Quantifying Damages in Copyright Infringement

I. INTRODUCTION

1. Matters involving an infringement of intellectual property rights often involve two key questions.

   (a) First, whether there was infringement (liability).

   (b) Second, assuming that infringement (liability) has been established, the benefit the owner can obtain as a result of the infringement (remedies).

2. This article focuses on the second question on remedies, and particularly the type of monetary based remedies that can be sought in respect of copyright infringement cases in Singapore.

II. MONETARY BENEFITS FOR INFRINGEMENT UNDER THE COPYRIGHT ACT

3. Under the *Copyright Act*, the Court may grant 3 main monetary based remedies:

   (a) damages (section 119(2)(b) of the *Copyright Act*);

   (b) an account of profits (section 119(2)(c) of the *Copyright Act*); or

   (c) statutory damages (section 119(2)(d) of the *Copyright Act*).

4. As these monetary based remedies have different purposes, it is important for an owner to properly understand these options, which are elaborated on below.

A. Damages

5. The usual measure of damages involves the question of loss that the owner suffers as a result of the infringement. In most cases, this would encompass establishing that the infringement resulted in some identifiable loss by the owner (eg. a decrease in the owner's sales revenue or the value of the owner's copyright).

6. An alternative measure (that receives less attention) is that of a possible (hypothetical) license fee that the owner would have received from the infringer. Such an approach has been endorsed by the Court of Appeal in

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Singapore in *Ong Seow Pheng and others v Lotus Development Corp and another [1997] 2 SLR(R) 113*.

(a) This basis of quantification would be particularly appropriate where the owner is in the business of licensing out the copyright (eg. photographers who provide licenses for third parties to use their photographs; musicians who provide licenses for third parties to use their music; etc), as there would already be some basis / indication of benchmarking the license fee that the infringer would have to pay.

(b) This basis of quantification is also possible even if the owner does not license out the copyright. However, such cases would be more complex, as the Court would have to ascertain a hypothetical license fee (ie. the license fee that the owner would have hypothetically charged to allow the infringer to use the copyright), and would likely require the views of an expert (eg. a forensic accountant).

B. Account of Profits

7. An account of profits involves the infringer making payment of the profits he attained from the sale / use of the infringing material.

8. The quantification of the account of profits would largely depend on various factors, such as the extent of infringement and the value derived by the infringer from the same. This would in turn hinge largely on the evidence that the infringer produces (eg. at the discovery stage), of which the owner may have little visibility on in the early stages of the matter.

C. Statutory Damages

9. Statutory damages are meant to aid an owner when he encounters difficulty in proving actual losses from the infringement (eg. where there was no real commercial loss suffered by the owner and no apparent commercial benefit to the infringer) (see Prof S Jayakumar's speech as Deputy Prime Minister and Minister for law in the *Singapore Parliamentary Debates, Official Report* (16 November 2004) vol 78 at col 1041, which was cited in *PH Hydraulics & Engineering Pte Ltd v Intrepid Offshore Construction Pte Ltd* [2012] 4 SLR 36 at [81]).

10. Where statutory damages are concerned, the Court will look at various factors, including those listed under section 119(5) of the *Copyright Act*:

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(a) the nature and purpose of the infringing act, including whether the infringing act was of a commercial nature or otherwise;

(b) the flagrancy of the infringement;

(c) whether the infringer acted in bad faith;

(d) any loss that the owner has suffered or is likely to suffer by reason of the infringement;

(e) any benefit shown to have accrued to the infringer by reason of the infringement;

(f) the conduct of the parties before and during the proceedings; and

(g) the need to deter other similar infringements.

This is a non-exhaustive list and the Court is also entitled to look any other relevant matters (section 119(5)(h) of the *Copyright Act*) in deciding whether to award statutory damages.

III. PRACTICAL SIGNIFICANCE

11. When copyright infringement occurs, the owner often feels aggrieved. This may result in a knee jerk reaction of taking steps against the infringer without properly considering what he intends to achieve from the exercise.

12. While one primary aim of infringement proceedings is to have a conclusive judgment from the Court of the infringer's wrongdoing and to prevent further infringement (ie. an injunction), there is in most cases an equal aim of extracting monetary based remedies.

13. Accordingly, an owner should ideally consider and list down his aims in pursuing the matter from the outset, as this would affect the strategy adopted.

14. In particular, if the infringer has ceased the infringement (eg. after a cease and desist letter is issued) and all that is left is the pursuit of potential monetary based remedies, the owner should seriously consider from the outset what the likely monetary benefit he may be able to achieve out of Court proceedings. This will help better avoid a situation where an owner goes all guns blazing to pursue the infringement, only to find that while he has a judgment (on liability), the monetary benefits (remedies) are insignificant (and were not worth pursuing). For instance, if the monetary benefits (remedies)

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that could possibly be obtained are not significant (eg. if the extent of use by the infringer was nominal and there was no real impact on the owner's business), the owner must carefully consider whether it is worth pursuing litigation since the monetary benefits may not actually outweigh the costs (and time) incurred in dealing with the same.

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