

IN THE HIGH COURT OF MALAYA AT KUALA LUMPUR
(COMMERCIAL DIVISION)
SUIT NO: WA-22IP-20-05/2016

BETWEEN

CHANEL

(Registration No. 542052766)

... **PLAINTIFF**

AND

1. MELWANI2 INTERNATIONAL SDN BHD

(Company No. 880894-T)

2. LACHMANDAS ISHWARLAL MELWANI

(Passport No. Z1808358)

3. ANG CHONG LENG

(NRIC No. 840514-10-5515)

... **DEFENDANTS**

(Heard together with)

IN THE HIGH COURT OF MALAYA AT KUALA LUMPUR
(COMMERCIAL DIVISION)
SUIT NO: WA-22IP-21-05/2016

BETWEEN

BURBERRY LIMITED

(Registration No. 00162636)

... **PLAINTIFF**

AND

1. MELWANI2 INTERNATIONAL SDN BHD

(Company No. 880894-T)

2. LACHMANDAS ISHWARLAL MELWANI

(Passport No. Z1808358)

3. ANG CHONG LENG

(NRIC No. 840514-10-5515)

... **DEFENDANTS**

(Heard together with)

IN THE HIGH COURT OF MALAYA AT KUALA LUMPUR

(COMMERCIAL DIVISION)

SUIT NO: WA-22IP-22-05/2016

BETWEEN

LOUIS VUITTON MALLETIER

(Registration No. 318571064)

... **PLAINTIFF**

AND

1. **MELWANI2 INTERNATIONAL SDN BHD**

(Company No. 880894-T)

2. **LACHMANDAS ISHWARLAL MELWANI**

(Passport No. Z1808358)

3. **ANG CHONG LENG**

(NRIC No. 840514-10-5515)

... **DEFENDANTS**

(Heard together with)

IN THE HIGH COURT OF MALAYA AT KUALA LUMPUR

(COMMERCIAL DIVISION)

SUIT NO: WA-22IP-23-05/2016

BETWEEN

GUCCIO GUCCI S.P.A.

(Registration No. 03031300159)

... **PLAINTIFF**

AND

1. **MELWANI2 INTERNATIONAL SDN BHD**

(Company No. 880894-T)

2. **LACHMANDAS ISHWARLAL MELWANI**

(Passport No. Z1808358)

3. **ANG CHONG LENG** (NRIC No. 840514-10-5515)

... **DEFENDANTS**

JUDGMENT

(4 summary judgment applications)

A. Introduction

1. This judgment discusses a novel question of whether an individual may be personally liable for a company's infringement of a registered trade mark under s 38(1)(a) of the Trade Marks Act 1976 (**TMA**).

B. Background

2. In these 4 suits (**4 Suits**) –

- (1) the plaintiff companies (**Plaintiffs**) are proprietors of registered trade marks for various goods in Classes 3, 9, 14, 18, 24, 25 and 35 (**Plaintiffs' Registered Trade Marks**);
- (2) the first defendant company (**1st Defendant**) is a company incorporated under the Companies Act 1965 [**CA (1965)**];
- (3) the second defendant (**2nd Defendant**) is an Indian national who is a director and owner of 78% shares in 1st Defendant; and
- (4) the third defendant (**3rd Defendant**) is an individual who is a director and owner of 17% shares in 1st Defendant.

3. The 1st Defendant is not a distributor or retailer authorized by Plaintiffs to sell goods bearing Plaintiffs' Registered Trade Marks. However, 1st Defendant sold goods bearing Plaintiffs' Registered Trade Marks (**Infringing Goods**) at 1st Defendant's business premises at Regency Suite, 30th Floor, Pacific Regency Hotel Suites, Jalan Punchak, off Jalan Ramlee 50250 Kuala Lumpur (**1st Defendant's Premises**).
4. Plaintiffs' representatives had gone to 1st Defendant's Premises and purchased Infringing Goods on 27.4.2012, 23.11.2013, 29.3.2014, 14.6.2014, 7.9.2014 and 25.12.2014. Consequently, officers of the Ministry of Domestic Trade, Co-operatives and Consumerism (**Ministry**) raided 1st Defendant's Premises on 22.7.2012, 16.8.2014, 20.9.2014 and 25.12.2014 and seized items of Infringing Goods (**Ministry's Raids**).
5. The 4 Suits have been filed by Plaintiffs against 1st to 3rd Defendants (**Defendants**) based on infringement of Plaintiffs' Registered Trade Marks under s 38(1)(a) TMA.
6. In the 4 Suits –
 - (1) Plaintiffs had served the writ and statement of claim of 4 Suits (**4 SOC's**) on 1st and 2nd Defendants by way of substituted service. 1st and 2nd Defendants however did not enter appearance;
 - (2) 3rd Defendant had entered appearance and had filed a defence;

- (3) Plaintiffs initially filed 4 applications for summary judgment against 3rd Defendant (**4 SJ Applications**). Subsequently, Plaintiffs obtained leave of Court to amend 4 SJ Applications to apply for summary judgment against all the Defendants (**4 Amended SJ Applications**);
- (4) after Plaintiffs had obtained leave of this Court to amend 4 SJ Applications, 3rd Defendant filed 4 applications for security for costs against Plaintiffs (**4 SFC Applications**);
- (5) the Plaintiffs and 3rd Defendant consented to the following –
 - (a) 4 SFC Applications to be heard together before 4 Amended SJ Applications; and
 - (b) 4 Amended SJ Applications to be heard together after the disposal of 4 SFC Applications; and
- (6) this Court dismissed 4 SFC Applications with costs on the ground that those applications had not been made in good faith but were instead filed with a collateral purpose to stifle 4 Amended SJ Applications (**Dismissal of 4 SFC Applications**). No appeal to Court of Appeal has been filed by 3rd Defendant against the Dismissal of 4 SFC Applications.

C. Relevant principles in deciding summary judgment application

7. The following trite principles apply in deciding 4 Amended SJ Applications:

(1) once Plaintiffs have fulfilled the following 3 matters in O 14 rr 1(1) and 2(1) of Rules of Court 2012 (**RC**), namely -

(a) 4 SOC's have been served on Defendants;

(b) Defendants have entered appearance; and

(c) deponents of Plaintiffs have affirmed affidavits verifying the facts on which 4 SOC's are based and the belief of Plaintiff's deponents that there is no defence by Defendants to 4 SOC's

- the burden then shifts to Defendants to resist 4 Amended SJ Applications by satisfying this Court under O 14 rr 3(1) and 4(1) RC that there is "*an issue or question in dispute which ought to be tried*". This is clear from the following 2 Federal Court cases -

(i) please see George Seah FJ's (as he then was) judgment in

National Company for Foreign Trade v Kayu Raya Sdn

Bhd [1984] 1 CLJ (Rep) 283, at 285; and

(ii) the judgment of Steve Shim CJ (Sabah & Sarawak) in **Cempaka Finance Bhd v Ho Lai Ying & Anor** [2006] 3 CLJ 544, at 551-552; and

(2) even if Defendants cannot raise any triable issue, 4 Amended SJ Applications should still be dismissed under O 14 r 3(1) RC if “*there ought for some other reason to be a trial*”, namely there are circumstances that ought to be investigated by the Court – please see Federal Court’s judgment delivered by Mohd. Dzaidin FCJ (as he then was) in **United Merchant Finance Bhd v Majlis Agama Islam Negeri Johor** [1999] 1 MLJ 657, at 666-668.

D. Judgment in default of defence should be entered against 1st and 2nd Defendants

8. As 1st and 2nd Defendants did not enter appearance in the 4 Suits, summary judgment cannot be made against them – please see O 14 r 1(1) RC. Having said that, this Court is not inclined to dismiss 4 Amended SJ Applications against 1st and 2nd Defendants. This is due to the following reasons:

(1) 4 SOC’s claimed for, among others, injunction and inquiry of damages. In view of the relief claimed by Plaintiffs, O 13 r 6(1) RC (not O 13 rr 1 to 5 RC) applies to 4 Suits. O 13 r 6(1) RC provides as follows -

“Where a writ is endorsed with a claim of a description not mentioned in rules 1 to 4, then, if any defendant fails to enter an appearance, the plaintiff may, after the time limited for appearing and upon filing an affidavit proving due service of the writ on that defendant and, where the statement of claim was not endorsed on or served with the writ, upon serving a statement of claim on him, proceed with the action as if that defendant had entered an appearance.”

(emphasis added).

By reason of O 13 r 6(1) RC, Plaintiffs could proceed with 4 Suits against 1st and 2nd Defendants as if 1st and 2nd Defendants had entered appearance;

(2) O 19 r 7(1) and (3) RC state as follows -

“O 19 r 7(1) Where the plaintiff makes against a defendant or defendants a claim of a description not mentioned in rules 2 to 5, then, if the defendant or all the defendants (where there is more than one) fails or fail to serve a defence on the plaintiff, the plaintiff may, after the expiration of the period fixed under these Rules for service of the defence, apply to the Court for judgment, and on the hearing of the application the Court shall give such judgment as the plaintiff appears entitled to on his statement of claim.

...

r 7(3) An application under paragraph (1) shall be by notice of application.”

(emphasis added).

I am of the following view –

- (a) due to the relief prayed for in 4 SOC's, O 19 rr 2 to 6 RC do not apply to 4 Suits;
- (b) Prayer 7 of 4 Amended SJ Applications had prayed for further and other relief as the Court thinks fit (**Prayer 7**). I am of the view that Prayer 7 constitutes an application within the meaning of O 19 r 7(3) RC. The following appellate cases have held that the Court may resort to Prayer 7 and grant any appropriate remedy as is just:
 - (i) Salleh Abas FJ's (as he then was) judgment in Federal Court case of **Lim Eng Kay v Jaafar Mohamed Said** [1982] CLJ (Rep) 190, at 198;
 - (ii) the decision of Gopal Sri Ram JCA (as he then was) in the Court of Appeal in **Tan Tek Seng @ Tan Chee Meng v Suruhanjaya Perkhidmatan Pendidikan & Anor** [1996] 2 CLJ 771, at 814-815; and
 - (iii) Zainun Ali JCA's (as she then was) majority judgment in the Court of Appeal in **Pentadbir Tanah Daerah Pontian & Ors**

v Ossons Ventures Sdn Bhd [2009] 6 CLJ 713, at 723-724;
and

(c) O 19 r 7(1) of the Rules of the High Court 1980 (**RHC**) is identical with O 19 r 7(1) RC. As such, previous cases which have entered judgment in default of defence pursuant to O 19 r 7(1) RHC, can be applied in the construction of O 19 r 7(1) RC. In the following High Court cases, judgments in default of defence have been entered under O19 r 7(1) RC –

(i) Steve Shim J's (as he then was) decision in **Microsoft Corp v PC House (Imbi) Sdn Bhd** [1998] 6 MLJ 402, at 403-404;

(ii) the judgment of Suriyadi J (as he then was) in **Nik Mohd Yusof bin Nik Ismail (suing on behalf of Persatuan Pemilik dan Penduduk Serendah Golf Resort) v Majlis Daerah Hulu Selangor** [2005] 4 MLJ 338, at paragraphs 16 and 17;

(iii) Abdul Malik Ishak J's (as he then was) judgment in **Muthammah a/p Govindan v Masri bin Mohamed & Anor** [2000] 5 MLJ 518, at 523-524; and

(iv) the decision of Tengku Maimun J (as she then was) in **Ferco Seating Systems (M) Sdn Bhd v The Product People Pty Ltd** [2009] 6 MLJ 874, at paragraphs 8 and 9;

(3) despite the use of the mandatory term “*shall*” in O 19 r 7(1) RC, the following cases have held that the Court has a discretion to enter judgment in default of defence - **Microsoft Corp** and **Muthammah**. Accordingly, the Court has a discretion to enter a judgment in default of defence against 1st and 2nd Defendants and if the Court so exercises its discretion to record a judgment in default of defence against 1st and 2nd Defendants, the Court has a further discretion to award whatever relief which the Court thinks is fit and just; and

(4) I exercise my discretion under O 19 r 7(1) RC –

(a) **not** to grant a mandatory injunction to compel 1st and 2nd Defendants to -

(i) deliver Infringing Goods to Plaintiffs’ solicitors within 7 days from the date of judgment in default of defence;

(ii) deliver all documents and records regarding Infringing Goods to Plaintiffs’ solicitors within 7 days from the date of judgment in default of defence;

(iii) affirm, file and serve an affidavit on Plaintiffs’ solicitors which verifies the execution of the above delivery orders;

(iv) disclose information within 7 days from the date of judgment in default of defence regarding the suppliers, customers and details of supply and offer of Infringing Goods; and

- (v) affirm, file and serve an affidavit on Plaintiffs' solicitors which verifies the disclosure of the above information; and
- (b) to grant the following orders -
- (i) a perpetual injunction to restrain 1st and 2nd Defendants from infringing Plaintiffs' Registered Trade Marks;
 - (ii) an inquiry to be held by learned Registrar (**Inquiry**) to assess damages for the infringement of Plaintiffs' Registered Trade Marks (**Assessed Damages**);
 - (iii) 1st and 2nd Defendants shall pay Assessed Damages to Plaintiffs;
 - (iv) 1st and 2nd Defendants shall pay to Plaintiffs interest at the rate of 5% per annum on the Assessed Damages from the date of judgment in default of defence until the date of full payment of Assessed Damages;
 - (v) costs of Inquiry shall be determined by learned Registrar and shall be paid by 1st and 2nd Defendants to Plaintiffs;
 - (vi) costs of RM5,000.00 for each of 4 Suits shall be paid by 1st and 2nd Defendants to Plaintiffs; and

(vii) an allocatur fee shall be imposed on all the above costs in accordance with Order 59 rule 7(4) RC.

E. Whether Plaintiffs can obtain summary judgment against 3rd Defendant

E(1). Contention of parties

9. The Plaintiffs advanced the following submission, among others, in support of 4 Amended SJ Applications against 3rd Defendant:

(1) 1st Defendant had infringed Plaintiffs' Registered Trade Marks under s 38(1)(a) TMA (**1st Defendant's Infringement**);

(2) 3rd Defendant was liable for 1st Defendant's Infringement because –

(a) 3rd Defendant being a director and shareholder of 1st Defendant, together with 2nd Defendant, had caused 1st Defendant's Infringement as part of a common and concerted design among 1st, 2nd and 3rd Defendants;

(b) 3rd Defendant together with 2nd Defendant had procured, authorized, induced and assisted in the 1st Defendant's Infringement;

- (c) 3rd Defendant had actively marketed and promoted Infringing Goods;
 - (d) 3rd Defendant was aware of 1st Defendant's Infringement and continued to be a director of 1st Defendant;
 - (e) 3rd Defendant had personally paid fines imposed by Shah Alam Sessions Court on 1st Defendant (please see below); and
 - (f) 3rd Defendant is the directing mind and will of 1st Defendant; and
- (3) Plaintiffs rely on, among others, the following Singapore High Court cases –
- (a) Belinda Ang Saw Ean J's judgment in **Creative Techonology Ltd v Cosmos Trade-Nology Pte Ltd & Anor** [2003] 3 SLR (R) 697; and
 - (b) Yong Pung How CJ's decision in **Trade Facilities Pte Ltd & Ors v Public Prosecutor** [1995] 2 SLR (R) 7.

10. The 3rd Defendant resisted 4 Amended SJ Applications on the following grounds, among others:

- (1) 4 Amended SJ Applications are based on fraud. O 14 r 1(2)(b) RC does not allow summary judgment to be given in a suit which is based on an allegation of fraud; and
- (2) additionally or alternatively, 4 Amended SJ Applications should be dismissed as there are issues to be tried in this case as follows –
 - (a) whether 3rd Defendant was involved in the daily management of 1st Defendant;
 - (b) whether 1st Defendant's Infringement was committed by 2nd Defendant alone or with the help of 3rd Defendant;
 - (c) whether documents regarding Infringing Goods [applied for in prayer 2(b) of 4 Amended SJ Applications] are in 3rd Defendant's possession;
 - (d) whether the offence under s 8 of the Trade Descriptions Act 2011 (**TDA**) with which 1st Defendant was charged by the Public Prosecutor (**PP**), could be attributed to 3rd Defendant;
 - (e) whether 3rd Defendant was liable for 1st Defendant's Infringement merely on the fact that 3rd Defendant was a director of 1st Plaintiff; and
 - (f) whether the principle of **Salomon v Salomon** would exclude 3rd Defendant's liability for 1st Defendant's Infringement.

E(2). Elements of trade mark infringement under s 38(1)(a) TMA

11. The relevant part of s 38(1)(a) TMA is reproduced below:

“38. Infringement of a trade mark

(1) A registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or registered user of the trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods or services in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be taken either -

(a) as being use as a trade mark; ...”

(emphasis added).

12. In the High Court case of **Leo Pharmaceutical Products Ltd AS (Lovens Kemiske Fabrک Produktionsaktieselskab) v Kotra Pharma (M) Sdn Bhd (No 2)** [2012] 10 CLJ 507, at paragraphs 83 and 84, Low Hop Bing J (as he then was) explained the 5 elements of trade mark infringement under s 38(1)(a) TMA (**5 Elements**) as follows:

“[83] The law regulating the infringement of a trade mark is enacted in s.

38(1) which reads:

...

[84] In order to succeed in this cause of action, it is incumbent upon the plaintiff to prove that:

- (a) the defendant is neither the registered proprietor nor the registered user of the trade mark;**
- (b) the defendant used a mark identical with or so nearly resembling the plaintiff's registered trade mark as is likely to deceive or cause confusion;**
- (c) the defendant was using the offending mark in the course of trade;**
- (d) the defendant was using the offending mark in relation to goods or service within the scope of the registration; and**
- (e) the defendant used the offending mark in such a manner as to render the use likely to be taken either as being used as a trade mark or as importing a reference to the registered proprietor or the registered user or to their goods or services.**

(See *Fabrique Ebel Societe Anonyme v. Sykt Perniagaan Tukang Jam City Port & Ors* [1989] 1 CLJ 919; [1989] 1 CLJ (Rep) 537, 540 & 541 per Zakaria Yatim J (later FCJ) and applied by the same judge in *A Clouet & Co Pte Ltd v. Maya Toba Sdn Bhd* [1996] 1 BLJ 239)."

(emphasis added).

13. I am satisfied that the 5 Elements of 1st Defendant's Infringement have been proven by the following undisputed affidavit evidence adduced by Plaintiffs in 4 Amended SJ Applications:

- (1) 1st Defendant is neither the registered proprietor nor the registered user of Plaintiffs' Registered Trade Marks;
- (2) 1st Defendant had used marks (**Offending Marks**) identical with or so nearly resembling Plaintiffs' Registered Trade Marks as was likely to deceive or cause confusion;
- (3) 1st Defendant had used Offending Marks in the course of trade;
- (4) 1st Defendant had used Offending Marks in relation to goods within the scope of registration of Plaintiffs' Registered Trade Marks; and
- (5) 1st Defendant had used Offending Marks in such a manner as to render that use likely to be used as a trade mark.

14. The defence, affidavits and written submission of 3rd Defendant did not dispute the commission of 1st Defendant's Infringement.

15. The following High Court cases have granted summary judgment for trade mark infringement under s 38(1) TMA:

- (1) Zakaria Yatim J's (as he then was) decision in **Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port & Ors** [1988] 1 MLJ 188, at 193; and
- (2) the judgment of Ramly Ali J (as he then was) in –
 - (a) **Acushnet Company v Metro Golf Manufacturing Sdn Bhd** [2006] 7 CLJ 557, at paragraph 102; and
 - (b) **Abercrombie & Fitch Co & Anor v Fashion Factory Outlet KL Sdn Bhd & Ors** [2008] 7 CLJ 413, at paragraph 86.

E(3). Whether Court should pierce 1st Defendant's corporate veil

16. I am of the following view regarding the piercing or lifting of a company's corporate veil:

- (1) a company is a legal person which is separate from its directors, shareholders and employees (please see the present s 20(a) of the Companies Act 2016). Accordingly, the general rule is that a company's directors, shareholders and employees should not be personally liable for the company's act or omission;
- (2) the Court should only pierce or lift a company's corporate veil in exceptional circumstances provided by –

- (a) statute (**Statutory Exception**). An example of Statutory Exception is the Court of Appeal's judgment delivered by Abdul Malik Ishak JCA in **Mackt Logistics (M) Sdn Bhd v Malaysian Airlines System Bhd** [2014] 5 CLJ 851, at 865; and
- (b) case law (**Case Law Exception**);
- (3) there is a difference between the piercing of a corporate veil and its lifting. A company's corporate veil is pierced by a party when the party seeks to impose personal liability on an individual who may or may not be the company's director, shareholder or employee. The Court lifts the corporate veil of a company to ascertain the true factual position without imposing any personal liability on a particular individual [please see Staughton LJ's judgment in the English Court of Appeal case of **Atlas Maritime Co SA v Avalon Maritime Ltd (The Coral Rose) (No. 1)** [1991] 4 All ER 769, at 779, which was followed in **KTL Sdn Bhd & Anor v Leong Oow Lai & other cases** [2014] AMEJ 1458, at paragraphs 66 and 67];
- (4) piercing or lifting a company's corporate veil is not a cause of action in itself – please see Nallini Pathmanathan J's (as she then was) judgment in the High Court case of **Deepak Jaikishan a/l Jaikishhan Rewachand & Anor v Intrared Sdn Bhd (previously known as Reetaj City Centre Sdn Bhd and formerly known as KFH Reetaj Sdn Bhd) & Anor** [2013] 7 MLJ 437, at 458;

- (5) piercing or lifting a corporate veil is also not a remedy in itself. Having said that, there is nothing in law to prohibit a party from applying to Court for a declaration that an individual is the controller, *alter ego* or “*directing mind and will*” of a company;
- (6) to pierce or lift a corporate veil, 3 recent Federal Court judgments require 2 conditions to be fulfilled cumulatively (**2 Conditions**), namely –
- (a) the piercing or lifting of a corporate veil is in the interest of justice (**1st Condition**); **and**
 - (b) there exists special circumstances to pierce or lift the corporate veil (**2nd Condition**), such as -
 - (i) there has been commission of actual fraud or Common Law fraud;
 - (ii) equitable fraud or constructive fraud has been committed;
 - (iii) to prevent evasion of liability; **or**
 - (iv) to prevent an abuse of corporate personality.

I rely on the following 3 Federal Court judgments which have laid down the 2 Conditions –

- (aa) Hasan Lah FCJ's judgment in **Solid Investment Ltd v Alcatel Lucent (M) Sdn Bhd** [2014] 3 CLJ 73, at 92;
 - (bb) the decision of Richard Malanjum CJ (Sabah & Sarawak) in **Gurbachan Singh s/o Bagawan Singh & Ors v Vellasamy s/o Pennusamy & Ors** [2015] 1 MLJ 773, at paragraphs 96-99; and
 - (cc) the judgment of Richard Malanjum CJ (Sabah & Sarawak) in **Giga Engineering & Construction Sdn Bhd v Yip Chee Seng & Sons Sdn Bhd & Anor** [2015] 9 CLJ 537, at paragraphs 39, 44 and 45;
- (7) in respect of the 2nd Condition –
- (a) the categories of special circumstances to pierce or lift the corporate veil, are not closed; and
 - (b) the 2nd Condition is laid down by case law and should not be applied in an inflexible manner as if the 2nd Condition is a strict mandatory statutory requirement; and
- (8) whether the Court should exercise its discretion to pierce or lift the corporate veil is a question of fact dependent upon the particular circumstances of the case in question. As such, decided cases on this

matter are not binding precedents from the view point of the *stare decisis* doctrine.

17. The 4 Suits and 4 Amended SJ Applications sought to pierce 1st Defendant's corporate veil so as to impose personal liability on 3rd Defendant for 1st Defendant's Infringement.
18. Plaintiffs had adduced affidavit evidence which affirmed the following:
 - (1) in respect of Infringing Goods, PP had instituted criminal proceedings against, among others, 1st Defendant, in the Shah Alam Sessions Court for offences under s 8 of the Trade Descriptions Act 2011 (**Criminal Charges**);
 - (2) 1st Defendant had pleaded guilty to Criminal Charges and was fined a total of RM318,000.00 (**RM318,000 Fine**); and
 - (3) RM318,000 Fine had been personally paid by 3rd Defendant
19. The Plaintiffs' sworn averment in their affidavits that 3rd Defendant had personally paid RM318,000 Fine, had not been denied by 3rd Defendant in his affidavit in opposition to 4 Amended SJ Applications. It is trite law that any factual averment in a party's affidavit which has not been denied by the opposing party by way of affidavit, is deemed to be admitted by the opposing party – please see the Federal Court's judgment delivered by Chong Siew Fai CJ (Sabah & Sarawak) in **Sunrise Sdn Bhd v First**

Profile (M) Sdn Bhd & Anor [1996] 3 MLJ 533, at 541. Consequently, 3rd Defendant is deemed to have accepted Plaintiffs' allegation that 3rd Defendant has personally paid RM318,000 Fine.

20. I am of the view that the 2 Conditions for the application of Case Law Exception, have been fulfilled in the 4 Amended SJ Applications. This decision is based on the following evidence and reasons:

- (1) the 1st Condition is satisfied (the piercing of 1st Defendant's corporate veil is in the interest of justice) as follows -
 - (a) 3rd Defendant was under no obligation whatsoever to pay RM318,000 Fine for 1st Defendant and yet, the 3rd Defendant did so. It is inconceivable for any reasonable individual to pay a hefty fine imposed on a company if that individual is not the controller, *alter ego* and the "*directing mind and will*" of the company;
 - (b) the defence and affidavit of 3rd Defendant in all 4 Suits, claimed to have resigned as a director of 1st Defendant "*at the end of 2014*". Such an allegation cannot be accepted for the following reasons -
 - (i) if 3rd Defendant had indeed resigned as a director of 1st Defendant, there would be no reason for 3rd Defendant to have personally paid RM318,000 Fine for 1st Defendant;

- (ii) Plaintiffs' affidavits have exhibited a search dated 28.4.2016 from the records of Companies Commission of Malaysia (**SSM**) which showed that 3rd Defendant is still a director of 1st Defendant (**SSM's Record**). No documentary evidence had been adduced by 3rd Defendant to show that SSM's Record was erroneous and 3rd Defendant was no longer 1st Defendant's director; and
- (iii) 3rd Defendant had not adduced any documentary evidence regarding his alleged resignation as 1st Defendant's director; and
- (c) according to SSM's Record, 3rd Defendant owns 170,000 paid-up shares (of nominal value of RM1 for each share) in 1st Defendant. Hence, 3rd Defendant is not a complete stranger to 1st Defendant. On the contrary, 3rd Defendant has a substantial financial interest in 1st Defendant. There is no evidence that 1st Defendant has any other business save for selling Infringing Goods. Accordingly, 3rd Defendant could not claim ignorance of 1st Defendant's Infringement when he had invested substantially in 1st Defendant which only sold Infringing Goods; **and**
- (2) the 2nd Condition is fulfilled in 4 Suits because there exists the following special circumstances to pierce 1st Defendant's corporate veil

—

- (a) 3rd Defendant should not evade statutory liability for trade mark infringement under s 38(1)(a) TMA owed to Plaintiffs; **and/or**
- (d) 1st Defendant's corporate personality should not be abused by 3rd Defendant.

21. Additionally or alternatively –

- (1) 3rd Defendant has the legal onus to raise a triable issue so as to resist successfully 4 Amended SJ Applications [please see the above subparagraph 7(1)]. Based on the evidence and reasons as elaborated in the above paragraph 20, I am not satisfied that 3rd Defendant has successfully discharged the legal burden to raise an issue which should be tried in the 4 Suits; and
- (2) there is no "*other reason for trial*" in the 4 Suits as there is no circumstance which ought to be investigated in these cases, especially in light of 3rd Defendant's payment of RM318,000 Fine for 1st Defendant.

22. I am constrained to reject the following contentions advanced by 3rd Defendant's learned counsel:

- (1) the 4 Suits and 4 Amended SJ Applications are not based on fraud but are premised on trade mark infringement under s 38(1)(a) TMA; and

- (2) 3rd Defendant can be the controller, *alter ego* and the “*directing mind and will*” of 1st Defendant so as to be personally responsible for 1st Defendant’s Infringement without –
- (a) being involved in the daily management of 1st Defendant;
 - (b) having possession of documents regarding Infringing Goods; and
 - (c) being convicted for any offence under TMA and/or TDA in respect of Infringing Goods. It is to be noted that the Criminal Charges are separate from the 4 Suits.

F. Court’s decision

23. Premised on the above evidence and reasons, the following summary judgment is granted against 3rd Defendant (**Summary Judgment**):

- (1) a perpetual injunction to restrain 3rd Defendant from infringing Plaintiffs’ Registered Trade Marks;
- (2) a perpetual mandatory injunction to compel 3rd Defendant to -
 - (a) deliver Infringing Goods to Plaintiffs’ solicitors within 7 days from the date of Summary Judgment; and

- (b) deliver all documents and records regarding Infringing Goods to Plaintiffs' solicitors within 7 days from the date of Summary Judgment;
 - (c) affirm, file and serve an affidavit on Plaintiffs' solicitors which verifies the execution of the above delivery orders;
 - (d) disclose information within 7 days from the date of Summary Judgment regarding the suppliers, customers and details of supply and offer of Infringing Goods; and
 - (e) affirm, file and serve an affidavit on Plaintiffs' solicitors which verifies the disclosure of the above information;
- (3) Inquiry to be held by learned Registrar to ascertain Assessed Damages;
- (4) an order that 3rd Defendant shall pay Assessed Damages to Plaintiffs;
- (5) an order that 3rd Defendant shall pay to Plaintiffs interest at the rate of 5% per annum on Assessed Damages from the date of Summary Judgment until the date of full payment of Assessed Damages;
- (6) costs of Inquiry shall be determined by learned Registrar and shall be paid by 3rd Defendant to Plaintiffs;

(7) costs of RM8,000.00 for each of 4 Amended SJ Applications shall be paid by 3rd Defendant to Plaintiffs; and

(8) an allocatur fee shall be imposed on all the above costs in accordance with Order 59 rule 7(4) RC.

WONG KIAN KHEONG
Judicial Commissioner
High Court (Commercial Division)
Kuala Lumpur

DATE: 28 FEBRUARY 2017

Counsel for Plaintiff: *Mr. Jasdev Singh Gill, Ms. Geraldine Shamini &
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