

IN THE HIGH COURT OF MALAYA AT KUALA LUMPUR
[COMMERCIAL DIVISION]
ORIGINATING SUMMONS NO.: 24IP-49-12/2015

BETWEEN

HUAN SCHEN SDN BHD

... PLAINTIFF

AND

SRAM, LLC

... DEFENDANT

JUDGMENT

(Court enclosure no. 1)

A. Issues

1. This case raises the following questions, among others:

- (1) whether the plaintiff company (**Plaintiff**) can file this originating summons (**This OS**) under s 45(1)(a) of the Trade Marks Act 1976 (**TMA**) to expunge 5 trade marks (**Defendant's 5 Trade Marks**) registered in the Register of Trade Marks (**Register**) in the name of the defendant company (**Defendant**) when the Plaintiff did not oppose the Defendant's applications for registration of the Defendant's 5 Trade Marks (**Defendant's Applications**) under s 28(1) TMA and reg. 37(a) of the Trade Marks Regulations 1997 (**TMR**);

- (2) whether temporary cessation of the use of the Plaintiff's trade mark [annexed as Annexure A to this judgment (**Plaintiff's Trade Mark**)] due to the Defendant's opposition (**Defendant's Opposition**) to the Plaintiff's application to register the Plaintiff's Trade Mark (**Plaintiff's Application**), can bar This OS;
- (3) whether the Plaintiff is a "*person aggrieved*" by the Defendant's 5 Trade Marks under s 45(1)(a) TMA so as to entitle the Plaintiff to file This OS;
- (4) whether the Plaintiff may rely on the following matters in support of This OS –
 - (a) the grounds of the Assistant Registrar of Trade Marks (**Registrar**) in dismissing the Defendant's Opposition (**Registrar's Dismissal of Defendant's Opposition**); and
 - (b) the Defendant had appealed to the High Court (**HC**) under s 28(5) TMA against the Registrar's Dismissal of Defendant's Opposition (**Defendant's Appeal**) but the Defendant's Appeal had been struck out with no liberty to file afresh by the Kuala Lumpur HC on 22.10.2015 (**Striking Out of Defendant's Appeal**);
- (5) whether the Plaintiff or the Defendant was the first user of the verbal mark "*SRAM*" in the course of trade in Malaysia (and thereby the Common Law proprietor of the "*SRAM*" trade mark). In deciding this

question, can the Court consider the use of the mark outside Malaysia which has been broadcasted to the Malaysian public?;

(6) whether Plaintiff may expunge the Defendant's 5 Trade Marks which had been registered for more than 7 years under one or more of the following grounds –

(a) the original registration of the Defendant's 5 Trade Marks had been obtained by fraud under s 37(a) TMA;

(b) the Defendant's 5 Trade Marks have offended s 14(1)(a) TMA wherein the Defendant's 5 Trade Marks are not valid under s 37(b) TMA; and

(c) the Defendant's 5 Trade Marks are not distinctive of the Defendant's goods at the time of the filing of This OS within the meaning of s 37(c) TMA; and

(7) if there is proof of any one or more of the grounds in s 37(a) to (c) TMA in this case, does the Court have a discretion not to expunge the Defendant's 5 Trade Marks under s 45(1)(a) TMA?.

B. Facts

2. On 26.12.2003, the Plaintiff had applied for registration of the Plaintiff's Trade Mark for goods in Class 12 (bicycles, bicycle parts and accessories thereof).

3. The Defendant, a company incorporated in the United States of America (**USA**), manufactures bicycles and bicycle parts and accessories under the trade marks “*SRAM*”, “*SRAM RIVAL*” and their variations.
4. The Defendant’s Opposition was based on the ground that the Plaintiff’s Trade Mark was confusingly and deceptively similar to the Defendant’s trade marks and this was likely to deceive or confuse the public.
5. The grounds for the Registrar’s Dismissal of Defendant’s Opposition (**Registrar’s Grounds To Dismiss Defendant’s Opposition**) were as follows:
 - (1) although the Defendant had claimed that the Defendant had used its trade marks in Malaysia since 2000, the Defendant had only adduced evidence of such use since 2005. Accordingly, the Defendant had failed to establish the use of its trade marks in Malaysia before 26.12.2003 (the date of the Plaintiff’s Application);
 - (2) the Plaintiff was the first user of the Plaintiff’s Trade Mark in Malaysia. As such, the Plaintiff is the rightful proprietor of the Plaintiff’s Trade Mark under s 25 TMA; and
 - (3) the Plaintiff’s Trade Mark is distinctive of the Plaintiff’s goods (**Plaintiff’s Goods**) under s 10 TMA.
6. Consequent to the Registrar’s Dismissal of Defendant’s Opposition, the Plaintiff’s Trade Mark was registered with effect from 26.12.2003. On 6.1.2016, the registration of the Plaintiff’s Trade Mark was renewed for 10 years up to 26.12.2023.

7. The Defendant's Appeal had been filed but on 22.10.2015, the Defendant applied to the HC to discontinue the Defendant's Appeal. Consequently, the Striking Out of Defendant's Appeal was made with costs of RM10,000.00 to be paid by the Defendant to the Plaintiff.

C. This OS

8. This OS was filed on 30.12.2015 with the following prayers, among others:

- (1) a declaration that the following Defendant's 5 Trade Marks are entries made without sufficient cause, wrongfully made and/or wrongfully remaining in the Register -

- (a) stylish verbal mark "*SRAM RIVAL*" [annexed as Annexure B to this judgment (**Defendant's 1st Trade Mark**)] registered on 27.9.2005 with the registration no. 05016151 for goods in Class 12;

- (b) stylish verbal mark "*SRAM VIA*" [annexed as Annexure C to this judgment (**Defendant's 2nd Trade Mark**)] registered on 5.3.2009 with the registration no. 09003528 for goods in Class 12;

- (c) stylish verbal mark "*SRAM APEX*" [annexed as Annexure D to this judgment (**Defendant's 3rd Trade Mark**)] registered on 30.7.2009 with the registration no. 09012790 for goods in Class 12;

(d) verbal mark “*SRAM RED*” [annexed as Annexure E to this judgment (**Defendant’s 4th Trade Mark**)] registered on 29.8.2007 with the registration no. 07017014 for goods in Class 12; and

(e) verbal mark “*SRAM RED*” [annexed as Annexure E to this judgment (**Defendant’s 5th Trade Mark**)] registered on 29.8.2007 with the registration no. 07017013 for goods in Class 25 (clothing)

(1st Prayer);

(2) an order that the Registrar rectify the Register by expunging and removing from the Register the Defendant’s 5 Trade Marks and the whole of the entries relating to such registrations, within 14 days from the date of filing of the order of this Court with the Registrar (**2nd Prayer**); and

(3) cost of and incidental to This OS.

D. Plaintiff’s case

9. Since the Plaintiff’s incorporation in 1995, the Plaintiff has grown to be one of the leading and largest importers, distributors and retailers of bicycles, bicycle parts and accessories in Malaysia.

10. The Plaintiff had used extensively in Malaysia the Plaintiff’s Trade Mark in relation to the Plaintiff’s Goods since 2002. The Plaintiff exhibited its

earliest invoice dated 2.1.2002 to Soon Seng Fatt (**Plaintiff's Invoice dated 2.1.2002**). The Plaintiff's Invoice dated 2.1.2002 bore the Plaintiff's Trade Mark and evidenced sales of the Plaintiff's Goods. As such, the Plaintiff is the first user of the Plaintiff's Trade Mark on the Plaintiff's Goods in Malaysia and is the Common Law proprietor of the Plaintiff's Trade Mark in Malaysia. This was "*corroborated*" by the Registrar's Grounds To Dismiss Defendant's Opposition.

11. When the Defendant's Opposition was made, in abundance of caution and for commercial reasons, the Plaintiff ceased temporarily to use the Plaintiff's Trade Mark. Nonetheless, the Plaintiff claimed that the Plaintiff had residual goodwill and reputation in the Plaintiff's Trade Mark in relation to the Plaintiff's Goods.
12. The Plaintiff alleged, among others, as follows:
 - (1) the Defendant's 5 Trade Marks are confusingly or deceptively similar to the Plaintiff's Trade Mark, especially when the Plaintiff and Defendant are in the same business of dealing in bicycles, bicycle parts and accessories;
 - (2) the Defendant's 5 Trade Marks are not distinctive at the time of the registration of the Defendant's 5 Trade Marks and continue to lack distinctiveness at the time of the filing of This OS; and
 - (3) at the time of filing the applications to register the Defendant's 5 Trade Marks, the Defendant knew or ought to have known of –
 - (a) the Plaintiff's Application; and

(b) the Plaintiff is the first user of the Plaintiff's Trade Mark in Malaysia.

In view of the above circumstances, the Defendant had wrongfully claimed to be the proprietor of the Defendant's 5 Trade Marks and had practised fraud on the Registrar.

E. Defendant's case

13. The first affidavit affirmed by Mr. Milan Milosevic (**Mr. Milosevic**) on 25.1.2016 on behalf of the Defendant in This OS (**Defendant's 1st Affidavit**), stated as follows, among others:

(1) the Defendant is founded in 1987. The Defendant's name (*SRAM*) is an acronym comprising of the names of the 3 co-founders, **Scott, Ray and Sam. Since 1987, the Defendant is a renowned name in the USA and the world, including Malaysia, of bicycle components manufactured by the Defendant (**Defendant's Goods**);**

(2) the Defendant's Goods and the Defendant's 5 Trade Marks are well-known to the trade and public, worldwide and in Malaysia. The Defendant's Goods and the Defendant's 5 Trade Marks had been featured in –

(a) the Seoul Summer Olympic Games in 1988;

- (b) the Men's World Cup XC and "NORBA" (National Off-Road Bicycle Association, a component member of USA Cycling) National Championships XC in 1995;
 - (c) the Atlanta Summer Olympic Games in 1996;
 - (d) the "Iron Man Triathlon, Race Across America"; and
 - (e) the Sydney Summer Olympic Games in 2000;
- (3) the above high profile Olympic Games (which featured The Defendant's Goods and the Defendant's 5 Trade Marks) are live telecasted globally to billions of viewers. In Malaysia, the following broadcasting companies had obtained broadcasting rights for the Summer Olympic Games held in Seoul (1988), Atlanta (1996) and Sydney (2000) (**3 Olympic Games**) –
- (a) Radio Televisyen Malaysia;
 - (b) Sistem Televisyen Malaysia Bhd.;
 - (c) Mega TV;
 - (d) ASTRO; and
- (4) the Defendant introduced "SRAM grip shifts" in the Malaysian market in 1999. The Defendant exhibited its earliest invoice dated 12.1.1999 to Fundwin Sdn. Bhd. (**Defendant's Invoice dated**

12.1.1999) to support the use of the Defendant's trade marks in Malaysia. The Defendant also referred to a newsletter published in the website of the Defendant's distributor in Malaysia, Gin Huat Cycle Trading Sdn. Bhd. (**GHCT**) from 2013 to 2015 [**Promotion (2013-2015)**].

14. In the second affidavit affirmed by Mr. Milosevic on 26.2.2016 on behalf of the Defendant in This OS (**Defendant's 2nd Affidavit**), the Defendant alleged, among others, as follows:

- (1) the Malaysian public had been exposed to the Defendant's 5 Trade Marks as early as in 1988;
- (2) the Plaintiff did not tender any evidence to show how the Plaintiff had coined the "SRAM" mark;
- (3) the invoices exhibited by the Plaintiff did not contain any acknowledgment or signatures by the recipients of those invoices; and
- (4) the Plaintiff's invoice dated 12.2.2002 which was issued to Perniagaan King Soon (**PKS**), was fabricated because 12.2.2002 was the first day of Chinese New Year and no Chinese trader would operate on that public holiday.

F. Relevant provisions in TMA and TMR

15. Sections 3(2)(b), 14(1)(a), (d), 25(1), 28, 36, 37(a) to (c) and 45(1)(a)TMA are relevant to This OS and are reproduced below:

“3(2) In this Act –

(a) ...;

(b) references to the use of a mark in relation to goods shall be construed as references to the use thereof upon, or in physical or other relation to, goods;

...

Prohibition on registration

14(1) A mark or part of a mark shall not be registered as a trade mark–

(a) if the use of which is likely to deceive or cause confusion to the public or would be contrary to law;

...

(d) if it is identical with or so nearly resembles a mark which is well known in Malaysia for the same goods or services of another proprietor;

...

Registration

25(1) Any person claiming to be the proprietor of a trade mark used or proposed to be used by him may make application to the Registrar for the registration of that mark in the Register in the prescribed manner.

...

Opposition to registration

28(1) Any person may, within the prescribed time from the date of the advertisement of an application for the registration of a trade mark, give notice to the Registrar and applicant of opposition to the registration.

(2) The notice shall be given in writing in the prescribed manner and shall include a statement of the grounds of opposition.

...

(4A) After considering the evidence and exhibits and after giving the applicant and the opponent an opportunity of making written submissions, the Registrar shall decide whether –

(a) to refuse to register the trade mark;

(b) to register the trade mark absolutely; or

(c) to register the trade mark subject to such conditions, amendments, modifications or limitations as he may think fit.

(5) A decision of the Registrar under subsection (4) is subject to appeal to the Court.

(6) An appeal under this section shall be made in the prescribed manner and the Court shall, if required, hear the parties and the Registrar, and shall make an order determining whether, and subject to what conditions, amendments, modifications or limitations, if any, registration is to be permitted.

(7) On the hearing of an appeal under this section any party may, either in the manner prescribed or by special leave of the Court, bring forward further material for the consideration of the Court but no further grounds of objection to the registration of a trade mark shall be allowed to be taken by the opponent or the Registrar other than those stated by the opponent except by leave of the Court.

(8) Where any further grounds of objection are taken the applicant shall be entitled to withdraw his application without payment of the costs of the opponent on giving notice as prescribed.

- (9) *In any appeal under this section the Court may after hearing the Registrar, permit the trade mark proposed to be registered to be modified in any manner not substantially affecting the identity of the trade mark, but in any such case the trade mark as modified shall be advertised in the prescribed manner before being registered. ...*

Registration prima facie evidence of validity

- 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

- 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.

Rectification of the Register

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 it thinks fit;***
...”

(emphasis added).

16. Regulations 13B and 37 TMR provide as follows:

“Criteria of well-known mark

13B In determining whether a mark is well-known or not, the following criteria may be taken into account:

- (a) *the degree of knowledge or recognition of the mark in the relevant sector of the public;*
- (b) *the duration, extent and geographical area of any use of the mark;*
- (c) *the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods or services to which the mark applies;*

- (d) *the duration and geographical area of any registrations, or any applications for registration, of the mark to the extent that they reflect use or recognition of the mark;*
- (e) *the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities;*
- (f) *the value associated with the mark.*

Opposition

37 Any person may, within two months from the date of any advertisement in the Gazette of an application for registration of a –

- (a) **trade mark;**
- (b) *certification trade mark; or*
- (c) *defensive trade mark,*

give notice in writing to the Registrar on Form TM 7 accompanied by the prescribed fee of opposition to the registration, and in any such case shall at the same time send a copy of the notice to the applicant.”

(emphasis added).

G. Is Plaintiff estopped from filing This OS by Plaintiff's failure to oppose registration of Defendant's 5 Trade Marks?

17. The Defendant's learned counsel had contended that since the Defendant's Applications had been gazetted and the Plaintiff did not oppose the Defendant's Applications under s 28(1) TMA and reg. 37(a) TMR, the Plaintiff was thereby estopped from applying to this Court to expunge the Defendant's 5 Trade Marks from the Register.

18. With respect to the Defendant's learned counsel, I am unable to accept the contention that the Plaintiff's failure to oppose the Defendant's Applications would estop or bar the Plaintiff from filing This OS. My reasons are as follows:

(1) in the Federal Court case of **Ho Tack Sien & Ors v Rotta Research Laboratorium SpA & Anor, Registrar of Trade Marks (Intervener) & Another Appeal** [2015] 4 CLJ 20, at paragraphs 25 and 27, Zulkefli Makinudin CJ (Malaya) held as follows -

"[25] We are of the view that neither the court nor the Registrar has the discretion to allow a mark that has been wrongfully registered to continue to remain on the Register. Once the grounds for revocation or removal of a mark have been made out, the mark must be removed or expunged from the Register.

...

[27] On the contention of the defendants and in support of the findings of the Court of Appeal that once a mark is registered by the Registrar, it is prima facie a valid trade

*mark, we are of the view that this is a rebuttable presumption. Once evidence is shown that the registered mark is invalid and should not have been registered in the first place the natural remedy would be to remove the invalid mark from the Register. Registration is therefore not a defence in relation to marks that have been wrongfully entered on to the Register. On this point we would refer to the case of **Industria De Diseno Textil SA v. Edition Concept Sdn Bhd** [2005] 2 CLJ 357 where it was held that even where a trade mark has been properly registered, s. 45(1)(a) of the Act empowers the court to expunge or vary such a trade mark in the event that it becomes confusing as a result of events subsequent to the initial registration.”*

(emphasis added).

Based on **Ho Tack Sien**, the registration of a trade mark is not a defence to an expungement application under s 45(1)(a) TMA when the trade mark has been wrongfully entered in the Register. Furthermore, even if a trade mark has been registered for more than 7 years, s 37(a) to (c) TMA allow such a registration to be expunged from the Register. Accordingly, the Plaintiff's failure to oppose the registration of the Defendant's 5 Trade Marks under s 28(1) TMA and reg. 37(a) TMR, cannot estop or bar the Plaintiff from filing This OS; and

- (2) in **Special Effects Ltd v L'Oreal SA** [2007] RPC 15, at paragraphs 71 and 72, Timothy Lloyd LJ in the English Court of Appeal held that trade mark opposition proceedings before the Comptroller-General of Patents, Designs and Trade Marks of the United Kingdom (**UK**)

are not final and cannot therefore attract the application of the issue estoppel principle which will bar an application to Court to invalidate a registered trade mark under s 47(1) of UK's Trade Marks Act 1994 [TMA 1994 (UK)]. Lloyd LJ decided as follows in **Special Effects Ltd** -

[71] It seems to us that the co-existence of the provisions for opposition and for a declaration of invalidity has the result that opposition proceedings are inherently not final. They exist at the first stage of the process, before registration. By itself that would not be conclusive, but it seems to us that the fact that, at least, any unconnected third party could challenge the validity of the registration despite an unsuccessful opposition by another, and that, if that challenge were successful, there would be nothing which would bind the unsuccessful opponent (in contrast with the position of a party which had unsuccessfully applied, at any rate to the court, for a declaration of invalidity), shows that the decision of the Registry on opposition proceedings, or more generally a decision to register despite opposition, is not a final decision so as to be capable of being the basis for an issue estoppel. This is true both as regards the grounds of invalidity and as regards the issue of prior use more generally, as relevant to a passing off claim. The same would be true of cause of action estoppel if, contrary to our view expressed above, there was a cause of action at that stage.

[72] In terms of what Lord Bridge said in Thrasyvoulou, in our judgment the terms of the legislation are such that, even though the statute has created a specific jurisdiction for the determination of the issue of registrability, which establishes the existence of a legal right, in the sense of leading to the registration of the trade mark which is itself an item of property, the principle of res judicata does not apply to give finality to that determination because the provisions as to a declaration of invalidity show an intention to exclude that principle."

(emphasis added).

Special Effects Ltd has been followed by Zulkefli Makinudin CJ (Malaya) in the Federal Court case of **Yong Teng Hing B/S Hong Kong Trading Co & Anor v Walton International Ltd** [2012] 6 CLJ 337, at paragraph 22, as follows –

*“[22] We are also of the view the fact that the respondent had not appealed against the decision of the registrar in dismissing the respondent’s opposition to the appellant’s mark in Class 14 is likewise irrelevant. On this point we would refer to the English Court of Appeal’s case of **Special Effects Ltd v. L’Oreal SA** [2007] RPC 381 wherein it was held inter alia that an opposition proceeding does not give rise to any estoppel to the same party from seeking to rectify the register by expunging the registered mark after an unsuccessful opposition. This is because an opposition proceeding is inherently not final so as to be capable of being the basis for an issue estoppel. Similarly, in the case of **Dame Vivienne Westwood OBE v. Anthony Edward Knight** [2011] EWPC 008, the court therein held that even if a person had pursued an opposition and lost, that person could still apply to invalidate and no cause of action estoppel nor issue estoppel would prevent it. We are therefore of the view that following the above cited case laws, it remains open for the respondent to challenge the registration of the appellant’s trade mark in Class 14 by relying on the provision of s. 45 of the Act in rectification proceedings.”*

(emphasis added).

I have followed **Yong Teng Hing** in **X1R Global Holdings Sdn Bhd & Anor v Y-Teq Auto Parts (M) Sdn Bhd**, Kuala Lumpur HC Originating Summons No. 24IP-40-09/2015, at paragraphs 49 and 50.

Based on **Special Effects Ltd, Yong Teng Hing** and **X1R Global Holdings Sdn Bhd**, if opposition proceedings before the Registrar are not final and cannot attract the application of the issue estoppel principle against the Plaintiff, the Plaintiff's failure to oppose the Defendant's Applications, cannot therefore estop or bar the Plaintiff from commencing This OS.

H. Whether temporary cessation of use of Plaintiff's Trade Mark would estop or bar This OS

19. The Defendant's learned counsel had submitted that the Plaintiff had admitted that the Plaintiff had stopped using the Plaintiff's trade mark in 2007. This contention is not correct. According to the Plaintiff's affidavits, in view of the Defendant's Opposition, in abundance of caution and for commercial reasons, the Plaintiff ceased temporarily to use the Plaintiff's Trade Mark. There is no evidence that the Plaintiff had abandoned the Plaintiff's Trade Mark. The Plaintiff's learned counsel had submitted that the Plaintiff had residual goodwill and reputation in the Plaintiff's Trade Mark in relation to the Plaintiff's Goods. Reliance had been placed by the Plaintiff on Pennycuick VC's judgment in the English HC case of **Ad-Lib Club Ltd v Granville** [1971] 2 All ER 300. I accept this submission by the Plaintiff and the following judgment of **Ad-Lib Club Ltd**, at p. 303:

“It seems to me clear on principle and on authority that where a trader ceases to carry on his business he may nonetheless retain for at any rate some period of time the goodwill attached to that business. Indeed it is obvious. He may wish to re-open the business or he may wish to sell it. It further seems to me clear in principle and on authority that so long as he does retain the goodwill in connection with his business he must also be able to enforce his rights in respect of any name which is attached to that goodwill. It must be a question of fact and degree at what point in time a trader who has either temporarily or permanently closed down his business should be treated as no longer having any goodwill in that business or in any name attached to it which he is entitled to have protected by law.”

(emphasis added).

20. Based on **Ad-Lib Club Ltd**, the Plaintiff is neither estopped nor barred from filing This OS by the Plaintiff’s temporary cessation of the use of the Plaintiff’s Trade Mark.

I. Is Plaintiff a “*person aggrieved*” by Defendant’s 5 Trade Marks?

21. The Plaintiff has the legal burden under ss 101(1), (2) and 102 of the Evidence Act 1950 (**EA**) to satisfy this Court that the Plaintiff is an aggrieved person within the meaning of s 45(1)(a) TMA – please see **X1R Global Holdings Sdn Bhd**, at paragraph 39.

22. The following 2 Federal Court cases (in chronological order) have explained the term “*aggrieved person*” in s 45(1)(a) TMA:

- (1) in **McLaren International Ltd v Lim Yat Meen** [2009] 4 CLJ 749, at paragraph 22, Abdul Aziz Mohamad FCJ held as follows -

“[22] We understand that passage as laying down the principle that a person aggrieved is a person who has used his mark as a trade mark – or who has a genuine and present intention to use his mark as a trade mark – in the course of a trade which is the same as or similar to the trade of the owner of the registered trade mark that the person wants to have removed from the register.”

(emphasis added);and

- (2) in **Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party)** [2015] 6 MLJ 465, at paragraph 27 and 28, Azahar Mohamed FCJ decided as follows –

“[27] There was not much dispute that the plaintiff was a person aggrieved and therefore had sufficient locus standi to initiate this present cause of action against the defendant for rectification of the defendant’s tiger stripes design trademark. In fact, the point as to whether the plaintiff was a person aggrieved had been settled by this court in McLaren International Ltd v Lim Yat Meen [2009] 5 MLJ 741; [2009] 4 CLJ 749 and LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd [2012] 4 MLJ 20; [2012] 3 CLJ 661 (see also The Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors v Syarikat Faiza Sdn Bhd [2011] 2 MLJ 768; [2011] 9 CLJ 394

and **Godfrej Sara Lee Ltd v Siah Teong Teck & Anor (No 2)**
[2007] 7 MLJ 164; [2008] 7 CLJ 24).

[28] A person aggrieved is a person who has used his mark as a trademark or who has a genuine and present intention to use his mark as a trademark in the course of a trade which is the same as or similar to the registered trademark that the person wants to have removed from the register. The person must be someone who has some element of legal interest, right or legitimate expectation in its own mark which is being substantially affected by the presence of the registered trademark. The interest and right must be legal or lawful.”

(emphasis added).

23. I am of the view that the Plaintiff has succeeded to discharge the legal onus to prove that the Plaintiff is aggrieved under s 45(1)(a) TMA by the Defendant's 1st, 2nd, 3rd and 4th Trade Marks in respect of the Plaintiff's Goods in Class 12. This decision is based on the following reasons:

(1) premised on **McLaren International Ltd** -

- (a) the Plaintiff has clearly used the Plaintiff's Trade Mark for the Plaintiff's Goods in Class 12 in the course of a trade which is the same as or similar to the trade of the Defendant; **and/or**
- (b) the Plaintiff has a genuine and present intention to use the Plaintiff's Trade Mark for the Plaintiff's Goods in Class 12 in the

course of a trade which is the same as or similar to the Defendant's trade;

(2) based on **Mesuma Sports Sdn Bhd**, the Plaintiff has some element of –

(a) legal interest;

(b) legal right; **and/or**

(c) legitimate expectation

- in the Plaintiff's Trade Mark for the Plaintiff's Goods in Class 12 which is substantially and adversely affected by the presence of the Defendant's 1st, 2nd, 3rd and 4th Trade Marks; and

(3) as explained later in this judgment, the Plaintiff is the first user of the Plaintiff's Trade Mark for the Plaintiff's Goods in Class 12 in the course of trade in Malaysia. As such, the Plaintiff is the Common Law proprietor of the Plaintiff's Trade Mark for the Plaintiff's Goods in Class 12 and is aggrieved by the registration of the Defendant's 1st, 2nd, 3rd and 4th Trade Marks.

24. I am not persuaded that the Plaintiff is aggrieved under s 45(1)(a) TMA by the Defendant's 5th Trade Mark in respect of goods in Class 25 (clothing) due to the following reasons:

(1) based on **McLaren International Ltd** -

- (a) the Plaintiff has not used the Plaintiff's Trade Mark for goods in Class 25; and
 - (b) there is no evidence that the Plaintiff has a genuine and present intention to use the Plaintiff's Trade Mark for goods in Class 25; and
- (2) premised on **Mesuma Sports Sdn Bhd**, the Plaintiff has no element of –
- (a) legal interest;
 - (b) legal right; **and/or**
 - (c) legitimate expectation
- in the Plaintiff's Trade Mark for goods in Class 25.

25. I have not overlooked **Yong Teng Hing** where the Federal Court has decided that a registered proprietor of a trade mark for one class of goods was aggrieved by the registration of another trade mark for a different class of goods. This was because in **Yong Teng Hing**, there was evidence of real likelihood of deception or confusion between the goods of the appellant and the respondent company within the meaning of s 14(1)(a) TMA which had aggrieved the respondent company as understood in s 45(1)(a) TMA. The Federal Court decided as follows in **Yong Teng Hing**, at paragraphs 24, 31 and 33:

“[24] Section 14(1)(a) of the Act prohibits the registration of a mark if use of the mark will lead to likelihood of confusion or deception as a result of the goodwill and reputation pertaining to a prior mark used in relation to goods falling in a different class from that sought to be registered. The issue here is whether on the factual circumstances of the present case there is any likelihood of deception and confusion arising from the use by the appellant of the “GIORDANO” trade mark in relation to Class 9 goods based on the prior use by the respondent and its goodwill and reputation thereof in relation to Class 25 goods.

...

[31] We find that the appellant’s and respondent’s goods in Classes 9 and 25 are fashion wear which share similar nature and purpose. Optical and sunglasses in Class 9 are fashion products. Likewise, articles of clothing and leather goods such as belts and bags in Class 25 are also fashion products. Both the appellant’s and the respondent’s goods are targeted at the same customers and made available through similar retail channels and are commonly found to be sold together or next to each other in departmental stores, retail stores and fashion boutiques. We are of the view that just because the goods are classified in different classes it does not mean that there will be no likelihood of confusion in the use of identical trade marks by two different proprietors. In the case of McCormick & Company Inc v. McCormick [2000] FCA 1335, the Federal Court of Australia held that spices and instant butter are goods of the same description and emphasized that the classification contained in the schedules to the Trade Mark Rules are not a decisive criterion as to whether or not two sets of goods are of “the same description”. Further, it was stated also that the expression “goods of the same description” is not to be

construed restrictively and regard is paid to the commercial context in which the goods in question are bought and sold.

...

[33] It is our judgment that in the present case it is inevitable that the consumers will assume that both products of the appellant and the respondent are of the same origin, that is, ultimately originating from or authorized by the respondent, as they carry an identical trade mark. By the appellant's use of the "GIORDANO" trade mark in relation to optical and sunglasses, it would result in the misappropriation of the goodwill and reputation of the respondent which the respondent enjoys internationally as well as in Malaysia. In our view, the use of the "GIORDANO" trade mark by the appellant is certainly likely to cause confusion or deception within the meaning and scope of s. 14(1)(a) of the Act."

(emphasis added).

I am of the opinion that **Yong Teng Hing** cannot support the Plaintiff's contention that the Plaintiff is aggrieved by the Defendant's 5th Trade Mark in respect of goods in Class 25 (clothing). This is due to the following reasons:

- (1) goods in Class 12 (bicycles, bicycle parts and accessories) and Class 25 (clothing) do not share a similar nature or purpose;
- (2) goods in Class 12 and Class 25 are not targeted at the same customers, retailers and/or distributors; and

- (3) goods in Class 12 and Class 25 are not made available through identical or similar retail and/or distribution channels. It is not common to find goods in Class 12 and Class 25 sold together or next to each other.
26. In view of the fact that the Plaintiff has failed to discharge the legal burden to prove that the Plaintiff is aggrieved under s 45(1)(a) TMA by the Defendant's 5th Trade Mark in respect of goods in Class 25 (clothing), This OS is dismissed in respect of the Defendant's 5th Trade Mark.
27. For the avoidance of doubt, there is nothing in this judgment to prevent the Plaintiff from filing an application in the future to expunge the Defendant's 5th Trade Mark for goods in Class 25 (clothing) if the Plaintiff has used and/or has a genuine and present intention to use the Plaintiff's Trade Mark for goods in Class 25.

J. Whether Plaintiff can rely on Registrar's Grounds To Dismiss Defendant's Opposition and Striking Out of Defendant's Appeal

28. Based on –
- (1) **Special Effects Ltd, Yong Teng Hing and X1R Global Holdings Sdn Bhd**; and
 - (2) the reasons elaborated in the above Part G
- the Plaintiff cannot rely on the Registrar's Grounds To Dismiss Defendant's Opposition and the Striking Out of Defendant's Appeal to support This OS.

K. Who is first user and Common Law proprietor of “SRAM” trade mark?

K(1). Defendant’s submission

29. The Defendant had contended, among others, as follows:

- (1) the Defendant was the author of the “SRAM” mark;
- (2) the Defendant had registered the “SRAM” trade mark and its variations in USA, UK, European Union, Singapore, Australia, Hong Kong and New Zealand. The Defendant claimed that the Defendant’s 5 Trade Marks were well-known;
- (3) the Defendant was first user of the “SRAM” mark in Malaysia when –
 - (a) the “SRAM” mark used on the Defendant’s Goods was publicized in the 3 Olympic Games and was broadcasted to the Malaysian public; and
 - (b) the Defendant introduced “SRAM grip shifts” in Malaysia in 1999. The Defendant relied on, among others, the Defendant’s Invoice dated 12.1.1999 and the Promotion (2013-2015);
- (4) the Plaintiff did not author, create or design the “SRAM” mark;
- (5) the Plaintiff has no nexus with the “SRAM” trade mark;

- (6) the Plaintiff's Invoice dated 12.2.2002 to PKS had been fabricated because 12.2.2002 was the first day of Chinese New Year; and
- (7) the Plaintiff's invoices did not contain any acknowledgment or signature by the recipients of those invoices.

K(2). Law on first user and Common Law proprietorship of trade marks

30. Firstly, as to who is the Common Law proprietor of a trade mark, I refer to the Federal Court's judgment in **Mesuma Sports Sdn Bhd**, at paragraphs 37-40, 46 and 47, as follows:

"[37] We agree with the submissions of learned counsel for the defendant to this extent. Whilst the creator or designer of an indicator as a trademark or source identifier may well be the copyright owner or registered design owner, the person is not automatically the trade mark owner. He may enforce his copyright or industrial design right but not necessarily his trademark rights. There is a clear distinction between the creator of a mark and user of a mark. To put the point differently, common law proprietorship is not based on who first designed or created the trademark or source identifier in question. The common law ownership to a trademark requires the claimant establishing its entitlement to it not by showing that it is the creator of the identifier but rather, by reason of its use as a trademark on goods in the course of its trade.

[38] To be more specific, in the context of the present case, it is not the law that by it having created the tiger stripes design and irrespective of its activities, the plaintiff was automatically the common law owner it created as a trademark. The fact that the plaintiff had created the said design did not of itself give it the right to the design as a trademark. It must be borne in mind that the assertion of who conceptualised the tiger stripes design was initially put forth with a view of supporting the plaintiff's contest for copyright ownership of the same. The plaintiff subsequently dropped its copyright ownership claim. This point has been made earlier but deserves to be reiterated. That aspect of intellectual property right is separate and distinct from common law ownership of the tiger stripes as a trademark, the latter of which is determined by first 'user' of the tiger stripes design in a distinctive way as a trademark in the course of trade.

[39] The law governing the foundation, which led to common law proprietorship over a trademark or source identifier, as we have summarised above, has been well settled. The case of Fazaruddin bin Ibrahim v Parkson Corp Sdn Bhd [1997] 4 MLJ 360 reiterates the established legal position under common law that a first user of a mark is lawfully entitled to use the said mark. ...

[40] In the case of Lim Yew Sing v Hummel International Sports & Leisure A/S [1996] 3 MLJ 7, the Court of Appeal held that there was nothing unlawful under the Act for a Malaysian trader to become the registered proprietor of a foreign mark used for similar foreign goods provided that the foreign mark had not been used at all in Malaysia. ...

...

[46] Thus, the well-settled legal requisites necessary for the acquisition of common law trademark rights over an indicator and identifier for the commencement of any passing off cause of action has always been premised on a factual requirement for the distinctive use of the indicator or identifier in a trademark sense in the course of trade.

[47] So we would hold that he who first uses a trademark owns the said trademark under common law and that such common law ownership would in turn entitle him to file for trademark application as a bona fide applicant, pursuant to s 25(1) [TMA].”

(emphasis added).

31. Secondly, I am of the view that the word “*used*” in s 25(1) TMA should be construed by referring to s 3(2)(b) TMA. Section 3(2)(b) TMA states references in the TMA to the use of a mark in relation to goods “*shall be construed*” as references to –

- (1) the use of the mark upon goods;
- (2) the use of the mark in physical relation to goods; or
- (3) the use of the mark in non-physical relation to goods.

32. Thirdly, the mark has to be used on or in relation to goods in the course of trade. This is because s 3(1) TMA defines a “*trade mark*”, among

others, as a “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” – please see **Mesuma Sports Sdn Bhd**, at paragraphs 50-52. In **Orient Express Trade Mark** [1996] RPC 25, at 42, Mummery J (as he then was) held as follows in the English HC:

*“...The mark ORIENT EXPRESS was not used anywhere on its own in relation to the goods. It was never used in the orders for goods or in the invoices. It was not used on the label stitched into the goods by Thornproof. The words only appeared on one side of the swing label where the words were printed so as to appear to be a part of the name of the company. Prima facie, the words “Orient Express Trading Company Ltd” on the ticket are used to identify and refer to the appellant company by its proper name. It is the corporate name of the appellant. On the authority of **Pompadour Laboratories Limited v Stanley Frazer** [1966] RPC 7, 12, a case the correctness of which was not questioned in the later case of **Duracell International Inc v Ever Ready Ltd** [1989] FSR 71, 80 to 83, the Registrar was entitled to conclude from the evidence before him that the words “Orient Express” were used as part of the corporate name to identify the appellant company and were not used as a trade mark ORIENT EXPRESS. On that view of the facts, there was no use of the mark in a trade mark sense. In my judgment, it is a question of fact in every case whether words are used as a trade mark or in a trade mark sense or whether they are used as part of the corporate name or business name of a registered proprietor. As the hearing officer observed, there was no evidence before him that the words “Orient Express Trading Company Limited” were accepted in the trade as a trade mark indicating the goods of the appellant. I am not prepared to infer that it*

was used in a trade mark sense, simply from the facts that the words “Orient Express” were in bigger, bolder and more prominent type than the rest of the words and were arranged in an order that did not read either clockwise or anti-clockwise in a continuous manner as “Orient Express Trading Company Limited”.”

(emphasis added).

33. Fourthly, the mark in question should be used on or in relation to goods within Malaysian territory. This is clear from the following appellate cases:

(1) **Yong Teng Hing**, at paragraph 14;

(2) **Mesuma Sports Sdn Bhd**, at paragraphs 40 and 41;

(3) the Court of Appeal’s judgment delivered by Mahadev Shankar JCA in **Lim Yew Sing v Hummel International Sports & Leisure A/S** [1996] 3 MLJ 7, at 12-13; and

(4) Richard Malanjum JCA’s (as he then was) decision in the Court of Appeal case of **Meidi (M) Sdn Bhd v Meidi-Ya Co Ltd, Japan & Anor** [2008] 6 MLJ 433, at paragraph 42.

34. Fifthly, once a party has proven that the party has first used a mark on or in relation to goods in the course of trade in Malaysia, the party’s motive is not relevant - **Meidi (M) Sdn Bhd**, at paragraph 44.

K(3). Who has legal burden to prove first use of “SRAM” mark in course of trade in Malaysia?

35. As This OS has been filed by the Plaintiff, it is clear that the Plaintiff has the legal burden under s 101(1), (2) and 102 EA to prove on a balance of probabilities that the Plaintiff was the first user of the “SRAM” mark in the course of trade in Malaysia.

K(4). Plaintiff had first used “SRAM” mark in course of trade in Malaysia

36. With regard to the Defendant’s allegation that the Plaintiff’s invoices did not contain acknowledgments or signatures by the recipients of those invoices, I accept the Plaintiff’s explanation given in the Plaintiff’s affidavit that the Plaintiff’s invoices were only office copies which were kept as records by the Plaintiff. As such, there were no acknowledgments or signatures by the recipients of these invoices by the Plaintiff. In any event, there is no legal requirement that office copies of sale invoices kept by any person, must have acknowledgments or signatures by recipients of those invoices.

37. Since the Defendant had specifically alleged that the Plaintiff’s invoice dated 12.2.2002 to PKS, had been fabricated, the Defendant has the legal onus under s 103 EA to prove such a particular fact – please see Mokhtar Sidin JCA’s judgment in the Court of Appeal case of **Juahir bin Sadikon v Perbadanan Kemajuan Ekonomi Negeri Johor** [1996] 3 MLJ 627, at 638 and 639. Section 103 EA provides as follows:

“Burden of proof as to particular fact

103. The burden of proof as to any particular fact lies on that person who wishes the court to believe in its existence, unless it is provided by any law that the proof of that fact shall lie on any particular person.”

(emphasis added).

I find that the Defendant has failed to discharge the legal burden under s 103 EA to prove a particular fact, namely the Plaintiff's invoice dated 12.2.2002 to PKS and all other invoices issued by the Plaintiff in this case, had been fabricated. The Defendant could have easily discharged such a legal onus by writing to PKS and all the other recipients of the Plaintiff's invoices, to confirm the genuineness of the commercial transactions as stated in those invoices.

38. I find as a fact that the Plaintiff has succeeded to prove on a balance of probabilities the Plaintiff was the first user of the “SRAM” mark in the course of trade in Malaysia on 2.1.2002. This finding of fact is premised on the following evidence and reasons:

(1) the Plaintiff's Invoice dated 2.1.2002 bore the Plaintiff's Trade Mark and constituted contemporaneous documentary evidence. In the Court of Appeal case of **Guan Teik Sdn Bhd v Hj Mohd Noor Hj Yakob & Ors** [2000] 4 CLJ 324, at 330, Siti Norma Yaakob JCA (as she then was) explained the significance of contemporaneous documents; and

(2) the Plaintiff's Application was made on 26.12.2003, after the Plaintiff had first used the Plaintiff's Trade Mark in the course of trade in Malaysia on 2.1.2002. Accordingly, the Plaintiff's subsequent conduct supports the finding that the Plaintiff had indeed used the Plaintiff's Trade Mark in the course of trade in Malaysia on 2.1.2002. Conduct of a party is relevant under s 8(2) EA. In **Tindok Besar Estate Sdn Bhd v Tinjar Co** [1979] 2 MLJ 229, at 234, Chang Min Tat FJ in the Federal Court held that it is safer to rely on a party's conduct than his or her oral evidence.

39. As held in **Mesuma Sports Sdn Bhd**, at paragraphs 37 and 38, the fact that the Plaintiff did not author, create or design the "SRAM" mark, does not mean that the Plaintiff could not have first used the "SRAM" mark in the course of trade in Malaysia on 2.1.2002.

40. It is to be noted that the Defendant did not counterclaim in This OS under Order 28 rule 7(1) of the Rules of Court 2012 (**RC**) for the expungement of the Plaintiff's Trade Mark from the Register.

K(5). Defendant had failed to prove first use of "SRAM" mark in course of trade in Malaysia

41. The fact that the Defendant had coined the "SRAM" mark, is not relevant to decide who was the first user of that mark in the course of trade in Malaysia - **Mesuma Sports Sdn Bhd**, at paragraphs 37 and 38. Similarly, the fact that the Defendant's 5 Trade Marks has been registered as trade marks and has been used extensively in countries outside Malaysia, is irrelevant – please see the above paragraph 33.

42. I am of the view that the Defendant has failed to prove that the Defendant was the first user of the “SRAM” mark in the course of trade in Malaysia. Such a decision is based on the following evidence and reasons:

- (1) the Defendant’s affidavits contained 2 different dates (1988 and 1999) as to when the Defendant had first used the “SRAM” mark in the course of trade in Malaysia. Before the Registrar, the Defendant claimed to have used the “SRAM” mark since 2000. Such material inconsistencies by the Defendant on a crucial issue in this case, showed a lack of good faith and credibility on the part of the Defendant;
- (2) there is no documentary evidence adduced by the Defendant to show the use of the Defendant’s 5 Trade Marks on or in relation to the Defendant’s Goods in the course of trade in Malaysia on or before 2.1.2002 (the Plaintiff’s first use of the Plaintiff’s Trade Mark in the course of trade in Malaysia). The Defendant’s Invoice dated 12.1.1999 did not state or refer to the Defendant’s 5 Trade Marks;
- (3) there is no evidence that –
 - (a) the Defendant’s 5 Trade Marks had been used on or in relation to the Defendant’s Goods in the course of trade in the 3 Olympic Games; and

- (b) the use of the Defendant's 5 Trade Marks on or in relation to the Defendant's Goods in the 3 Olympic Games, had been broadcasted to the Malaysian public;
- (4) even if there was evidence that the Defendant's 5 Trade Marks had been used on or in relation to the Defendant's Goods in the 3 Olympic Games and such a use had been broadcasted to the Malaysia public (**Broadcasting**), I am of the following view -
- (a) as explained in the above paragraph 33, the use of the Defendant's 5 Trade Marks on or in relation to the Defendant's Goods in the course of trade outside Malaysia, is not relevant; and
- (b) the Broadcasting does not constitute "use" within the meaning of all the 3 limbs of s 3(2) TMA (please see the above paragraph 31). If otherwise, the requirement of the use of a mark on or in relation to goods in the course of trade in Malaysia (please see the above paragraph 33), will be unlawfully circumvented by the Broadcasting;
- (5) the Promotion (2013-2015) was published by GHCT and not by the Defendant. More importantly, the Promotion (2013-2015) was made after the Plaintiff had used the Plaintiff's Trade Mark in the course of trade in Malaysia on 2.1.2002;
- (6) exhibit F in the Defendant's 2nd Affidavit (**Exhibit F**) stated that Exhibit F had been printed on 3.3.2016. The Defendant's 2nd

Affidavit had been affirmed before a Notary Public (**NP**) in the USA on 26.2.2016. The certificate by the NP which identified Exhibit F, also stated the date of 26.2.2016. Order 41 rules 11 and 12 RC are relevant and are reproduced as follows –

“Document annexed to affidavit

Order 41 rule 11(1) *Any document to be used in conjunction with an affidavit shall be exhibited and a copy thereof annexed to the affidavit.*

(2) ***Any exhibit to an affidavit shall be identified by a certificate of the person before whom the affidavit is sworn. The certificate shall be entitled in the same manner as the affidavit and rule 1(1), (2) and (3) shall apply accordingly.***

Affidavit taken outside Malaysia admissible without proof of seal

Order 41 rule 12 ***A document purporting to have affixed or impressed thereon or subscribed thereto the seal or signature of a Court, Judge, notary public or person having authority to administer oaths in a Commonwealth country and in the case of any other country the seal or signature of a consular officer of a Commonwealth country in testimony of an affidavit being taken before it or him shall be admitted in evidence without proof of the seal or signature being the seal or signature of***

that Court, Judge, notary public or person.”

(emphasis added).

Reading together Order 41 rules 11(2) and 12 RC, a NP should certify an exhibit on the same day when the affidavit is affirmed before the NP.

In accordance with the second limb of Order 41 rule 12 RC, the Defendant's 2nd Affidavit had been affirmed before the NP in the USA on 26.2.2016. The certificate for Exhibit F stated that such a certificate had been certified by the NP in the USA on 26.2.2016 [as required by Order 41 rule 11(2) RC]. The fact that Exhibit F was dated 3.3.2016, raised a serious doubt on whether the NP did certify Exhibit F in USA on 26.2.2016. This brings into question the Defendant's good faith or rather, the lack of it; and

(7) the Defendant claimed that the invoices in exhibit E in the Defendant's 2nd Affidavit had been issued in 1999, 2000 and 2001 (**Alleged Invoices**). The Alleged Invoices referred to "*INCOTERMS 2010*" and "*Directive 2006/112/EC*" (**EU Directive**). The Plaintiff's learned counsel had submitted as follows –

(a) none of the Alleged Invoices had been issued by the Defendant. As such, the Alleged Invoices constituted documentary hearsay evidence which was inadmissible

according to Order 41 rule 5(1) RC and the Court of Appeal's judgment in **Lim Yew Sing**, at p. 15-16;

- (b) "*INCOTERMS 2010*" only came into effect on 1.1.2011; and
- (c) the EU Directive came into force on 1.1.2007.

I accept the above submission by the Plaintiff and decide as follows

–

- (i) the Alleged Invoices are not admissible as evidence by reason of Order 41 rule 5(1) RC and the Court of Appeal's judgment in **Lim Yew Sing**;
- (ii) even if the Alleged Invoices are admitted as evidence in This OS, no weight can be attached to the Alleged Invoices. This is because the Alleged Invoices referred to "*INCOTERMS 2010*" and the EU Directive which only came into effect after the dates of the Alleged Invoices; and
- (iii) the Alleged Invoices show a lack of *bona fides* on the part of the Defendant.

K(6). Whether Defendant's 5 Trade Marks are well-known in Malaysia

43. By reason of s 103 EA, the Defendant has the legal onus to prove the particular fact that the Defendant's 5 Trade Marks are well-known in this country.

44. The Defendant has not adduced any evidence to satisfy this Court that the Defendant's 5 Trade Marks are well-known in Malaysia as understood in reg. 13B(a) to (f) TMR. Accordingly, the Defendant has failed to discharge the legal onus to prove that the Defendant's 5 Trade Marks are well-known in this country.
45. Even if it is assumed that the Defendant's 5 Trade Marks are well-known in Malaysia, the Defendant cannot take advantage of such a fact. This is because the Defendant had failed to counterclaim in This OS for an expungement of the Plaintiff's Trade Mark on the ground that the Plaintiff's Trade Mark has been used on or in relation to the Plaintiff's Goods which is identical with or so nearly resembles the Defendant's 5 Trade Marks (which are well known in respect of the Defendant's Goods in the same Class 12) within the meaning of s 14(1)(d) read with s 37(b) TMA (the Plaintiff's Trade Mark has been registered for more than 7 years).

L. Whether original registration of Defendant's 1st to 4th Trade Marks had been obtained by fraud

46. The Plaintiff's learned counsel had submitted that the Defendant's 5 Trade Marks had been obtained by fraud under s 37(a) TMA due to the following reasons:

- (1) there was an actual deception and an intention to deceive the Registrar on the part of the Defendant. At the time of filing of the Defendant's Applications, the Defendant knew or ought to have known of the Plaintiff's Application. The Defendant had therefore

made a wrongful claim to be the proprietor of the “SRAM” mark and as such, the Defendant had practiced fraud on the Registrar;

- (2) as a result of the deceit by the Defendant on the Registrar, there is possible injury to the Plaintiff in the form of loss of exclusive use of the Plaintiff’s Trade Mark;
- (3) the Defendant knew of the Plaintiff’s prior use of the “SRAM” mark;
- (4) according to Richard Malanjum CJ (Sabah & Sarawak) in the Federal Court case of **Sinnaiyah & Sons Sdn Bhd v Damai Setia Sdn Bhd** [2015] 7 CLJ 584, at paragraphs 48-52, the standard of proof of fraud is on a balance of probabilities and not proof beyond all reasonable doubt; and
- (5) the Plaintiff relied on the following cases –
 - (a) Ramly Ali J’s (as he then was) judgment in the HC case of **ELBA SpA v Fiamma Sdn Bhd** [2008] 3 MLJ 713; and
 - (b) the decision of Mahadev Shankar J (as he then was) in the HC in **Hai-O Enterprise Bhd v Nguang Chan @ Nguang Chan Liquor Trader** [1993] 1 BLJ 53.

47. In the above Part I, this Court has decided that the Plaintiff has no *locus standi* to apply under s 45(1)(a) TMA to expunge the Defendant’s 5th Trade Mark regarding goods in Class 25 (clothing). As such, this Court

cannot consider the Plaintiff's challenge to the validity of the Defendant's 5th Trade Mark under s 37(a) to (c) TMA.

48. It is not disputed that the Plaintiff bears the legal burden to prove on a balance of probabilities that the original registration of the Defendant's 1st to 4th Trade Marks had been obtained by fraud under s 37(a) TMA.

49. The following HC cases (in chronological order) have interpreted the meaning of "*fraud*" in s 37(a) TMA:

(1) Mahadev Shankar J (as he then was) decided as follows in **Hai-O Enterprise Bhd**, at p. 69-70 -

*"I say this because the fraud that is here referred to is not just the fraud on the foreign manufacturer. **It is the fraud on the Registrar and through the Registrar on other traders and the Malaysian public. ...***

*Some assistance may be derived from a comparison with the concept of a contract being rescinded when there is a fundamental breach and saving it where the failure to comply is merely collateral or severable. **It seems to me that the object of s. 37(a) (b) and (c) is directed to a consideration of the integrity of the mark. Does it tell a lie about itself? Kerly ("Kerly") deals with this matter at para 11-04 p. 178 where the author says that what is meant by fraud in this section has not been precisely defined but goes on to say it might be fraud for a person to procure the registration of a trade mark of which he knows he is not entitled to claim the exclusive use - for instance if he knows that it is in use by another trader. ... Kerly further states on the authority of Bentley v. Lagonda [1947] 64 RPC 33 that unless actual***

deception is alleged it is not possible to contend that the registration was obtained by fraud. Shanahan p. 248 is very much more trenchant. He refers to Williams J. in Farley's Case at p. 493 and then says this:

*Presumably, a false claim to proprietorship involving a breach of s. 40 could receive the protection of s. 61 only if the claim were made innocently in ignorance of the prior use of the mark by another. **Where the claim is made with knowledge of the prior rights of another this should amount to fraud on the Register and fall within the exception.***

In the present case Hai-O was very well aware of the facts which obliges this Court to hold that in law their sale of Special Quality Ling Zhi Wine was tantamount to user by the Chinese. I also hold that they must have known that the Chinese were applying the said mark to other items in the same range exported by them for sale in Malaysia. What distinguishes Hai-O from the facts in some of the cases cited is that they registered the mark with the knowledge and consent of the Chinese. Perhaps they even honestly believed themselves entitled (in a subjective sense) to do as they did. However I am compelled to hold on the facts that objectively viewed they were not entitled to say to the Registrar as they undoubtedly did that they were the proprietors of the mark. Hai-O and the people advising them in 1981 must be taken to have known the law. Section 7 of the Act forbids the Registrar taking notice of a trust. The scheme of the Act imposes a duty on the applicant to disclose truthfully who the proprietor of the mark is. By s. 25 of the Act only the person claiming to be the proprietor can apply in the prescribed manner. In a nutshell Hai-O misled the Registrar on a point which went to the root of

the matter. I hold that in that sense a fraud was committed on the Registrar. Was a fraud committed on the public? ...

So it would appear that to be made innocently it must follow that the applicant had no knowledge of the prior use of the mark by another trader, at the time of the application for registration. Where he had such knowledge it perhaps could still be of no consequence if the user by the other trader was of such a nature that justice would require it to be ignored. It is unnecessary for me to speculate here in what circumstances such a situation could arise.”

(emphasis added);

- (2) Abdul Aziz J (as he then was) gave the following judgment in **Luk Lamellen Und Kupplungsbau GmbH v South East Asia Clutch Industries Sdn Bhd** [1997] 2 MLJ 724, at 733 and 734 (**Luk Lamellen’s Case**) –

“I have already found that the applicants were the lawful proprietors of the trade mark in Malaysia before 25 January 1977. The entire evidence points to the respondents being aware of that fact. In addition, their claim that they had requested Tan of Jebesen & Jessen – the applicants' sole agents – to register the mark was, whether the claim was true or not, a clear admission that they knew the trade mark belonged to the applicants. If that claim were disregarded, what we have here are the following circumstances. The respondents imported and sold the applicants' clutch items bearing the applicants' LUK trade mark. The respondents also manufactured clutch items. Knowing that the LUK trade mark belonged to the applicants, the respondents applied for and obtained registration of the

trade mark as theirs in respect of their products. In making the application, they must have claimed that the trade mark belonged to them because, by s 25 of the Act, they had to claim that they were the proprietors of the trade mark in order to qualify to apply. Since they were not, it was a false claim made for a dishonest purpose, which was to become the registered proprietors of a trade mark that belonged to somebody else. It was a falsehood practised on the registrar to achieve a result that was adverse to the interests and rights of the applicants as the lawful proprietors of the trade mark. After the registration, the respondents continued to market the applicants' products and their own products, both bearing the LUK trade mark, in packages whose respective get-ups were practically identical one to the other.

...

... The primary reason why the applicants claimed that the respondents' registration of the trade mark had been obtained by fraud was because in applying for registration, the respondents falsely claimed they were the proprietors of the trade mark. It was fraud directly on the registrar, and indirectly on the applicants and the public as well.

For claiming fraud in that sense, the applicants relied primarily on the decision in the case of 'Gynomin' Trade Mark [1961] RPC 408, where the decision on that point was in the following words at p 414:

Secondly, it is clear from the evidence that the respondents were well aware of the ownership and use by the applicants in Australia of the name

'Gynamin', and in my opinion, in view of the close relationship between the parties and the respondents, knowledge of the information which I have held was communicated to them in confidence, they were not entitled to claim to be the proprietors of the trade mark 'Gynomin', as required by s 17(1) of the Act. In my view, the fact that they so described themselves amounts to 'fraud' within the meaning of s 13.

I agree, and for the reasons that I have given, the registration by the respondents of the LUK trade mark was obtained by fraud."

(emphasis added);

- (3) in **Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd** [1997] 4 MLJ 504, at 519-520 (**Tiga Gajah's Case**), Kamalanathan Ratnam JC (as he then was) held as follows -

"Coming to the issue of fraud, I hold that fraud as stated in s 37 of the TMA 1976 must and ought to reflect the ordinary meaning ascribed to it and therefore show conduct involving dishonesty or deception, by word or deed or omission by word or deed. The dishonesty must not be assumed solely by reason of knowledge of an unregistered interest.

It is not right in my view to give examples as to what may constitute fraud by way of illustrative hypothetical conditions because each case must depend upon its own specific set of facts. I am fortified in the view that I hold by relying on Farley (Aust)

Pty Ltd v JR Alexander & Sons (Q) Pty Ltd (1946) 75 CLR 487, wherein Williams J said at p 492:

Prima facie the words of a statute should be given their ordinary grammatical meaning. The ordinary meaning of fraud involves 'dishonesty or grave moral culpability' (see Re Avery's Patent).

It is to be noted that the TMA 1976 does not define fraud. However, three elements seem to co-exist to establish fraud. In Bentley's case, the court found the need to allege some actual deception when relying on fraud. In the Indian case of Monappa v Ramappa AIR 1956 Mad 184 at p 188, the court held as follows:

A practically conclusive test as to the fraud practised in trade mark cases would be: did the author of the deceit derive any advantage from it which he would not have had if the truth had been known? If so, it is hardly possible that the advantage should not have had an equivalent in loss or risk, loss to someone else; and if so there was fraud.

It is to be noted that on appeal, the decision was reversed but the finding on fraud was not disturbed (see AIR 1957 Mad 76). It would seem from the text of this judgment that for fraud to manifest itself, there must be either actual injury or possible injury by means of deceit or secrecy. The third element seems to arise from the

case cited by the respondent himself. In *Pinto v Badman* (1891) 8 RPC 181, Day J said at p 184:

... Now the question of fraud depends upon whether a person with knowledge has done that which he must have known was calculated to injure his neighbour. It is not necessary that a person should sit down and say to himself, 'I propose to defraud my neighbour,' but if a man of common sense and intelligence, knowing his neighbour's right, sets to work to do things which are necessarily calculated to injure him, he must be taken to be guilty of fraud, that is to say, of knowingly injuring his neighbour – knowingly violating his neighbour's rights by some false pretence.

*It must be noted that although the Court of Appeal allowed the defendant's appeal, it was only allowed on the issue of assignment of the trade mark. The finding of injury to a neighbour was left untouched. **What therefore emerges from these cases is the crystallization of three elements to co-exist in establishing fraud in respect of s 37 of the TMA 1976.***

For fraud to subsist, there must be:

- (1) an actual deception and intention to deceive;**
- (2) an actual injury or possible injury by means of deceit; and**
- (3) actual knowledge that the act was calculated to injure one's neighbour."**

(emphasis added); and

(4) **Tiga Gajah's Case** has been followed in **ELBA SpA**, at paragraphs 37-38;

50. Based on Malaysian cases, I am of the following view regarding fraud under s 37(a) TMA:

(1) whether a registered proprietor of a trade mark (**X**) has committed fraud on the Registrar depends on whether there is evidence of actual dishonesty on X's part to deceive the Registrar, traders and the public in respect of X's application and registration of the trade mark - **Hai-O Enterprise Bhd, Luk Lamellen's Case** and **Tiga Gajah's Case**;

(2) X would have defrauded the Registrar, traders and the public if –

(a) X has **actual knowledge** that X is not -

(i) entitled to apply for registration of the trade mark - **Luk Lamellen's Case**; or

(ii) entitled to use the trade mark - **Hai-O Enterprise Bhd**; and

(b) X has **actual knowledge** that another person has –

- (i) Common Law proprietorship of the trade mark - **Luk Lamellen's Case**;
 - (ii) prior right to the trade mark - **Luk Lamellen's Case**; or
 - (iii) prior use of the trade mark - **Hai-O Enterprise BhdLuk and Lamellen's Case**;
- (3) case law on other branches of law [not under s 37(a) TMA] has identified the following 4 kinds of constructive "*knowledge*" or "*notice*" -
- (a) "*wilfully shutting one's eyes to the obvious*" (**Wilful Blindness**).
Wilful Blindness is also known as "*Nelsonian knowledge*", "*Wilful Ignorance*" and "*Contrived Ignorance*";
 - (b) wilfully and recklessly failing to make such inquiries as an honest and reasonable person would have made (**Recklessness**);
 - (c) knowledge of circumstances which would indicate the facts to an honest and reasonable person (**Knowledge of Circumstances**); and
 - (d) knowledge of circumstances which would put an honest and reasonable person on inquiry (**Duty to Inquire**).

I do not think that s 37(a) TMA envisages Knowledge of Circumstances or Duty to Inquire on X's part. However, I am in favour of finding actual fraud on X's part under s 37(a) TMA if there is Wilful Blindness or Recklessness on the part of X in respect of the first user or the Common Law proprietor of the trade mark. If X –

(i) is wilfully blind; or

(ii) reckless

- in respect of the first user or the Common Law proprietor of a trade mark, X would have actually defrauded the Registrar, traders and the public under s 37(a) TMA when X nevertheless proceeds to apply and obtain the registration of that trade mark; and

(4) whether X has committed fraud under s 37(a) TMA in a particular case is a question of fact which is dependent on the evidence adduced in that case. Accordingly, cases on s 37(a) TMA are not binding precedents from the view point of the doctrine of *stare decisis*.

51. I find as a fact that the Plaintiff has failed to prove on a balance of probabilities that the Defendant had obtained the original registration of the Defendant's 1st to 4th Trade Marks by fraud under s 37(a) TMA. This decision is premised on the following evidence and reasons:

(1) the Defendant is the creator of the "SRAM" mark;

- (2) the Defendant had used the “SRAM” mark upon and in relation to the Defendant’s Goods in the course of trade outside Malaysia prior to and at the time of the Defendant’s Applications; and
- (3) the Defendant had opposed the Plaintiff’s Application. At the time of the applications for the Defendant’s 1st to 4th Trade Marks on 27.9.2005, 29.8.2007, 5.3.2009 and 30.7.2009, the Registrar had not decided on the Defendant’s Opposition. The Registrar’s Dismissal of Defendant’s Opposition was only made on 30.6.2014. As such, until the Registrar’s Dismissal of Defendant’s Opposition, the Defendant was entitled to believe on reasonable grounds that the Defendant was the first user and Common Law proprietor of the Defendant’s 1st to 4th Trade Marks.

M. Whether Defendant’s 1st to 4th Trade Marks offend s 14(1)(a) TMA

52. As regards the application of s 14(1)(a) read with s 37(b) TMA, I am guided by the following:

- (1) the Plaintiff has the legal onus to prove on a balance of probabilities that the use of the Defendant’s 1st to 4th Trade Marks on the Defendant’s Goods is likely to deceive or confuse the public in respect of the Defendant’s 1st to 4th Trade Marks and the Plaintiff’s Trade Mark – please the judgment of Lord Morris in the House of Lords case of **Bali Trade Mark** [1969] RPC 472, at 483;
- (2) the Plaintiff need not prove actual deception or confusion of the public regarding the Defendant’s 1st to 4th Trade Marks and the

Plaintiff's Trade Mark – Lord Morris' judgment in **Bali Trade Mark**, at p. 486; and

- (3) the Plaintiff need only prove that there is a real likelihood of deception or confusion of the public regarding the Defendant's 1st to 4th Trade Marks and the Plaintiff's Trade Mark – Lord Upjohn's judgment in **Bali Trade Mark**, at p. 495-496. This is a question to be decided by the Court – please see **Ho Tack Sien**, at paragraph 29;

53. I make a finding of fact that the Plaintiff has succeeded in proving on a balance of probabilities that the use of the Defendant's 1st to 4th Trade Marks on the Defendant's Goods is likely to deceive or confuse the public in respect of the Defendant's 1st to 4th Trade Marks and the Plaintiff's Trade Mark. Such a finding is based on the following evidence and reasons:

- (1) considering the nature, characteristics, composition, purpose and use of the Plaintiff's Goods and the Defendant's Goods as explained by Romer J (as he then was) in the English HC case of **Re Ladislav Jellinek** (1946) 63 RPC 59, at 70, there is a similarity of description between the Plaintiff's Goods and the Defendant's Goods. In fact, both the Plaintiff's Goods and the Defendant's Goods are in the same Class 12;
- (2) the customers, end users, consumers and purchasers (**Customers**) of the Plaintiff's Goods and the Defendant's Goods are the same. In the Supreme Court case of **Tohtonku Sdn Bhd v Superace (M) Sdn Bhd** [1992] 1 CLJ (Rep) 344, at 347, Mohd. Yusoff Mohamed

SCJ applied Parker J's (as he then was) decision in the English HC in **Re Pianotist Co Ltd** (1906) 23 RPC 774, at 777, to take into account the nature and kind of the Customers;

- (3) the nature of the trade channels of the Plaintiff's Goods and the Defendant's Goods is the same in the sense that the distributors, dealers and retailers (**Traders**) for the Plaintiff's Goods and the Defendant's Goods, are the same. The nature and kind of Traders was considered in **Re Ladislav Jelinek**, at p. 70;
- (4) the Plaintiff's Trade Mark and the Defendant's 1st to 4th Trade Marks are used in the same manner upon or in relation to the Plaintiff's Goods and the Defendant's Goods. In **Solavoid Trade Mark** [1977] RPC 1, at 31, an appeal from New Zealand, Lord Fraser has delivered the Privy Council's opinion regarding the importance of how the trade marks in question had been applied on or in relation to the goods;
- (5) there should be a visual comparison of the Plaintiff's Trade Mark and Defendant's 1st to 4th Trade Marks – please see James Foong JCA's judgment in the Court of Appeal case of **Bata Ltd v Sim Ah Ba & Ors** [2006] 3 CLJ 393, at 407-408.

A visual inspection of the Plaintiff's Trade Mark and the Defendant's 1st to 4th Trade Mark reveals the following differences (**Differences**)

–

- (a) the Plaintiff's Trade Mark is presented in a style, size and font which are different from the Defendant's 1st to 4th Trade Marks;
- (b) the Plaintiff's Trade Mark is in black, orange, red and blue colours with a granular appearance. All the Defendant's 1st to 4th Trade Marks are in black colour; and
- (c) the Plaintiff's Trade Mark contains only the alphabets "*SRAM*" whereas –
 - (i) the Defendant's 1st Trade Mark has an additional word "*RIVAL*";
 - (ii) the Defendant's 2nd Trade Mark has an additional word "*VIA*";
 - (iii) the Defendant's 3rd Trade Mark has an additional word "*APEX*"; and
 - (iv) the Defendant's 4th Trade Mark has an additional word "*RED*";

Despite the Differences, the Plaintiff's Trade Mark and the Defendant's 1st to 4th Trade Mark share a striking similarity, namely the word "*SRAM*" which is featured most prominently in the Plaintiff's Trade Mark and the Defendant's 1st to 4th Trade Mark;

(6) a phonetic comparison of the Plaintiff's Trade Mark and the Defendant's 1st to 4th Trade Mark, should be undertaken according to the following 2 Court of Appeal cases –

(a) **Bata Ltd**, at p. 407; and

(b) in **Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors** [2004] 3 CLJ 815, at 823-824, Nik Hashim JCA (as he then was) adopted the House of Lords case of **Aristoc Ltd v Rysta Ltd & Anor** [1945] 1 All ER 34 in deciding whether there was phonetic confusion or not.

When the Plaintiff's Trade Mark and the Defendant's 1st to 4th Trade Mark are pronounced, the real likelihood of deception and/or confusion is clear. Both the 1st Plaintiff's Trade Mark and the Defendant's 1st to 4th Trade Marks sound alike, especially when the first word "SRAM" is pronounced. I have –

(i) given due allowance for reasonable Customers and Traders with an average memory and an imperfect recollection of the precise details of Plaintiff's Trade Mark and the Defendant's 1st to 4th Trade Mark – please see Lord Russell's judgment for the Privy Council in an appeal from Canada, **The Coca-Cola Co of Canada Ltd v Pepsi-Cola Co of Canada Ltd** (1942) 59 RPC 127, at 133 Such an allowance has also been explained by Thomson LP in the Federal Court case of **MI & M Corporation & Anor v A Mohamed Ibrahim** [1964] 1 MLJ 392, at 394 (appeal from Singapore); and

(ii) considered the possibility of careless pronunciation

- nonetheless, I am satisfied that a reasonable Customer and Trader will pronounce the 1st Plaintiff's Trade Mark in a similar manner as the Defendant's 1st to 4th Trade Marks;

(7) in **MI & M Corporation**, at p. 394, Thomson LP decided as follows -

"We ourselves have seen the two labels on the various sizes of tins to which they were affixed and have had every point of similarity and dissimilarity pointed out by counsel. Looking at them side by side they are clearly different and looking at them side by side nobody could possibly mistake the one for the other. The two flowers differ in many details and though their position on the labels is the same the surrounding wording differs. Even the most careless and ignorant person seeing them side by side on a shelf in a well-lighted grocer's shop could see that they are different. That, however, is not the test to be applied in a case of this sort for if it were it would render nugatory the protection which the law gives to trade and trademarks. For myself I would adopt the test applied by Sargant J. in the case of Sandow Ltd's Application(1914) 31 RPC 196 at p 205 which was a registration case. He said:-

"The question is not whether if a person is looking at two Trade Marks side by side there would be a possibility of confusion; the question is whether the person who sees the proposed Trade Mark in the absence of the other Trade Mark, and in view only of his general recollection of what the nature of the other Trade Mark was, would be liable to be deceived and to think that the Trade Mark before him is the same as the other, of which he has a general recollection."

That general recollection test is to be applied having regard to the sort of people who would buy the goods in question and the circumstances in which they buy."

(emphasis added).

Applying the “*general recollection test*”, I find that the Defendant’s 1st to 4th Trade Marks would be remembered as the Plaintiff’s Trade Mark by reasonable Customers and Traders with an average memory and an imperfect recollection of the trade marks’ precise details;

- (8) as explained in **Solavoid Trade Mark**, at p. 30, there is a similarity of ideas or concept between the Plaintiff’s Trade Mark and the Defendant’s 1st to 4th Trade Marks; and
- (9) considering the Plaintiff’s Trade Mark and the Defendant’s 1st to 4th Trade Marks as a whole and taking into account all the surrounding circumstances regarding the use of the Plaintiff’s Trade Mark and the Defendant’s 1st to 4th Trade Marks (as decided in **Bata Ltd**, at p. 407), there is a real likelihood of deception and/or confusion of the public in the use of the Plaintiff’s Trade Mark (on or in relation to the Plaintiff’s Goods) and the Defendant’s 1st to 4th Trade Marks (upon or in relation to the Defendant’s Goods).

54. In view of the above reasons, I find as a fact that the use of the Defendant’s 1st to 4th Trade Marks are likely to deceive and/or confuse the public within the meaning of s 14(1)(a) read with s 37(b) TMA. Consequently, the Defendant’s 1st to 4th Trade Marks –

- (1) had been entered in the Register without sufficient cause; and/or

(2) had wrongfully remained in the Register

- as understood in s 45(1)(a) TMA.

N. Whether Defendant's 1st to 4th Trade Marks were distinctive of Defendant's Goods on commencement of This OS

55. To rely on s 37(c) TMA to challenge the validity of the Defendant's 1st to 4th Trade Marks which had been registered for more than 7 years, the Plaintiff has to discharge the legal burden to prove on a balance of probabilities that Defendant's 1st to 4th Trade Marks were not distinctive of the Defendant's Goods on 30.12.2016 (the date of the filing of This OS) – please see **Hai-O Enterprise Bhd**, at p. 71.

56. I am satisfied that the Plaintiff has proven on a balance of probabilities that the Defendant's 1st to 4th Trade Marks were not distinctive of Defendant's Goods on 30.12.2015 under s 37(c) TMA. This is because the Defendant had not adduced any admissible, contemporaneous and credible documentary evidence as of 30.12.2015 regarding -

(1) the use of the Defendant's 1st to 4th Trade Marks within the meaning of the 3 limbs of s 3(2)(b) TMA (please see the above paragraph 31);

(2) in the course of trade (please see the above paragraph 32); and

(3) in Malaysia (please see the above paragraph 33).

In **Lim Yew Sing**, at p. 19, the Court of Appeal decided as follows –

“What emerges from s 12 is that, to be a trade mark, the mark has to be distinctive of the goods of its proprietor. That distinctiveness has to be gauged by the extent to which the trade mark is adapted to distinguish the goods with which its proprietor is connected in the course of trade goods with which no connection subsists. For the purpose of establishing distinctiveness, therefore, one must look to the use of the mark in the course of trade.”

(emphasis added).

O. Does Court have a discretion not to expunge Defendant’s 1st to 4th Trade Marks under s 45(1)(a) TMA when s 37(b) and (c) TMA have been proven?

57. The Defendant’s learned counsel contended that notwithstanding the proof of s 37(b) and/or (c) TMA in this case, the Court nonetheless has a discretion under s 45(1)(a) TMA not to expunge the Defendant’s 1st to 4th Trade Marks. The Defendant cited the following cases:

(1) **Ho Tack Sien**; and

(2) the judgment of Bennett J in Australia’s Federal Court case of **Pioneer Computers Australia Pty Ltd v Pioneer KK** [2009] FCA 135.

58. With respect to the Defendant’s learned counsel, despite the use of the permissive term “*may*” in s 45(1)(a) TMA, as a matter of *stare decisis*, I am bound by the Federal Court’s judgment in **Ho Tack Sien**, at

paragraph 25. The Federal Court has clearly decided in **Ho Tack Sien** that once the grounds for the expungement of a registered trade mark have been made out [in this case, the Plaintiff has successfully proven s 37(b) and (c) TMA], the Court has no discretion and it is mandatory for the Court to remove the trade mark from the Register in accordance with s 45(1)(a) TMA.

59. It is to be highlighted that **Pioneer Computers Australia Pty Ltd** concerns s 101(3) of the Australian Trade Marks Act 1995 [**TMA (Australia)**] which is materially different from our s 45(1)(a) TMA. Section 101(3) TMA (Australia) provides as follows:

“If satisfied that it is reasonable to do so, the Registrar or the court may decide that the trade mark should not be removed from the Register even if the grounds on which the application was made have been established.”

(emphasis added).

It is to be noted that the Federal Court of Australia is not the highest court in that country. The High Court of Australia is the apex court. Lastly, **Pioneer Computers Australia Pty Ltd** is only a decision of the court of first instance.

P. Court's decision

60. Premised on the above evidence and reasons –

(1) This OS is allowed only to the following extent -

- (a) in respect of the 1st Prayer, a declaration is granted that the Defendant's 1st to 4th Trade Marks are entries made without sufficient cause, wrongfully made and/or wrongfully remaining in the Register; and
- (b) as regards the 2nd Prayer, an order that the Registrar rectify the Register by expunging and removing from the Register the Defendant's 1st to 4th Trade Marks and the whole of the entries relating to such registrations, within 14 days from the date of filing of the order of this Court with the Registrar; and
- (2) as the Plaintiff has substantially succeeded in This OS, costs of This OS shall be paid by the Defendant to the Plaintiff and an allocator fee of 4% on this sum of costs is imposed pursuant to Order 59 rule 7(4) RC.

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

DATE: 9 August 2016

Counsel for Plaintiff: Mr. Ong Boo Seng & Mr. Kwok Tat Wai
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