

IN THE HIGH COURT OF MALAYA IN KUALA LUMPUR
(COMMERCIAL DIVISION)
ORIGINATING SUMMONS NO: 24IP-28-06/2015

In the matter of the 'DIESEL' Trade Marks
belonging to Diesel S.p.A.

And

In the matter of trademark registration nos.
85002483, 99011519, 98009652 & 06017528
registered in the name of Bontton Sdn. Bhd.

And

In the matter of the Trademarks Act 1976

And

In the matter of Order 92 Rule 4 of the Rules of
Court 2012

BETWEEN

DIESEL S.p.A

... **PLAINTIFF**

AND

BONTTON SDN BHD
(Company No. 272512-V)

... **DEFENDANT**

JUDGMENT

(Court enclosure no. 1)

A. Issues

1. This originating summons (**OS**) raises the following two novel questions:

- (1) whether the Court has the discretionary power under s 41 of the Specific Relief Act 1950 (**SRA**), Order 15 rule 16 of the Rules of Court 2012 (**RC**) and/or its inherent jurisdiction to grant, among others, a “*negative declaration*” that the plaintiff company’s (**Plaintiff**) use in good faith of the Plaintiff’s own name (*Diesel*) and “*Diesel*” trade marks (**Plaintiff’s Diesel Trade Marks**) do not infringe the defendant company’s (**Defendant**) four registered Diesel trade marks (**Defendant’s Registered Diesel Trade Marks**) under s 40(1)(a) of the Trade Marks Act 1976 (**TMA**); and

- (2) if the Court has the discretionary power under s 41 SRA to grant a negative declaration in this case, whether the Court should exercise its discretion to do so in view of the following –
 - (a) the availability of the remedy under ss 37(a) to (c) read with 45(1)(a) TMA for the Plaintiff to apply to Court to expunge the Defendant’s Registered Diesel Trade Marks from the Register of Trade Marks (**Register**); and/or

 - (b) there is unexplained and inordinate delay by the Plaintiff in the filing of this OS.

B. Affidavits filed by parties

2. The Plaintiff's first affidavit affirmed by Mr. Stefano Iesurum (**Mr. Iesurum**) on 26.3.2015 (**Plaintiff's 1st Affidavit**) claimed, among others, as follows:

- (1) the famed Italian entrepreneur, Mr. Renzo Rosso (**Mr. Rosso**), created the Diesel trade mark in 1978 after being inspired by the oil crisis that affected the world during the period. Mr. Rosso also founded the Plaintiff in 1978 with the Diesel name. The Plaintiff was subsequently incorporated in Italy as a private limited liability company in 1982 with the same Diesel name. The Plaintiff is now one of Italy's leading business enterprises with an annual turnover of more than US\$1 billion. Mr. Rosso has won "GQ Man of the Year 2005" award;
- (2) since the Plaintiff's establishment, the Plaintiff has manufactured, exported, distributed and sold jeans, clothing and accessories bearing the Plaintiff's Diesel Trade Marks. Regarding the Plaintiff's Diesel Trade Marks –
 - (a) the Plaintiff is the Common Law proprietor of the Plaintiff's Diesel Trade Marks worldwide;
 - (b) the Plaintiff is the registered owner of the Plaintiff's Diesel Trade Marks in many countries, notably in the United States of America where the Plaintiff's registration of the Diesel trade mark dated back to 24.10.1978;

- (c) the Plaintiff has registered the Plaintiff's Diesel Trade Marks in Malaysia for goods in Class nos. 3, 9, 14, 16, 18 and 24 (**Plaintiff's Registered Diesel Trade Marks**). The Plaintiff has also registered stylish verbal marks "*D*" for goods in Class no. 25;
- (d) the Plaintiff's application to register "*Diesel Black Gold*" for class no. 25 (articles of clothing, footwear and headgear) is still pending with the Registrar of Trade Marks (**Registrar**);
- (e) the Diesel trade mark is the Plaintiff's most valued trade mark and is used in relation to the entire range of the Plaintiff's goods. The Plaintiff has over 5,000 retail points of sales and 300 single-branded Diesel stores in more than 80 countries around the world. The Plaintiff has extensively used the Plaintiff's Diesel Trade Marks worldwide since 1978;
- (f) the Plaintiff's 1st Affidavit had exhibited random copies of sale invoices of the sales of the Plaintiff's goods bearing the Plaintiff's Diesel Trade Marks;
- (g) in building the goodwill and reputation of the Plaintiff's business in relation to the Plaintiff's Diesel Trade Marks, the Plaintiff has expended substantial sums of money to advertise and promote the Plaintiff's Diesel Trade Marks worldwide. The Plaintiff's 1st Affidavit had exhibited "*representative samples*" of advertisements

and promotional materials regarding the Plaintiff's Diesel Trade Marks (**Plaintiff's Advertisements**). The Plaintiff alleges that the Plaintiff's Advertisements enjoy circulation in Malaysia. The Plaintiff's Advertisements have won prestigious awards around the world, including awards at the Cannes Film Festival, "*Eurobest*" and "*Epica*";

- (h) the Plaintiff's goods bearing the Plaintiff's Diesel Trade Marks have been advertised on the Plaintiff's website. The Plaintiff's Diesel Trade Marks are the first brands to have internet presence in the 1990s. The Plaintiff was one of the pioneer companies to enter into the world of e-commerce with the Plaintiff's "*Virtual Stores*" (later substituted with the Plaintiff's online stores);
- (i) the Plaintiff's eyewear and perfume products bearing the Plaintiff's Diesel Trade Marks have been imported, distributed and sold in Malaysia since 2009;
- (j) members of the trade and public in Malaysia would have been exposed to the Plaintiff's goods bearing the Plaintiff's Diesel Trade Marks –
 - (i) when they travel overseas, especially to Singapore, Bangkok and Phuket (which have the Plaintiff's Diesel outlets);

- (ii) when they visit the Plaintiff's website. The Plaintiff's 1st Affidavit had exhibited the statistics of Malaysian visitors to the Plaintiff's website;
 - (iii) when they read about the Plaintiff's products bearing the Plaintiff's Diesel Trade Marks featured or advertised in popular international fashion magazines, "*Elle*" and "*Vogue*" (which enjoy wide circulation and popularity in Malaysia);
 - (iv) through social media such as Facebook and Twitter because the Plaintiff maintains a Facebook page and a Twitter page. The Plaintiff claims that the Plaintiff's Facebook fan club has more than 3.5 million fans; and
 - (v) when they read Wikipedia because the Plaintiff is featured in Wikipedia; and
- (k) the Plaintiff has acquired substantial reputation and goodwill in the Plaintiff's business in relation to the Plaintiff's Diesel Trade Marks due to transborder acts of trade, advertisements and on-line presence on websites and portals regarding the Plaintiff's goods bearing the Plaintiff's Diesel Trade Marks. As such, the Plaintiff's Diesel Trade Marks are associated and/or identified with the Plaintiff and have become distinctive of the Plaintiff. This means the Plaintiff has acquired proprietary rights in the Plaintiff's Diesel

Trade Marks and are therefore entitled to the exclusive use of the Plaintiff's Diesel Trade Marks;

- (3) the Plaintiff has been extensively involved in numerous social and humanitarian work worldwide; and
- (4) all the Defendant's Registered Diesel Trade Marks contain the word Diesel and are registered for Class no. 25 in respect of clothing and footwear. Regarding the Defendant's Registered Diesel Trade Marks, the Plaintiff alleged as follows –
 - (a) the registration of the Defendant's Registered Diesel Trade Marks had not been obtained *bona fide* because the Defendant's Registered Diesel Trade Marks were an imitation of the Plaintiff's Diesel Trade Marks;
 - (b) in 2000, the Plaintiff had appointed Apcott PP (M) Sdn. Bhd. (**Apcott**) as a sole distributor of the Plaintiff's goods bearing the Plaintiff's Diesel Trade Marks in Class no. 18 (handbags, suitcases, trunks, knapsacks, travelling bags, purses, wallets, briefcases, belts, key-cases, passport cases, business and credit card cases and umbrellas). Apcott had advertised and sold the Plaintiff's goods bearing the Plaintiff's Diesel Trade Marks in Class no. 18;

- (c) sometime in January, 2002, the Defendant together with its marketing arm, Diesel Marketing (M) Sdn. Bhd. (**DMSB**), filed a suit in the Kuala Lumpur High Court Suit No. D5-22-58-2002 against Apcott (**2002 Suit**) for –
- (i) infringement of one of the Defendant's Registered Diesel Trade Marks regarding goods in Class no. 25;
 - (ii) passing off the Plaintiff's business as the Defendant's business through Apcott's sales of Class no. 18 goods; and
 - (iii) expungement from the Register of 6 of the Plaintiff's Registered Diesel Trade Marks in Class nos. 9, 14, 18 and 25;
- (d) in the 2002 Suit –
- (i) the Defendant had obtained an interim injunction against Apcott on 15.11.2002 [**Interim Injunction (2002 Suit)**];
 - (ii) the Plaintiff applied successfully to intervene in the 2002 Suit; and
 - (iii) the Plaintiff filed a counterclaim against the Defendant and DMSB for –

- (iiia) infringement of 2 of the Plaintiff's Registered Diesel Trade Marks for goods in Class no. 18;
 - (iiib) passing off the business of the Defendant and DMSB as the Plaintiff's business through the sales of goods in Class nos. 18 and 25; and
 - (iiic) expungement of one of the Defendant's Registered Diesel Trade Marks; and
- (iv) the 2002 Suit did not proceed further;
- (e) due to the Defendant's Registered Diesel Trade Marks, the Plaintiff is not able to import, distribute, offer for sale or sell the Plaintiff's products in Class no. 25 bearing the Plaintiff's Diesel Trade Marks. If the Plaintiff commences distribution and sales of the Plaintiff's goods in Class no. 25 bearing the Plaintiff's Diesel Trade Marks, the Plaintiff believes the Defendant is likely to commence trade mark infringement proceedings against the Plaintiff; and
- (f) the Plaintiff intends to commence importation, distribution and sale of the Plaintiff's products in Class no. 25 bearing the Plaintiff's Diesel Trade Marks. By reason of the immense goodwill and reputation in the Plaintiff's Diesel Trade Marks which has been generated by the Plaintiff worldwide, including in Malaysia,

the use in good faith of the Plaintiff's Diesel Trade Marks on the Plaintiff's goods in Class no. 25 –

- (i) will be considered as the use of the Plaintiff's own name; and
- (ii) will not confuse or deceive the public with the use of the Defendant's Registered Diesel Trade Marks on the Defendant's products.

3. The Defendant's first affidavit to oppose this OS had been affirmed by Mr. Kok Tai Meng (**Mr. Kok**) on 14.7.2015 (**Defendant's 1st Affidavit**). According to the Defendant's 1st Affidavit, among others -

- (1) the Defendant, B.U.M. Marketing Sdn Bhd. (**BUMB**) and DMSB are subsidiaries of Asia Brands Bhd. (**ABB**). ABB is listed on Bursa Malaysia (**Bursa**). In 2014, ABB has assets worth about RM460,150,088.00 and has a turnover of about RM320,463,738.00. BUMB has assets worth about RM121,847,399.00 and has a turnover of about RM85,271,745.00 in 2014;
- (2) ABB has many trade marks and brands which are famous worldwide and in Malaysia. Both the Defendant and BUMB are renowned in fashion wear;

- (3) Diesel Trading Sdn. Bhd. (**DTSB**) had created the Diesel trade mark in about 1985 and was the first proprietor of the Diesel trade mark. The word diesel has been chosen to be a trade mark because that word means fuel which provides energy, power and strength. The Diesel trade mark is primarily targeted at the younger generation who prefers products which are associated with energy, power and strength. DTSB had first used Diesel trade mark in 1986;
- (4) in about 1995, DTSB transferred the Diesel trade mark to the Defendant. Thereafter the Defendant has used Diesel trade mark on the Defendant's goods. The Defendant first appointed DMSB to distribute and sell the Defendant's goods bearing the Diesel trade mark. Subsequently, in 2011 or 2012, the Defendant appointed BUMB to distribute and sell the Defendant's goods bearing the Diesel trade mark;
- (5) until today, the Defendant has expended substantial sums of money to advertise, promote and market the Defendant's goods bearing the Diesel trade mark;
- (6) the Defendant has applied for and obtained the registration of the Diesel trade mark for goods in Class nos. 18 and 25. The Defendant's Registered Diesel Trade Marks for goods in Class no. 25 are –

- (a) registration no. 85002483 which was registered on 10.6.1985;
 - (b) registration no. 98009652 which was registered on 18.8.1998;
 - (c) registration no. 99011519 which was registered on 16.11.1999; and
 - (d) registration no. 06017528 which was registered on 27.9.2006;
- (7) the Plaintiff had opposed the registration of 3 of the Defendant's Registered Diesel Trade Marks (**Plaintiff's 3 Oppositions**) but the Plaintiff's 3 Oppositions had been abandoned when the Plaintiff did not file statutory declarations to support the Plaintiff's 3 Oppositions;
- (8) regarding the Defendant's Registered Diesel Trade Marks –
- (a) the Defendant's goods bearing the Defendant's Registered Diesel Trade Marks have been offered for sale, sold, advertised and promoted in about 300 outlets, stores, shopping complexes, boutiques and shops. A list of these outlets had been exhibited in the Defendant's 1st Affidavit;

- (b) the Defendant's 1st Affidavit had exhibited random invoices from 2008 to 2015 regarding the sales of the Defendant's products bearing the Defendant's Registered Diesel Trade Marks. The total sales of the Defendant's goods bearing the Defendant's Registered Diesel Trade Marks are –
- (i) RM37,154,245.00 in 2013;
 - (ii) RM29,866,455.00 in 2014; and
 - (iii) RM23,426,970.00 in 2015;
- (c) the Defendant has advertised, promoted and marketed the Defendant's Registered Diesel Trade Marks as follows –
- (i) the Defendant has created a brand profile for its Diesel trade mark (**Defendant's Brand Profile**) which is exhibited in the Defendant's 1st Affidavit. There is also a "*brand update*" for the Defendant's Diesel trade mark (exhibited in the Defendant's 1st Affidavit);
 - (ii) the Defendant has conducted advertisement campaigns to advertise, promote and market the Defendant's Registered Diesel Trade Marks. All these advertisement campaigns had been exhibited in the Defendant's 1st Affidavit;

- (iii) the Defendant has advertised, promoted and marketed the Defendant's Registered Diesel Trade Marks in the outlets, stores, shopping complexes, boutiques and shops which sell the Defendant's products bearing the Defendant's Registered Diesel Trade Marks;
 - (iv) the Defendant's Registered Diesel Trade Marks have been advertised, promoted and marketed by way of video advertisements;
 - (v) the Defendant has hosted fashion shows which feature the Defendant's clothes (which bear the Defendant's Registered Diesel Trade Marks); and
 - (vi) the Defendant has its own Facebook page regarding the Diesel trade mark; and
- (d) the Defendant is the Common Law proprietor of the Diesel trade mark in Malaysia and owns the reputation and goodwill in respect of the Defendant's business in relation to the use of the Diesel trade mark. This is because the Diesel trade mark is distinctive of the Defendant's goods;
- (9) the Plaintiff has not used the Diesel trade mark for goods in Class no. 25 in Malaysia. In fact, when the Diesel trade mark was first

used in Malaysia in the 1980s, the Plaintiff did not have any outlet in Malaysia and was not known in this country;

(10) the Defendant has objected to the Plaintiff's application to register "*Diesel Black Gold*" for class no. 25 and this application is pending before the Registrar; and

(11) concerning the 2002 Suit, Apcott had admitted the Defendant's right to use the Defendant's Registered Diesel Trade Marks. That was why the Interim Injunction (2002 Suit) had been granted by the Court against Apcott.

4. The Plaintiff's second affidavit affirmed by Mr. Iesurum on 3.9.2015 (**Plaintiff's 2nd Affidavit**) averred, among others, as follows:

(1) the Defendant has shown a propensity to register and adopt in Malaysia without authorization famous trade marks of foreign proprietors. This propensity of the Defendant is clear from the Defendant's use of the Plaintiff's Diesel trade mark and DTSB's application no. 85002484 to register the Plaintiff's Mohican Device (which contains the word Diesel) for goods in Class no. 25 (**DTSB's Mohican Device Application**). Regarding DTSB's Mohican Device Application, the Plaintiff alleged as follows -

- (a) DTSB applied in application no. 85002483 to register the word Diesel as a trade mark at about the same time as DTSB's Mohican Device Application;
 - (b) DTSB's application no. 85002483 to register the word Diesel as a trade mark had been allowed by the Registrar but DTSB's Mohican Device Application had been abandoned by DTSB; and
 - (c) DTSB's Mohican Device Application showed that DTSB and the Defendant were aware of the Plaintiff's Mohican Device (which contains the word Diesel);
- (2) regarding the 2002 Suit –
- (a) the Interim Injunction (2002 Suit) was not a final or permanent injunction which was granted after a deliberation of the merits of the matter;
 - (b) the Plaintiff did not concede its rights to the Diesel trade mark; and
 - (c) the 2002 Suit did not proceed to trial; and
- (3) the Groupon's website provided a write-up on the Defendant's Diesel products and provided the links to the Plaintiff's Facebook and Twitter

pages (**Groupon's Write-up**). Groupon's Write-up had been exhibited in the Plaintiff's 2nd Affidavit.

5. Mr. Kok affirmed a second affidavit on 6.10.2015 which stated, among others, as follows:

(1) DTSB had been dissolved;

(2) the Plaintiff had no office and business in Malaysia in 1985;

(3) any use by the Plaintiff of the Diesel trade marks is not in good faith;
and

(4) this OS constitutes an abuse of Court process.

6. The Plaintiff filed an affidavit affirmed by Mr. Tam Tuck Ming (**Mr. Tam**) on 23.3.2016 (**Plaintiff's 3rd Affidavit**). According to the Plaintiff's 3rd Affidavit, among others –

(1) Mr. Tam is a private investigator employed by ZB Security Services Sdn. Bhd. (**ZBSS**);

(2) on or about 17.3.2016, the Plaintiff's solicitors had engaged ZBSS to visit an outlet at Lot F/L2.4, Level T2, First World Hotel, Genting Highlands Resort (**Genting Highlands' Outlet**); and

- (3) on or about 18.3.2016, Mr. Tam had visited the Genting Highlands' Outlet with his wife (**Mr. Tam's Visit**). During Mr. Tam's Visit –
- (a) Mr. Tam and his wife posed as tourists from Singapore;
 - (b) Mr. Tam was attended to by a sales person named Wilson. Wilson informed Mr. Tam that the Diesel underwear and socks were the original Diesel products from Italy;
 - (c) Mr. Tam purchased Diesel underwear and socks from the Defendant's Outlet; and
 - (d) Mr. Tam had made an audio-visual recording of his visit to the Defendant's Outlet. A transcript of the conversation between Mr. Tam and Wilson (**Conversation**) had been exhibited in the Plaintiff's 3rd Affidavit (**Transcript**).
7. According to the Plaintiff's fourth affidavit affirmed by Mr. Iesurum on 16.11.2015 (**Plaintiff's 4th Affidavit**), among others –
- (1) this OS does not deprive the Defendant's rights to use the Defendant's Registered Diesel Trade Marks. Nor does this OS affect the validity of the Defendant's Registered Diesel Trade Marks. The Plaintiff is merely asserting its right to use its own name in good faith under TMA and Common Law;

- (2) ABB is a family run business founded by Mr. Chi Kuei Yung. DTSB was a company related to and/or associated with ABB and the Defendant;
 - (3) there was no document to evidence the assignment of the Diesel trade mark from DTSB to the Defendant (**Assignment**); and
 - (4) Standard & Poor's (**SP**) stated in a report on 18.7.2008 (**SP's Report**) that ABB began developing the Diesel brand in 1999. SP's Report can be found in the websites of ABB and Bursa. The Plaintiff's 4th Affidavit had exhibited the relevant pages of SP's Report.
8. The Plaintiff's fifth affidavit affirmed by Mr. Iesurum on 12.12.2015 alleged, among others, that the Defendant's Brand Profile had falsely misstated that the Diesel brand was from Italy (**Misstatement in Defendant's Brand Profile**). Hence, the Misstatement in Defendant's Brand Profile had wrongfully held out the Defendant to be a representative of the Plaintiff.
 9. Mr. Kok affirmed a third affidavit on 22.12.2015 (**Defendant's 3rd Affidavit**) to reply to the Plaintiff's 4th Affidavit as follows, among others:
 - (1) ABB and the Defendant had no common director and shareholder with DTSB. There was no "*family*" relationship between ABB and the Defendant on the one part and DTSB on the other part. ABB and the Defendant had no knowledge of DTSB's history. The Defendant denied that DTSB was the Defendant's "*predecessor*"; and

(2) the Defendant's solicitors had sent a letter dated 2.11.2015 to Groupon Sdn. Bhd. (which owned the Groupon website) which demanded, among others, for Groupon to rectify Groupon's Write-up (**Defendant's Demand To Groupon**). The Defendant's Demand To Groupon had been exhibited in the Defendant's 3rd Affidavit.

10. Mr. Kok's affidavit affirmed on 28.4.2016 averred, among others, as follows:

(1) the Genting Highlands' Outlet was owned by a sole proprietorship [*Fuel of Life Enterprise*] (**FLE**) and not by the Defendant;

(2) FLE bought the Defendant's goods for re-sale in the Genting Highlands' Outlet; and

(3) the Defendant could not be responsible for FLE's part-time employee, Mr. Low Wee Seng (**Mr. Low**), who sold the Defendant's goods to Mr. Tam.

11. Mr. Low affirmed an affidavit which stated, among others, as follows:

(1) Mr. Low worked as a part-time employee for FLE at the Genting Highlands' Outlet;

- (2) Mr. Low had not been trained when he was working in the Genting Highlands' Outlet;
- (3) Mr. Low only had a "*casual*" conversation with Mr. Tam so as to persuade Mr. Tam to purchase goods sold by Mr. Low. This was because Mr. Low would be given a commission for any product sold by Mr. Low;
- (4) Mr. Low admitted that Mr. Low had wrongly informed Mr. Tam that –
 - (a) the Defendant's underwear was from Italy (Plaintiff's product);
 - (b) Mr. Low had been informed by Mr. Low's director that the Defendant's underwear was from Italy; and
 - (c) the original Diesel outlet in Singapore was "*from Italy*";
- (5) Mr. Low admitted that FLE and Defendant would not have agreed with the contents of the Conversation; and
- (6) for most of the Conversation, Mr. Low had informed Mr. Tam the truth, namely, Diesel is a Malaysian brand which is different from the brand from Italy.

12. Mr. Iesurum affirmed an affidavit on 31.3.2016 which alleged, among others, as follows:

- (1) the Genting Highlands' Outlet was rented by BUMB from Genting Highlands. As such, the business in Genting Highlands' Outlet was carried out by BUMB and not by FLE;
- (2) there was no documentary evidence to show that Mr. Low was a part-time employee of FLE. Nor was there any evidence to prove that Mr. Low was paid a commission based on the goods sold by Mr. Low; and
- (3) the Plaintiff's solicitors had written a letter dated 25.4.2016 to the Defendant's solicitors (**Plaintiff's Letter dated 25.4.2016**) to request for, among others, a copy of the Assignment. Despite the Plaintiff's Letter dated 25.4.2016, the Defendant had not furnished a copy of the Assignment to the Plaintiff.

C. This OS

13. In the OS, the Plaintiff prayed for the following orders, among others:

- (1) a declaration that the Plaintiff is the *bona fide* proprietor of 3 of the Plaintiff's Diesel Trade Marks (**1st Prayer**);
- (2) a declaration that the use in good faith by the Plaintiff of the Plaintiff's Diesel Trade Marks do not infringe the Defendant's Registered Diesel Trade Marks as such a use will be considered as use by the Plaintiff of its own name and/or its own trade marks (**2nd Prayer**); and

- (3) an order that the Plaintiff is entitled to use the Plaintiff's Diesel Trade Marks in relation to goods in Class no. 25 and other relevant purposes (**3rd Prayer**).

D. Can Defendant rely on 2002 Suit to oppose this OS?

14. The Defendant's learned counsel, Mr. Kok Pok Chin (**Mr. PC Kok**), has submitted that the Interim Injunction (2002 Suit) is still enforceable and no appeal to the Court of Appeal has been filed against the Interim Injunction (2002 Suit). This OS, according to Mr. PC Kok, is a collateral action to breach the Interim Injunction (2002 Suit) and thereby constitutes an abuse of Court process.

15. I am not able to accept the above contention for the following reasons:

- (1) all interim injunctions, including the Interim Injunction (2002 Suit), only have legal effect pending the disposal of the suits in question. The affidavits filed in this case seem to indicate that the 2002 Suit has been disposed of without a hearing on its merits. Upon the disposal of the 2002 Suit, the Interim Injunction (2002 Suit) would have lapsed and would no longer have any more legal effect; and

- (2) s 51(2) SRA reads as follows -

“51(2) ***A perpetual injunction can only be granted by the decree made at the hearing and upon the merits of the suit; the defendant is thereby perpetually enjoined from the assertion of a right, or from the commission of an act, which would be contrary to the rights of the plaintiff.***”

(emphasis added).

If the Court had granted a perpetual injunction under s 51(2) SRA after hearing the merits of the 2002 Suit, the perpetual injunction may support the application of the *res judicata* doctrine to bar this OS. However, as there is no evidence of any perpetual injunction granted in the 2002 Suit, the Defendant cannot therefore rely on the *res judicata* doctrine to oppose this OS.

E. Relevant provisions in TMA

16. The following provisions in TMA are relevant in this OS:

“***TMA***

s 19(3) ***Where separate applications are made by different persons to be registered as proprietors respectively of trade marks which are identical or so nearly resembling each other as are likely to deceive or cause confusion and -***

(a) such applications are in respect of the same goods or description of goods; or

(b) *at least one of such applications is in respect of goods and the other or others is or are in respect of services closely related to those goods,*

the Registrar may refuse to register any of them until their rights have been determined by the Court or have been settled by agreement in a manner approved by him or by the Court.

Powers of registered proprietor

s 34 Subject to the provisions of this Act -

(a) ***the person for the time being entered in the Register as registered proprietor of a trade mark shall, subject to any rights appearing from such Register to be vested in any other person, have power to assign the same and give good discharges for any consideration for the assignment;***

...

Rights given by registration

s 35(1) Subject to the provisions of this Act, the registration of a person as registered proprietor of a trade mark (other than a certification trade mark) in respect of any goods or services shall, if valid, give or be deemed to have been given to that person the exclusive right to the use of the trade mark in relation to those goods or services subject to any conditions, amendments, modifications or limitations entered in the Register.

...

Registration prima facie evidence of validity

s 36 In all legal proceedings relating to a registered trade mark (including applications under section 45) the fact that a person is

registered as proprietor of the trade mark shall be prima facie evidence of the validity of the original registration of the trade mark and of all subsequent assignments and transmissions thereof.

Registration conclusive

s 37 In all legal proceedings relating to a trade mark registered in the Register (including applications under section 45) the original registration of the trade mark under this Act shall, after the expiration of seven years from the date thereof, be taken to be valid in all respects unless it is shown –

- (a) that the original registration was obtained by fraud;**
- (b) that the trade mark offends against section 14; or**
- (c) that the trade mark was not, at the commencement of the proceedings, distinctive of the goods or services of the registered proprietor,**

except that this section shall not apply to a trade mark registered under the repealed Ordinances and incorporated in the Register pursuant to subsection 6(3) until after the expiration of three years from the commencement of this Act.

Infringement of a trade mark

s 38(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;*

...

Acts not constituting infringement

s 40(1) ***Notwithstanding anything contained in this Act, the following acts do not constitute an infringement of a trade mark -***

(a) ***the use in good faith by a person of his own name or the name of his place of business or the name of the place of business of any of his predecessors in business;***

...

Rectification of the Register

s 45(1) ***Subject to the provisions of this Act –***

(a) ***the Court may on the application in the prescribed manner of any person aggrieved by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as if thinks fit;***

...”

(emphasis added).

F. Plaintiff’s contentions

17. Mr. Jasdev Singh (**Mr. Jasdev**), the Plaintiff’s learned counsel, advanced the following submission to support this OS:

(1) the Court has the power under s 41 SRA, its inherent jurisdiction and Order 92 rule 4 RC to grant declarations, including negative declarations (such as prayed for in Prayer 2). Mr. Jasdev had relied on the following cases -

- (a) the English Court of Appeal case of **Point Solution Ltd v Focus Business Solutions Ltd & Anor** [2007] EWCA Civ 14;
- (b) the judgment of Ramly Ali J (as he then was) in the High Court case of **Aspect Synergy Sdn Bhd v Banyan Tree Holdings Ltd** [2009] 8 CLJ 97;
- (c) the Court of Appeal's decision in **Attorney General of Hong Kong v Zauyah Wan Chik & Ors and another appeal** [1995] 1 MLRA 427;
- (d) the English Court of Appeal case of **Hanson v Radcliffe Urban District Council** [1922] 2 Ch 490;
- (e) the Court of Appeal's judgment in **Sakapp Commodities (M) Sdn Bhd v Cecil Abraham** [1998] 2 MLRA 183;
- (f) the Federal Court case of **Datuk Syed Kechik bin Syed Mohamed v Government of Malaysia & Anor** [1979] 2 MLJ 101;

- (g) the decision of the Federal Court in **R Rama Chandran v The Industrial Court of Malaysia & Anor** [1997] 1 MLJ 145; and
- (h) the High Court case of **Chongqing Rato Manufacturing Corporation v MP Machinery (M) Sdn Bhd & Anor** [2015] 5 MLRH 604;
- (2) the Plaintiff is the original and Common Law proprietor of the Plaintiff's Diesel Trade Marks. The Plaintiff's Diesel Trade Marks have been extensively used on the Plaintiff's goods, advertised, promoted and marketed throughout the world. Accordingly, the Plaintiff has immense goodwill and reputation in the Plaintiff's business in relation to the Plaintiff's Diesel Trade Marks. The Federal Court in **Yong Teng Hing B/S Hong Kong Trading Co & Anor v Walton International Ltd** [2012] 6 CLJ 337 has recognized the "*spill over*" effect of the reputation and goodwill of foreign trade marks into Malaysia due to the exposure of Malaysian travelers to such foreign trade marks;
- (3) the Defendant's use of the Defendant's Registered Diesel Trade Marks was not co-incidental but was done in bad faith by the Defendant to ride upon the Plaintiff's goodwill and reputation in the Plaintiff's business regarding the Plaintiff's Diesel Trade Marks. In support of this submission, the Plaintiff cited the High Court case of **Caitlin Financial Corp NV v CA Seimer (M) Sdn Bhd & Anor** [2001] 3 MLJ 423 and relied on the following, among others –

- (a) DTSB's Mohican Device Application;
 - (b) Groupon's Write-up;
 - (c) Misstatement in Defendant's Brand Profile; and
 - (d) Mr. Tam's evidence regarding the Conversation as stated in the Transcript;
- (4) as is clear from the 2002 Suit, the Defendant has a tendency to assert its rights in the Defendant's Registered Diesel Trade Marks. As such, if the Plaintiff distributes and sells the Plaintiff's goods in Class no. 25 which bear the Plaintiff's Diesel Trade Marks, the Defendant will commence a trade mark infringement suit against the Plaintiff under s 38(1)(a) TMA. The Plaintiff does not admit the Defendant's rights in the Defendant's Registered Diesel Trade Marks and reserves the right to challenge the validity of the registration of the Defendant's Registered Diesel Trade Marks;
- (5) s 40(1)(a) TMA allows the Plaintiff to use in good faith its own name in relation to goods in Class no. 25 which has the Plaintiff's Diesel Trade Marks. The word "*person*" in s 40(1)(a) TMA includes a company by virtue of the definition of "*person*" in s 3 of the Interpretation Acts 1948 and 1967 (**IA**). According to Mr. Jasdev, our s 40(1)(a) TMA is similar to –

- (a) the then applicable s 8(a) of United Kingdom's (**UK**) Trade Marks Act 1938 [**TMA 1938 (UK)**];
- (b) the previous s 52(a) of Singapore's Trade Marks Act (Cap 32, 1992 Rev Ed) [**TMA (Singapore)**] [I should state that the defence of the use of one's own name is now provided in s 28(1)(a) TMA (Singapore)]; and
- (c) the then applicable s 64(1)(a) of Australia's Trade Marks Act 1955 [now s 122(1)(a)(i) of Australia's Trade Marks Act 1995].

Mr. Jasdev cited the following English and Singaporean cases –

- (i) the English Court of Appeal case of **Baume & Co Ltd v AH Moore Ltd** [1958] 2 All ER 113;
- (ii) the House of Lords' decision in **Parker-Knoll Ltd v Knoll International Ltd** [1962] RPC 265;
- (iii) the English High Court case of **Mercury Communications Ltd v Mercury Interactive (UK) Ltd** [1995] FSR 850;
- (iv) 2 decisions of the Singapore Court of Appeal in **Rainforest Coffee Products Pte Ltd v Rainforest Café Inc** [2000] 1 SLR (R) 725 and **The Audience Motivation Company Asia Pte Ltd v AMC Live Group China (S) Pte Ltd** [2016] SGCA 25; and

- (v) the judgment of Australia's Federal Court in **Angoves Pty Ltd v Johnson & Ors** (1982) 43 ALR 349.

Mr. Jasdev also relied on the Supreme Court of New Zealand's decision in **JJ Craig Ltd v EA Craig & HR Craig** [1922] NZLR 199. It is to be noted that in 1922, the New Zealand Supreme Court is only a court of first instance;

- (6) the application of s 40(1)(a) TMA does not require –
 - (a) the Plaintiff to register its name under the Companies Act 1965 (**CA**) or the Registration of Businesses Act 1956; and
 - (b) a finding of trade mark infringement by the Plaintiff;
- (7) the Defendant's exclusive rights to the Defendant's Registered Diesel Trade Marks under s 35(1) TMA is subject to the Plaintiff's right to use its own name under s 40(1)(a) TMA;
- (8) TMA provides for instances wherein a party may get the Court to determine the party's rights to a trade mark. One example is s 19(3) TMA; and

- (9) if this Court allows this OS, the Defendant is not deprived of using the Defendant's Registered Diesel Trade Marks because the Defendant's Registered Diesel Trade Marks are still on the Register.

G. Construction of ss 19(3), 34(a), 35(1), 36, 37(a) to (c), 38(1)(a), 40(1)(a) and 45(1)(a) TMA

18. Firstly, s 19(3) TMA has no application in this case. Section 19(3) TMA only applies in the following scenario:

- (1) there are separate applications to register trade marks by different persons; and
- (2) the trade marks to be registered are identical or so nearly resembling each other as are likely to deceive or cause confusion.

19. A proprietor of a registered trade mark has the following rights and powers under TMA:

- (1) according to s 36 TMA, the registration of a trade mark shall be *prima facie* evidence of the validity of the original registration of the trade mark and all subsequent assignments thereof. As such, the Court shall presume -

- (a) DTSB's registered Diesel trade mark;

(b) the Assignment (from DTSB to the Defendant); and

(c) the Defendant's Registered Diesel Trade Marks

- to be *prima facie* valid under s 36;

(2) if a trade mark has been registered for more than 7 years from the date of its original registration, s 37 TMA deems the registered trade mark to be valid unless a party applies to Court to expunge the registered trade mark from the Register under s 45(1)(a) TMA by proving any one or more of the 3 exceptions in s 37(a), (b) and/or (c) TMA (**3 Exceptions**). I refer to the following Court of Appeal cases -

(a) James Foong JCA's (as he then was) judgment in **Bata Ltd v Sim Ah Ba & Ors** [2006] 3 CLJ 393, at paragraph 21; and

(b) the decision of Gopal Sri Ram JCA (as he then was) in **Microsoft Corporation v Yong Wai Hong** [2008] 3 MLJ 309, at paragraph 6.

I am of the view that s 37 TMA is not subject to s 40(1)(a) TMA. If Parliament had intended s 37 TMA to be subject to s 40(1)(a) TMA, Parliament would have expressly stated as such in s 37 TMA;

(3) an owner of a registered trade mark has the power to assign the registered trade mark under s 34(a) TMA. Such a power under s 34(a)

TMA is subject to the other provisions in the TMA, in particular the combined application of ss 37(a) to (c) and 45(1)(a) TMA (regarding the application of the 3 Exceptions). It is clear that if any one or more of the 3 Exceptions apply to a registered trade mark –

- (a) the proprietor of that registered trade mark cannot lawfully assign that registered trade mark under s 34(a) TMA; and
- (b) that registered trade mark can be expunged under any of the 3 Exceptions read with s 45(1)(a) TMA.

I am of the opinion that s 34(a) TMA is not subject to s 40(1)(a) TMA because both these statutory provisions deal with different matters. Section 34(a) TMA concerns the power of an owner of a registered trade mark to assign the registered trade mark while s 40(1)(a) TMA provides a defence (use in good faith of one's name) in a trade mark infringement suit. If s 34(a) TMA is subject to s 40(1)(a) TMA, this will cause an absurdity wherein a proprietor of a registered trade mark cannot assign the registered trade mark if that trade mark consists of a name of another person [which attracts the application of s 40(1)(a) TMA]. In the Privy Council's judgment in an appeal from Singapore, **Wah Tat Bank Ltd & Ors v Chan Cheng Kum** [1975] 1 MLJ 97, at 100, Lord Salmon held there is a canon of statutory construction that a statute should not be construed in such a way so as to lead to an absurdity;

- (4) a proprietor of a registered trade mark has the “*exclusive right*” to use the registered trade mark under s 35(1) TMA subject to –
- (a) any condition, amendment, modification or limitation entered in the Register regarding the registered trade mark; and
 - (b) the application of the 3 Exceptions pursuant to ss 37(a) to (c) and 45(1)(a) TMA.

For the same 2 reasons stated in the above sub-paragraph 19(3), I am of the view that s 35(1) TMA is not subject to s 40(1)(a) TMA; and

- (5) an owner of a registered trade mark has the right to file a trade mark infringement action under s 38(1)(a), (b) and/or (c) TMA. If a trade mark infringement suit is filed by a proprietor of a registered trade mark against a defendant, the defendant may rely on, among others, s 40(1)(a) TMA, as a defence.

20. I am of the following view regarding the effect and scope of s 40(1)(a) TMA:

- (1) the opening words of s 40(1) TMA (*Notwithstanding anything contained in this Act, the following acts do not constitute an infringement of a trade mark*) clearly show Parliament’s intention to provide a defendant in a trade mark infringement suit with a defence in s 40(1)(a) TMA (**Statutory Defence**). If s 40(1)(a) TMA is given effect which is wider than a Statutory Defence, this will lead to an absurdity

wherein all the rights of an owner of a registered trade mark (as explained in the above paragraph 19) will be unlawfully curtailed, if not defeated, by paragraphs (a) to (f) in s 40(1) TMA;

(2) all the following cases referred to by Mr. Jasdev have applied the Statutory Defence in trade mark infringement suits and not as a sole basis to apply for declaratory relief (such as in this case) –

(a) in **Aspect Synergy**, at paragraph 1, the defendant company had counterclaimed for, among others, trade mark infringement;

(a) **Baume & Co**, at p. 86;

(c) **Parker-Knoll**, at p. 272;

(d) **Mercury Communications**, at p. 139;

(e) **Rainforest Coffee Products**, at p. 158;

(f) **The Audience Motivation Company Asia**, at paragraph 1; and

(g) **Angoves**, at p. 349; and

(3) I accept Mr. Jasdev's submission that the word "*person*" in s 40(1)(a) TMA includes a company by virtue of the definition of "*person*" in s 3 IA. Part 1 IA (which includes the interpretation provision in s 3 IA)

applies to TMA by reason of s 2(1)(a) IA. In this regard, I do not accept the following submission from Mr. PC Kok –

- (a) Mr. PC Kok has contended that only “*foreign companies*” [defined in s 4(1) CA] which have registered with the Registrar of Companies under s 332(1) CA, may rely on s 40(1)(a) TMA. If I have accepted this contention, this means I am not giving full effect to the interpretation of “*person*” in s 3 IA in the construction of s 40(1)(a) TMA. If Parliament’s intention were to exclude “*foreign companies*” from invoking the Statutory Defence, Parliament could have easily subjected s 40(1)(a) TMA to s 332(1) CA; and
- (b) according to Mr. PC Kok, a party may only rely on the Statutory Defence if the Court has made a finding of fact that the party has infringed a registered trade mark. This is not provided in s 40(1)(a) TMA. On the contrary, the wording of s 40(1)(a) TMA allows any defendant in a trade mark infringement suit, to raise the Statutory Defence and it will then be up to the Court to decide whether to accept the Statutory Defence or otherwise.

21. The following cases cited by Mr. Jasdev did not concern trade mark legislation regarding the Statutory Defence:

- (1) **Point Solution**, at paragraph 2, concerned an application for a negative declaration that the appellant company had not infringed the

copyright of the respondent companies. It is to be noted that in **Point Solution**, Chadwick LJ (as he then was) in the Court of Appeal affirmed the High Court's refusal to grant the negative declaration; and

(2) **JJ Craig** is a case based on the tort of passing off.

H. Can Court grant declarations contrary to TMA?

22. The Court has the discretionary power to grant declarations under s 41 SRA and Order 15 rule 16 RC. I reproduce s 41 SRA and Order 15 rule 16 RC as follows:

s 41 SRA Discretion of court as to declaration of status or right
Any person entitled to any legal character, or to any right as to any property, may institute a suit against any person denying, or interested to deny, his title to the character or right, and the court may in its discretion make therein a declaration that he is so entitled, and the plaintiff need not in that suit ask for any further relief:
Provided that no court shall make any such declaration where the plaintiff, being able to seek further relief than a mere declaration or title, omits to do so.

Order 15 rule 16 RC Declaratory judgment
No action or other proceeding shall be open to objection merely on the ground that a declaratory judgment or order is sought thereby, and the Court may make binding declarations of right whether or not consequential relief is or could be claimed."

(emphasis added).

23. Our apex courts have decided in the following cases that an applicant for declaratory relief under s 41 SRA, should first show that he or she is “*entitled to any legal character, or to any right as to any property*” (**Legal Entitlement**):

(1) in **Dato Menteri Othman bin Baginda & Anor v Dato Ombi Syed Alwi bin Syed Idrus** [1981] 1 MLJ 29, at 31-32, Raja Azlan Shah Ag LP (as His Majesty then was) delivered the following majority decision of the Federal Court -

“My first observation is that judges should adjudicate on such matters as the present with restraint and certainly not to emulate the quasi-legislative role of the United States Supreme Court. The power to grant a declaration should be exercised with a proper sense of responsibility and after a full realization that judicial pronouncements ought not to be issued unless there are circumstances that properly call for their making. (See Ibeneweka v Egbuna [1964] 1 WLR 219, 225.

What perhaps stands out about declaratory relief is the wide range of circumstances in which the procedure has been invoked already and the wide variety of cases in terms of subject matter where this type of proceedings has been used. It has now become a regular feature of litigation and Lord Denning was probably only anticipating a little when he said in Pyx Granite Co Ltd v Ministry of Housing and Local Government [1958] 1 QB 554, 571 that:

"The wide scope of it can be seen from the speech of Viscount Kilmuir L.C. in (Vine v National Dock Labour Board [1957] AC 468, 498) from which it appears that if a substantial question exists which one person has a real interest to raise, and the other to oppose, then the court has a discretion to resolve it by a declaration, which it will exercise if there is good reason for so doing."

(emphasis added).

Dato Menteri Othman bin Baginda concerned the interpretation of the Federal Constitution and Negeri Sembilan's State Constitution. It is to be noted that the Federal Court decided **Dato Menteri Othman bin Baginda** as our apex court because by then, appeals to the Privy Council in respect of constitutional and criminal matters have already been abolished by the Courts of Judicature (Amendment) Act 1976 (Act A328); and

- (2) in **Government of Malaysia v Lim Kit Siang** [1988] 2 MLJ 12, at 41, Hashim Yeop Sani SCJ (as he then was) decided as follows in the majority decision of the Supreme Court –

"No doubt, section 41 of our Specific Relief Act 1950 is an old provision and may even be regarded as antiquated but it is still in the statute book as part of our law. In the Specific Relief Act, section 41 comes under the

chapter "Declaratory Decrees" and deals with persons seeking declarations of status or right from the court.

...

Section 41 does not sanction every form of declaration but only a declaration that the plaintiff is entitled to a specific legal character or to any right as to property. Therefore any person who has "a right to any legal character" may bring an action against anyone who denies that right. The prerequisite for such a declaratory action is that the plaintiff must first establish that he qualifies as a person entitled to any legal character or to any right as to any property. The legal character or the right must exist at the time the action is instituted."

(emphasis added).

24. Based on s 41 SRA as interpreted by our highest Courts in **Dato Menteri Othman bin Baginda** and **Lim Kit Siang**, the Plaintiff must first satisfy the Court of the Plaintiff's Legal Entitlement. Regrettably, I find that the Plaintiff has failed to do so for the following reasons:

- (1) as elaborated in the above sub-paragraph 20(1), the Plaintiff can only rely on s 40(1)(a) TMA if there is a trade mark infringement suit filed by the Defendant against the Plaintiff;
- (2) if the Plaintiff is entitled to apply for declaratory relief based solely on s 40(1)(a) TMA without any trade mark infringement action filed by the Defendant –

- (a) this will unlawfully limit the Defendant's rights and powers as the owner of the Defendant's Registered Diesel Trade Marks (please see the above paragraph 19). In this regard, I cannot accept the Plaintiff's submission that this OS does not deprive the Defendant of its rights in respect of the Defendant's Registered Diesel Trade Marks; and

- (b) this means that the Plaintiff is allowed to circumvent unlawfully the expungement procedure as expressly provided in ss 37(a) to (c) read with 45(1)(a) TMA (**Expungement Procedure**). The Expungement Procedure should not be unlawfully sidestepped by this OS because –
 - (i) as explained in the above sub-paragraph 19(2), the Expungement Procedure protects the rights of all owners of registered trade marks, especially trade marks which have been registered for more than 7 years; and

 - (ii) if this Court allows this OS, this means that the Plaintiff need not discharge the legal burden to prove any one of the 3 Exceptions which can invalidate the Defendant's Registered Diesel Trade Marks. As the Plaintiff has not availed itself of the Expungement Procedure, the 1st and 3rd Prayers should not be allowed on this ground alone; and

(3) as rightly submitted by Mr. PC Kok, our TMA does not have any equivalent to the following statutory provisions which empower the Court to grant negative declarations –

(a) s 62(1) of our Patents Act 1983 (**PA**) provides as follows -

“s 62 ***Declaration of non-infringement.***

(1) ***Subject to subsection (4), any interested person shall have the right to request, by instituting proceedings against the owner of the patent, that the Court declare that the performance of a specific act does not constitute an infringement of the patent.”***

(emphasis added);

(b) s 35 TMA (Singapore) states as follows -

“***Remedy for groundless threats of infringement proceedings***

35(1) ***Where a person threatens another with proceedings for infringement of a registered trade mark other than -***

(a) *the application of the mark to goods or to material used or intended to be used for labelling or packaging goods;*

(b) *the importation of goods to which, or to the packaging of which, the mark has been applied; or*

(c) *the supply of services under the mark, any aggrieved person may bring proceedings for relief under this section.*

(2) ***The relief which may be applied for is any of the following:***

(a) ***a declaration that the threats are unjustifiable;***

(b) *an injunction against the continuance of the threats;*

(c) *damages in respect of any loss he has sustained by the threats.*

(3) ***The plaintiff is entitled to the relief referred to in subsection (2) unless the defendant shows that the acts in respect of which proceedings were threatened constitute (or if done would constitute) an infringement of the registered trade mark concerned.***

(4) *If the defendant showed that the acts in respect of which proceedings were threatened constitute (or if done would constitute) an infringement of the registered trade mark concerned, the plaintiff is nevertheless entitled to relief if he shows that the registration of the trade mark is invalid or liable to be revoked in a relevant respect.*

(5) *The mere notification that a trade mark is registered, or that an application for registration has been made, does not constitute a threat of proceedings for the purposes of this section.*

- (6) *Nothing in this section shall render an advocate and solicitor liable to an action under this section in respect of an act done by him in his professional capacity on behalf of a client.”*

(emphasis added); and

- (c) s 21 of UK’s Trade Marks Act 1994 [**TMA 1994 (UK)**] provides as follows –

“21 Remedy for groundless threats of infringement proceedings.

(1) Where a person threatens another with proceedings for infringement of a registered trade mark other than -

- (a) the application of the mark to goods or their packaging,*
- (b) the importation of goods to which, or to the packaging of which, the mark has been applied, or*
- (c) the supply of services under the mark,*

any person aggrieved may bring proceedings for relief under this section.

(2) The relief which may be applied for is any of the following -

- (a) a declaration that the threats are unjustifiable,**
- (b) an injunction against the continuance of the threats,*
- (c) damages in respect of any loss he has sustained by the threats;*

and the plaintiff is entitled to such relief unless the defendant shows that the acts in respect of which proceedings were threatened constitute (or if done would constitute) an infringement of the registered trade mark concerned.

- (3) *If that is shown by the defendant, the plaintiff is nevertheless entitled to relief if he shows that the registration of the trade mark is invalid or liable to be revoked in a relevant respect.*
- (4) *The mere notification that a trade mark is registered, or that an application for registration has been made, does not constitute a threat of proceedings for the purposes of this section.”*

(emphasis added).

This Court can only grant negative declaration as prayed for in the 2nd Prayer if Parliament amends our TMA along the lines of s 62(1) PA, s 35(2)(a) TMA (Singapore) or s 21(2)(a) TMA 1994 (UK).

25. As the Plaintiff has failed to show Legal Entitlement under s 41 SRA (please see the above paragraph 24) –

- (1) Prayer 2 should be dismissed with costs on this ground alone; and

- (2) the following matters raised by the Plaintiff cannot confer Legal Entitlement under s 41 SRA –
- (a) the fact that the Defendant did not adduce evidence of the Assignment;
 - (b) DTSB's Mohican Device Application;
 - (c) Groupon's Write-up;
 - (d) Misstatement in Defendant's Brand Profile;
 - (e) Mr. Tam's evidence regarding the Conversation as stated in the Transcript; and
 - (f) SP's Report.

I. Whether Court can grant declarations under Order 15 rule 16 RC

26. Where a plaintiff has not proven Legal Entitlement under s 41 SRA so as to apply for a declaration, I am of the view that Order 15 rule 16 RC cannot confer jurisdiction on the Court to grant a declaration. If Order 15 rule 16 RC is construed widely so as to confer jurisdiction on the Court to give declarations notwithstanding the fact that a plaintiff has not shown Legal Entitlement under s 41 SRA, this inconsistency between Order 15 rule 16

RC and s 41 SRA will attract the application of s 23(1) IA. Section 23(1) IA provides as follows -

“Any subsidiary legislation that is inconsistent with an Act (including the Act under which the subsidiary legislation was made) shall be void to the extent of the inconsistency.”

(emphasis added).

Section 23(1) IA (in Part 1 IA) applies to RC according to s 2(1)(e) IA. This is because RC constitute “*subsidiary legislation*” (as defined in s 3 IA) made after the 31.12.1968, under the Courts of Judicature Act 1964 (which has been revised under the Revision of Laws Act 1968).

If there is any inconsistency between Order 15 rule 16 RC and s 41 SRA, s 23(1) IA provides that Order 15 rule 16 RC “*shall be void to the extent of the inconsistency*” with s 41 SRA. In **Lim Eng Kay v Jaafar bin Mohamed Said** [1982] 2 MLJ 156, at 162, Salleh Abas FJ (as he then was) decided in the Federal Court that Order 42 rule 12 of the then Rules of the High Court 1980 (**RHC**) cannot “*override*” an Act of Parliament in s 11 of the Civil Law Act 1956 (**CLA**) –

“Counsel for the respondent in submitting that interest on this lump sum should be at 8% with effect from the date of trial to the date of realisation relied upon Order 42 rule 12 [RHC]. This order says:-

"12. Every judgment debt shall carry interest at the rate of 8 per centum per annum or at such other rate not exceeding the rate aforesaid as the court directs, such interest to be calculated from the date of judgment until the judgment is satisfied."

Although the Order is expressed in imperative "shall", it is certainly not intended to be so; because to give effect would be incompatible with the discretionary power of the court to order interest under section 11 [CLA]. We do not think that Order 42 rule 12 can override the provision of [CLA].”

(emphasis added).

J. Can Court grant declarations pursuant to its inherent jurisdiction?

27. I am not able to accede to Mr. Jasdev’s submission that this Court has the inherent jurisdiction or the inherent power under Order 92 rule 4 RC to grant the declarations sought for in this OS. This is due to the following reasons:

- (1) when Parliament has expressly provided in s 41 SRA for the Court to grant declaratory relief where a plaintiff can prove Legal Entitlement,

there cannot be any resort to the Court's inherent jurisdiction and/or Order 92 rule 4 RC. I rely on the following judgments of our apex Courts -

(a) the Supreme Court's judgment delivered by Syed Agil Barakbah SCJ in **Permodalan MBF Sdn Bhd v Tan Sri Datuk Seri Hamzah bin Abu Samah & Ors** [1988] 1 MLJ 178, at 181; and

(b) the judgment of Zulkefli Makinudin FCJ (as he then was) in the Federal Court case of **Majlis Agama Islam Selangor v Bong Boon Chuen** [2009] 6 MLJ 307, at paragraph 28; and

(2) if this Court grants the declarations prayed for in this OS, this will unlawfully circumvent the Expungement Procedure [please see the above sub-paragraph 24(2)(b)] and such a circumvention in itself amounts to an abuse of Court process.

K. Should Court exercise discretion to grant declarations in this OS?

28. I will now proceed on the basis that the Plaintiff has proven Legal Entitlement under s 41 SRA. The question that arises is whether the Court should exercise its discretion to grant the 1st and 2nd Prayers under s 41 SRA and Order 15 rule 16 RC.

29. This Court is not inclined to exercise its discretion under s 41 SRA and Order 15 rule 16 RC to allow the 1st and 2nd Prayers due to any one or more of the following reasons:

(1) according to the proviso to s 41 SRA, the Court “*shall*” not make any declaration where the plaintiff, being able to seek further relief than a mere declaration or title, omits to do so (please see the Court of Appeal’s judgment in **Sakapp Commodities**, at p. 190). As elaborated in the above sub-paragraph 24(2)(b), the Plaintiff should have filed an Expungement Application; **and/or**

(2) there had been inordinate delay by the Plaintiff in the filing of this OS which had not been explained in the Plaintiff’s affidavits - **Sakapp Commodities**, at p. 190.

30. If the Plaintiff does file an Expungement Application subsequently, the Plaintiff is at liberty to raise the following matters in support of the Expungement Application:

(1) there is no evidence of the Assignment;

(2) DTSB’s Mohican Device Application;

(3) Groupon’s Write-up;

(4) Misstatement in Defendant’s Brand Profile;

(5) Mr. Tam's evidence regarding the Conversation as stated in the Transcript; and

(6) SP's Report.

L. 3rd Prayer cannot be allowed

31. The 3rd Prayer does not seek purely declarative relief. For this Court to order that the Plaintiff is entitled to use the Plaintiff's Diesel Trade Marks for goods in Class no. 25, the Plaintiff has to invoke the Expungement Procedure [the above sub-paragraph 24(2)(b)].

M. Court's decision

32. Premised on the above reasons, this Court is constrained to dismiss this OS with costs to the Defendant and an allocatur fee shall be imposed on the costs sum in accordance with Order 59 rule 7(4) RC.

33. In closing, I must thank Mr. Jasdev and Mr. PC Kok for their well researched written submission, without which this judgment is not possible.

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

DATE: 14 December 2016

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