IN CONVERSATION WITH JUSTICE SIMON THORLEY QC

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This is the second part of a series of interviews that the Intellectual Property Students Association ("IPSA") has conducted with key players of the intellectual property ("IP") field in Singapore. They represent a diversity of views in the field of IP dispute resolution. As the Singapore IP Strategy 2030 Report highlights, Singapore is currently seeking to strengthen its position as a dispute resolution hub for IP disputes. The main purpose of these interviews is therefore to explore and discuss the various strategies that Singapore is intending to employ towards advancing its objectives.

On 30 June 2021, IPSA was given the opportunity to interview the learned Justice Simon Thorley QC, who sits on the panel of the Singapore International Commercial Court (SICC). Justice Thorley provided invaluable insights on issues ranging from confidentiality to enforceability and dove deeper into the landmark case of B2C2 Ltd v Quoine Pte Ltd, which was upheld on the breach of contract claim but reversed on the breach of trust claim by the Singapore Court of Appeal (SGCA).

Q1: You've served as an International Judge of the SICC since 2015. Would you be able to share, from your experience, some reasons that parties have for preferring SICC dispute resolution over international arbitration (or even mediation)?

Justice Thorley prefaced his response with a disclaimer that his perspective is based on anecdotal evidence. He pointed towards four differences in procedure in the SICC and the Singapore International Arbitration Centre (SIAC): (i) the right of appeal; (ii) privity; (iii) confidentiality; and (iv) the difference between judges and arbitrators.

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(i) Right of Appeal

The SICC is part of the Supreme Court and thus, cases heard before the SICC have an automatic right of appeal. Conversely, the rights of appeal are limited in the SIAC. (An SIAC award can only be set aside in exceptional circumstances.)

Justice Thorley pointed out that "[t]he SICC does acknowledge that there are human frailties in judges who do on occasion get things wrong and all national systems have systems of appeal to ensure that justice is done and errors can be corrected."

In addition, given that there is only one tier of appeal in Singapore, up to 5 judges can be on the bench where necessary. The ability to appoint an *amicus curiae* further buttresses this appeal mechanism.

(ii) Ability to order third parties to be joined as parties to the action

Given that the SICC is part of the Supreme Court and governed by the Rules of Court in the *Supreme Court of Judicature Act*[1], the SICC is empowered to order third parties to be joined as parties to the action.[2] Here, Justice Thorley acknowledged one of the weaknesses of arbitration— third parties affected by a contractual dispute who are not signatories to the contract are unable to seek relief.

(iii) Confidentiality

With regards to confidentiality, arbitration appears to be the preferred option, given that arbitration is almost always conducted under an obligation of confidence. In comparison, SICC operates on the basis of open justice, although there are procedures for elements of confidentiality.

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[1] Cap 322, 2007 Rev Ed Sing, s 80.

[2] *Ibid* at O 4, r 1; O 15, r 4.

Here, Justice Thorley pointed out that the procedures implemented by the SICC do not suggest a "one-way street kind of confidentiality". Instead, he notes that "[t]he oxygen of publicity does encourage people to be far less aggressive in their litigation stance. [W]hen [litigation is] public, [parties] have to be more reasonable [and] the court can compel them to be reasonable."

(iv) Judges vs Arbitrators

Justice Thorley observed that "[t]he benefit of the SICC is that they have appointed International Judges with significant expertise in particular areas of law and litigation. For example, construction disputes, shipping disputes, and in my case, IP disputes."

In essence, the benefit of the SICC is that the judge that is appointed will have a background in the field the dispute concerns. There is also greater certainty in terms of scheduling since the docket system utilised by the SICC ensures that the judge will see the case from start to finish. This system allows for case management to be confirmed within two weeks from when a judge is given a case. It also enables parties to agree on when the trial is going to be conducted and thus, work backwards from there.

In contrast, delays can happen in arbitration since the appointment of arbitrators takes time. The selected arbitrators may also be less experienced in the field. However, Justice Thorley reiterated that the SICC is not trying to subsume the functions of the SIAC, but to complement it.

Q2: Do you think concerns of international enforceability might make arbitration more attractive compared to the SICC as a platform for IP dispute resolution, especially since the *1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards*[3] has extensive global

[3] 10 June 1958, 330 UNTS 3 (entered into force 7 June 1959) [New York Convention].

reach consisting of 150 countries? We note, in this connection, that in 2018, the *Supreme Court of Judicature Act* was amended to, among other things, clarify that the SICC's supervisory jurisdiction extends to international arbitration disputes seated in Singapore.[4] How have developments such as these had an impact on Singapore's position as an international dispute resolution forum in general, and IP/Information Technology (IT) disputes in particular?

The short answer is yes. In principle, the SIAC is more attractive in terms of enforceability (due to the presence of the *New York Convention*). Nonetheless, Justice Thorley highlighted that, in reality, there are not many drawbacks in getting a judgment from the SICC enforced as opposed to the SIAC. There are three basic ways to enforce a SICC judgment internationally.

First, Singapore has treaties with 10 other jurisdictions, including India, Pakistan, and Brunei, amongst others. These treaties mean that a judgment can very easily be enforced in these jurisdictions, assuming that the usual requirements to enforce such a judgment are fulfilled (*eg*, a court of competent jurisdiction, no indication of fraud, process of natural justice and not against public policy).

Second, such judgments are enforceable by virtue of the *Convention of 30 June 2005 on Choice of Court Agreements*.[5] This is the equivalent of the *New York Convention* for courts. All 27 European Union countries are covered by this convention, while the United States and China have signed but not ratified it.

Third, judgments are enforced through the principle of reciprocity. This covers countries like Japan and China. In fact, there is now a memorandum of guidance (MoG) between Singapore and China setting out the documents that need to be filed to enable reciprocity. However, the MoG does

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[4] *Supreme Court of Judicature Act*, *supra* note 1.

[5] 30 June 2005 (entered into force 1 October 2015), online: <https://www.hcch.net/en/instruments/conventions/specialised-sections/choice-of-court>.

not explicitly include IP. This is because there is still significant national influence when it comes to enforcing IP rights.

Justice Thorley highlighted that the International Judges of the SICC are also experienced arbitrators. This means that "anybody arbitrating before the SIAC will know that there is going to be an appeal to the supervisory court (*ie*, the Supreme Court). Such appeals can be listed in the SICC. Hence, the parties know that any appeal will be dealt with efficiently by somebody who knows what they are doing and understands the arbitration system."

Q3: Singapore employs various strategies to become a leading IP dispute resolution centre such as strengthening its legislative framework (*eg*, by introducing amendments to the *Arbitration Act*[6] and the *International Arbitration Act*[7] in 2019, which clarify that IP rights disputes are arbitrable in Singapore) and developing its capabilities through training and professional development (*eg*, by cultivating a pool of expert witnesses). What else can Singapore do to strengthen its position as a choice location for IP dispute resolution, in particular for IP litigation?

Preliminarily, Intellectual Property Rights (IPRs) do cause difficulty for international tribunals of any sort, given that they are the result of a registration process on a national basis—commonly referred to as the principle of territoriality. This is evident from the provision which is present in various international conventions regulating patent law which states that only the granting state can revoke a patent in question. Justice Thorley noted that "[t]his leads to, in the case of Europe, for example, the need for multiple litigation." This is because getting an injunction in one European jurisdiction does not have extraterritorial effect.

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[6] Cap 10, 2002 Rev Ed Sing.

[7] Cap 143A, 2002 Rev Ed Sing.

Justice Thorley pointed out the difficulties in setting up an international court which could declare that IPRs are invalid on an international basis. While this has been attempted in Europe in the form of a central court litigating patents granted by the European patent office, the German Constitutional Court has had difficulty with this because it was handing over jurisdiction to an international tribunal.

Simply put, one has to accept that there are limits to extraterritorial effect. Despite this, the SICC is still an attractive forum for resolving IP licensing disputes. Justice Thorley identified patent infringement disputes that surface under the guise of a breach of contract, where the issue is "whether a modification to a previously infringing product on which a royalty is payable has the effect of making it non-infringing so that no royalty is payable".

In order to be an attractive forum for resolving such IP disputes, one must have experienced judges—both in IP Law and those "with a technical bent" who can understand the technology.

For completeness, Justice Thorley acknowledged the assistance rendered by expert witnesses. He is "personally… in favour of parties appointing their own experts… The parties can ensure the experts understand the technology. The process of cross examination ensures that they are independent." To ensure that the expert reports remain relevant in assisting the judge, Justice Thorley also shared that it is common practice for him and his colleagues to narrow down and agree on the legal issues that the expert report should address before the expert witness is cross examined.

Q4: Your decision in *B2C2 Ltd v Quoine Pte Ltd*[8], which was upheld on the breach of contract claim but reversed on the breach of trust claim by the SGCA[9], has been recognised as one of the first instances to apply contractual principles and trust law to a cryptocurrency trading case. Is there anything in particular that you would like to highlight about this case?

Justice Thorley said "[y]es! It was very hard work. As the trial judge, it was factually extremely complex. We had to work out how two computer algorithms worked and were interrelated to each other. This emphasises the need for expert evidence that is focused, comprehensible and objective. I was fortunate to have two experts, both of whom knew their subject matter and were very balanced. They were able to assist me in determining how exactly the two algorithms worked."

Justice Thorley further emphasised that the need for confidentiality also compounded the complexity of the case. The defendant not only ran an exchange for bartering cryptocurrencies and fiat currencies, but also they traded on that exchange. This meant that they were in direct competition with B2C2. B2C2's algorithm worked extremely well and hence, they obviously did not want Quoine to find out what it was. The experts thus had to work within many constraints such that the confidentiality of B2C2's algorithm would not be breached. They had to work within a closed facility and could not take photographs. Any notes that they took were effectively sterilised. However, Justice Thorley admitted that at least one representative of the defendant would need to know, to some degree, how the algorithms interacted so that further commercial decisions can be made. This led to a need for further checks and balances tailored specifically for the case.

Finally, the complexity of the case was also compounded by the fact that, prior to the case, the law of unilateral and mutual mistake had never dealt with computer programmes. Usually, two people

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[8] [2019] 4 SLR 17 (HC(I)) [*B2C2*].

[9] [2020] 2 SLR 20 (CA).

trade under a misapprehension and a judge is able to set in stone what everybody knew at a particular date. However, in this case, the computer programmes were working twenty four-seven. They were programmed to do certain things in the event something unplanned happened. Justice Thorley observed that "[b]oth programmes worked as intended. The question was whether the plaintiff's programme was intended to take advantage of such a mistake or to protect the plaintiff from such a situation." Justice Thorley shared that he "adopted an objective approach, writing wholly new law. Thus, it was not very surprising when the SGCA… sat as a bench of five [when the case went on appeal]." The SGCA had three local judges, two overseas judges and the benefit of an *amicus curiae*.

The Court of Appeal upheld Justice Thorley's decision on the breach of contract issue, but overruled the decision on the breach of trust issue by a majority of four to one. This illustrates the benefit of parties using the SICC as a forum of dispute resolution where difficult legal matters are concerned. Justice Thorley notes that "if this had been an SIAC case, I doubt the supervisory judges would have set the award aside on the basis of either limb and certainly not on the breach of contract. Moreover, the case would not have had the investigation of five judges and an amicus." Judge Thorley quips that he will "never forget *B2C2*… It was hard work writing the judgment but it was a satisfying exercise."