

**IN THE HIGH COURT OF MALAYA AT KUALA LUMPUR  
(COMMERCIAL DIVISION)  
CIVIL SUIT NO: 22IP-26-08/2013**

**BETWEEN**

**CHOW CHUAN FAT  
(NRIC No. 690127-01-5033)**

... **PLAINTIFF**

**AND**

- 1. YEO CHAI SENG  
(NRIC No. 510919-01-5818)**
- 2. CHOONG HWA DOONG  
(NRIC No. 420227-10-5271)**
- 3. PENDAFTAR PATEN, MALAYSIA**
- 4. CHD GLOBAL IP SDN BHD  
(Company No. 804127-K) (In Liquidation)**

... **DEFENDANTS**

**(By original action)**

**BETWEEN**

- 1. YEO CHAI SENG  
(NRIC No. 510919-01-5818)**
- 2. CHOONG HWA DOONG  
(NRIC No. 420227-10-5271)**

... **PLAINTIFFS**

**AND**

- 1. CHOW CHUAN FAT  
(NRIC No. 690127-01-5033)**
- 2. CHD GLOBAL IP SDN BHD  
(Company No. 804127-K) (In Liquidation)**

... **DEFENDANTS**

**(By first counterclaim)**

**BETWEEN**

**CHD GLOBAL IP SDN BHD**  
**(Company No. 804127-K) (In Liquidation)** ... **PLAINTIFF**

**AND**

1. **CHOW CHUAN FAT**  
**(NRIC No. 690127-01-5033)**
2. **AWAN TIMUR KLUANG SDN BHD**  
**(Company No. 417234-T)**
3. **AWAN TIMUR STERILIZER TECHNOLOGY SDN BHD**  
**(Company No. 894272-A)** ... **DEFENDANTS**

**(By second counterclaim)**

**JUDGMENT**

(after trial)

**A. Background**

1. This trial raises a novel question regarding the rights of a user (not a patent owner) of a patented invention under s 38(1)(a) of the Patents Act 1983 (**PA**).
2. In the original action in this case (**Original Action**), Mr. Chow Chuan Fat (**Plaintiff**) has claimed against Mr. Yeo Chai Seng (**1<sup>st</sup> Defendant**), Mr. Choong Hwa Doong (**2<sup>nd</sup> Defendant**), Registrar of Patents (**Registrar**) and CHD Global IP Sdn. Bhd. (in liquidation) (**4<sup>th</sup> Defendant**). The Plaintiff has discontinued the Original Action against the Registrar.
3. In this case -

- (1) the 1<sup>st</sup> and 2<sup>nd</sup> Defendants have filed a counterclaim against the Plaintiff and 4<sup>th</sup> Defendant (**1<sup>st</sup> Counterclaim**); and
  - (2) a counterclaim (**2<sup>nd</sup> Counterclaim**) has been filed by the 4<sup>th</sup> Defendant against the Plaintiff, 1<sup>st</sup> Defendant, 2<sup>nd</sup> Defendant, Awan Timur Kluang Sdn. Bhd. (**ATK**) and Awan Timur Sterilizer Technology Sdn. Bhd. (**ATST**).
4. On 31.1.2008, patent no. MY-134916-A (**Patent 916**) for an invention entitled "*Method and Apparatus for Sterilizing Oil Palm Fruit*" (**Invention**) has been granted to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants by the Registrar.
  5. The 1<sup>st</sup> and 2<sup>nd</sup> Defendants assigned absolutely all their rights in Patent 916 to the 4<sup>th</sup> Defendant by way of the following two assignments (**2 Assignments**):
    - (1) an assignment dated 1.2.2008 wherein the 1<sup>st</sup> Defendant assigned absolutely all his rights in Patent 916 to the 4<sup>th</sup> Defendant for a consideration of RM1,500,000.00 (**1<sup>st</sup> Assignment**). The 1<sup>st</sup> Assignment has been varied by a supplemental agreement dated 8.5.2008 between the 1<sup>st</sup> and 4<sup>th</sup> Defendants [to provide for the 1<sup>st</sup> Assignment to include all patents outside Malaysia (**Overseas Patents**) which have been applied for and/or obtained by the 1<sup>st</sup> and 2<sup>nd</sup> Defendants]; and
    - (2) an assignment dated 1.2.2008 wherein the 2<sup>nd</sup> Defendant assigned absolutely all his rights in Patent 916 to the 4<sup>th</sup> Defendant for a

consideration of RM5,000,000.00 (**2<sup>nd</sup> Assignment**). The 2<sup>nd</sup> Assignment has been varied by a supplemental agreement dated 8.5.2008 between the 2<sup>nd</sup> and 4<sup>th</sup> Defendants (which provides that the 2<sup>nd</sup> Assignment includes Overseas Patents).

6. On 1.4.2008, the Registrar has recorded the 2 Assignments in the Register of Patents (**Register**). Henceforth, the 4<sup>th</sup> Defendant is the owner of Patent 916.
7. By way of an agreement dated 12.5.2009 (**3<sup>rd</sup> Assignment**), the 1<sup>st</sup> and 2<sup>nd</sup> Defendants assigned absolutely all their rights in the drawings regarding the Invention (**Drawings**) to the 4<sup>th</sup> Defendant for a consideration of RM10.00. In this judgment I will refer to the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Assignments as the "**3 Assignments**".
8. The 4<sup>th</sup> Defendant and CHD Engineering Sdn. Bhd. (**CHDE**) filed suit no. MT4-22-542-2009 in the Johore Bahru High Court on 14.7.2009 against the Plaintiff and ATK (**JB Suit**). On 13.8.2012, the High Court discontinued the JB Suit and ordered costs of RM50,000.00 to be paid by the 4<sup>th</sup> Defendant to the Plaintiff and ATK [**High Court's Decision (JB Suit)**].
9. Various third parties have filed three suits in the Kuala Lumpur High Court [D5(IP)-22-1037-2008, D5(IP)-22-21-2009 and D5(IP)-22-22-2009] to invalidate Patent 916 (**3 KL Suits**). On 30.12.2010, the High Court dismissed the 3 KL Suits and affirmed the validity of Patent 916.
10. The 1<sup>st</sup> Defendant filed originating summons (**OS**) no. 24-917-2011 in Shah Alam High Court against the 4<sup>th</sup> Defendant (**1<sup>st</sup> Shah Alam Suit**) for,

among others, a declaration that the 1<sup>st</sup> Assignment had been terminated by the 1<sup>st</sup> Defendant due to the 4<sup>th</sup> Defendant's breach of the 1<sup>st</sup> Assignment. In the 1<sup>st</sup> Shah Alam Suit -

(1) the High Court allowed the 1<sup>st</sup> Shah Alam Suit on 11.10.2012 [**High Court's Decision (1<sup>st</sup> Shah Alam Suit)**];

(2) on 31.5.2013, the Court of Appeal, among others, reversed the High Court's Decision (1<sup>st</sup> Shah Alam Suit), converted the OS to a writ and remitted the 1<sup>st</sup> Shah Alam Suit to the High Court for further action [**Court of Appeal's Decision (1<sup>st</sup> Shah Alam Suit)**]; and

(3) despite the Court of Appeal's Decision (1<sup>st</sup> Shah Alam Suit)], the 1<sup>st</sup> Defendant did not take any action in the 1<sup>st</sup> Shah Alam Suit and consequently, the 1<sup>st</sup> Shah Alam Suit was struck out on 9.3.2015 [**Striking Out Order (1<sup>st</sup> Shah Alam Suit)**].

11. On 8.11.2011, pursuant to the then s 181 of the Companies Act 1965, the 2<sup>nd</sup> Defendant filed suit no. 26-NCC-97-11/2011 (**Oppression Suit**) in the Kuala Lumpur High Court against the 4<sup>th</sup> Defendant and Mr. Tan Kian Soon (**Mr. Tan**). The following matters transpired in the Oppression Suit:

(1) on 11.1.2012, the High Court made the following orders [**1<sup>st</sup> Order (Oppression Suit)**] -

(a) the 4<sup>th</sup> Defendant is wound up and the Official Receiver (**OR**) is appointed as the 4<sup>th</sup> Defendant's liquidator (**Liquidator**); and

- (b) the Liquidator is directed to dispose of Patent 916 by public auction to the highest bidder (**Auction**) subject to the following conditions, among others -
  - (i) the successful bidder is required to give a mandatory license to the 2<sup>nd</sup> Defendant and Mr. Tan or their nominees to use Patent 916; and
  - (ii) the reserve price for the Auction is RM7 million;
- (2) on 20.2.2014, the High Court appointed Mr. Wong Ching Yong (**Mr. Wong**) to replace OR as the Liquidator; and
- (3) the 1<sup>st</sup> Order (Oppression Suit) was amended (in respect of a typographical error regarding the registration number of Patent 916) by consent of all parties in the Oppression Suit on 14.12.2015 [**Amended Order (Oppression Suit)**].

12. In the Original Action -

- (1) the Plaintiff did not cite the 4<sup>th</sup> Defendant as a party;
- (2) on 24.10.2013, the Plaintiff entered into a consent judgment with the 1<sup>st</sup> Defendant (**Consent Judgment**). The Consent Judgment stated, among others -
  - (a) the Plaintiff is a co-owner of Patent 916; and

- (b) the Plaintiff is a prior user of Patent 916 and is therefore entitled to exploit Patent 916 despite the grant of Patent 916;
  - (3) this court allowed the 3<sup>rd</sup> and 4<sup>th</sup> Defendants to intervene in the Original Action;
  - (4) upon an application by the 4<sup>th</sup> Defendant, this court set aside the Consent Judgment on the ground there had been a breach of the second rule of natural justice when the 4<sup>th</sup> Defendant was deprived of its right to be heard before the Consent Judgment is made [**Setting Aside Order (Consent Judgment)**]. The grounds for the Setting Aside Order (Consent Judgment) have been reported in **Chow Chuan Fat v Yeo Chai Seng & Ors** [2017] 1 AMR 676. The Plaintiff had withdrawn his appeal to the Court of Appeal against my decision regarding the Setting Aside Order (Consent Judgment); and
  - (5) the Plaintiff has claimed in the Original Action as follows, among others -
    - (a) the Plaintiff is a co-inventor of the Invention together with the 1<sup>st</sup> and 2<sup>nd</sup> Defendants. Accordingly, the Plaintiff is a co-owner of Patent 916 and the 2 Assignments are not valid; and
    - (b) the Plaintiff is a prior user of Patent 916 and is thereby entitled to exploit commercially Patent 916;
13. The 1<sup>st</sup> and 2<sup>nd</sup> Defendants have prayed for the following relief, among others, in the 1<sup>st</sup> Counterclaim:

- (1) if the court grants Patent 916 to the Plaintiff, the Plaintiff shall pay RM1,500,000.00 and RM5,000,000.00 to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants respectively; or
  - (2) in the alternative, if the Plaintiff is not a co-inventor of the Invention, the 4<sup>th</sup> Defendant shall pay RM1,500,000.00 and RM5,000,000.00 to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants respectively (based on the 2 Assignments).
14. In the 2<sup>nd</sup> Counterclaim, the 4<sup>th</sup> Defendant has claimed, among others, as follows:
- (1) as against the 1<sup>st</sup> and 2<sup>nd</sup> Defendants, the 1<sup>st</sup> and 2<sup>nd</sup> Defendants have breached the 2 Assignments; and
  - (2) as against the Plaintiff, 1<sup>st</sup> and 2<sup>nd</sup> Defendants, ATK and/or ATST, the following three causes of action (**4<sup>th</sup> Defendant's 3 Causes of Action**) -
    - (a) infringement of Patent 916;
    - (b) contravention of the 4<sup>th</sup> Defendant's copyright in the Drawings; and
    - (c) commission of the tort of passing off as follows -
      - (i) by manufacturing and selling "*Vertical Sterilizer*" (**VS**) [the product which is patented in Patent 916] as a product of the Plaintiff, ATK and/or ATST; and

(ii) by offering the use of a process (**Patented Process**) (the process which is patented in Patent 916) to sterilize fresh fruit bunches of oil palm (**FFB**).

15. On 26.2.2014, the 1<sup>st</sup> Defendant filed Shah Alam suit no. 22NCVC-65-02/2014 against the 4<sup>th</sup> Defendant to, among others, invalidate the 1<sup>st</sup> Assignment (**2<sup>nd</sup> Shah Alam Suit**). The High Court struck out the 2<sup>nd</sup> Shah Alam Suit on 9.3.2015 [**Striking Out Order (2<sup>nd</sup> Shah Alam Suit)**].

## **B. Issues**

16. This case raises the following questions:

(1) whether the Plaintiff is estopped by -

(a) the defence and counterclaim of the Plaintiff and ATK in JB Suit [**Plaintiff's Defence and Counterclaim (JB Suit)**]; and/or

(b) ATK's stand in arbitral proceedings commenced in the Thai Arbitration Institute (**Thai Arbitration**) by ATK against a Thai company, PC Palm Co. Ltd. (**Thai Co.**)

from claiming that -

(i) the Plaintiff is a user of the Invention within the meaning of s 38(1)(a) PA; and

(ii) the Plaintiff is a co-inventor of the Invention;

- (2) if the Plaintiff is not estopped by the legal position taken in the Plaintiff's Defence and Counterclaim (JB Suit) and Thai Arbitration -
  - (a) is the Plaintiff a user of the Invention within the meaning of s 38(1)(a) PA?; and
  - (b) whether the Plaintiff is a co-inventor of the Invention together with the 1<sup>st</sup> and 2<sup>nd</sup> Defendants;
- (3) by reason of the issue estoppel principle -
  - (a) is the 1<sup>st</sup> Defendant barred by the Striking Out Order (1<sup>st</sup> Shah Alam Suit) and Striking Out Order (2<sup>nd</sup> Shah Alam Suit) from terminating the 1<sup>st</sup> Assignment?; and
  - (b) whether the 4<sup>th</sup> Defendant is estopped by the High Court's Decision (JB Suit) from claiming against the Plaintiff and ATK based on the 4<sup>th</sup> Defendant's 3 Causes of Action;
- (4) have the 4<sup>th</sup> Defendant's 3 Causes of Action been proven in this case?;
- (5) whether the 1<sup>st</sup>, 2<sup>nd</sup> and 4<sup>th</sup> Defendants are bound by the 1<sup>st</sup> Order (Oppression Suit) and the Amended Order (Oppression Suit);
- (6) have the 1<sup>st</sup> and 2<sup>nd</sup> Defendants breached the 2 Assignments? If "no", whether the 4<sup>th</sup> Defendant is liable to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants for the consideration of the 3 Assignments; and

(7) if the 4<sup>th</sup> Defendant is liable to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants for the consideration of the 3 Assignments, in view of the conduct of the 1<sup>st</sup> and 2<sup>nd</sup> Defendants as well as the winding-up of the 4<sup>th</sup> Defendant, how should the court exercise its discretion under -

(a) s 11 of the Civil Law Act 1956 (**CLA**); and

(b) O 42 r 12 of the Rules of Court 2012 (**RC**)

regarding interest to be imposed on the debt due from the 4<sup>th</sup> Defendant to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants?

**C. Case for Plaintiff, ATK and ATST**

17. The Plaintiff testified in this case and called the following witnesses in support of the Original Action:

(1) Mr. Yong Hau Chong (**SP1**), a technician employed by ATK;

(2) Mr. Wang Juan Hin (**SP2**), ATK's workshop manager;

(3) Mr. Lai Tung Loy (**SP3**), ATK's engineer; and

(4) Haji Izhar bin Mahmood (**SP4**), the head of the Engineering Department in Kulim Malaysia Bhd.

18. The Plaintiff gave the following evidence, among others:

- (1) since 1989, the Plaintiff has been involved in the construction and repair of palm oil mills (**Mills**);
- (2) the Plaintiff knew the 1<sup>st</sup> Defendant in 1991 when the latter was working in a Mill owned by Sime Darby Bhd. (**SDB**). At that time, ATK had business dealings with SDB;
- (3) the 1<sup>st</sup> Defendant brought the 2<sup>nd</sup> Defendant to meet the Plaintiff regarding the development of VS. It was agreed by the Plaintiff, 1<sup>st</sup> and 2<sup>nd</sup> Defendants that all three of them would be partners in the Invention. This was because the 1<sup>st</sup> and 2<sup>nd</sup> Defendants lacked funds to develop VS;
- (4) the Plaintiff had referred to a publication, "*Stork Palmoil Review*", Volume 1 No. 1, February 1960 (**Article**). The Plaintiff then directed SP3 to design the VS for use in the local market. The Plaintiff had also discussed with SP3 regarding the design of VS;
- (5) the Plaintiff, 1<sup>st</sup> and 2<sup>nd</sup> Defendants had agreed that the following companies would fabricate, market and install VS in Mills -
  - (a) ATK; and
  - (b) CHD Engineering & Technique Sdn. Bhd. (**CHDET**);
- (6) the Plaintiff claimed that he had "*invested*" RM3,000,000.00 for the research, development and purchase of materials for the purpose of the Invention. An additional sum of about RM2,000,000.00 had been

incurred by the Plaintiff to purchase various equipment regarding the Invention. I shall refer to the above alleged expenditure of the Plaintiff as the “**Plaintiff’s Alleged Investment**”;

- (7) the Plaintiff and 2<sup>nd</sup> Defendant had made four presentations regarding the VS to SP4 (**VS Presentations**). Materials for the VS Presentations had been prepared by the Plaintiff;
- (8) pursuant to the VS Presentations, CHDET had been given three contracts to fabricate and install VS in three Mills [**Contracts (CHDET)**]. Regarding the Contracts (CHDET) -
  - (a) the fabrication of VS had been sub-contracted to CHDE and ATK; and
  - (b) ATK prepared the machinery layout;
- (9) the Plaintiff claimed that the 1<sup>st</sup> and 2<sup>nd</sup> Defendants had applied for Patent 916 without the Plaintiff’s knowledge and consent. When the Plaintiff found out about Patent 916 -
  - (a) the Plaintiff met the 1<sup>st</sup> and 2<sup>nd</sup> Defendants regarding Patent 916. The 1<sup>st</sup> and 2<sup>nd</sup> Defendants then promised the Plaintiff that the Plaintiff had the right to use Patent 916 as a co-inventor of the Invention [**Alleged Promise (1<sup>st</sup> and 2<sup>nd</sup> Defendants)**]; and
  - (b) based on the Alleged Promise (1<sup>st</sup> and 2<sup>nd</sup> Defendants), the Plaintiff did research to improve the VS;

(10) the Plaintiff has filed the following two patent applications regarding VS (2 Patent Applications) -

(a) in 2006, the Plaintiff had filed with the Registrar application no. PI 200662472; and

(b) ATK had filed with the Registrar application no. PI 2014700584 on 11.3.2014 (ATK's Patent Application).

According to the Plaintiff, the inventions in the 2 Patent Applications are different from Patent 916;

(11) the Plaintiff found out about the 2 Assignments when the 4<sup>th</sup> Defendant and CHDE filed the JB Suit against the Plaintiff and ATK;

(12) the Plaintiff, ATK and ATST denied committing any act which constituted the 4<sup>th</sup> Defendant's 3 Causes of Action; and

(13) the Plaintiff alleged that he was a prior user of the Invention because he had fabricated and marketed the Invention before the application for Patent 916 was filed by the 1<sup>st</sup> and 2<sup>nd</sup> Defendants on 26.1.2005.

#### **D. Case for 1<sup>st</sup> and 2<sup>nd</sup> Defendants**

19. The 1<sup>st</sup> Defendant has a diploma in mechanical engineering from Singapore Polytechnic (obtained in 1972) and a "*First Grade Steam Certificate of Competency for Engineer*" conferred by the Malaysian

Department of Occupational Safety and Health (obtained in 1980). The 1<sup>st</sup> Defendant is presently working as a Mill Advisor and Consultant at Agri Engineering Redefined Sdn. Bhd. The 1<sup>st</sup> Defendant has adduced a copy of his curriculum vitae (**1<sup>st</sup> Defendant's CV**) in this case.

20. The 2<sup>nd</sup> Defendant has the following background:

- (1) the 2<sup>nd</sup> Defendant has obtained a Bachelor of Science degree in Agricultural Engineering from the National University of Taiwan;
- (2) the 2<sup>nd</sup> Defendant has been designing and fabricating machines and equipment for the palm oil industry since 1968;
- (3) since 1988, the 2<sup>nd</sup> Defendant has done research on VS; and
- (4) the 2<sup>nd</sup> Defendant has obtained patents in Malaysia, United Kingdom and Nigeria.

A copy of the 2<sup>nd</sup> Defendant's curriculum vitae (**2<sup>nd</sup> Defendant's CV**) has been produced as evidence in this case.

21. The 1<sup>st</sup> and 2<sup>nd</sup> Defendants gave the following evidence, among others:

- (1) in or about 2004, the 1<sup>st</sup> and 2<sup>nd</sup> Defendants had worked together to create the Invention which sterilizes FFB by using water (instead of air). Regarding the Invention, the 1<sup>st</sup> and 2<sup>nd</sup> Defendants assert the following -
  - (a) the Plaintiff did not contribute anything to the Invention;

- (b) there was no agreement between the Plaintiff, 1<sup>st</sup> and 2<sup>nd</sup> Defendants regarding the Invention. The 1<sup>st</sup> and 2<sup>nd</sup> Defendants denied the Plaintiff's Alleged Investment. The 1<sup>st</sup> and 2<sup>nd</sup> Defendants also denied making the Defendants' Alleged Promise (1<sup>st</sup> and 2<sup>nd</sup> Defendants);
  - (c) after the 1<sup>st</sup> and 2<sup>nd</sup> Defendants had created the Invention, they sold VS (through CHDE) to the Plaintiff (through ATK and CHDET). The Plaintiff (through ATK and CHDET) then re-sold and installed VS in Mills;
  - (d) to market VS, the 1<sup>st</sup> and 2<sup>nd</sup> Defendants gave VS Presentations (in the presence of the Plaintiff). The Plaintiff did not conduct the VS Presentations. The materials for VS Presentations were prepared by the 1<sup>st</sup> Defendant and his draughtsman (not by the Plaintiff); and
  - (e) on 26.1.2005, the day when the 1<sup>st</sup> and 2<sup>nd</sup> Defendants filed an application for Patent 916, the 1<sup>st</sup> Defendant warned the Plaintiff not to fabricate any VS based on the Invention; and
- (2) the 2 Assignments had been made by the 1<sup>st</sup> and 2<sup>nd</sup> Defendants in favour of the 4<sup>th</sup> Defendant. However, the 1<sup>st</sup> and 2<sup>nd</sup> Defendants did not receive any payment from the 4<sup>th</sup> Defendant for the 2 Assignments.

**E. 4<sup>th</sup> Defendant's case**

22. Mr. Wong and Mr. Tan testified on behalf of the 4<sup>th</sup> Defendant.

23. Mr. Wong is a licensed auditor, licensed liquidator and an approved tax agent. According to Mr. Wong's evidence, among others -

(1) CHDE was wound up in the Oppression Suit and Mr. Wong was later appointed as the Liquidator;

(2) the 3 Assignments regarding Patent 916, Overseas Patents and Drawings have been executed by the 1<sup>st</sup> and 2<sup>nd</sup> Defendants in favour of the 4<sup>th</sup> Defendant. By reason of the 3 Assignments, the 4<sup>th</sup> Defendant claims to be the owner of -

(a) Patent 916 and the Overseas Patents; and

(b) copyright in the Drawings;

(3) the Plaintiff, 1<sup>st</sup> Defendant, 2<sup>nd</sup> Defendant, ATK and ATST are liable to the 4<sup>th</sup> Defendant for committing acts which constitute the 4<sup>th</sup> Defendant's 3 Causes of Action;

(4) the 4<sup>th</sup> Defendant is not liable to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants for the consideration of the 2 Assignments because the 1<sup>st</sup> and 2<sup>nd</sup> Defendants have breached the 2 Assignments by -

(a) not assisting the 4<sup>th</sup> Defendant to defend the validity of Patent 916 in 3 KL Suits; and

- (b) not indemnifying the 4<sup>th</sup> Defendant for all legal fees and expenses incurred by the 4<sup>th</sup> Defendant in defending the 3 KL Suits;
- (5) the 4<sup>th</sup> Defendant has made part payments to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants for the consideration of the 2 Assignments; and
- (6) the 2<sup>nd</sup> Defendant is barred by the 1<sup>st</sup> Order (Oppression Suit) from seeking any relief against the 4<sup>th</sup> Defendant.

24. Mr. Tan testified at length regarding, among others -

- (1) his involvement with the 2<sup>nd</sup> Defendant, CHDE and the incorporation of the 4<sup>th</sup> Defendant; and
- (2) his dispute with the 2<sup>nd</sup> Defendant regarding the affairs of the 4<sup>th</sup> Defendant which led to the Oppression Suit and the 1<sup>st</sup> Order (Oppression Suit).

**F. Plaintiff is *alter ego* of ATK, ATST and CHDET (Plaintiff's Companies)**

25. It is clear that the Plaintiff is the *alter ego* of Plaintiff's Companies. Such a finding of fact is clear from the following evidence and reasons:

- (1) the Plaintiff is ATK's *alter ego* because -
  - (a) during re-examination, the Plaintiff testified that he had incorporated ATK;

- (b) SP1, SP2 and SP3 are ATK's employees. According to their evidence, they take instructions from the Plaintiff;
  - (c) during cross-examination by Mr. Sanjay Mohanasundaram (**Mr. Sanjay**) [4<sup>th</sup> Defendant's learned counsel], the Plaintiff stated that the invention in ATK's Patent Application was created by him;
  - (d) according to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants, the Plaintiff marketed the Invention through ATK; and
  - (e) the Plaintiff is the managing director of ATK and owns 50% of its shares;
- (2) the Plaintiff gave evidence on behalf of ATST in this case. No other witness has testified for ATST in this matter. The Plaintiff is also a director and substantial shareholder of ATST; and
- (3) during cross-examination by Mr. Ken St. James (**Mr. Ken**) [learned counsel for the 1<sup>st</sup> and 2<sup>nd</sup> Defendants], the Plaintiff admitted that he owns CHDET. Furthermore, based on the testimonies of the 1<sup>st</sup> and 2<sup>nd</sup> Defendants, the Plaintiff had marketed the Invention through CHDET. Lastly, when the 1<sup>st</sup> and 2<sup>nd</sup> Defendants were cross-examined by Dato' Arnold Andrew (**Dato' Andrew**) [the Plaintiff's learned counsel], Dato' Andrew put to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants that CHDET is the Plaintiff's company and this was agreed by the 1<sup>st</sup> and 2<sup>nd</sup> Defendants.

## **G. Credibility of witnesses**

26. I cannot accept the Plaintiff as a witness of truth. This finding of fact is premised on the following evidence and reasons:

- (1) the Plaintiff and 1<sup>st</sup> Defendant had wrongfully recorded the Consent Judgment without making the 4<sup>th</sup> Defendant a party in the Original Action - please see the grounds of judgment for the Setting Aside Order (Consent Judgment). Worse still, the Plaintiff and 1<sup>st</sup> Defendant entered into an indemnity agreement dated 19.12.2013 (**Indemnity**). According to the Indemnity, the Plaintiff agreed to indemnify the 1<sup>st</sup> Defendant for all losses due to the Consent Judgment! The Consent Judgment and Indemnity showed that the Plaintiff was willing to ride roughshod over the 4<sup>th</sup> Defendant's rights under the 1<sup>st</sup> Assignment;
- (2) the Plaintiff's claim (he is a co-inventor of the Invention) contradicts his own evidence as follows -
  - (a) he has used the Invention before the priority date of Patent 916;  
and
  - (b) ATK's VS and the 2 Patent Applications are different from Patent 916;
- (3) in answer to question no. 39 of the Plaintiff's witness statement, he testified that he found out about Patent 916 in 2006. He however changed his evidence during cross-examination by Mr. Sanjay and stated that he could not remember when he discovered Patent 916. In

view of the importance of Patent 916 and its adverse effect on the business of the Plaintiff and Plaintiff's Companies, I doubt any reasonable businessman in the Plaintiff's shoes can make a mistake or forget the year of discovery of Patent 916;

(4) the Plaintiff is an experienced businessman who has been in the palm oil industry since 1989. He has a doctorate degree from Royal Melbourne Institute of Technology. He has also been previously involved in litigation (eg. the JB Suit and Thai Arbitration). The Plaintiff is clearly not a gullible person. In the circumstances, it is inconceivable for the Plaintiff -

- (a) not to document in writing any alleged agreement between the Plaintiff, 1<sup>st</sup> and 2<sup>nd</sup> Defendants to co-invent the Invention;
- (b) not to have consulted solicitors when he discovered Patent 916;
- (c) not to serve any demand, through the Plaintiff or his solicitors, regarding the breach by the 1<sup>st</sup> and 2<sup>nd</sup> Defendants of the alleged agreement among the Plaintiff, 1<sup>st</sup> and 2<sup>nd</sup> Defendants to co-invent the Invention;
- (d) not to reduce in writing the Alleged Promise (1<sup>st</sup> and 2<sup>nd</sup> Defendants); and
- (e) not to serve any demand, through the Plaintiff or his solicitors, for the 1<sup>st</sup> and 2<sup>nd</sup> Defendants to honour the Alleged Promise (1<sup>st</sup> and 2<sup>nd</sup> Defendants); and

(5) the Plaintiff claims in the Original Action that he is a co-inventor of the Invention with the 1<sup>st</sup> and 2<sup>nd</sup> Defendants. Incredulously, when questioned by Mr. Ken, the Plaintiff testified that he had no knowledge that the 2<sup>nd</sup> Defendant had conducted research and development regarding VS!

27. The 1<sup>st</sup> Defendant's credibility is doubted due to the following evidence and reasons:

(1) the 1<sup>st</sup> Defendant had agreed to the Consent Judgment and Indemnity. Such a conduct by the 1<sup>st</sup> Defendant undermines his own veracity;

(2) the 1<sup>st</sup> Defendant sent a letter dated 24.4.2013 to the Thai Co. (**Exhibit P3A**) which stated that the 1<sup>st</sup> Defendant had agreed for ATST to fabricate VS. Exhibit P3A is contrary to the 1<sup>st</sup> Defendant's obligations to the 4<sup>th</sup> Defendant under the 1<sup>st</sup> Assignment; and

(3) when the 1<sup>st</sup> Defendant was co-inventing the Invention with the 2<sup>nd</sup> Defendant, the 1<sup>st</sup> Defendant was employed by SDB. In other words, the 1<sup>st</sup> Defendant had breached his contractual duties of fidelity and good faith owed by him to SDB as an employee when he co-invented the Invention.

28. The 2<sup>nd</sup> Defendant's credibility is undermined by the following evidence and reasons:

- (1) the JB Suit had been filed by, among others, CHDE. When the 2<sup>nd</sup> Defendant was cross-examined by Mr. Sanjay on whether he was aware of the JB Suit, he had the audacity to answer that he was not aware!;
- (2) CHDE sent a letter dated 6.4.2011 (**CHDE's Letter dated 6.4.2011**) to Messrs Ee & Associates (**Messrs Ee**), CHDE's solicitors in the JB Suit. CHDE's Letter dated 6.4.2011 had been signed by, among others, the 2<sup>nd</sup> Defendant as a director of CHDE. CHDE's Letter dated 6.4.2011 denied that CHDE had instructed Messrs Ee to commence the JB Suit on behalf of CHDE! When the 2<sup>nd</sup> Defendant was cross-examined by Dato' Andrew regarding CHDE's Letter dated 6.4.2011, he conveniently stated that he could not remember the JB Suit and the parties therein; and
- (3) CHDE's Letter dated 6.4.2011 stated, among others, that the Plaintiff and ATK were CHDE's "*business associates back in 2003*". When Dato' Andrew asked the 2<sup>nd</sup> Defendant whether he agreed with this part of CHDE's Letter dated 6.4.2011, the 2<sup>nd</sup> Defendant disagreed. In other words, the 2<sup>nd</sup> Defendant had signed CHDE's Letter dated 6.4.2011 which contained a false statement regarding the relationship between the Plaintiff and ATK (on the one part) and CHDE (on the other part).

29. I find as a fact that SP3 is not a credible witness for the following reasons:

- (1) in answer to question no. 10 of SP3's witness statement (**WSSP3**), SP3 referred to the Article. When questioned by Mr. Sanjay, SP3 admitted that he had not read the Article. This fact was confirmed by SP3 in his re-examination. It is difficult to believe a witness who has signed a witness statement which states a particular matter and the witness subsequently retracts the matter during cross-examination; and
  - (2) in answer to question no. 15 WSSP3, SP3 stated that in 2014, on the Plaintiff's instruction, SP3 had prepared drawings for ATK's Patent Application. During cross-examination by Mr. Ken, SP3 withdrew his answers to questions no. 15 and 17 WSSP3! If Mr. Ken did not question SP3 on the above matters, the court would have erroneously accepted the truth of WSSP3 on the above matters.
30. It is this court's finding of fact that SP4's credibility is lacking for the following reasons:
- (1) SP4 is an engineer in the oil palm industry and yet, when he was cross-examined by Mr. Sanjay and Mr. Ken, he was unsure regarding the contents of some of VS Presentations; and
  - (2) in answer to question no. 10 in SP4's witness statement, SP4 testified that the first VS Presentation took place on 18.7.2003. However, when asked by Mr. Ken, SP4 was not certain regarding the dates when VS Presentations were given.

## H. Is Plaintiff estopped by Plaintiff's Defence and Counterclaim (JB Suit) and Thai Arbitration?

31. Our courts have recognized the wide application of the estoppel doctrine - please see the Federal Court's judgment delivered by Gopal Sri Ram JCA (as he then was) in **Boustead Trading (1985) Sdn Bhd v Arab-Malaysian Merchant Bank Bhd** [1995] 4 CLJ 283, at 294. If a person has adopted a certain stand in a case (**1<sup>st</sup> Position**), the person is estopped from denying the 1<sup>st</sup> Position in subsequent cases. This is clear from the following decisions:

(1) the judgment of Lord Bridge in the House of Lords case of **Langdale & Anor v Danby** [1982] 3 All ER 129, at 140; and

(2) **Langdale** has been followed in **Charles Koo Ho-Tung & Ors v Koo Lin Shen & Ors** [2016] 2 CLJ 267, at paragraphs 11-13.

32. Paragraph 6 of the Statement of Claim (**SOC**) in the JB Suit had pleaded that Patent 916 had been granted to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants. This was admitted in paragraph 3 of the Plaintiff's Defence and Counterclaim (JB Suit). Paragraphs 11 to 14 of the Plaintiff's Defence and Counterclaim (JB Suit) pleaded that, among others, the Invention was not novel and consequently, Patent 916 should be invalidated. The Plaintiff was legally represented in the JB Suit. Based on **Boustead Trading**, **Langdale** and **Charles Koo Ho-Tung**, the Plaintiff is estopped by his own stand (the Invention is not novel) in the Plaintiff's Defence and Counterclaim (JB Suit) from -

- (1) alleging that he is a co-inventor of the Invention; and
- (2) asserting that he was a user of the Invention within the meaning of s 38(1)(a) PA [**Section 38(1)(a) Use**].

33. In the Thai Arbitration, ATK [the Plaintiff is its *alter ego* - please see the above sub-paragraph 25(1)] had contended that ATK had the right to use Patent 916. ATK did not allege in the Thai Arbitration that the Plaintiff was a co-inventor of the Invention. Nor did ATK allege in the Thai Arbitration that the Plaintiff could rely on Section 38(1)(a) Use. This is another reason why the Plaintiff is estopped by the stand taken by ATK in the Thai Arbitration from -

- (1) contending that he is a co-inventor of the Invention; and
- (2) relying on Section 38(1)(a) Use.

#### **I. Whether Plaintiff can rely on Section 38(1)(a) Use**

34. In the event that I have erred in applying the doctrine of estoppel against the Plaintiff (please see the above Part H), I will now discuss the Plaintiff's reliance on Section 38(1)(a) Use.

35. The relevant parts of ss 11, 14(1), (2)(a), 38(1) and 58 PA provide as follows:

“11. ***An invention is patentable if it is new, involves an inventive step and is industrially applicable.***

14(1) **An invention is new if it is not anticipated by prior art.**

(2) **Prior art shall consist of -**

(a) **everything disclosed to the public, anywhere in the world, by written publication, by oral disclosure, by use or in any other way, prior to the priority date of the patent application claiming the invention;**

...

38(1) **Where a person at the priority date of the patent application –**

(a) **was in good faith in Malaysia making the product or using the process which is the subject of the invention claimed in the application;**

...

**he shall have the right, despite the grant of the patent, to exploit the patented invention:**

*Provided that the product in question is made, or the process in question is used, by the said person in Malaysia:*

*Provided further that he can prove, if the invention was disclosed under the circumstances referred to in paragraph 14(3) (a), (b) or (c) that his knowledge of the invention was not a result of such disclosure.*

#### **Acts deemed to be infringement**

s 58. **Subject to subsections 37(1), (2) and (3) and section 38, an infringement of a patent shall consist of the performance of any act referred to in subsection 36(3) in Malaysia by a person other than the owner of the patent and without the agreement of the latter in relation to**

***a product or a process falling within the scope of protection of the patent.***

(emphasis added).

36. I am of the following view regarding the application of ss 11, 14(1), (2)(a), 38(1)(a) and 58 PA:

- (1) if a person can prove the use of an invention by **any person before the priority date of the patent application** claiming the invention (**Prior Use**), the person may apply to court to invalidate the patent under ss 11, 14(1), (2)(a) and 56(2)(a) PA on the ground that the invention is not new. If a patent is invalid, there cannot be any cause of action for patent infringement under s 58 PA - please see Raus Sharif CJ's judgment in the Federal Court case of **Spind Sdn Bhd v Justrade Marketing Sdn Bhd & Anor** [2018] 4 MLJ 34, at paragraph 144; and
- (2) Section 38(1)(a) Use applies if a person can prove **his or her own use of the invention in good faith at the priority date of the patent application**. In such a case -
  - (a) the person relying on Section 38(1)(a) Use has a right to exploit commercially the patented invention and cannot be liable for patent infringement under s 58 PA. This is clear from the words "*Subject to ... [s 38]*" in s 58 PA; and
  - (b) the patent is still valid (unlike the case of Prior Use).

My research reveals only one Malaysian case on s 38 PA, namely Abdul Aziz J's (as he then was) decision in the High Court case of **Intercontinental Specialty Fats Sdn Bhd v Asahi Denka Kogyo KK** [2000] 4 MLJ 775. **Intercontinental Specialty Fats**, at p. 783, merely decided that s 38 PA only applies to patents granted under PA and not to patents granted under the repealed Registration of United Kingdom Patents Act 1951.

Dato' Andrew has cited the English Court of Appeal case of **R v Patents Appeal Tribunal, ex parte Beecham Group Ltd** [1973] 1 All ER 627. This decision has been affirmed by a 3-2 majority judgment of the House of Lords in **Bristol-Myers Co v Beecham Group Ltd** [1974] 1 All ER 333. **Bristol-Myers Co** concerned s 14(1)(d) and (3) of the then United Kingdom's (UK) Patents Act 1949 [**PA 1949 (UK)**]. I am unable to apply **Bristol-Myers Co** because s 14(1)(d) and (3) PA 1949 (UK) are worded differently from our ss 14(1) and (2)(a) PA.

I have not overlooked ss 2(1), (2) and 64 of UK's Patents Act 1977 [**PA 1977 (UK)**] which have been construed by Lord Hoffmann in the House of Lords case of **Merrell Dow Pharmaceuticals Inc & Anor v HN Norton & Co Ltd & Ors** [1996] RPC 76. Section 64 PA 1977 (UK) is materially different from our s 38 PA.

37. According to s 27A(1) PA, the "*priority date*" of Patent 916 is 26.1.2005 (the filing date of the application for Patent 916).

38. I find as a fact that the Plaintiff has not proven use of the Invention **on or before 26.1.2005**. This is because the Plaintiff has not adduced any evidence regarding the use of VS which constitutes the Invention on or before 26.1.2005. On the contrary, the Plaintiff has alleged that ATK's VS and the 2 Patent Applications are different from the Invention! Accordingly, the Plaintiff cannot rely on ss 11, 14(1), (2)(a) and 38(1)(a) PA in this case.
39. There is another reason why the Plaintiff cannot rely on Prior Use of the Invention. As explained in the above sub-paragraph 36(1), Prior Use of an invention means that the invention is not novel and should be invalidated by the court pursuant to s 56(2)(a) PA. The Plaintiff's amended SOC (**ASOC**) in the Original Action did not apply to court to invalidate Patent 916. Instead, the ASOC has prayed for, among others, relief based on a valid Patent 916. Accordingly, the Plaintiff is bound by his ASOC and is thereby estopped from relying on Prior Use of the Invention - please see Ramly Ali FCJ's judgment in the Federal Court in **Samuel Naik Siang Ting v Public Bank Bhd** [2015] 6 MLJ 1, at paragraph 29.

**J. Is Plaintiff a co-inventor of Invention?**

40. In the event that this court has erred in applying the doctrine of estoppel against the Plaintiff (please see the above Part H), I will now decide whether the Plaintiff has discharged the legal and evidential burden under ss 101(1), (2) and 102 EA to prove that he is a co-inventor of the Invention. It is noted that pursuant to s 83A PA, the Registrar's certificate regarding the grant of Patent 916 constitutes *prima facie* evidence of the truth of the facts stated in the certificate.

41. Firstly, despite this court's findings that the 1<sup>st</sup> and 2<sup>nd</sup> Defendants are not credible witnesses (please see the above paragraphs 27 and 28), I am nevertheless satisfied that the 1<sup>st</sup> and 2<sup>nd</sup> Defendants have jointly created the Invention. This decision is based on the following evidence and reasons:

- (1) the Invention concerns the method and apparatus (VS) to sterilize FFB. The 1<sup>st</sup> Defendant's CV and 2<sup>nd</sup> Defendant's CV clearly show that they have the necessary expertise under s 45(1) of the Evidence Act 1950 (**EA**) to create the method and apparatus (VS) to sterilize FFB;
- (2) the witness statements of the 1<sup>st</sup> and 2<sup>nd</sup> Defendants had explained in detail how the 1<sup>st</sup> and 2<sup>nd</sup> Defendants had created the Invention. These witness statements are fortified by the answers given by the 1<sup>st</sup> and 2<sup>nd</sup> Defendants regarding the Invention during their lengthy cross-examination by Dato' Andrew;
- (3) the testimonies of the 1<sup>st</sup> and 2<sup>nd</sup> Defendants (regarding the Invention) mutually corroborate each other; and
- (4) the Plaintiff and 4<sup>th</sup> Defendant had not challenged the evidence of the 1<sup>st</sup> and 2<sup>nd</sup> Defendants that they were co-inventors of the Invention.

42. I find as a fact that the Plaintiff is not a co-inventor of the Invention. This finding is due to the following evidence and reasons:

- (1) the Plaintiff has no academic degree, training, professional qualification and work experience regarding the method and equipment (VS) to sterilize FFB. In other words, there is no evidence regarding the Plaintiff's expertise under s 45(1) EA in the field of sterilization of FFB, let alone his expertise to co-invent the Invention;
- (2) the Plaintiff has testified in this case in Malay. The Plaintiff has not shown his proficiency in the English language. Nor has the Plaintiff adduced any book, publication or reference material in Malay language regarding the method and apparatus (VS) to sterilize FFB. It is doubtful how the Plaintiff could be a co-creator of the Invention when he is not proficient in English and there is no book, publication or reference material in Malay language regarding the method and equipment (VS) to sterilize FFB;
- (3) there is no documentary record of the Plaintiff's discussion with the 1<sup>st</sup> Defendant, 2<sup>nd</sup> Defendant and SP3 regarding the Invention. Nor is there any documentary evidence regarding the Plaintiff's effort in the creation of the Invention, such as his notes and/or calculation. The Plaintiff has also not adduced any prototype of VS which has been created by him;
- (4) when SP1 was cross-examined by Mr. Sanjay, SP1 admitted that the 2<sup>nd</sup> Defendant had the expertise to fabricate and install VS because the 2<sup>nd</sup> Defendant invented the Invention. SP1 further admitted that it was the 2<sup>nd</sup> Defendant or the 2<sup>nd</sup> Defendant's company who had fabricated and installed VS in palm oil mills;

- (5) during cross-examination by Mr. Ken, SP3 stated that the Plaintiff could not design the VS and had to ask SP3 to do so;
- (6) Mr. Wong had adduced documentary evidence from CHDE which showed that the Plaintiff and/or Plaintiff's Companies only purchased VS from CHDE so that the VS could be installed by the Plaintiff's Companies in Mills. This means that the Plaintiff and/or Plaintiff's Companies have access to the idea, designs, plans and Drawings regarding the Invention. Hence, the Plaintiff could adduce some of the designs, plans and Drawings concerning the Invention (**Plaintiff's Evidence**) in this case. In view of this access of the Plaintiff and/or Plaintiff's Companies, I cannot attach much weight to the Plaintiff's Evidence to support the Plaintiff's claim that he has co-invented the Invention. In any event, when the Plaintiff's Evidence is considered together with all the other evidence adduced in this case (as explained in this paragraph), I am not persuaded that the Plaintiff is a co-inventor of the Invention;
- (7) if it were true that ATK's VS had been invented based solely on the Plaintiff's expertise and ATK's VS had already been used in Mills, there is neither reason nor need for the Plaintiff to -
  - (a) approach the 1<sup>st</sup> and 2<sup>nd</sup> Defendants to co-invent the Invention;  
and
  - (b) make the Plaintiff's Alleged Investment;

- (8) in answer to question no. 6 of the Plaintiff's witness statement, he referred to the Article. However, when asked by Mr. Sanjay, the Plaintiff admitted that the Article did not provide any information to construct VS;
- (9) if the Plaintiff were indeed a co-inventor of the Invention, this meant that the 1<sup>st</sup> and 2<sup>nd</sup> Defendants had caused a false entry to be made in the Register regarding Patent 916 and this would have constituted an offence under s 63 PA (punishable with a maximum imprisonment sentence of two years and/or a fine not exceeding RM15,000.00). The Plaintiff however has not made any complaint to the Registrar or lodge any police report regarding the falsification of the Register (in respect of the Invention) by the 1<sup>st</sup> and 2<sup>nd</sup> Defendants; and
- (10) the Plaintiff is not a credible witness - please see the above paragraph 26.
43. In any event, for the reasons explained in the above paragraph 42, I decide that the Plaintiff has failed to discharge the legal and evidential burden to prove on a balance of probabilities that he is a co-inventor of the Invention.
44. There is no evidence that SP1, SP2, SP3 and SP4 are experts within the meaning of s 45(1) EA in the method and apparatus (VS) to sterilize FFB. Furthermore, the testimonies of SP1, SP2, SP3 and SP4 do not concern technical details regarding the method and equipment (VS) to sterilize FFB.

As such, the evidence that SP1, SP2, SP3 and SP4 does not support the Plaintiff's claim that he is a co-inventor of the Invention.

45. CHDE's Letter dated 6.4.2011 did not state that the Plaintiff was a co-inventor of the Invention. Hence, the Plaintiff could not rely on CHDE's Letter dated 6.4.2011 to support his claim that he is a co-inventor of the Invention.
46. I have not overlooked Exhibit P3A. Exhibit P3A did not state that the Plaintiff was a co-inventor of the Invention.
47. As the Plaintiff is not a co-inventor of the Invention, the Plaintiff has no right in Patent 916 and cannot apply to court to invalidate the 2 Assignments. The Plaintiff has not adduced any evidence to prove that he is the owner of copyright subsisting in the Drawings. Furthermore, the Plaintiff's ASOC did not apply to invalidate the 3<sup>rd</sup> Assignment.

**K. Whether 1<sup>st</sup>, 2<sup>nd</sup> and 4<sup>th</sup> Defendants are bound by 3 Assignments**

48. Mr. Sanjay has contended that in view of the 1<sup>st</sup> Order (Oppression Suit), the 4<sup>th</sup> Defendant is not liable to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants under the 2 Assignments. Since this case also concerns the 3<sup>rd</sup> Assignment, I will also decide on the validity and effect of the 3<sup>rd</sup> Assignment. I am not able to accept Mr. Sanjay's above submission for the following reasons:

- (1) the 1<sup>st</sup> Order (Oppression Suit) and Amended Order (Oppression Suit) do not invalidate the 3 Assignments. In fact, the 1<sup>st</sup> Order (Oppression

Suit) and Amended Order (Oppression Suit) do not concern the 3 Assignments at all; and

(2) if I have accepted the above contention by Mr. Sanjay, this will cause an injustice to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants and will unjustly enrich the 4<sup>th</sup> Defendant (who has not paid the consideration for the 3 Assignments).

49. The 1<sup>st</sup> Defendant is bound by the 1<sup>st</sup> and 3<sup>rd</sup> Assignments due to the following evidence and reasons:

(1) the 3 Assignments are still valid and subsisting by reason of paragraph 4 of the Agreed Facts between the 1<sup>st</sup>, 2<sup>nd</sup> and 4<sup>th</sup> Defendants (**Paragraph 4**); and

(2) the 1<sup>st</sup> Defendant had purportedly terminated the 1<sup>st</sup> Assignment by way of his then solicitor's letter dated 28.3.2011. The 1<sup>st</sup> Defendant then applied to invalidate the 1<sup>st</sup> Assignment by way of the 1<sup>st</sup> Shah Alam Suit. The 1<sup>st</sup> Defendant did not comply with the Court of Appeal's Decision (1<sup>st</sup> Shah Alam Suit) and this led to the Striking Out Order (1<sup>st</sup> Shah Alam Suit). The 1<sup>st</sup> Defendant did not appeal to the Court of Appeal against the Striking Out Order (1<sup>st</sup> Shah Alam Suit).

The 1<sup>st</sup> Defendant subsequently filed the 2<sup>nd</sup> Shah Alam Suit to challenge the legality of the 1<sup>st</sup> Assignment. The 2<sup>nd</sup> Shah Alam Suit was struck out by way of the Striking Out Order (2<sup>nd</sup> Shah Alam Suit). There was no appeal to the Court of Appeal against the Striking Out Order (2<sup>nd</sup> Shah Alam Suit) by the 1<sup>st</sup> Defendant.

The Striking Out Order (1<sup>st</sup> Shah Alam Suit) and Striking Out Order (2<sup>nd</sup> Shah Alam Suit) attracts the application of the issue estoppel principle, the second limb of the *res judicata* doctrine. In the Supreme Court case of **Asia Commercial Finance (M) Bhd v Kawal Teliti Sdn Bhd** [1995] 3 MLJ 189, at 197-198, 198 and 199-200, Peh Swee Chin FCJ has explained that the doctrine of *res judicata* consists of 2 limbs, namely cause of action estoppel and issue estoppel. The following decisions of our apex courts have given a wide application of issue estoppel principle:

- (a) Eusoffe Abdoolcader SCJ's judgment in the Supreme Court case of **Superintendent of Pudu Prison & Ors v Sim Kie Chon** [1986] CLJ (Rep) 256, at 261 (**Sim Kie Chon**);
- (b) **Asia Commercial Finance**, at p. 199-200; and
- (c) the judgment of Md. Raus Sharif PCA (as he then was) in the Federal Court case of **Ng Kong Ling & Anor v Low Peck Lim & Ors** [2017] 5 CLJ 651, at paragraphs 36-44.

**Sim Kie Chon**, **Asia Commercial Finance** and **Ng Kong Ling** have decided that issue estoppel principle has a wide application which **may** bar any party or the party's "*privy*" from raising any issue in a second and subsequent proceedings which -

- (i) has been raised; or

(ii) **can be raised with “reasonable diligence”**

in the first proceedings between the parties and/or their privies.

It is to be noted that the 2 limbs of *res judicata* doctrine are not mandatory statutory provisions intended by Parliament to be applicable in all circumstances - please see **Iradar Sdn Bhd v Nutech Co Ltd & Anor** [2017] 1 MLRH 15, at paragraph 19. *Res judicata* doctrine is based on case law and should not be applied indiscriminately so as to cause an injustice - please see Gopal Sri Ram JCA's (as he then was) judgment in the Court of Appeal case of **Chee Pok Choy & Ors v Scotch Leasing Sdn Bhd** [2001] 4 MLJ 346, at 356, 357 and 358.

The 1<sup>st</sup> Defendant had challenged the validity of the 1<sup>st</sup> Assignment in the 1<sup>st</sup> Shah Alam Suit and 2<sup>nd</sup> Shah Alam Suit. By reason of the Striking Out Order (1<sup>st</sup> Shah Alam Suit) and Striking Out Order (2<sup>nd</sup> Shah Alam Suit), the 1<sup>st</sup> Defendant is barred by the issue estoppel principle from disputing the validity of the 1<sup>st</sup> Assignment. Furthermore, the application of the issue estoppel principle against the 1<sup>st</sup> Defendant does not cause any injustice to him because as explained in Part N(3) below, the 4<sup>th</sup> Defendant is liable to the 1<sup>st</sup> Defendant for the consideration of the 1<sup>st</sup> and 3<sup>rd</sup> Assignments.

50. The 2<sup>nd</sup> and 4<sup>th</sup> Defendants are bound by Paragraph 4 and cannot now dispute the validity and enforceability of the 3 Assignments.

## **L. 4<sup>th</sup> Defendant's 3 Causes of Action**

51. The JB Suit is based on the 4<sup>th</sup> Defendant's 3 Causes of Action. The 4<sup>th</sup> Defendant did not appeal to the Court of Appeal against the High Court's Decision (JB Suit). Accordingly, by reason of the issue estoppel principle, the 4<sup>th</sup> Defendant is estopped by the High Court's Decision (JB Suit) from claiming against the Plaintiff and ATK based on the 4<sup>th</sup> Defendant's 3 Causes of Action - please see the cases cited in the above sub-paragraph 49(2). I am of the view that no injustice is caused by the application of the issue estoppel principle against the 4<sup>th</sup> Defendant because there is no evidence to substantiate the 4<sup>th</sup> Defendant's 3 Causes of Action - please see Parts L(1) to L(3) below.

### **L(1). Whether 4<sup>th</sup> Defendant has proven infringement of Patent 916**

52. In the Court of Appeal case of **Cadware Sdn Bhd v Ronic Corp** [2013] 6 MLJ 19, at paragraphs 26 and 27, Mohd. Hishamudin JCA held that expert evidence of a person ordinarily skilled in the art (**POSITA**) is required for the court to decide a patent infringement issue. As such, the 4<sup>th</sup> Defendant has to adduce a POSITA's expert evidence under s 45(1) EA on whether Patent 916 has been infringed by the Plaintiff, 1<sup>st</sup> Defendant, 2<sup>nd</sup> Defendant, ATK and ATST under s 36(1)(a), (2) and (3) read with s 58 PA.

53. As explained in the above paragraph 41(1), a POSITA regarding Patent 916 should be a person who is ordinarily skilled in the method and apparatus (VS) to sterilize FFB. As the 4<sup>th</sup> Defendant has failed to call a POSITA to testify that the Plaintiff, 1<sup>st</sup> Defendant, 2<sup>nd</sup> Defendant, ATK

and/or ATST has/have infringed Patent 916, this court is constrained to dismiss the 4<sup>th</sup> Defendant's counterclaim on this cause of action.

**L(2). Has 4<sup>th</sup> Defendant proven infringement of copyright in Drawings?**

54. In **Motordata Research Consortium Sdn Bhd v Ahmad Shahril bin Abdullah & Ors** [2017] 7 AMR 560, at paragraphs 49 and 50, it was decided that s 36(1) of the Copyright Act 1987 (**CA**) has the following two limbs:

- (1) when a person (**X**) does an act which is controlled by copyright under CA (**1<sup>st</sup> Limb**); and
- (2) when a person causes X to do an act which is controlled by copyright under CA (**2<sup>nd</sup> Limb**).

55. To prove copyright infringement of the Drawings under the 1<sup>st</sup> Limb, the 4<sup>th</sup> Defendant has to prove the following three elements:

- (1) there is a sufficient objective similarity between the Drawings and a work "*reproduced*" (as defined in s 3 CA) by the Plaintiff, 1<sup>st</sup> Defendant, 2<sup>nd</sup> Defendant, ATK and/or ATST (**Impugned Work**);
- (2) there is a causal connection between the Drawings and Impugned Work; and
- (3) what has been copied in the Impugned Work must constitute a substantial part of the Drawings.

56. I find as a fact that the 4<sup>th</sup> Defendant has failed to prove all the three elements of the 1<sup>st</sup> Limb against the Plaintiff, 1<sup>st</sup> Defendant, 2<sup>nd</sup> Defendant, ATK and/or ATST. The 4<sup>th</sup> Defendant has not specified which particular Drawing wherein the 4<sup>th</sup> Defendant's copyright has been infringed under the 1<sup>st</sup> Limb. Nor has the 4<sup>th</sup> Defendant proven which Impugned Work is involved.

57. There is also no evidence that the Plaintiff, 1<sup>st</sup> Defendant, 2<sup>nd</sup> Defendant, ATK and/or ATST has committed copyright infringement under the 2<sup>nd</sup> Limb.

**L(3). Whether 4<sup>th</sup> Defendant has proven tort of passing off**

58. In the House of Lords case of **Reckitt & Colman Products Ltd v Borden Inc & Ors** [1990] 1 All ER 873, at 880, Lord Oliver has laid down the following three elements of the tort of passing off:

- (1) the plaintiff has goodwill attached to the business regarding the mark used by the plaintiff in respect of the plaintiff's goods or services;
- (2) the defendant has misrepresented to the public by using a mark which is likely to confuse or deceive the public to believe that the defendant's goods or services are that of the plaintiff's; and
- (3) there is a likelihood of damage to the plaintiff due to the defendant's misrepresentation

**(Lord Oliver's Test).**

59. Lord Oliver's Test has been followed by Malaysian cases. Suffice it to rely on Nik Hashim JCA's (as he then was) judgment in the Court of Appeal case of **Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors** [2004] 3 CLJ 815, at paragraph 33.

60. This court finds as a fact that the 4<sup>th</sup> Defendant has failed to satisfy Lord Oliver's Test in this case. This decision is premised on the following reasons:

- (1) the 4<sup>th</sup> Defendant has not proven any mark which is used by the 4<sup>th</sup> Defendant in its business regarding VS and/or the Patented Process. Consequently, the 4<sup>th</sup> Defendant has failed to prove goodwill attached to its business regarding the mark used respect of its VS and/or the Patented Process; and
- (2) there is no evidence that the Plaintiff, 1<sup>st</sup> Defendant, 2<sup>nd</sup> Defendant, ATK and/or ATST have misrepresented to the public by using a mark which is likely to confuse or deceive the public to believe that the goods or services offered by the Plaintiff, 1<sup>st</sup> Defendant, 2<sup>nd</sup> Defendant, ATK and/or ATST are that of the 4<sup>th</sup> Defendant's VS and Patented Process. In fact, the 4<sup>th</sup> Defendant has failed to prove any VS and/or sterilization process of FFB has been offered by the Plaintiff, 1<sup>st</sup> Defendant, 2<sup>nd</sup> Defendant, ATK and/or ATST.

Based on the above reasons, I have no hesitation to dismiss the 4<sup>th</sup> Defendant's counterclaim against the Plaintiff, 1<sup>st</sup> Defendant, 2<sup>nd</sup> Defendant, ATK and/or ATST based on the tort of passing off.

**M. Whether 1<sup>st</sup>, 2<sup>nd</sup> and 4<sup>th</sup> Defendants are bound by 1<sup>st</sup> Order (Oppression Suit) and Amended Order (Oppression Suit)**

61. The 2<sup>nd</sup> and 4<sup>th</sup> Defendants are parties in the Oppression Suit. Neither the 2<sup>nd</sup> Defendant nor the 4<sup>th</sup> Defendant had appealed to the Court of Appeal against the 1<sup>st</sup> Order (Oppression Suit) and Amended Order (Oppression Suit). Hence, the 2<sup>nd</sup> and 4<sup>th</sup> Defendants are bound by the 1<sup>st</sup> Order (Oppression Suit) and Amended Order (Oppression Suit). If the 2<sup>nd</sup> and 4<sup>th</sup> Defendants do not comply with the 1<sup>st</sup> Order (Oppression Suit) and Amended Order (Oppression Suit), the 2<sup>nd</sup> and 4<sup>th</sup> Defendants may be liable for contempt of those orders.
62. The 1<sup>st</sup> Defendant has actual knowledge of the 1<sup>st</sup> Order (Oppression Suit) based on the following evidence:
- (1) paragraph 9 of Mr. Tan's affidavit affirmed on 7.9.2012 (which was filed to oppose the 1<sup>st</sup> Shah Alam Suit) referred to the 1<sup>st</sup> Order (Oppression Suit);
  - (2) in the 2<sup>nd</sup> Shah Alam Suit, paragraphs 17 to 20 of the 1<sup>st</sup> Defendant's SOC alluded to the 1<sup>st</sup> Order (Oppression Suit); and
  - (3) during the 1<sup>st</sup> Defendant's cross-examination by Mr. Sanjay, the 1<sup>st</sup> Defendant admitted that he was aware of the 1<sup>st</sup> Order (Oppression Suit).

63. I refer to Gopal Sri Ram JCA's judgment in the Court of Appeal case of **Tradium Sdn Bhd v Zain Azahari bin Zainal Abidin & Anor** [1995] 1 MLJ 668. According to **Tradium**, at p. 673-674, when a person knows of a pending case which affects his or her interest but the person only applies to intervene in the case at the appellate stage (after the case has been decided by the High Court), the person is barred from intervening in the appeal of the case. Accordingly, I find that the 1<sup>st</sup> Defendant is bound by the 1<sup>st</sup> Order (Oppression Suit) and the Amended Order (Oppression Suit).

**N. Who is liable under 3 Assignments?**

**N(1). Plaintiff is not liable under 3 Assignments**

64. The Plaintiff is not a party to the 3 Assignments and cannot therefore be liable for the 3 Assignments. This decision is based on the doctrine of privity of contract - please see the Privy Council's decision delivered by Lord Wilberforce in an appeal from Malaysia, **Kepong Prospecting Ltd & Ors v Schmidt** [1968] 1 MLJ 170, at 174.

**N(2). Whether 1<sup>st</sup> and 2<sup>nd</sup> Defendants have breached 3 Assignments**

65. Firstly, Mr. Sanjay has contended that the 1<sup>st</sup> and 2<sup>nd</sup> Defendants had breached the 2 Assignments by not assisting the 4<sup>th</sup> Defendant to defend the validity of Patent 916 in the 3 KL Suits. I am unable to accept this submission due to the following evidence and reasons:

- (1) clause 4.3 of the 2 Assignments (**Clause 4.3**) provides that the 1<sup>st</sup> and 2<sup>nd</sup> Defendants "*shall render all assistance and do all things that may*

*be required*” by the 4<sup>th</sup> Defendant for “*maintaining*” Patent 916. The 4<sup>th</sup> Defendant has not tendered any documentary evidence to prove that the 4<sup>th</sup> Defendant has requested the 1<sup>st</sup> and 2<sup>nd</sup> Defendants to assist in the 4<sup>th</sup> Defendant’s defence of the validity of Patent 916 in the 3 KL Suits. Hence, there is no breach of Clause 4.3 by the 1<sup>st</sup> and 2<sup>nd</sup> Defendants; and

(2) in any event, the 4<sup>th</sup> Defendant could have easily applied for subpoenas from the court to compel the 1<sup>st</sup> and 2<sup>nd</sup> Defendants to testify in the 3 KL Suits regarding the validity of Patent 916.

66. Mr. Sanjay then submitted that the 1<sup>st</sup> and 2<sup>nd</sup> Defendants are liable for the costs and expenses incurred by the 4<sup>th</sup> Defendant in defending the validity of Patent 916 in the 3 KL Suits. Such a contention is not borne out by clause 5 of the 2 Assignments which provides as follows:

*“From the date of this agreement all costs in respect of applying, prosecuting and maintaining [Patent 916] shall be borne by [4<sup>th</sup> Defendant].”*

(emphasis added).

67. Mr. Sanjay has relied on clause 4.6 of the 2 Assignments (**Clause 4.6**). I am of the view that Clause 4.6 only requires the 1<sup>st</sup> and 2<sup>nd</sup> Defendants to indemnify the 4<sup>th</sup> Defendant regarding all proceedings which arise from a breach of warranties given by the 1<sup>st</sup> and 2<sup>nd</sup> Defendants pursuant to sub-clauses 4.1.1 to 4.1.4 of the 2 Assignments.

68. The 1<sup>st</sup> Defendant had entered into the Consent Judgment but the Setting Aside Order (Consent Judgment) had been made. As such, nothing turns on the Consent Judgment as against the 1<sup>st</sup> Defendant. Furthermore, the 4<sup>th</sup> Defendant could have filed a counterclaim in the 2<sup>nd</sup> Shah Alam Suit on the ground that the 1<sup>st</sup> Defendant had breached the 1<sup>st</sup> Assignment. The 4<sup>th</sup> Defendant instead elected to apply to strike out successfully the 2<sup>nd</sup> Shah Alam Suit. Accordingly, by reason of the Striking Out Order (2<sup>nd</sup> Shah Alam Suit), based on cases cited in the above sub-paragraph 49(2), the 4<sup>th</sup> Defendant is barred by the issue estoppel principle from alleging that the 1<sup>st</sup> Defendant has breached the 1<sup>st</sup> Assignment. No injustice is occasioned to the 4<sup>th</sup> Defendant by the invocation of the issue estoppel principle because the 4<sup>th</sup> Defendant is entitled to exploit commercially Patent 916 until the Auction is successfully conducted - please see Part O below.

69. Based on the above reasons, I have no hesitation to find that the 1<sup>st</sup> and 2<sup>nd</sup> Defendants have not breached the 2 Assignments. There is also no breach of the 3<sup>rd</sup> Assignment by the 1<sup>st</sup> and 2<sup>nd</sup> Defendants.

**N(3). Whether 4<sup>th</sup> Defendant is liable to 1<sup>st</sup> and 2<sup>nd</sup> Defendants**

70. Firstly, I am not able to accept the 4<sup>th</sup> Defendant's contention that the 1<sup>st</sup> Defendant had been paid RM70,000.00 (**RM70,000 Payment**) by the 4<sup>th</sup> Defendant as a part payment of the consideration for the 1<sup>st</sup> Assignment. This decision is based on the following reasons and evidence:

- (1) clause 2 read with paragraph 1 of Schedule 3 (**Paragraph 1**) to the 2 Assignments stipulate that the 4<sup>th</sup> Defendant shall pay RM50,000.00 to

the 1<sup>st</sup> and 2<sup>nd</sup> Defendants “*upon the execution*” of the 2 Assignments. In the Supreme Court case of **Paul Murugesu s/o Ponnusamy [as representative of Nalamah d/o Sangapillay (Deceased)] v Cheok Teoh Gong & Ors** [1996] 1 MLJ 843, at 853, Peh Swee Chin FCJ held that a variation of a contractual provision is only valid if all parties agree to the variation. A party’s unilateral variation of a contract is in itself a breach of the contract by the party. There has been no bilateral variation of Paragraph 1 in this case.

Furthermore, clause 7.1 of the 2 Assignments (**Clause 7.1**) states that the 2 Assignments contain the “*entire agreement between the parties*” and cannot be “*modified except in writing and signed by both parties*”. In the Court of Appeal case of **Master Strike Sdn Bhd v Sterling Heights Sdn Bhd** [2005] 2 CLJ 596, at 607-608, Nik Hashim JCA (as he then was) held that an entire agreement clause “*constitutes a binding agreement between [the parties] with regard to all matters mentioned in the contract and ... the contract does not permit any term to be implied or import any other consideration not in the contract*”;

- (2) a cheque dated 8.1.2008 for a sum of RM50,000.00 (**RM50,000 Cheque**) had been issued by CHDE (not the 4<sup>th</sup> Defendant) to the 1<sup>st</sup> Defendant’s wife, Madam Tan Siew Keow. The RM50,000 Cheque was issued on 8.1.2008 (before the execution of the 1<sup>st</sup> Assignment on 1.2.2008) and could not therefore constitute a part payment of the consideration for the 1<sup>st</sup> Assignment. When there is a conflict between oral evidence and documents, I will gladly accept the latter - please

see Chang Min Tat FJ's judgment in the Federal Court case of **Tindok Besar Estate Sdn Bhd v Tinjar Co** [1979] 2 MLJ 229, at 234;

- (3) Patent 916 was only granted on 31.1.2008. The RM50,000 Cheque (issued on 8.1.2008) could not constitute a part payment for the 1<sup>st</sup> Assignment when Patent 916 had not even been granted by the Registrar;
  - (4) the payment of RM20,000.00 to the 1<sup>st</sup> Defendant is evidenced by a voucher dated 19.1.2009 issued by CHDE (not the 4<sup>th</sup> Defendant); and
  - (5) the 1<sup>st</sup> Defendant's oral evidence that the RM70,000 Payment was for work done by the 1<sup>st</sup> Defendant is corroborated by the 2<sup>nd</sup> Defendant's testimony.
71. Secondly, I cannot accept the 4<sup>th</sup> Defendant's contention that a sum of RM1,125,000.00 [due to a share allotment in the 4<sup>th</sup> Defendant to the 2<sup>nd</sup> Defendant (**Share Allotment**)] should be set off from the consideration sum of RM5,000,000.00 payable by the 4<sup>th</sup> Defendant to the 2<sup>nd</sup> Defendant under the 2<sup>nd</sup> Assignment. This is because clause 2, paragraphs 1 and 2 of Schedule 3 to the 2 Assignments have provided for the manner of payment of the consideration for the 2 Assignments. There has been no bilateral variation of the 2<sup>nd</sup> Assignment (required by Clause 7.1) by both the 2<sup>nd</sup> and 4<sup>th</sup> Defendants that part of the consideration for the 2<sup>nd</sup> Assignment can be set off by the Share Allotment.
72. Thirdly, Mr. Sanjay has referred to sub-paragraph 2(a) of Schedule 3 to the 2 Assignments [**Sub-paragraph 2(a)**] to contend that the 4<sup>th</sup> Defendant is

only obliged to pay the balance of the consideration of the 2 Assignments (after the first payment of RM50,000.00) upon the sale of VS by the 4<sup>th</sup> Defendant. As decided in the above Part M, the 1<sup>st</sup>, 2<sup>nd</sup> and 4<sup>th</sup> Defendants are bound by the 1<sup>st</sup> Order (Oppression Suit) and the Amended Order (Oppression Suit). I am of the view that based on the 1<sup>st</sup> Order (Oppression Suit) and the Amended Order (Oppression Suit), the 4<sup>th</sup> Defendant is obliged to pay to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants the consideration for the 3 Assignments from the proceeds of the Auction. This decision is not unjust because when cross-examined by Mr. Ken, Mr. Wong admitted that the 4<sup>th</sup> Defendant's accounting records did not show that the 4<sup>th</sup> Defendant had paid RM6,500,000.00 (the total consideration for the 2 Assignments) to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants. Mr. Wong further admitted that the 4<sup>th</sup> Defendant has not paid RM10.00 to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants for the 3<sup>rd</sup> Assignment. Accordingly, I hold that the 4<sup>th</sup> Defendant is liable to pay the total consideration under the 3 Assignments to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants from the proceeds of the Auction.

73. Fourthly, according to the 4<sup>th</sup> Defendant, there has been no demand from the 1<sup>st</sup> and 2<sup>nd</sup> Defendants for the 4<sup>th</sup> Defendant to pay the consideration for the 2 Assignments [**Demand (1<sup>st</sup> and 2<sup>nd</sup> Defendants)**]. It is clear that the 2 Assignments do not provide that the 4<sup>th</sup> Defendant is only liable for the consideration for the 2 Assignments to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants when there has been a Demand (1<sup>st</sup> and 2<sup>nd</sup> Defendants). The 2 Assignments are not worded like a bank guarantee (which is payable on demand).
74. Fifthly, Mr. Sanjay has submitted that the 1<sup>st</sup> and 2<sup>nd</sup> Defendants are time-barred by the six-year limitation period under s 6(1)(a) of the Limitation Act

1953 (**LA**) from claiming for the consideration for the 2 Assignments from the 4<sup>th</sup> Defendant. I am constrained to dismiss this contention because the six-year limitation period for a breach of contract under s 6(1)(a) LA only commences from the date of accrual of the cause of action for the breach of contract. The cause of action for the 4<sup>th</sup> Defendant's breach of the 2 Assignments only arises when a Demand (1<sup>st</sup> and 2<sup>nd</sup> Defendants) has been served on the 4<sup>th</sup> Defendant and the 4<sup>th</sup> Defendant refuses to comply with the Demand (1<sup>st</sup> and 2<sup>nd</sup> Defendants) - please see the judgment of Siti Norma Yaakob CJ (Malaya) in the Federal Court case of **The Great Eastern Life Assurance Co Ltd v Indra Janardhana Menon** [2005] 4 CLJ 717, at 724.

In this case, the Demand (1<sup>st</sup> and 2<sup>nd</sup> Defendants) was only served on the 4<sup>th</sup> Defendant by way of the 1<sup>st</sup> Counterclaim. In the Federal Court case of **Malayan Banking Bhd v Lim Chee Leng & Anor** [1985] 1 MLJ 214, at 215, Lee Hun Hoe CJ (Borneo) held that a writ in itself is a demand by a creditor to the debtor to pay the debt. Based on **Malayan Banking**, the 1<sup>st</sup> Counterclaim constitutes the Demand (1<sup>st</sup> and 2<sup>nd</sup> Defendants). Upon the 4<sup>th</sup> Defendant's failure to pay the consideration for the 2 Assignments to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants after the service of the 1<sup>st</sup> Counterclaim, the cause of action for the breach of the 2 Assignments arises. In the circumstances, the 1<sup>st</sup> and 2<sup>nd</sup> Defendants are not time-barred by the six-year limitation period under s 6(1)(a) LA from claiming for the consideration for the 2 Assignments from the 4<sup>th</sup> Defendant.

75. Sixthly, the 4<sup>th</sup> Defendant relies on ss 53 and 54 of the Contracts Act 1950 [**CA (1950)**] which read as follows:

**“Order of performance of reciprocal promises**

s 53. **Where the order in which reciprocal promises are to be performed is expressly fixed by the contract, they shall be performed in that order; and, where the order is not expressly fixed by the contract, they shall be performed in that order which the nature of the transaction requires.**

**Liability of party preventing event on which contract is to take effect**

s 54. **When a contract contains reciprocal promises, and one party to the contract prevents the other from performing his promise, the contract becomes voidable at the option of the party so prevented; and he is entitled to compensation from the other party for any loss which he may sustain in consequence of the non-performance of the contract.”**

(emphasis added).

I am of the view that no reliance can be placed by the 4<sup>th</sup> Defendant on ss 53 and 54 CA (1950) because as early as the execution of the 2 Assignments on 1.2.2008, the 4<sup>th</sup> Defendant had already breached Paragraph 1 when the 4<sup>th</sup> Defendant failed to pay RM50,000.00 each to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants. In other words, it was the 4<sup>th</sup> Defendant who first failed to perform the 2 Assignments and the 1<sup>st</sup> and 2<sup>nd</sup> Defendants did not prevent the 4<sup>th</sup> Defendant from performing the 2 Assignments within the meaning of s 54 CA (1950).

76. Lastly, Mr. Sanjay submits that the 1<sup>st</sup> and 2<sup>nd</sup> Defendants have waived their right to claim that the 4<sup>th</sup> Defendant has breached the 2 Assignments.

This contention is negated by clause 7.5 of the 2 Assignments (**Clause 7.5**) which provides as follows:

***“No failure or delay by either party in exercising any of its rights under this agreement shall be deemed to be a waiver of that right, and no waiver by either party of breach of any provision of this agreement shall be deemed to be a waiver of any subsequent breach of the same or any other provision.”***

(emphasis added).

In the Federal Court case of **Kumpulan Darul Ehsan Bhd v Mastika Lagenda Sdn Bhd** [2017] 4 MLJ 561, at paragraphs 10, 23 and 24, Richard Malanjum CJ (Sabah & Sarawak) has given effect to a contractual provision which is similar to Clause 7.5 to dismiss a contention based on a defence of waiver.

77. If I have accepted any of the above contentions by the 4<sup>th</sup> Defendant, this will cause the following injustice:

- (1) the 1<sup>st</sup> and 2<sup>nd</sup> Defendants will be totally deprived of the consideration for the 3 Assignments and the 4<sup>th</sup> Defendant is now the lawful owner of Patent 916; and
- (2) the 4<sup>th</sup> Defendant will be unjustly enriched with the right to exploit commercially Patent 916 (without paying for the 3 Assignments) and if the Auction is successful, the 4<sup>th</sup> Defendant is not required to pay to

the 1<sup>st</sup> and 2<sup>nd</sup> Defendants the consideration for the 3 Assignments from the proceeds of the Auction.

78. Premised on the above evidence and reasons, as the 4<sup>th</sup> Defendant has not paid at all the consideration for the 3 Assignments to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants, I have no hesitation to order the 4<sup>th</sup> Defendant to pay the following sums from the proceeds of the Auction (**Sums**):

- (1) RM1,500,005.00 (due under the 1<sup>st</sup> and 3<sup>rd</sup> Assignments) shall be paid to the 1<sup>st</sup> Defendant; and
- (2) RM5,000,005.00 (due under the 2<sup>nd</sup> and 3<sup>rd</sup> Assignments) shall be paid to the 2<sup>nd</sup> Defendant.

**O. 4<sup>th</sup> Defendant's right to exploit Patent 916**

79. Based on the above evidence and reasons, the 4<sup>th</sup> Defendant is the lawful owner of Patent 916. Subject to the 1<sup>st</sup> Order (Oppression Suit) and the Amended Order (Oppression Suit) -

- (1) the 4<sup>th</sup> Defendant has the exclusive rights regarding Patent 916 as conferred by s 36(1)(a), (c), (3)(a)(i), (ii), (b)(i) and (ii) PA. By reason of the 1<sup>st</sup> Order (Oppression Suit) (which has ordered the Auction), the 4<sup>th</sup> Defendant does not have the exclusive right to assign Patent 916 under s 36(1)(b) PA; and
- (2) a perpetual injunction is granted under ss 51(2), 52(1) and illustration (r) to s 52 of the Specific Relief Act 1950 (**SRA**) to restrain the Plaintiff,

1<sup>st</sup> Defendant, 2<sup>nd</sup> Defendant, ATK and ATST from interfering with the 4<sup>th</sup> Defendant's exercise of its exclusive rights regarding Patent 916.

**P. Whether court should award interest on Sums**

80. In **BHS Book Printing Sdn Bhd v Penerbitan IMT Sdn Bhd** [2016] 1 AMR 753, at paragraph 33, it is decided that when the court orders a sum of money to be paid by one party to another, the court has a discretion under s 11 CLA and Order 42 rule 12 RC to decide as follows:

- (1) whether interest should be awarded on the sum; and
- (2) if the court awards interest on the sum -
  - (a) whether interest should be ordered in respect of the entire sum or part thereof;
  - (b) the rate of interest; and
  - (c) the time period for which interest shall be ordered.

The decision in **BHS Book Printing** has been affirmed on appeal to the Court of Appeal.

81. I exercise my discretion under s 11 CLA and Order 42 rule 12 RC to order interest to be awarded for the Sums due to the following reasons:

- (1) the 2 Assignments have been executed on 1.2.2008 and since then, the 1<sup>st</sup> and 2<sup>nd</sup> Defendants have not been paid anything for the 2

Assignments by the 4<sup>th</sup> Defendant. It is to be noted that the 2<sup>nd</sup> Defendant is now 76 years old while the 1<sup>st</sup> Defendant is more than 66 years old; and

- (2) pursuant to s 35(1) PA, Patent 916 has a duration of 20 years from the date of filing of the patent application by the 1<sup>st</sup> and 2<sup>nd</sup> Defendants (26.1.2005). Patent 916 will expire on 26.1.2025 (**Expiry Date**). If I do not impose interest on the Sums, there is a possibility that the 4<sup>th</sup> Defendant may not proceed with the Auction and will only commercially exploit Patent 916 until the Expiry Date. In such an event, there will be an injustice to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants. As such, the award of interest on the Sums may “*induce*” the 4<sup>th</sup> Defendant to proceed with the Auction expeditiously.

82. As explained in the above sub-paragraphs 26(1) and 27(1), the 1<sup>st</sup> Defendant has wrongfully entered into the Consent Judgment and the Indemnity. The 1<sup>st</sup> Defendant has also issued Exhibit P3A which is contrary to his obligations under the 1<sup>st</sup> Assignment. The 2<sup>nd</sup> Defendant’s dispute with Mr. Tan regarding the management of the 4<sup>th</sup> Defendant has led to the Oppression Suit, 1<sup>st</sup> Order (Oppression Suit) and Amended Order (Oppression Suit). In view of the above conduct of the 1<sup>st</sup> and 2<sup>nd</sup> Defendants as well as the fact that the 4<sup>th</sup> Defendant has been wound up, this court exercises its discretion under s 11 CLA and O 42 r 12 RC to make the following order:

- (a) interest is awarded at a lower rate of 3% per annum on the Sums; and

(b) interest shall commence from a later date, namely 10.2.2017 (date of filing of 1<sup>st</sup> Counterclaim) until the date of full payment of the Sums.

**Q. Costs**

83. The Court has a wide discretion under O 59 rr 2(2), 3(1), (2) and 8(b) RC to award costs in a case - please see **De Tebrau Makmur Sdn Bhd & Anor v Bank Kerjasama Rakyat Malaysia Bhd** [2017] MLJU 201, at paragraph 67. I exercise my discretion not to award any costs because all the parties in this case did not completely succeed in the Original Action, 1<sup>st</sup> and 2<sup>nd</sup> Counterclaims. It is only just that all the parties in this matter bear their own costs.

**R. Court's decision**

84. A summary of this decision is as follows:

(1) the Plaintiff is estopped by the stand taken -

(a) by him in the Plaintiff's Defence and Counterclaim (JB Suit);  
and/or

(b) by ATK (the Plaintiff is ATK's *alter ego*) in the Thai Arbitration

from -

(i) claiming that he is a co-inventor of the Invention; and

(ii) relying on Section 38(1)(a) Use;

- (2) if the Plaintiff is not estopped by the legal position taken in the Plaintiff's Defence and Counterclaim (JB Suit) and/or Thai Arbitration -
  - (a) the Plaintiff has failed to adduce any evidence regarding the use of VS which constitutes the Invention on or before 26.1.2005 (the priority date of Patent 916); and
  - (b) there is no evidence that the Plaintiff is a co-inventor of the Invention together with the 1<sup>st</sup> and 2<sup>nd</sup> Defendants;
- (3) the 1<sup>st</sup>, 2<sup>nd</sup> and 4<sup>th</sup> Defendants are bound by the 3 Assignments;
- (4) the 4<sup>th</sup> Defendant is estopped by the High Court's Decision (JB Suit) from claiming against the Plaintiff and ATK based on the 4<sup>th</sup> Defendant's 3 Causes of Action. In any event, the 4<sup>th</sup> Defendant's 3 Causes of Action have not been proven against the Plaintiff, 1<sup>st</sup> Defendant, 2<sup>nd</sup> Defendant, ATK and ATST;
- (5) the 1<sup>st</sup>, 2<sup>nd</sup> and 4<sup>th</sup> Defendants are bound by the 1<sup>st</sup> Order (Oppression Suit) and Amended Order (Oppression Suit);
- (6) the 1<sup>st</sup> and 2<sup>nd</sup> Defendants have not breached the 3 Assignments;
- (7) the 4<sup>th</sup> Defendant is liable to pay the Sums to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants from the proceeds of the Auction; and
- (8) in view of the conduct of the 1<sup>st</sup> and 2<sup>nd</sup> Defendants as well as the winding-up of the 4<sup>th</sup> Defendant, the court exercises its discretion

under s 11 CLA and O 42 r 12 RC to award interest at a lower rate of 3% interest per annum on the Sums from 10.2.2017 (date of filing of 1<sup>st</sup> Counterclaim) until the date of full payment of the Sums.

85. At the commencement of trial, the Plaintiff was represented by Mr. Vijaya Sandran A/L Tangavellu (**Mr. Vijaya**). Dato' Andrew then took over the conduct of the Plaintiff's case from Mr. Vijaya. I end this judgment with my gratitude to Mr. Vijaya, Dato' Andrew, Mr. Ken and Mr. Sanjay for their able assistance in this case.

**WONG KIAN KHEONG**  
Judge  
High Court (Commercial Division)  
Kuala Lumpur

**DATE: 24 July 2018**

*Counsel for Plaintiff:* *Dato' Arnold Andrew A/L P. Anthony Muthu & Encik Kamal Ishmael bin Mohammed Ariff (Messrs Arnold Andrew & Co.)*

*Counsel for 1<sup>st</sup> and 2<sup>nd</sup> Defendants:* *Mr. Ken St. James, Encik Mohd. Zufarsyah bin Mohd. Idrakisyah & Mr. Jonathan Gerard (Messrs Michael Chai Ken)*

*Counsel for 4<sup>th</sup> Defendant:* *Mr. Sanjay Mohanasundaram & Ms. Frida Krishnan (Messrs The Chambers of Frida)*