GATEWAY LAW CORPORATION
Advocates and Solicitors | Notary Public | Commissioners for Oaths
Patent, Design and Trade Mark Agents

3 Anson Road
#24-02 Springleaf Tower
Singapore 079909
Telephone: (65) 62216360
Facsimile: (65) 62216375

Case Summary: Siemens Industry Software Inc. vs Inzign Pte Ltd [2023] SGHC 50

Introduction

The Singapore High Court has confirmed that the doctrine of vicarious liability extends to copyright infringement. Companies should therefore take the proper precautions to manage their employees appropriately, so as to avoid the imposition of secondary liability in such similar situations.

Case Facts

Siemens Industry Software Inc. (the "**Plaintiff**") is an American company that designs the NX™ Software ("**NX Software**"), which its related company Siemens Industry Software Pte Ltd then distributes and sub-licenses to users in Singapore.

Inzign Pte Ltd (the "**Defendant**") is one such Singapore company that utilises the NX Software within its business of manufacturing medical disposables and surgical supplies using various methods of moulding.

An employee of the Defendant, Mr Win, had installed an unlicensed version of the NX Software in one of the Defendant's laptops. This was subsequently discovered by the Plaintiff, and the infringement was traced to the Defendant. The Plaintiff therefore commenced an action against the Defendant and alleged that the Defendant should be found primarily and vicariously liable for copyright infringement.

Decision of the Singapore High Court

Justice Gill found that while the Plaintiff did not succeed in imposing primary liability on the Defendant, the Defendant was vicariously liable for Mr Win's infringement.

(i) Primary Liability

In relation to primary liability, the Court held that there are two distinct grounds under s 31(1) of the Copyright Act 1987 (2006 Rev Ed) ("Copyright Act") to be considered.

(a) Where the Defendant is found to have carried out the infringing acts

Since it was determined that the Defendant cannot be said to have carried out the infringing acts, the Court had to then further determine whether the acts may be attributed to the Defendant such that it could be taken that the Defendant had committed them itself. The Court found that since Mr Win's acts were not committed as an agent of the Defendant and the Defendant had no reason to instruct or allow its employees to download unauthorised software, the infringing acts could *not* be attributed to the Defendant.

(b) Where the Defendant is found to have authorised these acts

In this respect, Justice Gill employed the four-factor analysis used by the Court of Appeal in *RecordTV Pte Ltd v MediaCorp TV Singapore Pte Ltd* [2011] 1 SLR 830 to determine if authorisation liability should be imposed. Here, the Honourable Judge came to the conclusion that while the Defendant may have been negligent in its implementation of its anti-piracy software policy and in the conduct of its operations, it cannot be said that the Defendant had sanctioned, approved or countenanced the infringing acts.

(ii) Vicarious Liability

On the issue of vicarious liability, Justice Gill began his analysis by first considering the interesting question of whether the doctrine of vicarious liability should be extended to the realm of copyright infringement. While he recognised that there are no local cases on this matter, he found that the principle behind vicarious liability, which is to ensure persons who undertook risky enterprises are fairly held responsible for the risks to members of the public, in combination with the fact that copyright

3 Anson Road
#24-02 Springleaf Tower
Singapore 079909
Telephone: (65) 62216360
Facsimile: (65) 62216375

infringement constitutes a statutory tort, was sufficient for him to accept there was no reason to exclude the doctrine from applying.

Having established the applicability of the doctrine, he then applied the two-step inquiry formulated in *Ng Huat Seng v Munib Mohammad Madni* [2017] SLR 1074. On the first inquiry of a special relationship, he found that this was made out by virtue of the contractual employment relationship between the Defendant and Mr Win. On the second inquiry, Justice Gill considered the *Skandinaviska* factors, and was satisfied that a sufficient connection between the employment relationship with the infringing acts existed. Such a conclusion was further supported by the fact that the infringing acts were committed in the context of Mr Win's employment, and were beneficial to the Defendant in furthering its commercial aims.

Finally, Justice Gill considered relevant policy considerations, and found that the imposition of vicarious liability in this situation would ensure effective compensation while deterring further harm. As employers are best-placed to manage the conduct of their employees, such a finding would incentivise employers to take further steps in reducing incidences of copyright infringement by their employees, which the Court found to be a desirable outcome.

(iii) Assessment of Damages

Finally, the Court considered the issue of the assessment of damages, to compensate the Plaintiff. Here, the Court found the Plaintiff's initial claim of $259,511 was excessive, and based its assessment instead on how much the plaintiff would have reasonably charged for the infringer to have used the copyright, in a hypothetical bargain. In the end, the Court based the figure of $30,574 on a 25 per cent downward adjustment from the prices in the Plaintiff's price book as a fair assessment of the loss suffered by the Plaintiff.

The Court also rejected the Plaintiff's claims on additional damages. This was on the basis of the Defendant's argument that its actions were not flagrant as it stopped all infringing use immediately upon being informed of the infringement. Despite some lapses in implementation, the Defendant could also demonstrate that it did have an anti-piracy policy in place.

However, the Court saw fit to grant the Plaintiff a permanent injunction on the Defendant, to restrain further infringements by the Defendant.

Should you have any queries as to how this update may affect you or your organisation or require further information, please do not hesitate to email us.

Max Ng
Managing Director
Gateway Law Corporation

Email: max.ng@gateway-law.com

This article is intended to offer an overview of the case of Siemens Industry Software Inc v Inzign Pte Ltd [2023] SGHC 50. It is not intended to be comprehensive, nor should be it be construed as legal advice. This article is updated as of 14 March 2023.

The author would like to express his appreciation and thanks to Yiew Min, trainee at Gateway Law, for his assistance and contribution to this article.