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Freighters, Not Fakers

Burberry Ltd v Megastar Shipping Pte Ltd and another appeal [1]

Under Singaporean law, a person infringes on a trade mark when he uses a sign in the course of trade [2] which is identical to one that has been registered. [3] Here, "use" is taken to include importing or exporting goods under the sign. [4]

Luxury brands Burberry and Louis Vuitton brought a case to the High Court against Megastar Shipping (Megastar), a Singaporean freight forwarder company, for trade mark infringement. Megastar was to transfer sealed containers from China labelled "household goods" onto vessels destined for Indonesia, upon the arrival of the containers in Singapore. The containers held counterfeit items of the above luxury brands and, as such, were seized in Singapore. The Singapore High Court found that Megastar was not liable. Upon appeal by the luxury brands, the Singapore Court of Appeal dismissed the case.

Issues

- Does transhipment constitute import and export?
- Does the importer need to know that the goods have the infringing signs on them in order to infringe on the trade mark?
- Is an intention to export infringing goods sufficient to amount to "use" of a sign?

In their decision, the Court of Appeal held that:

- Importing and exporting goods includes goods brought into Singapore transitorily.

- To establish liability, it must be shown that the importer knew that the signs were being used on the goods. If this is shown, following *Gillette UK,* [5] liability is to be established whether or

not the importer knew that the signs were infringing, and whether or not the importer had physically seen the goods. In this case, Megastar did not know that any signs were used on the goods at all. The physical act of importing and exporting goods is not enough to establish infringement.

- ☞ A mere intention to export goods is not sufficient for infringement. There must be physical evidence and accompanying actions to support that the export would definitely have taken place.

- ☞ Where a freight forwarder is responsible for both importing goods into Singapore and exporting them out of Singapore, his knowledge and intention should be assessed separately at the time of import from the time of export. Therefore, if the freight forwarder learns that the goods are infringing after having imported them, he will be risking trade mark infringement if he then chooses to export them anyway.

Malaysia

Back home, in the case of *Philip Morris Products SA v Ong Kien Hoe & Ors*, [6] the freight forwarder argued that counterfeit goods seized in the Free Zone had been in transit and, therefore, were not imported into Malaysia nor subject to Malaysian laws. Here, Mary Lim JC (as her Ladyship then was) held that the Free Zone is not a lawless area and is under Malaysian jurisdiction, and therefore must be subject to Malaysian law. Additionally, the freight forwarder had been far more involved than simply acting as a forwarding agent, including having unstuffed the containers and dealt with the counterfeit products, and provided fake addresses. This, among other actions, was sufficient to constitute non-consensual "use" of the trade mark and infringement under Malaysian law.

In the more recent case of *Philip Morris Brands Sarl v Goodness for Import and Export & Ors,* [7] Wong Kian Kheong JC (as his Lordship then was) found that counterfeit goods transhipped in Malaysia and seized in the Free Zone which used false Customs declarations are deemed "uncustomed goods", and therefore are goods imported into Malaysia under s 2(1) of the Customs Act 1967. As such, the goods should be examined under Malaysian law and were found to infringe on Philip Morris's trade mark.

Conclusion

Freight forwarder may potentially be liable for trade mark infringement.

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[1] [2019] SGCA 1

[2] i.e., for commercial purposes

[3] Trade Marks Act 1998, s 27(1)

[4] *Ibid*, s 27(4)(c)

[5] *Gillette UK v Edenwest Limited* [1994] RPC 279

[6] [2009] 4 MLJ 727

[7] [2018] 7 MLJ 350