

judgment against the Defendant (“Judgment”). The Judgment contains the following orders/relief:

- “4. *Satu inkuiri ke atas ganti rugi dan juga atas akaun keuntungan bagi pelanggaran hak cipta dan bayaran gantirugi sebegini oleh Defendan kepada Plaintiff selaras dengan Seksyen 37(1)(b) dan (c) Akta Hak Cipta 1987;*
5. *Ganti rugi statutori di bawah Seksyen 37(1)(d) Akta Hak Cipta 1987;*
6. *Ganti rugi tambahan di bawah Seksyen 37(7) Akta Hak Cipta 1987;*
7. *Satu perintah Defendan membayar kos dan perbelanjaan bagi penerbitan suatu iklan yang disediakan oleh Plaintiff di dalam 3 jenis surat khabar berlainan pilihan Plaintiff di mana iklan sebegini akan mengandungi butirbutir tindakan ini, nama perniagaan dan alamat Defendan dan mengandungi satu kenyataan minta maaf daripada Defendan untuk tindakannya dalam melanggar hak cipta Plaintiff;*
8. *Faedah penghakiman pada kadar 5% setahun ke atas jumlah penghakiman yang diperintahkan dari tarikh penghakiman sehingga tarikh penyelesaian penuh;*
9. *Kos prosiding taksiran ganti rugi;*

[5] The Plaintiff accordingly applied for an award of damages under the following heads:

- (i) Special damages under section 37(1)(b) of the Act;
- (ii) Statutory damages under section 37(1)(d) of the Act;
- (iii) Additional damages under section 37(7) of the Act; and

(iv) Advertisement costs of RM11,872.53 for the publication of the notice of apology in three local newspapers.

[6] Even though the Defendant has also not contested these assessment of damages proceedings, it is still incumbent on this Court to ascertain that the Plaintiff has established its right to claim these types of damages and to prove the amount claimed, to ensure that there is no overcompensation.

[7] In paragraph [66] of his Judgment *Megnaway Enterprise Sdn Bhd v. Soon Lian Hock (No 2)* [2009] 8 CLJ 130 (HC), **Low Hop Bing J** spoke of two approaches that the Courts will adopt in considering the assessment of damages for copyright infringement, namely the “at large approach” and “the license fee approach”. He said:

“The principles governing assessment of damages with specific reference to the tort of infringement of copyright may be set out as follows:

(1) *The successful plaintiff in an infringement action is entitled to restitutio in integrum, by way of compensation for any harm, caused to him, which flows directly and naturally from the tortious act: General Tyre and Rubber Co v. Firestone Tyre & Rubber Co [1976] RPC 197 HL.*

(2) *The court in assessing damages may:*

(a) *treat the damages as being at large, awarding an amount which it thinks appropriate in the circumstances of the case: A-One Accessory Imports Pty Ltd & Ors v. Off Road Imports Pty Ltd & Ors [1996] 144 ALR 559 PC of Australia; or*

(b) *apply the “licence fee” approach: Autodesk Australia Pty Ltd and Another v. Cheung [1990] 94 ALR 472 FC of Australia;*

(3) *The “at large” approach is to be preferred when it is impractical to use the licence fee’ approach, in particular where licences are not used in the plaintiff’s business and the plaintiff sells its products directly and indirectly through authorised dealers: Autodesk Australia Pty Ltd and Another, supra;”*

[8] Taking a cue from this, the Plaintiff opted for the license fee approach and initially sought a whopping RM58,188,396.00 from the Defendant. Its reasoning was that the cracked copies of the computer programmes in the Defendant’s three computers could potentially access all of the modules in the NX Programmes, and the license fee per computer for all of those modules was RM19,396,132.00.

[9] At the hearing on 19.3.2024, I was naturally astounded that the Plaintiff was claiming this sum, and asked Learned Counsel for the Plaintiff whether every single customer of the Plaintiff subscribed to all of those modules and actually paid the Plaintiff that sum of RM19,396,132.00. If that were so, then I could well imagine an extremely short customer-list. Catching my drift, Learned Counsel for the Plaintiff prudently requested for a postponement to obtain his client’s instructions. I scheduled a further hearing date on 6.5.2024.

[10] By that next date, the Plaintiff had filed an Affidavit Tambahan deposing, *inter alia*, that, as the Defendant’s nature of business was “Engineering, Automation, Precision, Toolongs and Trading”, then it was likely to use five modules, and the licensing fee for those five modules for each of the Defendant’s three computers would be RM736,191.00, consisting of a

licensing fee of RM607,490.00 and RM128,701.00 for annual software maintenance. Accordingly, for all three computers, the Plaintiff was claiming RM2,208,573.00 as damages using the license fee approach.

[11] To me, the sum of RM2,208,573.00 as damages was still pretty hefty. So, at the hearing on 6.5.2024, I asked Learned Counsel for the Plaintiff to adduce further evidence of:

- (i) The license fees imposed on the Defendant for the four computers discovered during the raid on 11.1.2022 that were licensed to use the NX Programmes; and/or
- (ii) Evidence of license fees paid by other local businesses in the same industry as the Defendant, with their names and personal details redacted to protect customer-confidentiality. After all, if the Plaintiff's modules in its NX Programmes could be widely applied in the same industry in which the Defendant were operating, then surely the fees that the Plaintiff was receiving from those other customers would be a helpful indication of what this Court could award here.

[12] The Plaintiff obligingly then filed an Affidavit Tambahan (2) affirmed on 23.5.2024. There was no information as to the license fee for the Defendant's four computers, but it did depose, *inter alia*, to:

- (i) a transaction in April 2017 by which one of its customers in Johor purchased four units of module NX CAD/CAM 3 Axis Milling Foundation and five units of module NX Mach 3 Mold Design at RM195,967.50 per unit;
- (ii) a transaction in June 2022 by which one of its customers in Johor purchased four units of module NX CAD/CAM 3 Axis Milling Foundation at RM160,000.00 per unit and

two units of module NX Mach 3 Mold Design at RM200,000.00 per unit;

- (iii) a transaction in November 2022 by which one of its customers purchased two units of module NX Mach 3 Mold Design at US\$60,000.00 per unit;
- (iv) a Settlement Agreement and a purchase order in March 2023 between the Plaintiff and one of its customers for a license to use the module NX Mach 3 Mold Design for three years for US\$200,000.00;
- (v) An Sales Invoice dated 20.12.2023 in the sum of USD130,000.00 between the Plaintiff and one of its customers for a perpetual license for module NX CAD/CAM 3 Axis Milling Foundation.

[13] As the Plaintiff has only provided information for these two NX modules, namely NX CAD/CAM 3 Axis Milling Foundation and NX Mach 3 Mold Design, I take it that the Plaintiff thereby acknowledges that it is only for these two modules that it can claim damages on a license fee basis.

[14] In my view, transactions (i), (ii) and (iii) of these modules perhaps offer the best comparable evidence because (iv) and (v) involved a settlement agreement and a perpetual license, respectively.

[15] A summary of transactions (i), (ii) and (iii) is set out in Table A below:

Table A

Date	Programme	Price per unit
April 2017	NX CAD/CAM 3 Axis Milling Foundation	US\$41,826.15
	NX Mach 3 Mold Design	US\$41,826.15
June 2022	NX CAD/CAM 3 Axis Milling Foundation	US\$34,080.00
	NX Mach 3 Mold Design	US\$42,600.00
Nov 2022	NX Mach 3 Mold Design	US\$60,000.00

[16] From Table A, according to my calculations, the value of the NX CAD/CAM 3 Axis Milling Foundation fell around 19% from April 2017 to June 2022, and I assume the value would have fallen even further from June 2022 to date. Taking that 19% as an indication, according to my calculations, the value per unit of the NX CAD/CAM 3 Axis Milling Foundation would now be around US\$27,604.80.

[17] From Table A, the value of the NX Mach 3 Mold Design increases over time, but the rate of increase between 2017 to June 2022 to November 2022 is not the same. According to my calculations, the average of the three transactions is US\$48,142.05 per unit.

[18] Assuming that each of the Defendant’s three computers should have had installed one unit each of the NX CAD/CAM 3 Axis Milling Foundation and the NX Mach 3 Mold Design, then the

special damages accruing to the Plaintiff would be US\$227,240.55, calculated as follows:

$$(US\$27,604.80 + US\$48,142.05) \times 3 = US\$227,240.55$$

[19] Applying an exchange rate of US\$1.00 = RM4.60, the special damages accruing to the Plaintiff would be RM1,045,306.53.

Statutory damages under s. 37(1)(d) and 37(8) of the Act

[20] Section 37(1)(d) of the Act provides as follows:

“3 7. Action by owner of copyright and relief

(1) Infringements of copyrights and the prohibited acts under sections 36A and 36B shall be actionable at the suit of the owner of the copyright and, in any action for such an infringement or prohibited act, the court may grant the following types of relief:

(d) statutory damages of not more than twenty-five thousand ringgit for each work but not more than five hundred thousand in the aggregate.”

[21]section 37(8) of the Act provides

“In awarding statutory damages under paragraph 1(d), the court shall have regard to -

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

(b) the flagrancy of the infringement or prohibited act;

(c) whether the defendant acted in bad faith;

- (d) *any loss that the plaintiff has suffered or is likely to suffer by reason of the infringement or prohibited act;*
- (e) *any benefit shown to have accrued to the defendant by reason of the infringement or prohibited act;*
- (f) *the conduct of the parties before and during the proceedings;*
- (g) *the need to deter other similar infringement or prohibited act; and*
- (h) *all other relevant matters.”*

[22] Thus, under section 37(1)(d) of the Act, the Court may grant statutory damages of not more than twenty-five thousand ringgit for each work, but not more than five hundred thousand ringgit in the aggregate. Further, the matters under limbs (a)-(h) of section 37(1)(d) of the Act.

[23] Here the Plaintiff claims the sum of RM375,000.00 as statutory damages, being the maximum amount of RM25,000.00 for each of the five modules on the three computers. The Plaintiffs calculation is:

$$\text{RM25,000.00} \times 5 \text{ modules} \times 3 \text{ computers} = \text{RM375,000.00}$$

[24] In *Creative Purpose Sdn Bhd & Anor v. Integrated Trans Corporation Sdn Bhd & Ors* [1997] 2 MLJ 429, in which Kamalanathan Ratnam JC (as he then was) said:

“Flagrancy implies scandalous conduct, deceit including deliberate and calculated infringement where a defendant reaps a pecuniary advantage in excess of the damages he would have been found liable for’the Faiza case, Wong Kian Kheong J (now

JCA) referred to the following three cases which explained the meaning of the word “flagrant”:

[25] In **Megnaway Enterprise**, *supra*, Low Hop Bing J said:

“‘flagrancy’ means ‘the existence of scandalous conduct, deceit and such like’, including ‘deliberate and calculated copyright infringements, infliction of humiliation and loss, and dishonesty’”

[26] *Kohwai & Young Publication (M) Sdn Bhd v. Lembaga Pengelola Dewan Bahasa dan Pustaka* [2013] 10 CLJ 365 in which Abang Iskandar J (now PCA) said:

“No decided case on the interpretation of that statutory provision had been cited to me and for my part I had not been able to locate such a local case. Even at common law, exemplary damages will ordinarily be awarded against a defendant who has engaged in conscious wrongdoing in contumelious disregard of another’s rights (see the case of *Gray v. Motor Accident Commission* [1998] 196 CLR 1). What is patently clear is that the ‘additional damages’ sought by the plaintiffs are those grounded as they were in the statute book. Assistance in construing the nature of the discretion as envisaged under [the then s. 37(2)CA] may however, be had from reading the Australian case of *Sullivan v. FNH Investments Pty Ltd* [2003] 57 IPR 63, where Jacobsen J had said that the assessment of additional damages pursuant to s. 115(4) is at large and that the discretion of the court is not fettered in any arithmetic or mathematical way. It is also noted that the word ‘flagrancy’ as appears in [the then s. 37(2)CA], it is not defined therein or anywhere in the [CA]. Again, a reference may indeed be made to the case of *Scientific International Pty Ltd v. SC Johnson & Sons Pty Ltd* [1998] 43 IPR 275 where it was said that ‘flagrancy’ involved calculated disregard of the plaintiff’s

rights, or a cynical pursuit of benefit. The earlier cited case of Aristocrat (supra) also had ruled that awards of further damages were intended to deter infringing conduct and that in that sense an element of penalty was therefore deemed acceptable. I would venture to add here that the court in the Scientific International Pty Ltd case (supra) had assigned to the word ‘flagrancy’ an open ended interpretation rather than a restrictive meaning. To my mind, its interpretation of the word is not inconsistent with what the same word is intended to convey as employed under [the then s. 37(2)CA]...”

[27] Bearing in mind that, of the seven computers at the Defendant’s premises, four were found to be licensed whilst only three of them were unlicensed, in my view, the Defendant’s conduct cannot therefore be categorized as flagrant. I therefore dismiss this claim for statutory damages under s. 37(1)(d) of the Act.

Additional damages under s. 37(7) of the Act

[28] Section 37(7) of Act provides:

“Where in an action under this section an infringement of copyright or the commission of a prohibited act under section 36A or 36B is established, the court may, in assessing damages for the infringement or commission of the prohibited act, award such additional damages as it may consider appropriate in the circumstances if it is satisfied that it is proper to do so having regard to-

- (a) the flagrancy of the infringement or prohibited act;*
- (b) any benefit shown to have accrued to the defendant by reason of the infringement or prohibited act; and*
- (c) all other relevant matters.”*

[29] Having already found that the Defendant's conduct cannot be categorized as flagrant. I therefore also dismiss this claim for additional damages under s. 37(7) of the Act.

Advertisement costs of RM11,872.53

[30] This relief comes under Item 7 of the Judgment. However, strictly speaking, these assessment proceedings were only for Items 4-6. I therefore also dismiss this claim for advertisement costs as damages.

Conclusion

[31] I accordingly Order the Defendant to pay to the Plaintiff special damages of RM1,045,306.53 with interest on the said sum at the rate of 5% per annum from the date hereof until realization, together with costs of RM3,000.00 for these uncontested assessment proceedings, subject to allocator.

Dated: 27 MAY 2024

(Azlan Sulaiman)
Judicial Commissioner
Kuala Lumpur High Court

Counsel:

For the plaintiff - Teh I-Vern & Chan Wei Yang; M/s Josephine, L K Chow & Co

Cases referred to:

Creative Purpose Sdn Bhd & Anor v. Integrated Trans Corporation Sdn Bhd & Ors [1997] 2 MLJ 429

Kohwai & Young Publication (M) Sdn Bhd v. Lembaga Pengelola Dewan Bahasa dan Pustaka [2013] 10 CLJ 365

Megnaway Enterprise Sdn Bhd v. Soon Lian Hock (No 2) [2009] 8 CLJ 130 (HC)

Legislation referred to:

Copyright Act, 1987, s. 37(1)(d), (7), (8)