a type of dramatic work. Section 35(1) of the Copyright Act 1911 defined a `dramatic work` to include, inter alia, `any cinematograph production where the arrangement or acting form or the combination of incidents represented give the work an original character`. This is almost identical with the definition of a dramatic work found in s 205 of the current Copyright Act as

laid out above and explains why ss 220 and 221 were enacted.

As the Copyright Act introduced the notion of copyright subsisting in a cinematograph film as distinct from a dramatic work, there would have been confusion as to the status of cinematograph films that were made prior to 1987. For example, there would be uncertainty as to whether cinematograph films made prior to 1987, which had copyright as dramatic works, would continue to enjoy protection as dramatic works or were now to enjoy copyright as cinematograph films. This is significant since the scope of copyright protection for `works`, under s 26(1) of the Copyright Act, is wider than that for cinematograph films under s 83 of the Copyright Act. This means that a cinematograph film that obtained copyright protection as a dramatic work prior to 1987 enjoyed greater protection than a cinematograph film under the current Act. Furthermore, there would have been questions as to whether copyright now subsisted in pre-1987 cinematograph films that did not enjoy copyright under the old regime (as they did not fall under the definition of `dramatic work`) since there are no longer such restrictions under the current Copyright Act.

It is because of the confusion that could have arisen from the changeover in regimes that transitional provisions such as ss 220 and 221 were enacted. Section 220 unequivocally denies copyright to cinematograph films made before 10 April 1987 under the provisions of the new regime whereas s 221 ensures that cinematograph films that enjoyed protection as dramatic works prior to 1987 continue to enjoy protection as dramatic works under the current regime. This way, the pre-1987 status quo is maintained and the public as well as authors would be treated fairly.

Such transitional provisions are not unique to our Copyright Act and other examples can be seen from the English Copyright, Designs and Patents Act 1988 (`CDPA`). Section 171(2) of that statute states that, subject to the saving and transitional provisions found in Sch 1, no copyright subsists. In particular, para 7 of that Schedule provides that `no copyright subsists in a film, as such, made before 1st June 1957` but where a film made before that date was an original dramatic work within the meaning of the Copyright Act 1911, the new copyright provisions have effect in relation to the film as if it was an original dramatic work within the meaning of the CDPA. With regard to works, the savings provision is para 5, which is akin to our s 210.

It seems clear that the reason why such provisions were enacted was to ensure continuity and a smooth transition when one copyright regime yields to another regime that is fundamentally different. The current Copyright Act sought to introduce much needed reform to an area of law that is constantly challenged by the advent of radically changing multimedia technology. However, it also had to ensure that proprietors of pre-existing copyright material were not left out in the cold and it was for this reason that the transitional provisions were included. If, as the appellants maintain, s 220 of the Copyright Act should be applied blindly without reference to s 221, then a ridiculous conclusion would be reached: that Parliament intended to extinguish the intellectual property rights of copyright owners who made films before 1987. This absurd consequence could hardly have been intended and, for this reason, I reject such an interpretation. I have also come to this conclusion applying the fundamental canon of statutory interpretation that a statute should be read as a whole so that a provision within it is not treated as standing alone but is interpreted in its context as a part of that statute: see Francis Bennion **Statutory Interpretation** (3rd Ed) at pp 897-905.

It is true that the film does not enjoy copyright as a cinematograph film since it was produced and first published in Hong Kong before 1987. However, copyright may nevertheless subsist in it as a dramatic work under s 221 read with s 205 of the Copyright Act and reg 3 of the Copyright (International Protection) Regulations. Regulation 6 does not detract from the express wording of reg 3, which clearly states that the Copyright Act applies to cinematograph films made or first published in Hong Kong in a like manner as it applies to cinematograph films made or first published in Singapore.

Therefore a cinematograph film made in Hong Kong before 1987 is to be treated as a Singapore film made before that date and s 221 kicks in to preserve such a film's copyright if it satisfies the requirements laid down in s 205. By this reasoning, any question as to whether reg 6 is capable of being construed as applying to cinematograph films produced or first published before 1987, since they were treated as dramatic and artistic works under the Copyright Act 1911, is moot as they are already protected via reg 3 and s 221.

Flowing from the above, it is clear that the remaining issue under this ground of appeal is whether the film qualifies as a dramatic work under s 205 of the Copyright Act. If so, then the film enjoys copyright as a dramatic work. In order to determine this, reference must be made to the Copyright Act 1911 and the body of law that emerged from that statute. There are no reported local copyright cases on cinematograph films that pre-date 1987 and which are of any assistance. Foreign authorities on this point are also sparse since the United Kingdom and many other Commonwealth states enacted new copyright statutes from as early as the 1950s, granting the cinematograph film independent protection in itself. The position in the 1911 Act is perhaps best summarised in ***Copinger on the Law of Copyright*** (7th Ed), where the author examined the Copyright Act 1911 and stated at p 207, that:

... where scenes are arranged for the purpose of being filmed there may be copyright in these arrangements as a dramatic work, for dramatic work is defined (p) as including "any cinematograph production where the arrangement or acting form, or the combination of incidents represented give the work an original character." It seems fairly clear that the cinematographing of a series of events in real life is not a "production" within the meaning of the definition since there is no acting form or arrangement. Even where the work is a "production" it must have an original character; this would seem to be so apart from the definition since copyright only subsists in original dramatic works, but the effect of the definition is no doubt to point out where the originality in a cinematograph production must subsist.

Thus it is submitted that a person could not obtain copyright in an existing non-copyright play merely by making a film from a stage performance, but that if he imparted originality to the arrangement or acting form for the purposes of the film he would obtain copyright in such new arrangement.

Applying the above principles and the express wording of s 205 to the present case, it is difficult to see how the appellants would be able to challenge the prosecution's contention that the film is protected by copyright, albeit as a dramatic work. It has not escaped my notice that no evidence was led on this issue in the court below as the parties and trial judge proceeded on the basis that copyright subsists in the film as a cinematograph film. However, the film is a period serial comprising over 40 episodes, which must have involved a huge effort in arrangement, choreography and film direction. It is undeniably of original character and is thus protected as a dramatic work. I should add that Mr Wong, who represented the prosecution, was willing to have this issue sent back to the trial judge if the appellants were serious in challenging the originality of the film as a dramatic work. However, I concluded that there was no real challenge and proceeded on the basis that the film enjoys copyright as a dramatic work under s 221.

Whether the 40 VCDs were infringing copies of the film

Apart from the subsistence of copyright, another important prerequisite that has to be satisfied before the appellants can be convicted under s 136(2) of the Copyright Act is that the VCDs in their

possession must be proven to be infringing copies. In the court below, the prosecution contended that, based on the evidence given by one Cherry Tak, the Corporate Services Manager of TVBI, it was clear that the set of VCDs were infringing copies of the film. Ms Tak claimed that after examining the 40 VCDs, she could confirm that neither TVB, TVBI or its licensees produced them for the following reasons:

- (1) a copyright notice, at the beginning of all master tapes of TVB's films distributed by TVBI to its overseas licensees, is absent at the beginning of each VCD;
- (2) the opening song is absent from the beginning of each episode;
- (3) closing credits are also missing from the end of each episode; and
- (4) prior to August 2000, neither TVB, TVBI or its licensees had ever produced, distributed, sold, rented or dealt with TVB's cinematograph films in the VCD format anywhere in the world.

On appeal, the appellants have contended that the above evidence did not prove beyond reasonable doubt that the set of VCDs were unauthorised infringing copies of the film. Ms Tak's allegation that TVB, TVBI or its licensees had never produced the film in VCD format was *prima facie* the most powerful piece of evidence relied upon by the prosecution and the appellants accordingly challenged the validity and admissibility of such evidence.

As a representative of TVBI, Ms Tak was able to confirm that TVBI had never produced films in the VCD format. Nonetheless, the appellants took issue with her evidence that its licensees, especially those in Malaysia, had never produced such films in VCD format since the appellants themselves had been informed that the set of VCDs was a legitimate parallel import from Malaysia. Ms Tak's evidence on this was that Golden Star, TVBI's Malaysian licensee, had mentioned to TVBI that they had not produced any TVB programs in VCD format and would not do so until the market was able to absorb such products. In addition, she stated that, in an action in the United States, TVBI requested Golden Star to execute an affidavit to verify that it had never produced any TVB programmes in VCD format and Golden Star executed such an affidavit.

I find the appellants' arguments on the unreliability of the above evidence very potent as Ms Tak's evidence on TVBI's licensees' activities is clearly hearsay. She had no personal knowledge of whether Golden Star or indeed any other authorised entity had ever reproduced TVB films in the VCD format and/or how such VCDs would have looked like or how they were edited. Whatever evidence she gave on behalf of TVBI regarding its licensees was based on information which TVBI received from its licensees and this is clearly caught by the evidential rules against hearsay evidence. That Golden Star told TVBI that it had not produced and would not produce any TVB programmes in VCD format and that Golden Star has executed an affidavit in the USA verifying this cannot be used as evidence proving the truth of its contents. Only representatives from Golden Star or TVBI's other licensees could have given such evidence and, as easy as it would have been for the prosecution to procure the attendance of at least a representative from Golden Star, this was not done. As a result, there was no direct evidence that Golden Star did not produce those VCDs and Ms Tak's assertion that TVB and TVBI's licensees had never produced their films in VCD format, without direct evidence given by representatives from their licensees and sub-licensees (if any), was a bare assertion which was not substantiated or capable of being subject to any real form of cross-examination.

To compound the unreliability of the evidence, if one were to closely examine Ms Tak's assertion that TVB and TVBI's licensees had never produced its films in VCD format, it would become clear that it is not as dramatic and persuasive as it appears to be. Even if I were to accept this assertion at face

value, it does not logically lead to the necessary conclusion that the set of VCDs sold by the appellants must have been an unauthorised copy of the film. It would simply mean that, as TVB, TVBI and Golden Star have never reproduced the film in VCD format, this particular set of VCDs was not produced by them. It does not prove that the set of VCDs was not produced by an entity that was authorised to do so. As Kem Hong testified, it is not uncommon for licensees like Golden Star to sub-licence its rights to another entity. Such an entity could easily have made the copies without Golden Star's knowledge and be entitled to do so since TVBI had licensed its rights to produce its films in VCD format to Golden Star, contrary to what it stated in its advertisement warnings. A sub-licence could have in turn been granted to a third entity. I also noted that Golden Star is not TVB/TVBI's only licensee. Even if TVBI's evidence that its licensees have never produced the film in VCD format is true, sub-licensees in other countries could have done so. It follows that even if I accept that TVB, TVBI and its licensees have never produced the film in VCD format, it would merely be circumstantial evidence going to show that the set of VCDs is an infringing copy of the film.

I now come to the question of whether the evidence adduced by the prosecution in Ms Tak's testimony is sufficient to prove beyond reasonable doubt that the set of VCDs is an unauthorised copy of the film. No doubt if the answer to this question is in the negative, then a vital part of the charge and actus reus of the offence would not have been made out and the appellants should accordingly be acquitted.

To my mind, it is clear that if one were to look at the totality of all the evidence on this issue, it cannot be said that the set of VCDs had been proven, beyond reasonable doubt, to be an unauthorised copy of the film. The absence of the copyright notice from the beginning of each VCD and the closing credit at the end of each episode is simply circumstantial evidence, as that does not necessarily prove that the VCDs must be unauthorised. The manufacturer of the VCDs may have simply cut them out because of the limited storage capacity of each VCD. In **PP v Teo Ai Nee** [1995] 2 SLR 69 at 98, I highlighted that Singapore copyright law, which is consistent with the international copyright conventions, does not require a copyright notice or marking to be present on a protected article and therefore the lack of such notice should not per se lead a reasonable man to pursue inquiries as to the legitimacy of his imported goods. Similarly, there is no requirement that such notice be made in the VCDs and the manufacturer of the VCDs could have legitimately removed it when making a copy of the master tapes. Of course, if a representative from the **only** authorised manufacturer testified that all their VCDs began with the notice and ended with the closing credits, then that would be evidence which could go towards proving that the VCDs were not authorised copies. Otherwise, they should be given limited weight and be carefully considered. As for the alleged absence of the opening song in the VCDs, I would have added this to the pot of circumstantial evidence to be considered but for the fact that I was surprised to discover, upon viewing the beginning of a few of the VCDs, that they did in fact begin with the opening song. I must say that I was surprised at this and it did not reflect well on Ms Tak's credibility although I accepted her other evidence at face value. Finally, as I mentioned above, TVB and TVBI's contention that they and their licensees had never produced the film on VCD format is circumstantial evidence, the reliability of which is undermined by the fact that it is also hearsay evidence.

Having examined all the circumstantial evidence, I am of the view that it would not be safe to convict the appellants, since the evidence does not lead to an 'irresistible inference' or the inexorable and inevitable conclusion that the appellants are guilty of the offence they have been charged with. As this test, laid down in **Ang Sunny v PP** [1965-1968] SLR 67 [1966] 2 MLJ 195, is not satisfied, I allow the appellants' appeal and set aside their convictions under s 136(2) of the Copyright Act.

In coming to this conclusion, I have taken into consideration the well-established principle, cited by the prosecution, that an appellate court should be slow to disturb findings of fact by a trial judge

unless it goes against the weight of the evidence or is unreasonable or unsupportable by the evidence: **Lim Ah Poh v PP** [1992] 1 SLR 713; **Jimina Jacee d/o CD Athanasius v PP** [2000] 1 SLR 205; and **Ramis a/I Muniandy v PP** [2001] 3 SLR 534. However, having considered the evidence, the arguments by counsel and the trial judge's grounds of decision, I think that it is clear that the trial judge did not apply his mind to the evidential problems associated with the prosecution's evidence. His finding that the VCDs were infringing copies was against the weight of evidence, or rather, the lack thereof, and I believe that there would be a failure of justice should the appellants stand convicted on such evidence.

At this juncture, I should say that I am well aware that this decision will have an impact on the burden borne by the public prosecutor or copyright proprietors (as the case may be) in future prosecutions since they will have to seek more concrete and direct evidence from licensees, sub-licensees and copyright proprietors who may reside abroad, to prove that alleged infringing copies are not genuine parallel imports. Indeed, I expressed similar concerns in **PP v Teoh Ai Nee** [1994] 1 SLR 452 at 457. That case also involved, inter alia, the prosecution of persons under s 136(2), but involved allegedly offending copies of sound recordings rather than of a cinematograph film. After the conclusion of the prosecution's evidence, the defence counsel submitted that there was no case to answer and the district judge acquitted the accused persons without calling their defence. One of the issues that arose on appeal was what constituted an 'infringing copy' under s 7 of the Copyright Act. This was significant as it is a crucial element of an offence under s 136(2).

The relevant portion of s 7(1) generally states that:

"infringing copy" ...

(b) in relation to a sound recording ...

(c) in relation to a cinematograph film ...

being an article the making of which constituted an infringement of the copyright in the ... recording, film ... or, in the case of an article imported without the licence of the owner of the copyright, the making of which was carried out without the consent of the owner of the copyright.

The controversy in **PP v Teoh Ai Nee** (supra) related to the second limb of the section which referred to the making of the article without the consent of the owner of the copyright and arose because the section was silent on whether the owner so referred to was the owner of the copyright in Singapore, or whether it meant the owner of the copyright in the country in which the article was manufactured. At the close of their case, the prosecution submitted that the second limb must be interpreted to refer to the Singapore copyright owner and, as they had adduced evidence that the Singapore copyright holder had not consented to the making of the seized compact discs ('CDs'), they had put forward a prima facie case that they were 'infringing copies' under s 7. The defence, on the other hand, contended that that limb referred to the copyright owner in the place of manufacture and that, since the prosecution had failed to adduce any evidence regarding the existence of protection of copyright in the places of manufacture and the lack of authorisation to make the CDs there, the prosecution had failed to make out a prima facie case that the CDs were 'infringing copies'. The latter position was accepted by the district judge and this issue was heavily contested by both parties in the appeal.

After considering the various arguments, I stated that the proper interpretation of `owner` in s 7 of the Copyright Act had to be the copyright owner in Singapore for three reasons. First, such an interpretation was supported by s 25(2) of the Copyright Act. Secondly, I was of the opinion that if the `owner` referred to in s 7 was interpreted to be the owner in the country of manufacture, it would give rise to the wholesale evasion of copyright protection afforded to Singapore copyright holders as this would allow persons to deliberately manufacture copies in countries which offered little or no copyright protection, or which did not recognise the ownership of the copyright in the genuine article and import these copies into Singapore. Thirdly, and this is directly relevant to the case at hand, I felt that a contrary construction would lead to an onerous burden for the prosecution, which seemed to contradict the stance which Parliament had taken vis-à-vis the protection of intellectual property rights in Singapore. At pp 457-458 of the report, I stated:

Even more compelling was the prosecution's second argument that the interpretation taken by the learned district judge would prove impossible in practice. This would require the Singapore copyright owner, in order to enforce his rights against imports, to be able to prove, beyond reasonable doubt, the place and country of manufacture of each of the imports, something which could well be impossible if the articles were not marked `Made in Japan`, as they conveniently were in the instant case. Further, he would also have to establish the identity, if any, of the owner of the relevant copyright in that country of manufacture, and the provisions of the copyright law in the place of manufacture, in order to prove that the making of the articles was done in an infringement of the copyright laws of that country and/or of the rights of the owner of the copyright in that country. This would not only result in the expenditure of considerable time and expense, for example in obtaining expert evidence of foreign copyright law, but also, in my opinion, pose too onerous an obligation on the party seeking to enforce his intellectual property rights in Singapore.

The effect of my decision in **PP v Teoh Ai Nee** (supra) was to preclude the unlicensed importation of parallel imports which were produced without the consent of the copyright owner in Singapore. That decision did not completely close the door on parallel imports, since in some cases the copyright owner in the country of manufacture would be associated with or licensed to manufacture the articles by the Singapore copyright owner. Nevertheless it did not favour the uninhibited importation of goods legally manufactured in foreign jurisdictions.

Shortly after my decision in **PP v Teoh Ai Nee** (supra), Parliament passed the Copyright (Amendment) Act 1994 (No 14 of 1994) which amended the Copyright Act. The amendments came into force on 1 October 1994. One of the major amendments made was to clarify the position on parallel imports through a clear definition of the `owner` mentioned in the definition of `infringing copy`. Taking a stance that was obviously slanted towards parallel imports, Parliament amended s 25 by adding a new sub-s (3). The subsection reads:

Where reference is made in this Act to an imported article the making of which was carried out without the consent of the owner of the copyright, the reference to the owner of the copyright shall be read as a reference to -

(a) the person entitled to the copyright in respect of its application to the making of an article of that description in the country where the article was made; or

(b) if there is no person entitled to the copyright in respect of its application to

the making of an article of that description in the country where the article was made, the person entitled to the copyright in respect of that application in Singapore.

From the above, it is clear that Parliament has clearly chosen a course of action favouring parallel imports save for situations where an article is not protected by the copyright laws of the country in which it is manufactured. In **PP v Teoh Ai Nee** (supra), I stated at p 459 that:

For the purposes of my decision regarding the interpretation of s 7, I did not have primary regard to the competing policy factors involved in the case. It is my opinion that the formulating of Singapore's policy on parallel imports should rightly be the task of the legislature and should not be entered into by the judiciary. I have based my interpretation of the relevant portions of the Copyright Act on the ordinary and natural meaning of their wording, and on the practical consequences of preferring one interpretation over another. I have also had some regard for the fact that reference to the relevant preparatory materials would indicate that the legislature had rejected the interpretation adopted by the district judge in the court below.

My views on the above have not changed. Now that Parliament has taken a firm stance favouring parallel imports, contrary to the law existing at the time of **PP v Teoh Ai Nee** (supra), the full effect of this choice has to be applied. Based on s 136 read with ss 7(1) and 25(3) of the Copyright Act, in order for persons accused of possessing infringing articles to be convicted under s 136, the prosecution has to prove, inter alia, that the imported article which is alleged to be an infringing article was not imported with the consent of the Singapore copyright owner **and** manufactured without the consent of the copyright owner in the country of manufacture, ie it is not a legitimate parallel import. Moreover, the prosecution will have the burden of proving this beyond reasonable doubt. The principles of evidence and criminal procedure apply in the full rigour that they do when other offences are concerned, and when only circumstantial evidence is adduced, the totality of such evidence must lead the court to the irresistible conclusion that the elements of the offence are made out before an accused person can be convicted.

While the protection of intellectual property is important and this decision will make it more difficult for the prosecution to prove their case, the requirements of justice must remain the same for all offences. An accused person cannot be convicted on circumstantial evidence unless the totality of the evidence leads to the inexorable conclusion that he committed the offence, ie all the elements of the offence are made out. This does not mean that the prosecution has to necessarily identify the maker of the alleged unauthorised copy and show that he was not authorised to do so. As I pointed out above, the prosecution can seek to adduce evidence to show that the authorised licensees from the country which the object probably came from did not produce that copy. Moreover, other circumstantial evidence can also be used to prove that the copy was in all probability unauthorised. For example, the prosecution can show that the copy is of such atrocious quality and sold at such a great discount to the normal selling price that it was probably an unauthorised copy.

Whether the trade mark of TVB was falsely applied to the VCDs

In the court below, the prosecution claimed that the TVB trade mark was falsely applied onto the VCDs using the same evidence that it claimed proved that the VCDs were unauthorised copies of the

film, ie that TVB and its licensees have never produced its serials in VCD format. Since the prosecution has not proven beyond reasonable doubt that the set of VCDs sold by the appellants was an unauthorised copy, its case vis-à-vis the trade mark offences also fails and the appellants should be acquitted of its charges under the Trade Marks Act.

For the above reasons, I allow the appellants' appeal against their convictions. However, for the sake of completeness, I will deal briefly with the appellants' arguments that under the circumstances they did not know that the VCDs were infringing copies and were not in a position in which they ought reasonably to have known this.

Whether the appellants ought to have known that the VCDs were not authentic

In **PP v Teo Ai Nee** [1995] 2 SLR 69, I laid down the test for determining when a person ought reasonably to know that an article is an infringing article under s 136 of the Copyright Act. After considering the five states of mind postulated by Peter Gibson J in **Baden v Soci, t, G, n, rale pour Favoriser le D,veloppement du Commerce et de l'Industrie en France SA** [1992] 4 All ER 161[1983] BCLC 325, I stated that the phrase 'where ... he ought reasonably to know' contemplates a state of mind where the knowledge of the circumstances would put an honest and reasonable man on inquiry and when considering this, a court has to consider the totality of the evidence before it.

In the court below, the trial judge applied the test laid down in **PP v Teo Ai Nee** (supra). He felt that the Tengs were experienced in the video business and, in the circumstances, an honest and reasonable person in their shoes would have been put on inquiry and ought to have known that the VCDs were infringing copies. The factors which the trial judge took into account were as follows:

- (1) there was no mention of the name and address of the purported Malaysian licensee or distributor on the box containing the VCDs;
- (2) there were no logos such as 'dolby digital', 'video cd', a distributor's logo or copyright logo at the back of the box containing the VCDs;
- (3) Kem Hong admitted that prior to the purchase of the set of VCDs, he had not seen TVB serials being sold in VCD format; and
- (4) the respondents received the advertisement warning by fax on 10 January 2000.

At the appeal, the appellants challenged the trial judge's finding in their written submissions and provided some factors, which they said would have brought the trial judge to a different conclusion if he had properly taken them into account. The factors which were of some significance were as follows:

- (1) the appellants purchased the set of VCDs from a respectable and reputable seller of VCDs, GCV, which has been their supplier for about five years;
- (2) they also made inquiries of the director of GCV, Ng, who assured them that the set of VCDs was a genuine parallel import from Malaysia;
- (3) the packaging of the box containing the VCDs was 'beautiful and well done', unlike the usual infringing copies found in the black market;

(4) contrary to the decision of the trial judge, the prosecution had the burden of proving that the appellants had received the fax warning on 10 January and had not proven this beyond reasonable doubt;

(5) the appellants had purchased only one set of VCDs comprising 40 episodes of one cinematograph film; and

(6) the set of VCDs was purchased at the price of \$100 and re-sold at \$118.

While the appellants' arguments were not without merit, it cannot be said that the trial judge's finding was unreasonable or against the weight of the evidence. The trial judge clearly had the appellant's arguments in mind when he found against them and, whilst I may have been persuaded otherwise, I am bound in principle by the authorities mentioned above to leave this finding untouched.

That said, I was unconvinced by the appellants' assertion that they did not receive the fax notice sent out by GMO. Even if GMO used the Canon Fax L-250 to send the fax, 'ECM' merely means that the fax machine was on 'Error Correction Mode' and is not evidence that there was any error in the transmission. On the contrary, the passage cited by the appellants in the instruction manual of the Canon Fax L-250 shows that whatever error there might be would have been minimised by the fax machine on that particular mode. On the other hand, the transmission report stated clearly that the transmission was 'OK'. As such, the trial judge was perfectly entitled to proceed with the assumption that the fax was sent to the appellants' shop. Having received this notice less than one month before the purchase of the set of VCDs, the appellants should have suspected that the VCDs were possibly infringing copies, even in the light of the perfect packaging of the set of VCDs, its relatively high price and the assurances from the appellants' supplier. Be that as it may, this finding does not affect their acquittal as the prosecution's burden of proving that the VCDs were infringing copies is clearly heavier than its burden of proving that the appellants ought to have known that they were infringing copies. While there may be evidence to prove that the VCDs were suspect and would put a reasonable person on notice as to their authenticity, it does not follow that the VCDs were necessarily infringing copies.

Accordingly having given full consideration to the issues raised, I have come to the conclusion that the appellants' appeals should be allowed, and that the appellants should be acquitted and their convictions set aside.

The appeal against sentences

Having disposed of the appeals against the appellants' convictions in their favour, there is no need for me to deal with their appeals against their sentences. The fines which they have paid must be refunded to them.

Outcome:

Appeals allowed.