

**IN THE HIGH COURT OF MALAYA AT KUALA LUMPUR**  
**[COMMERCIAL DIVISION]**  
**INTELLECTUAL PROPERTY SUIT NO.: 22IP-31-06/2015**

**BETWEEN**

**DORETTI RESOURCES SDN. BHD.**  
**(Company No.: 1001491-U)**

**... PLAINTIFF**

**AND**

- 1. FITTERS MARKETING SDN. BHD.**  
**(Company No. : 401415-D)**
- 2. PYRO-TECH SYSTEMS SDN. BHD.**  
**(Company No. : 411757-X)**
- 3. TEAMWARE SDN. BHD.**  
**(Company No. : 484111-T)**
- 4. MUETECH SDN. BHD.**  
**(Company No. : 905321-A)**
- 5. FOO SWEE KOON**  
**(I/C No. : 770921-14-5214)**  
**(trading as VITON TRADING**  
**Business Registration No. : SA0231207-A) ... DEFENDANTS**

**JUDGMENT**

(Court enclosure no. 73)

**A. Introduction**

1. This case concerns the following 2 issues:

- (1) where the plaintiff company (**Plaintiff**) has merely pleaded in the Statement of Claim (**SOC**) that the third defendant company (**3<sup>rd</sup> Defendant**) has supplied goods which have infringed the Plaintiff's registered trade mark (**Plaintiff's Trade Mark**), has the Plaintiff a reasonable cause of action against the 3<sup>rd</sup> Defendant to commence this suit (**This Action**) for an infringement of the Plaintiff's Trade Mark under s 38(1) of the Trade Marks Act 1976 (**TMA**)?; and
- (2) in deciding this application by the 3<sup>rd</sup> Defendant to strike out This Action (**Court Enc. No. 73**), whether this Court is bound by an earlier decision of the High Court which has struck out This Action against the 4<sup>th</sup> and 5<sup>th</sup> defendant companies (**4<sup>th</sup> and 5<sup>th</sup> Defendants**).

## **B. SOC**

2. I reproduce below all the allegations pleaded in the SOC against the 3<sup>rd</sup> to 5<sup>th</sup> Defendants:

*“7. Pada setiap masa yang berkenaan, Plaintiff adalah pemilik berdaftar cap dagangan ‘PYRO’ di bawah No. Daftar Cap Dagangan: 04018316. Cap dagangan ‘PYRO’ telah didaftarkan bagi barangan kunci, barangan besi untuk pintu dan tingkap, manga, tombol pintu, peti besi dan termasuk lain-lain di bawah kelas 6.*

*...*

*12. Pada setiap masa yang berkenaan, Defendan Ke-3 menjalankan perniagaan menjual barangan perkakasan logam, pvc dan barangan untuk industri perabot (“hardware”).*

13. ***Pada setiap masa yang berkenaan, Defendan Ke-3 membekalkan barangan tiruan yang sama jenis dengan barangan Plaintiff dan telah menggunakan cap dagangan 'PYRO' kepada Defendan Pertama dan Ke-2 walaupun mempunyai pengetahuan bahawa cap dagangan 'PYRO' dimiliki oleh Plaintiff.***

...

#### **Perlanggaran Cap Dagangan 'PYRO' oleh Defendan-defendan**

18. *Pada atau lebih kurang bulan April 2015, Plaintiff semasa melawat gudang Defendan Pertama dan Ke-2 telah mendapati bahawa Defendan Pertama dan Ke-2 telah membeli dan/atau mendapat bekalan barangan yang sama jenis dengan Plaintiff malah barangan tersebut menggunakan cap dagangan 'PYRO' Plaintiff selain daripada Plaintiff. Stok-stok barangan tiruan ini telah disimpan di dalam gudang Defendan Pertama dan Ke-2 bersama-sama barangan Plaintiff.*
19. *Pada 3.6.2015, wakil Plaintiff telah melalui surat mengadu kepada Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan di Putrajaya ("KPDNKK").*
20. *Pada 4.6.2015 jam lebih kurang 12.30 tengahari, pegawai-pegawai KPDNKK telah melaksanakan suatu pemeriksaan mengejut di gudang Defendan Pertama dan Ke-2 bersama wakil-wakil Plaintiff. Pegawai-pegawai KPDNKK bersama wakil-wakil Plaintiff telah mendapati gudang Defendan Pertama dan Ke-2 telah menyimpan barangan tiruan 'PYRO' dalam suatu kuantiti yang besar.*
21. *Pegawai-pegawai KPDNKK bersama wakil-wakil Plaintiff telah mengesahkan bahawa barangan yang dijumpai di gudang Defendan Pertama dan Ke-2 adalah barangan tiruan 'PYRO' dan barangan tiruan ini berjumlah lebih kurang RM2.2 juta.*

22. *Barangan tiruan ini yang dijumpai dan dikenalpasti ini telah disita oleh KPDNKK yang mana sekarang berada dalam jagaan dan kawalan KPDNKK. Barangan tiruan 'PYRO' yang disita adalah seperti di bawah:-*

...

23. *Pegawai-pegawai KPDNKK juga telah menyita dokumen-dokumen berkenaan barangan tiruan ini seperti purchase order dan delivery order.*

24. ***Berdasarkan purchase order dan delivery order yang diperolehi pada masa pemeriksaan dan penyitaan, Plaintiff mendapati bahawa Defendan Pertama dan Ke-2 memperoleh bekalan barangan tiruan ini daripada Defendan Ke-3, Ke-4 dan Ke-5.***

...

26. ***Setakat rekod-rekod yang diberikan oleh Defendan Pertama dan Ke-2 pada 5.6.2015 yang mana rekod jualan oleh Defendan Pertama dan Ke-2 kepada pelanggan-pelanggan tidak dikemukakan, jumlah barangan yang dibekalkan oleh Defendan Ke-3, Ke-4 dan Ke-5 kepada Defendan Pertama dan Ke-2 hanya berjumlah RM4,881,620.28.***

***Ringkasan Butir-butir Barangan Tiruan 'PYRO' yang dibekalkan oleh Defendan Ke-3, Ke-4 dan Ke-5 kepada Defendan Pertama dan Ke-2 adalah seperti yang dilampirkan di Pernyataan Tuntutan ini sebagai 'Lampiran A'.***

27. ***Defendan-defendan telah dengan niat melanggar cap dagangan 'PYRO' Plaintiff dan merugikan Plaintiff di mana butir-butir adalah seperti berikut:-***

(a) ***Defendan Ke-3, Ke-4 dan Ke-5 telah pada setiap masa yang berkenaan dengan berniat melanggar cap dagangan***

*'PYRO' Plaintiff dan merugikan Plaintiff membekalkan barangan yang sama jenis dengan Plaintiff yang menggunakan jenama 'PYRO' Plaintiff kepada Defendan Pertama dan Ke-2 walaupun Defendan Ke-3, Ke-4 dan Ke-5 mempunyai pengetahuan bahawa pada setiap masa yang berkenaan mereka bukanlah pemilik berdaftar cap dagangan 'PYRO'; dan*

*(b) Defendan Pertama dan Ke-2 telah pada setiap masa yang berkenaan dengan berniat melanggar cap dagangan 'PYRO' Plaintiff dan merugikan Plaintiff membeli stok-stok tiruan 'PYRO' Defendan Ke-3, Ke-4 dan Ke-5 dan menjualnya kepada pelanggan-pelanggan Defendan Pertama dan Ke-2 walaupun mempunyai pengetahuan bahawa Defendan-defendan pada setiap masa yang berkenaan bukan pemilik berdaftar cap dagangan 'PYRO'.*

*28. Berdasarkan perkara-perkara yang dihidkan oleh Plaintiff telah mengalami kerugian dan kerosakan daripada perlanggaran cap dagangan 'PYRO' oleh Defendan-defendan. ...”*

(emphasis added).

### **C. Background**

3. On 17.8.2015, this Court granted an Anton Piller order to the Plaintiff against, among others, the 3<sup>rd</sup> Defendant (**Anton Piller Order**).
4. The Anton Piller Order had been executed on, among others –

- (1) the 3<sup>rd</sup> Defendant's office at Lot PT 355, Jalan TPP 5/1, Taman Perindustrian Puchong, Section 5, 47100 Puchong, Selangor (**3<sup>rd</sup> Defendant's Office**); and
- (2) 3<sup>rd</sup> Defendant's warehouse at 24, Jalan TPP 5/6, Taman Perindustrian Puchong, Section 5, 47100 Puchong, Selangor (**3<sup>rd</sup> Defendant's Warehouse**)
- on 26.8.2015, 3.9.2015 and 14.9.2015 (**Execution of Anton Piller Order Against 3<sup>rd</sup> Defendant**) in the presence of, among others –
  - (a) Mr. Kenneth Chong Kheng Aik and Ms. Victoria Lim Hui Cheng (**Ms. Victoria Lim**), practising Advocates and Solicitors from Messrs Shen, Eow & Partners (**Supervising Solicitors**); and
  - (b) Plaintiff's representatives, including the Plaintiff's Information Technology (**IT**) expert, Mr. Alan Loke Hon Lam (**Mr. Alan Loke**).
5. Mr. Alan Loke was given access to the 3<sup>rd</sup> Defendant's "server room" in the 3<sup>rd</sup> Defendant's Office and Mr. Alan Loke did a backup of data from the 3<sup>rd</sup> Defendant's server – please see Supervising Solicitors' report in exhibit VLHC-1 in Ms. Victoria Lim's affidavit affirmed on 25.9.2015.
6. The Execution of Anton Piller Order Against 3<sup>rd</sup> Defendant did not reveal any goods bearing the Plaintiff's Trade Mark (**Infringing Goods**) in the 3<sup>rd</sup> Defendant's Office and Warehouse.
7. The 4<sup>th</sup> and 5<sup>th</sup> Defendants filed applications in Court enclosure nos. 29 and 31 respectively to strike out This Action (**Court Enclosure Nos. 29**

and 31). On 24.11.2015, Azizah binti Haji Nawawi J allowed Court Enclosure Nos. 29 and 31 (**Striking Out Decision**).

8. The Plaintiff has appealed to the Court of Appeal against the Striking Out Decision (**Plaintiff's Appeal**). The Plaintiff's Appeal is still pending.

**D. Court Enc. No. 73**

9. Court Enc. No. 73 applied to strike out This Action pursuant to -

- (1) Order 18 rule 19(1)(a), (b) and (d) of the Rules of Court 2012 (**RC**);  
and/or

- (2) inherent jurisdiction of the Court.

**D(1). Parties' submission**

10. Mr. HK Niak, the 3<sup>rd</sup> Defendant's learned counsel (**Mr. Niak**), contended as follows in support of Court Enc. No. 73:

- (1) according to the *res judicata* doctrine, this Court is bound by the Striking Out Decision and on this ground alone, Court Enc. No. 73 should be allowed. According to Mr. Niak, the grounds in support of Court Enc. No. 73, were the same grounds decided in respect of the Striking Out Decision. For this contention, Mr. Niak cited the following authorities -

- (a) Gopal Sri Ram JCA's (as he then was) judgment in the Court of Appeal case of **Hartecon JV Sdn Bhd v Hartela Contractors Ltd** [1997] 2 CLJ 104;
  - (b) the judgment of Idrus Harun JCA in the Court of Appeal in **Dato' Sivananthan Shanmugam v Artisan Fokus Sdn Bhd** [2015] 2 CLJ 1062; and
  - (c) S Nantha Balan JC's (as he then was) judgment in the High Court case of **Dr Aishah Tul Radziah bt L Hussin v Dr Suresh a/l Kumarasamy & Ors** [2014] 11 MLJ 702; and
- (2) the SOC disclosed no reasonable cause of action against the 3<sup>rd</sup> Defendant. Reliance was placed on, among others the following –
- (a) s 38(1) TMA;
  - (b) the judgment of Falconer J (as he then was) in the English High Court case of **Cadbury Ltd v ULMER GmbH** [1988] FSR 385;
  - (c) Buckley LJ's judgment in the English Court of Appeal in **Belegging-en et al v Witten Industrial Diamonds Ltd (Belegging-en)**;
  - (d) the English Court of Appeal case of **Dunlop Pneumatic Tyre Co Ltd v David Moseley & Sons Ltd** [1904] 1 Ch 612; and



(e) the English Court of Appeal's decision in **Amstrad Consumer Electronics Plc v The British Phonographic Industry Ltd** [1986] FSR 159.

11. The Plaintiff's learned counsel, Mr. YH Loke (**Mr. Loke**), advanced the following submission to oppose Court Enc. No. 73:

(1) it was the Plaintiff's pleaded case that the 3<sup>rd</sup> Defendant had infringed the Plaintiff's Trade Mark by producing and selling, among others, the products of the first and defendant companies (**1<sup>st</sup> and 2<sup>nd</sup> Defendants**);

(2) the Plaintiff's pleaded case against the 3<sup>rd</sup> Defendant fell within s 38 TMA because the 3<sup>rd</sup> Defendant had used the Plaintiff's Trade Mark as a trade mark in the course of the 3<sup>rd</sup> Defendant's trade by supplying the Infringing Goods to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants. Mr. Loke relied on the following –

(a) the view expressed by Mr. Teo Bong Kwang in his book, "*Trade Mark Law and Practice in Malaysia*", at p. 254; and

(b) Hanipah Farikullah JC's (as she then was) decision in the High Court case of **Perusahaan Otomobil Nasional Sdn Bhd v Bidara Prisma Sdn Bhd & Ors** [2012] 5 CLJ 428 (**PROTON's Case**);

- (3) the *res judicata* doctrine does not apply to Court Enc. No. 73 in view of the fact that the Plaintiff's Appeal is still pending in the Court of Appeal;
- (4) the 3<sup>rd</sup> Defendant could not rely on the defence that the 3<sup>rd</sup> Defendant was innocent and had no knowledge of the Plaintiff's Trade Mark in This Action. Nor could the 3<sup>rd</sup> Defendant rely on the defence that the 3<sup>rd</sup> Defendant was a *bona fide* supplier of the Infringing Goods. In support of these 2 contentions, Mr. Loke had cited Mary Lim JC's (as she then was) judgment in the High Court case of **Philip Morris Products SA v Ong Kien Hoe & Ors** [2010] 2 CLJ 106 (**Ong Kien Hoe**); and
- (5) the 3<sup>rd</sup> Defendant had the obligation to verify the ownership of the trade mark "PYRO" in the goods supplied by the 3<sup>rd</sup> Defendant to any party. Reliance had been placed on the **PROTON Case** and Ramly Ali J's (as he then was) judgment in the High Court case of **Acushnet Company v Metro Golf Manufacturing Sdn Bhd** [2006] 7 CLJ 557.

#### **E. Whether this Court is bound by Striking Out Decision**

12. 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 [**Asia Commercial Finance (M) Bhd**], Peh Swee Chin FCJ explained that the doctrine of *res judicata* consisted of 2 limbs, namely cause of action estoppel and issue estoppel.

13. Mr. Niak's contention is based on the application of the second limb of the *res judicata* doctrine, namely the issue estoppel principle. **Asia Commercial Finance (M) Bhd** has decided that the issue estoppel principle has a wide application which **may** bar any –

(1) party; and

(2) party's "*privy*"

- from raising any issue in any second and subsequent proceedings which –

(a) has been raised; or

(b) can be raised

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

14. According to the issue estoppel principle, if there is a decision in the first litigation between parties "A" and "B", the issue estoppel principle **may** bar –

(1) A;

(2) B; and

(3) all the privies of A and B

- from raising any issue which

(a) has been raised; or

(b) can be raised

- in the first litigation from being raised in the second and subsequent litigation.

15. In **Gleeson v J. Wippell & Co Ltd** [1977] 1 WLR 510, at 514, Megarry VC decided in the English High Court that a party “C” may be a privy of A or B by way of –

(1) blood relationship with A or B;

(2) title assumed by C from A or B; or

(3) interest between –

(a) C; and

(b) A or B.

16. In this case, the issue estoppel principle **may** only bar the Plaintiff from resisting Court Enc. No. 73 if the 3<sup>rd</sup> Defendant is a “*privy*” of the 4<sup>th</sup> and 5<sup>th</sup> Defendants. There is however no such evidence that the 3<sup>rd</sup> Defendant is a “*privy*” of the 4<sup>th</sup> or 5<sup>th</sup> Defendants within the 3 meanings of “*privy*” as explained in **Gleeson**. This is the first reason to reject the application of the issue estoppel principle against the Plaintiff in respect of Court Enc. No. 73.

17. There is a second reason for not applying the issue estoppel principle against the Plaintiff in respect of Court Enc. No. 73. The doctrine of *res judicata* with its 2 limbs (cause of action estoppel and issue estoppel), is not a mandatory statutory provision intended by Parliament to be applicable in all circumstances. *Res judicata* doctrine is based on case law and should not be applied indiscriminately so as to cause injustice. I rely on the following 2 Court of Appeal cases:

- (1) Gopal Sri Ram JCA's (as he then was) judgment in **Chee Pok Choy & Ors v Scotch Leasing Sdn Bhd** [2001] 4 MLJ 346, at 356, 357 and 358; and
- (2) the decision of Idrus Harun JCA in **Francis Joseph Puthuchearry v Eng Securities Sdn Bhd** [2015] 4 CLJ 433, at paragraphs 28 and 29.

This is why I have stated in the above paragraphs 13, 14 and 16 that the issue estoppel principle **may** be applicable provided that the application of such a principle does not cause an injustice.

18. I am of the view that it is unjust to apply the issue estoppel principle to bar the Plaintiff from opposing Court Enc. No. 73. This decision is based on the following reasons:

- (1) every litigant has a constitutional right of access to justice under article 5(1) of our Federal Constitution – please see the Federal Court's judgment delivered by Gopal Sri Ram FCJ in **Sivarasa Rasiah v Badan Peguam Malaysia** [2010] 3 CLJ 507, at

514-515. If this Court has applied the issue estoppel principle to estop the Plaintiff from opposing Court Enc. No. 73, This Action will be struck out without considering Court Enc. No. 73 on its merits;

(2) this Court has the judicial duty and function to decide Court Enc. No. 73 under Order 18 rule 19(1) RC. If Court Enc. No. 73 is allowed solely based on the application of the issue estoppel principle, this may be tantamount to an abdication of this Court's judicial duty and function to decide Court Enc. No. 73 – please see **Universal Trustee (M) Bhd v Lambang Pertama Sdn Bhd & Anor** [2014] 5 AMR 57, at sub-paragraph 23(c); and

(3) the Plaintiff's Appeal is still pending in the Court of Appeal. There is a possibility that the Court of Appeal may reinstate This Action against the 4<sup>th</sup> and 5<sup>th</sup> Defendants.

19. The 3 cases relied on by Mr. Niak, namely **Hartecon JV Sdn Bhd, Dato' Sivananthan Shanmugam** and **Dr Aishah Tul Radziah (3 Cases)**, can be easily distinguished from Court Enc. No. 73 as follows:

(1) **Hartecon JV Sdn Bhd** and **Dato' Sivananthan Shanmugam** did not concern drastic applications to strike out suits which could deprive the relevant plaintiffs from having access to justice;

(2) in **Dr Aishah Tul Radziah**, the plaintiff doctor was found solely liable for medical negligence of the plaintiff's patient (**plaintiff's liability**) in the Sessions Court (**1<sup>st</sup> suit**). This decision had been

affirmed by the High Court and the plaintiff did not appeal to the Court of Appeal. The plaintiff subsequently commenced a fresh suit against three other doctors and the hospital for indemnity or contribution in respect of the plaintiff's liability (**2<sup>nd</sup> suit**). The High Court struck out the 2<sup>nd</sup> suit on the ground that the plaintiff should have joined the defendants (in the 2<sup>nd</sup> suit) as third parties or co-defendants in the 1<sup>st</sup> suit, for indemnity or contribution. It is to be noted that the decision in the 1<sup>st</sup> suit in **Dr Aishah Tul Radziah** was final whereas in this case, the Plaintiff's Appeal is still pending; and

(3) it was not unjust to have applied the issue estoppel principle in the 3 Cases.

20. Based on the above reasons, I am of the respectful view that in deciding Court Enc. No. 73, I am not bound by the Striking Out Decision. Having said that, I consider the grounds of the Striking Out Decision to be persuasive in determining Court Enc. No. 73 (which will be elaborated later in this judgment).

#### **F. Elements of trade mark infringement under s 38(1) TMA**

21. Section 38(1) TMA provides as follows:

***“38. Infringement of a trade mark***

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

**registered in such a manner as to render the use of the mark likely to be taken either -**

- (a) **as being use as a trade mark;**
- (b) *in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular, or other advertisement, issued to the public, as importing a reference to a person having the right either as registered proprietor or as registered user to use the trade mark or to goods with which the person is connected in the course of trade; or*
- (c) *in a case in which the use is use at or near the place where the services are available or performed or in an advertising circular or other advertisement issued to the public, as importing a reference to a person having a right either as registered proprietor or as registered user to use the trade mark or to services with the provision of which the person is connected in the course of trade.”*

(emphasis added).

22. Section 3(1) TMA has defined a “*trade mark*” as follows:

**“ “*trade mark*” means, except in relation to Part XI, a mark used or proposed to be used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services and a person having the right either as proprietor or as registered user to use the mark whether with or without an indication of the identity of that person, and means, in relation to Part XI, a mark registrable or registered under the said Part XI;”**

(emphasis added).

23. According to s 3(2)(b) TMA, references to the use of a mark in relation to goods “*shall*” be construed as references to the use of the mark –

- (1) upon the goods;
- (2) in physical relation to the goods; or



(3) in other relation to the goods

**[3 Meanings of s 3(2)(b) TMA].**

24. In **Leo Pharmaceutical Products Ltd AS (Lovens Kemiske Fabrk Produktionsaktieselskab) v Kotra Pharma (M) Sdn Bhd (No 2)** [2012] 10 CLJ 507, at 525-526, Low Hop Bing J (as he then was) held in the High Court as follows:

*“[83] The law regulating the infringement of a trade mark is enacted in s. 38(1) which reads:*

*...*

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

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

**registered proprietor or the registered user or to their goods or services.**

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

(emphasis added).

### **G. Two-stage inquiry**

25. To decide Court Enc. No. 73 under Order 18 rule 19(1)(a) RC, the Court cannot consider affidavit evidence under Order 18 rule 19(2) RC – please see the Court of Appeal’s judgment delivered by Ramly Ali JCA (as he then was) in **See Thong v Saw Beng Chong** [2013] 3 MLJ 235, at 241. As Court Enc. No. 73 is also based on Order 18 rule 19(1)(b), (d) RC and/or the Court’s inherent jurisdiction, this Court can consider affidavits filed by the Plaintiff and the 3<sup>rd</sup> Defendant in deciding Court Enc. No. 73 under Order 18 rule 19(1)(b), (d) RC and/or the Court’s inherent jurisdiction. In the circumstances, I will adopt the following approach in deciding Court Enc. No. 73:

(1) the first inquiry is to peruse the SOC without considering any affidavit filed by the Plaintiff and the 3<sup>rd</sup> Defendant [according to Order 18 rule 19(2) RC] to decide whether the SOC discloses any reasonable cause of action against the 3<sup>rd</sup> Defendant within the meaning of Order 18 rule 19(1)(a) RC (**1<sup>st</sup> Inquiry**). In the 1<sup>st</sup> Inquiry, I will assume that the contents of the SOC are true - please

see the Court of Appeal's judgment given by Mahadev Shankar JCA in **Tuan Haji Ishak bin Ismail v Leong Hup Holdings Bhd & other appeals** [1996] 1 MLJ 661, at 679;

(2) if the SOC discloses no reasonable cause of action against the 3<sup>rd</sup> Defendant, the 1<sup>st</sup> Inquiry is resolved in favour of the 3<sup>rd</sup> Defendant and This Suit should be struck out on this ground alone under Order 18 rule 19(1)(a) RC;

(3) if the SOC discloses a reasonable cause of action against the 3<sup>rd</sup> Defendant, the 1<sup>st</sup> Inquiry is concluded in the Plaintiff's favour and this Court will then consider all the affidavits filed by the Plaintiff and the 3<sup>rd</sup> Defendant in Court Enc. No. 6 to decide whether This Action –

(a) is scandalous, frivolous and/or vexatious as understood in Order 18 rule 19(1)(b); and/or

(b) constitutes an abuse of court process under Order 18 rule 19(1)(d), Order 92 rule 4 RC and/or under the court's inherent jurisdiction

**(2<sup>nd</sup> Inquiry)**; and

(4) if the 2<sup>nd</sup> Inquiry is answered in favour of the Plaintiff, Court Enc. No. 73 should be dismissed with costs. If however the 2<sup>nd</sup> Inquiry is resolved in the 3<sup>rd</sup> Defendant's favour, This Action should be struck out on any one or more of the grounds stated in Order 18 rule

19(1)(b), (d), Order 92 rule 4 RC and/or pursuant to the court's inherent jurisdiction.

#### H. 1<sup>st</sup> Inquiry

26. The Plaintiff's written submission had contended that the 3<sup>rd</sup> Defendant had infringed the Plaintiff's Trade Mark by producing and selling, among others, the products of the 1<sup>st</sup> and 2<sup>nd</sup> Defendants. Such an averment was however not pleaded in the SOC.
27. Paragraphs 13, 24, 26, 27(a), (b) and 28 SOC had merely pleaded that the 3<sup>rd</sup> Defendant had **supplied** (*membekalkan*) the Infringing Goods to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants.
28. On the assumption that paragraphs 13, 24, 26, 27(a), (b) and 28 SOC are true that the 3<sup>rd</sup> Defendant has supplied the Infringing Goods to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants, I am of the view that the 3<sup>rd</sup> Defendant's supply of Infringing Goods (with "PYRO" mark) to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants, does not constitute "use" of the Plaintiff's mark, "PYRO", "*in the course of trade*" "*in such a manner as to render the use of the [PYRO] mark likely to be taken*" "*as being used as a trade mark*" within the meaning of s 38(1)(a) TMA. This decision is based on the following reasons:
- (1) the 3<sup>rd</sup> Defendant's supply of "PYRO" goods to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants, did not constitute "use" of the "PYRO" mark by the 3<sup>rd</sup> Defendant within the 3 Meanings of s 3(2)(b) TMA, namely there was no use of the "PYRO" mark by the 3<sup>rd</sup> Defendant -
- (a) upon the Infringing Goods;

- (b) in physical relation to the Infringing Goods; or
  - (c) in other relation to the Infringing Goods;
- (2) the 3<sup>rd</sup> Defendant's supply of "PYRO" goods to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants is not "use" of the Plaintiff's mark, "PYRO", in the course of the 3<sup>rd</sup> Defendant's trade "*in such a manner as to render the use of the [PYRO] mark likely to be taken*" "*as being used as a trade mark*". A "trade mark" is defined in s 3(1) TMA as, among others, a mark used or proposed to be used in relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the goods and the registered proprietor or registered user of the mark. The 3<sup>rd</sup> Defendant's supply of "PYRO" goods to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants, in my opinion, could not constitute use the "PYRO" mark by the 3<sup>rd</sup> Defendant as a trade mark in the course of the 3<sup>rd</sup> Defendant's trade. This is because the 3<sup>rd</sup> Defendant's supply of "PYRO" goods to the 1<sup>st</sup> and 2<sup>nd</sup> Defendants, would not indicate in any manner a connection in the course of trade between the Infringing Goods and the Plaintiff;
- (3) in **Cadbury Ltd**, at p. 394 and 395, the plaintiff company had sued the defendant company for, among others, "*procuring, inciting or enabling others*" to infringe the plaintiff company's registered trade marks in respect of chocolate flake bars.

The defendant company had applied to strike out the plaintiff company's suit on, among others, the ground that the plaintiff

company's suit did not disclose any reasonable cause of action against the defendant company. The English High Court struck out the plaintiff company's suit by relying on the following 3 decisions of the English Court of Appeal –

- (a) Buckley LJ's judgment in **Belegging-en** (which decided that a sale of a metal coated diamond grit, was not in itself a patent infringement);
- (b) **Dunlop Pneumatic Tyre Co Ltd** (which held that the sale of a component part of a combination, the subject of a patent, when the vendor knew that the purchaser intended to use the article in breach of a patent, did not constitute an infringement of the patent); and
- (c) **Armstrad Consumer Electronics Plc** (which decided that a manufacturer/vendor of audio systems which allowed recording of copyrighted works, did not infringe copyright of the copyrighted works even if the manufacturer/vendor knew and intended that when the audio systems were sold to the public, those audio systems would be used by members of the public to infringe copyright of copyrighted works).

Falconer held in **Cadbury Ltd**, at p. 396, 397 and 398, as follows

–

*"I should point out that the plaintiff must so claim, at least in respect of infringement of registered trade mark because, as I have already*

*indicated, there is no act of the defendant pleaded which could be an infringement of any of the plaintiff's registered trade marks, having regard to the provisions of section 4 of the Trade Marks Act 1938, which defines what constitutes infringement of a registered trade mark. Indeed I think it was conceded by Mr. Silverleaf that no act falling within section 4 of the Trade Marks Act had been committed by the defendant.*

...

*Perhaps it is convenient if I deal with the earlier one, the **Belegging** case first, since it is referred to in the judgment in the later case. ...*

...

*I only want to read one part of the judgment dealing with that part of the case. This is in the leading judgment of Buckley L.J., with whom Reginald Goff L.J. and Eveleigh L.J. agreed so that it was, in effect, the judgment of the court. Having dealt with the pleading matter at page 64, his Lordship said this:*

*“... In the former of these two cases Mellish L.J. stated the principle tersely and forcefully as follows: 'Selling materials for the purpose of infringing a patent to the man who is going to infringe it, even although the party who sells it knows that he is going to infringe it and indemnifies him, does not by itself make the person who so sells an infringer. He must be a party with the man who so infringes and actually infringe.' ”*

...

*- that is the **Dunlop** case -*

...

*So that case is quite clear authority for the proposition that **facilitating an infringement is not procuring an infringement.**”*

(emphasis added).

**Cadbury Ltd** concerned the then s 4 of the Trade Marks Act 1938 of the United Kingdom [**TMA 1938 (UK)**]. TMA 1938 (UK) is now replaced by the Trade Marks Act 1994 (United Kingdom). Section 4(1)(a) TMA 1938 (UK) is similar to our s 38(1)(a) TMA. As such, I am of the view that **Cadbury Ltd** may be resorted to in the construction of our s 38(1)(a) TMA. Indeed, Azizah binti Haji Nawawi J has, among others, relied on **Cadbury Ltd** in reaching the Striking Out Decision; and

- (4) if I have accepted the Plaintiff's contention in this case, this will have the unlawful effect of enlarging the scope of trade mark infringement in s 38(1)(a) to (c) TMA to include the following acts –
- (a) the act of supplying or delivering goods and services which have an "*infringing trade mark*"; and
  - (b) the act of procuring, inciting or enabling any party to commit trade mark infringement.

Any attempt to widen or narrow the scope of trade mark infringement under s 38(1)(a) to (c) TMA, can only be done by Parliament.

29. In view of the above reasons, the 1<sup>st</sup> Inquiry is resolved in the 3<sup>rd</sup> Defendant's favour – the SOC does not disclose any reasonable cause of action under s 38(1) TMA against the 3<sup>rd</sup> Defendant.

#### **I. 2<sup>nd</sup> Inquiry**

30. This Court may consider affidavits filed by both the Plaintiff and the 3<sup>rd</sup> Defendant in deciding Court Enc. No. 73 pursuant to Order 18 rule 19(1)(b), (d) and Order 92 rule 4 RC as well as under the Court's inherent jurisdiction.
31. The Execution of Anton Piller Order Against 3<sup>rd</sup> Defendant did not show any trade mark infringement of the Plaintiff's Trade Mark by the 3<sup>rd</sup>



Defendant under s 38(1) TMA. It is to be noted that the Plaintiff's IT expert, Mr. Alan Loke, had been given access by way of the Anton Piller Order to the 3<sup>rd</sup> Defendant's server and yet, there was no evidence of any infringement of the Plaintiff's Trade Mark by the 3<sup>rd</sup> Defendant under s 38(1) TMA. In fact, the Execution of Anton Piller Order Against 3<sup>rd</sup> Defendant did not show the presence of any Infringing Goods in the 3<sup>rd</sup> Defendant's Office and Warehouse.

32. The Federal Court in a judgment given by Abdoolcader J (as he then was) in **Yeng Hing Enterprise Sdn Bhd v Liow Su Fah** [1979] 2 MLJ 240, at 244, has held that when a plaintiff has no cause of action against a defendant, the plaintiff's action is therefore vexatious, frivolous and an abuse of court process.

33. Based on the affidavits adduced in respect of Court Enc. No. 73, I have no hesitation to answer the 2<sup>nd</sup> Inquiry in favour of the 3<sup>rd</sup> Defendant. Accordingly, this Court decides that This Action –

(1) is frivolous and/or vexatious against the 3<sup>rd</sup> Defendant under Order 18 rule 19(1)(b) RC; **and/or**

(2) constitutes an abuse of court process against the 3<sup>rd</sup> Defendant under Order 18 rule 19(1)(d) and Order 92 rule 4 RC as well as under the Court's inherent jurisdiction.

34. I do not find This Action to be scandalous against the 3<sup>rd</sup> Defendant under Order 18 rule 19(1)(b) RC.

## J. Cases cited by Plaintiff

### 35. In **PROTON's Case** –

- (1) there was clear evidence of infringement of the plaintiff company's trade mark under s 38(1)(a) TMA when the first defendant company distributed counterfeit PROTON car spare parts to the Royal Malaysian Police in the course of the first defendant company's trade. On this ground alone, **PROTON's Case** can be easily distinguished from this case; and
- (2) the fourth defendant was the first defendant company's general manager. The High Court dismissed the suit against the fourth defendant for trade mark infringement and passing off because there was no evidence to show that the fourth defendant was the "*heart and soul*" of the first defendant company.

### 36. In **Ong Kien Hoe**, the High Court found the second defendant liable for trade mark infringement, passing off, conspiracy to injure the plaintiff company's registered trade mark for cigarettes and unlawful interference with the conduct of the plaintiff company's trade. The High Court decided as follows in **Ong Kien Hoe**, at p. 111-112, 118 and 119 –

*"[8] According to the declaration forms completed by the 2nd defendant and filed with the 3rd defendant, the consignors of the two containers were the 1st defendant, a sole proprietor and one Kean Huat Sdn Bhd, both businesses registered in Malaysia, while the consignees were Dordrecht Aalst of Guido Gezellelaan 64,*

9100 Sint. Niklaas, Belgium and Ernest BV BA, Van Dijckkai No 21, Bus 5, 2052, Antwerpen, Belgium. The contents of the two containers were declared as cigarettes and paper bags shipped by the 1st defendant and Kean Huat Sdn Bhd respectively. **A company and business search revealed that both consignees in Belgium were fictitious. A similar search conducted with the Companies Commission of Malaysia (CCM) disclosed that Kean Huat Sdn Bhd was not registered and was therefore a fictitious company.** That being the case, no claim was made against this company. Insofar as the 1st defendant is concerned a search revealed that while the company exists the address declared in the declaration forms was fictitious. The declaration forms, packing and shipping of the goods in the containers were arranged by the 2nd defendant, whose business is that of multi-modelism (door-to-door freight forwarding service). When the containers were opened by the 3rd defendant's officers, the counterfeit cigarettes were found and the counterfeit cigarettes seized by the 3rd defendant.

...

[25] **Further, and this is significant - the plaintiff held itself out as the owner of the counterfeit cigarettes within the context of Act 235 [Customs Act 1967] when claiming for their return from the 3rd defendant. ...**

[26] **... I find that the evidence presented reveal active participation of the 2nd defendant. It would indeed be mischievous and dangerous to allow the 2nd defendant to now retreat into his role play as a passive forwarding agent. In any event, the infringed goods were used in the course of trade of the 2nd defendant and his lack of knowledge or intention of the infringement is irrelevant. Under the circumstances, there has been infringement of the plaintiff's trade mark by the 2nd defendant."**

(emphasis added).

**Ong Kien Hoe** can be explained on the ground that the second defendant had claimed ownership of the counterfeit cigarettes from the Royal Customs Department and could not be a mere forwarding agent. Furthermore, in **Ong Kien Hoe**, the second defendant had filled up 2 false customs declaration forms regarding the shipment of the counterfeit cigarettes.

37. In **Acushnet Company**, the Enforcement Division of the Ministry of Domestic Trade and Consumer Affairs had raided, among others, the premises of the defendant company. In this raid, golf products bearing the plaintiff company's registered trade mark, had been seized. The High Court granted summary judgment against the defendant company for infringing the plaintiff company's registered trade mark. **Acushnet Company** is different from this case because the defendant company was in the business of manufacturing and selling golf products (at p. 566).

**K. Should This Action be struck out against 3<sup>rd</sup> Defendant?**

38. Under Order 18 rule 19(1) RC, in the interest of justice, the Court has a discretion to allow the Plaintiff to amend the SOC as against the 3<sup>rd</sup> Defendant – please see Mahadev Shankar JCA's judgment in the Court of Appeal case of **Muniandy s/o Subrayan & Ors v Chairman & Board Members of Koperasi Menara Maju Bhd** [1997] 1 MLJ 557, at 560 and 561.

39. Based on the above results of the 1<sup>st</sup> and 2<sup>nd</sup> Inquiries –

- (1) even if all the contents of the SOC are presumed to be true as against the 3<sup>rd</sup> Defendant;
- (2) it is plain and obvious, as explained by the Supreme Court's judgment delivered by Mohd. Dzaidin SCJ (as he then was) in **Bandar Builder Sdn Bhd & Ors v United Malayan Banking Corporation Bhd** [1993] 3 MLJ 36, at 43, that the SOC, at its highest, is obviously unsustainable against the 3<sup>rd</sup> Defendant; and
- (3) in view of the evidence obtained in the Execution of Anton Piller Order Against 3<sup>rd</sup> Defendant, the SOC cannot be "saved" by any amendment by the Plaintiff as against the 3<sup>rd</sup> Defendant.

40. The above decision to strike out This Action against the 3<sup>rd</sup> Defendant is fortified by the reasons stated by Azizah Nawawi J in the Striking Out Decision.

**L. Court's decision**

41. Premised on the above reasons, This Action against the 3<sup>rd</sup> Defendant is struck out with costs.

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

**DATE: 4 JULY 2016**

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