

**IN THE HIGH COURT OF MALAYA IN KUALA LUMPUR
IN WILAYAH PRSEKUTUAN MALAYSIA
WRIT NO: 22IP-61-11/2015**

BETWEEN

IRADAR SDN BHD
(Company No: 957179-T)

... PLAINTIFF

AND

**1) NUTECH COMPANY LIMITED
2) TSINGHUA UNIVERSITY**

... DEFENDANTS

JUDGMENT

(Court enclosure no. 13)

A. Introduction

1. This judgment discusses the following 2 questions:

- (1) whether the plaintiff company (**Plaintiff**) is a person aggrieved by a registered patent no. MY-142862-A (**Malaysian Patent No. 862**) under s 56(1) of the Patents Act 1983 (**PA**) and has the *locus standi* to file this suit to invalidate Malaysian Patent No. 862 (**This Action**); and

(2) whether the Plaintiff is considered in law to be a privy of certain parties in the consolidated actions (**1st Proceedings**) of Kuala Lumpur High Court Civil Suits No. 22IP-43-11/2013 (**Suit No. 43/2013**) and 22IP-24-05/2014 (**Suit No. 24/2014**) and is therefore barred by the issue estoppel principle from filing This Action in view of the High Court's decision in the 1st Proceedings.

B. This Action

2. In This Action, the Plaintiff pleaded as follows in the Amended Statement of Claim (**ASOC**), among others:

(1) the Plaintiff is a private limited company incorporated in Malaysia and is in the business of research, development, production of electronic products and provision of consultancy service in the field of electronics, including that of electronic scanning systems and systems for image inspection of movable objects;

(2) the first defendant company (**1st Defendant**) is a foreign company incorporated in the People's Republic of China (**PRC**) while the second defendant (**2nd Defendant**) is a university in PRC;

(3) the 1st and 2nd Defendants (collectively the "**Defendants**") have jointly applied to the Malaysian Registrar of Patents (**Registrar**) for the registration of Malaysian Patent No. 862 and have claimed a priority

date of 13.10.2006 [**Priority Date (13.10.2006)**]. On 14.1.2011, the Registrar granted Malaysian Patent No. 862 with the Priority Date (13.10.2006);

(4) the Plaintiff pleaded that the Plaintiff was aggrieved by Malaysian Patent No. 862 for the following reasons -

(a) Malaysian Patent No. 862 would unlawfully restrict the Plaintiff and the Plaintiff's customers in Malaysia from developing and/or producing a system for image inspection, investigation and surveillance of movable objects which could be used by Malaysian law enforcement agencies, including the Royal Malaysian Customs Department (**RMCD**) and the Royal Malaysian Police (**RMP**). Regarding the Plaintiff -

(i) the Plaintiff is a "*spin-off company*" of the Multimedia University of Malaysia's research center;

(ii) the Plaintiff has been granted the status of a "*MSC Malaysian company*" by Malaysian government agency to carry out research and development to enable the Plaintiff to invent and produce high technology products which can perform the same tasks as imported products and replace such extremely expensive products; and

- (iii) the Plaintiff has already commenced research with the objective of supplying inspection and surveillance apparatus for RMCD and RMP;
- (b) Malaysian Patent No. 862 ought to be invalidated under s 56 PA because Malaysian Patent No. 862 incorporated features which were not new and had been anticipated by prior art as follows –
- (i) all the substantive features of Claims 1, 7 to 9, 11 and 12 of Malaysian Patent No. 862 had in fact been disclosed in Patent Application No. CN1378934 filed by the 2nd Defendant in PRC which was published on 13.11.2002 and granted as Patent No. CN1164450-C (**Chinese Patent No. 450**);
 - (ii) in response to the objections raised by the Chinese Patent Office to the “*corresponding*” patent application filed in PRC in Patent Application No. 200610113714.9 (**Chinese Patent Application No. 3714**), the Defendants conceded that Claim 1 of the Chinese Patent Application No. 3714 had been anticipated by the Chinese Patent No. 450. The Defendants were therefore compelled to amend and had in fact amended and limited the scope of, among others, Claim 1, of the Chinese Patent Application No. 3714. The Defendants also reduced the claims in the Chinese Patent Application No. 3714 to 8 claims, as opposed to 12 claims in Malaysian Patent No. 862;

- (iii) in the Defendants’ “*corresponding*” patent application in Europe no. EP1970700 B1 (**European Patent Application No. 700**), to overcome objections to the European Patent Application No. 700, the Defendants were compelled to amend and did amend Claim 1 of the European Patent Application No. 700;
 - (iv) Claim 2 of Malaysian Patent No. 862 had been disclosed in Chinese patent application no. CN-1482844-A (**Chinese Patent Application No. 844**), Chinese Utility Model Application No. CN-233742-Ye (**Chinese Utility Model Application No. 742**) and United Kingdom’s patent application no. GB-2215170 (**UK Patent Application No. 170**); and
 - (v) Malaysian Patent No. 862 had been anticipated by American patents nos. US-7039159 (**US Patent No. 159**) and US-6031890 (**US Patent No. 890**);
- (c) Malaysian Patent No. 862 did not involve any inventive step as follows –
- (i) the features of Claim 2 of Malaysian Patent No. 862 would be obvious to the “*skilled person*” with reference to the Chinese Patent No. 450, US Patent Nos. 159, 890, Chinese Patent

Application No. 844, Chinese Utility Model Application No. 742 and UK Patent Application No. 170;

- (ii) Claims 3 and 10 of Malaysian Patent No. 862 lacked an inventive step with reference to patent document WO94/14303, Chinese Patent No. 450 and US Patent No. 159;
 - (iii) Claim 4 of Malaysian Patent No. 862 did not have any inventive step based on the Chinese Patent No. 450, Chinese Utility Model Application No. 742, US Patent No. 159 and UK Patent Application No. 170; and
 - (iv) Claims 5 and 6 of Malaysian Patent No. 862 would be obvious to a “*skilled person*” with reference to the Chinese Patent No. 450, Chinese Patent Application No. 844, Chinese Utility Model Application No. 742, US Patent No. 159 and UK Patent Application No. 170;
- (d) Malaysian Patent No. 862 is invalid because the Defendants are guilty of the following material non-disclosure to the Registrar -
- (i) the Defendants did not disclose the material fact that the Defendants had made material amendments to Claim 1 in the Chinese Patent Application No. 3714;

- (ii) non-disclosure of the material fact that the Defendants had materially amended and reduced the scope of the European Patent Application No. 700;
- (iii) the Defendants had relied on an American patent no. US 7688945 (**US Patent No. 945**) to convince the Registrar to approve the Defendants' application for Malaysian Patent No. 862. US Patent No. 945 was the "*corresponding*" patent of the Defendants in America. The Defendants had failed to disclose to the United States Patent and Trademark Office (**USPTO**) the existence of prior art, namely Chinese Patent No. 450, and the fact that the Defendants had been compelled to amend Claim 1 of the Chinese Patent Application No. 3714. Nor did the Defendants disclose to USPTO the lack of novelty and inventive step in the European Patent Application No. 700. Accordingly, the Defendants had "*deceitfully*" cited US Patent No. 945 in support of the Defendants' application for Malaysian Patent No. 862; and
- (iv) the Defendants had withdrawn the Priority Date (13.10.2006) but had failed to notify the Registrar of the same;
- (e) Malaysian Patent No. 862 is ambiguously wide for having features which are much wider than the Chinese Patent No. 450 and the European Patent Application No. 700; and

- (f) the correct date for the Registrar to consider the Defendants' patent application should have been 25.12.2006 and not 13.10.2006. On 22.12.2006, 3 days before the date for the Registrar to consider the Defendants' application for Malaysian Patent No. 862, a patent application had been filed and granted by the Registrar as patent no. MY-146449-A (**Malaysian Patent No. 449**). All the features of Claims 1, 7 to 9, 11 and 12 of Malaysian Patent No. 862 had been disclosed in Malaysian Patent No. 449;
- (5) the Defendants had acted in bad faith by maintaining an invalid Malaysian Patent No. 862 to the detriment of Malaysians engaged in the business of research, development and production of systems for image inspection of movable objects (including the Plaintiff); and
- (6) the Plaintiff prayed for, among others –
- (a) the whole of Malaysian Patent No. 862 be declared invalid;
 - (b) alternatively, Claims 1, 9 and such other Claims of Malaysian Patent No. 862 be declared invalid; and
 - (c) costs of This Action.

C. Defendants' application (Court Enc. No. 13)

3. In Court Enc. No. 13, the Defendants applied to strike out This Suit on the following grounds:

(1) the Plaintiff is not an "*aggrieved person*" under s 56(1) PA due to the following reasons -

(a) Malaysian Patent No. 862 essentially concerns an invention of a vehicle inspection system. The Defendants have never had any dealing with the Plaintiff;

(b) the Plaintiff is not a known supplier of vehicle inspection system or product;

(c) the Defendants have never encountered any vehicle inspection system or product manufactured or supplied by the Plaintiff;

(d) as the Plaintiff has not marketed any vehicle inspection system or product, the Defendants have no knowledge of whether the Plaintiff would infringe Malaysian Patent No. 862. As such, the Defendants have not asserted any of the Claims in Malaysian Patent No. 862 against the Plaintiff;

(e) the Plaintiff's website showed that, at the most, the Plaintiff is a manufacturer or supplier of a component or part of the vehicle

inspection system, in particular its radar and/or sensor components. The Plaintiff's website does not state that the Plaintiff deals with vehicle inspection system products. The Plaintiff had admitted in its affidavit that the Plaintiff only supplied the radar component of the vehicle inspection system to Pan Asiatic Technologies Sdn. Bhd. (**PATSB**) and/or Billion Prima Sdn. Bhd. (**BPSB**). Malaysian Patent No. 862 does not claim protection over individual components or parts of the vehicle inspection system; and

- (f) there is no evidence of the Plaintiff's track record and involvement with the vehicle inspection system. Nor is there any book, journal, research paper and publication by the Plaintiff regarding the vehicle inspection system. The Plaintiff has not won any award or recognition for the vehicle inspection system;
- (2) in support of the Defendants' contention that the Plaintiff is not an "*aggrieved person*" under s 56(1) PA –
- (a) the Defendants submitted that for the Plaintiff to infringe the Claims in Malaysian Patent No. 862, the Plaintiff "*must carry out each and every feature*" of such Claims. The Defendants rely on the judgment of Buckley LJ in the English Court of Appeal case of **Catnic Components Ltd & Anor v Hill & Smith Ltd** [1982] RPC 183, at 225. A radar component manufactured or supplied by the Plaintiff, according to the Defendants, would at most satisfy one

or two features of Claim 1 of Malaysian Patent No. 862. As such, the Plaintiff could not have infringed Malaysian Patent No. 862; and

- (b) the Defendants cited Ramly Ali J's (as he then was) judgment in the High Court in **IEV International Pty Ltd v Sadacharamani a/l Govindasamy** [2008] 2 MLJ 754;
- (3) the Defendants claimed that the Plaintiff was barred by the *res judicata* and estoppel from filing This Action as follows –
- (a) in the 1st Proceedings, there was a consolidation of Suit No. 43/2013 and Suit No. 24/2014;
 - (b) in Suit No. 43/2013 –
 - (i) the plaintiff was the 2nd Defendant;
 - (ii) the defendants were PATSB, Mr. Goh Chu Leong (**Mr. Goh**), Encik Abdul Karim bin Mohd. Hanapiah (**Encik Abdul Karim**) and Datuk Seri Alies Anor bin Abdul (**Datuk Seri Alies**);
 - (iii) in the original action, the 2nd Defendant claimed that, among others, the defendants in Suit No. 43/2013 had infringed Malaysian Patent No. 862 (**2nd Defendant's Original Action in Suit No. 43/2013**);

- (iv) the defendants in Suit No. 43/2013 had filed a counterclaim, among others, to declare Malaysian Patent No. 862 to be invalid (**Counterclaim in Suit No. 43/2013**); and
 - (v) the defendants in Suit No. 43/2013 had filed third party proceedings against Powerscan Co. Ltd. (**PCL**) for indemnity under a contract dated 19.9.2011 (**Third Party Proceedings in Suit No. 43/2013**);
- (c) in Suit No. 24/2014 –
- (i) PCL was the plaintiff;
 - (ii) the defendants were the Defendants in This Action;
 - (iii) in the original action, PCL sought to declare Malaysian Patent No. 862 to be invalid and be revoked (**PCL's Claim in Suit No. 24/2014**); and
 - (iv) the Defendants counterclaimed that, among others, Malaysian Patent No. 862 had been infringed by PCL (**Defendants' Counterclaim in Suit No. 24/2014**);
- (d) after a trial, Azizah Nawawi J decided as follows –

- (i) the 2nd Defendant's Original Action in Suit No. 43/2013 against PATSB and Mr. Goh was allowed with costs;
- (ii) the 2nd Defendant's Original Action in Suit No. 43/2013 against Encik Abdul Karim and Datuk Seri Alies was dismissed with costs;
- (iii) the Counterclaim in Suit No. 43/2013 was dismissed with costs;
- (iv) the Third Party Proceedings in Suit No. 43/2013 was allowed with costs;
- (v) PCL's Claim in Suit No. 24/2014 was dismissed with costs; and
- (vi) the Defendants' Counterclaim in Suit No. 24/2014 was allowed with costs

(High Court's Decision in 1st Proceedings);

- (e) the Plaintiff is a sub-contractor or supplier of the radar component or parts to PATSB and/or BPSB. PATSB and/or BPSB are the suppliers of "*BBScan Portal X-ray Screening Machine*" vehicle inspection system (**BBScan System**) which had been installed at RMCD's check-points at Pasir Gudang and Tanjung Kupang;

- (f) as the High Court's Decision in 1st Proceedings has decided that Malaysian Patent No. 862 is valid, the Plaintiff is barred by the principle of *res judicata* and estoppel from re-litigating the issue regarding the validity of Malaysian Patent No. 862;
- (g) the Defendants had appointed Maxguard Security and Services Sdn. Bhd. (**MSS**), a private investigator, to investigate a cargo scanner offered for sale by the Plaintiff. On 21.3.2016, the 1st Defendant requested Mr. Ashkat Zhanatuly (**Mr. Ashkat**), a Kazakhstan citizen, to co-operate with MSS. Mr. Ashkat is the Chief Executive Officer (**CEO**) and director of BST EuroTransService (**BST**), a company incorporated in the Republic of Kazakhstan;
- (h) on 31.3.2016 –
- (i) Mr. Ashkat travelled to Malaysia to participate in a site visit of a cargo scanner offered for sale by the Plaintiff;
- (ii) before leaving Mr. Ashkat's hotel for the site visit, Mr. Ashkat was greeted by Mr. Goh and Mr. David Lim (**Mr. Lim**). Both Mr. Goh and Mr. Lim gave their name cards to Mr. Ashkat. Mr. Goh's name card stated that Mr. Goh was a director of PATSB (**Mr. Goh's Name Card**) while Mr. Lim's name card

stated that Mr. Lim was a “*Project Manager*” of PATSB (**Mr. Lim’s Name Card**);

- (iii) Mr. Ashkat was informed by Mr. Goh and Mr. Lim that the site visit would take place at 2 locations, first at Tanjung Kupang and second at Pasir Gudang;
 - (iv) upon reaching Tanjung Kupang, Mr. Ashkat was introduced to Dr. Koo Voon Chet (**Dr. Koo**), the Plaintiff’s CEO;
 - (v) Dr. Koo informed Mr. Ashkat that the cargo scanner offered for sale by the Plaintiff was called “*BBScan Cargo Inspection System*” and had been jointly developed and marketed by PATSB and BPSB. The Plaintiff together with PATSB and BPSB intended to market the cargo scanner outside Malaysia under the name “*MyCIS Cargo Inspection System*”; and
 - (vi) during the site visit, Mr. Ashkat met representatives from the Plaintiff, PATSB, BPSB and RMCD. Photographs showing Mr. Ashkat, Dr. Koo, Mr. Goh, Mr. Lim and RMCD’s officers at the site visit had been exhibited in Mr. Ashkat’s affidavit affirmed on 3.5.2016;
- (i) the Plaintiff is “*commercially related*” to PATSB and BPSB. The Plaintiff, PATSB and BPSB have a common and vested interest in the sale of the BBScan System;

(j) MSS had assigned Cik Syajaratuddur bt. Mawardee (**Cik Syajaratuddur**) to investigate the Plaintiff. Cik Syajaratuddur had used a pretext name of “*Azila Mohd. Hashim*”. Cik Syajaratuddur’s affidavit stated, among others, as follows –

(i) on or about 15.2.2016, Cik Syajaratuddur contacted the Plaintiff and spoke to Dr. Koo. Cik Syajaratuddur fixed a meeting with Dr. Koo at the Plaintiff’s premises at no. 36, Jalan IMJ 1, Taman Industri Malim Jaya, 75250 Malacca (**Plaintiff’s Office**);

(ii) when Cik Syajaratuddur visited the Plaintiff’s Office on 17.2.2016, Dr. Koo gave a presentation to Cik Syajaratuddur (**Dr. Koo’s Presentation**);

(iii) Dr. Koo’s Presentation concerned, among others –

(iiia) the Plaintiff’s background and employees; and

(iiib) the products and services offered by the Plaintiff, including a cargo scanner system called BBScan System (in partnership with BPSB);

(iv) on or about 14.3.2016, Cik Syajaratuddur contacted Dr. Koo to request for a site visit of the BBScan System together with

a potential client from Kazakhstan, BST. Dr. Koo confirmed the site visit;

- (v) on 30.3.2016, Cik Syajaratuddur had a telephone conversation with Dr. Koo wherein Dr. Koo informed Cik Syajaratuddur that Dr. Koo would arrange for Dr. Koo's colleague, "*David*" (Mr. Lim) to come to the hotel to meet Cik Syajaratuddur and Mr. Ashkat for the purpose of the site visit. A copy of the audio recording of this telephone conversation and its transcript had been exhibited in Cik Syajaratuddur's affidavit;
- (vi) before leaving for the site visit, at the hotel, Mr. Ashkat and Cik Syajaratuddur were met by Mr. Goh and Mr. Lim. Mr. Goh and Mr. Lim gave Mr. Goh's Name Card and Mr. Lim's Name Card respectively to Cik Syajaratuddur;
- (vii) at the site visit to Tanjung Kupang, Cik Syajaratuddur met with, among others, Dr. Koo. Mr. Ashkat was given a brochure entitled "*MyCIS Cargo Inspection System, Pan Asiatechnologies Leading The Scanner Revolution*" (**PATSB's Brochure**). Mr. Ashkat subsequently gave PATSB's Brochure to Cik Syajaratuddur. A copy of PATSB's Brochure had been exhibited in Cik Syajaratuddur's affidavit and clearly stated the name of PATSB and its business address and contact details;

(viii) Mr. Goh informed Cik Syajaratuddur that, among others, the Plaintiff is a supplier of parts for the BBScan System. Cik Syajaratuddur's affidavit had exhibited a copy of the –

(viii a) video recording of the conversation between Mr. Goh and Cik Syajaratuddur; and

(viii b) a transcript of the conversation between Mr. Goh and Cik Syajaratuddur;

(ix) Dr. Koo informed Cik Syajaratuddur, among others, that -

(ix a) the Plaintiff is working with BPSB to produce the BBScan System; and

(ix b) PATSB is a company used by BPSB to deal with government agencies due to PATSB's Bumiputera status; and

(x) Cik Syajaratuddur's affidavit had exhibited a copy of the –

(x a) video recording of the conversation between Dr. Koo and Cik Syajaratuddur; and

- (xb) a transcript of the conversation between Dr. Koo and Cik Syajaratuddur; and
- (k) the following cases had been cited by the Defendants' learned counsel in support of the application of the *res judicata* and estoppel principle –
- (i) the Supreme Court's judgment delivered by Peh Swee Chin FCJ in **Asia Commercial Finance (M) Bhd v Kawal Teliti Sdn Bhd** [1995] 3 MLJ 189;
 - (ii) the decision of Edgar Joseph Jr J (as he then was) in the High Court case of **Cheng Heng Guan & Ors v Perumahan Farlim (Penang) Sdn Bhd & Ors** [1988] 3 MLJ 90;
 - (iii) the House of Lords case of **Carl-Zeiss-Stiftung v Rayner and Keeler Ltd & Ors (No 2)** [1966] 2 All ER 536;
 - (iv) Abdul Malek J's (as he then was) judgment in the High Court in **Wong Peng Yan Benjamin v Genting Bhd & Anor** [1993] 3 MLJ 713; and
 - (v) the decision of S Nantha Balan JC (as he then was) 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

(4) in view of the above reasons, the Defendants contended that This Action should be struck out pursuant to Order 18 rule 19(1)(a), (b), (c) and/or (d) of the Rules of Court 2012 (**RC**) as well as pursuant to the Court's inherent jurisdiction.

D. Plaintiff's opposition to Court Enc. No. 13

4. In opposing Court Enc. No. 13, the Plaintiff submitted as follows, among others:

(1) the Plaintiff is an "*aggrieved person*" under s 56(1) PA for the following reasons, among others -

(a) the term "*aggrieved person*" should be given a liberal interpretation as decided in **IEV International Pty Ltd**; and

(b) the Plaintiff is an "*aggrieved person*" because the Plaintiff's ability to produce a vehicle cargo inspection system has been wrongfully hindered by Malaysian Patent No. 862. The Plaintiff has a well-qualified team of engineers who is capable of producing a vehicle cargo inspection system. The Plaintiff intends to use US Patent No. 890 to produce an improvised version of a vehicle cargo inspection system;

(2) the Plaintiff is not barred by the issue estoppel principle from filing This Action because –

- (a) the substantive issues raised in the ASOC regarding the validity of Malaysian Patent No. 862 are different from the issues raised in the 1st Proceedings;
 - (b) the Plaintiff was not involved in the 1st Proceedings and did not even know of the existence of the parties involved in the 1st Proceedings;
 - (c) the Plaintiff is not a sub-contractor or agent of PATSB and/or BPSB. Nor does the Plaintiff have any interest in PATSB and BPSB;
 - (d) This Action has no nexus with the BBScan System. Malaysian Patent No. 862 does not cover the BBScan System and even if Malaysian Patent No. 862 includes the BBScan System, the Plaintiff should not be precluded from invalidating Malaysian Patent No. 862 on lawful grounds; and
 - (e) the Plaintiff has been awarded “*MSC Malaysia Status*” by the Malaysian Government and is not a “*lackey*” of PATSB and BPSB;
- (3) This Action is not obviously unsustainable and should not be struck out. This is because the ASOC has raised substantive issues which should proceed to trial in This Action. Reliance had been placed by

the Plaintiff on Ramly Hj Ali FCJ's judgment in the Federal Court case of **Seruan Gemilang Sdn Bhd v Kerajaan Negeri Pahang Darul Makmur & Anor** [2016] MLJU 12; and

- (4) the affidavits of Mr. Ashkat and Cik Syajaratuddur did not render This Action to be obviously unsustainable. The averments in the affidavits of Mr. Ashkat and Cik Syajaratuddur have been denied by Dr. Koo and this necessitates a trial of This Action.

E. Which paragraph in Order 18 rule 19(1) RC should apply to Court Enc. No. 13?

5. Court Enc. No. 13 had relied on all 4 paragraphs in Order 18 rule 19(1) (a) to (d) RC and the Court's inherent jurisdiction.
6. As the Defendants had only advanced 2 contentions, namely the lack of *locus standi* of the Plaintiff under s 56(1) PA and the application of the issue estoppel principle, Court Enc. No. 13 cannot succeed under any one or more of the following grounds:
- (1) the Defendants cannot rely on Order 18 rule 19(1)(a) RC to contend that the ASOC does not disclose any reasonable cause of action;
- (2) the ASOC is not scandalous within the meaning of Order 18 rule 19(1)(b) RC; and

(3) the fair trial of This Action is not prejudiced, embarrassed or delayed so as to attract the application of Order 18 rule 19(1)(c) RC.

7. If the Plaintiff is not an “*aggrieved person*” under s 56(1) PA, This Action should be struck out on the following grounds:

(1) This Action is frivolous and/or vexatious under Order 18 rule 19(1)(b) RC; and/or

(2) This Action constitutes an abuse of Court process which should be struck out under Order 18 rule 19(1)(d), Order 92 rule 4 RC and/or the Court’s inherent jurisdiction.

In **Karpal Singh v Sultan of Selangor** [1988] 1 MLJ 64, at 68, Abdul Hamid CJ (Malaya) (as he then was) sitting in the High Court, decided, among others, that the plaintiff lacked *locus standi*, and accordingly struck out the suit on the ground that the suit was frivolous, vexatious and an abuse of Court process.

8. I am of the view that if the Defendants can show that the Plaintiff is barred by the issue estoppel principle from filing This Action, the Court has the discretion to strike out This Action on the grounds that This Action is frivolous, vexatious and an abuse of Court process.

F. Principles applicable in deciding striking out applications

9. In deciding Court Enc. No. 13 under Order 18 rule 19(1)(b), (d), Order 92 rule 4 RC and/or the Court's inherent jurisdiction, I am guided by the following trite principles of law:

- (1) the ASOC can only be struck out in a plain and obvious case, namely when the ASOC is obviously unsustainable – please see 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;
- (2) even if the ASOC is considered to be weak and is not likely to succeed, this is not a ground to strike out the ASOC - **Bandar Builder Sdn Bhd**, at p. 44;
- (3) the Court will assume that the contents of the ASOC are true – please see Mahadev Shankar JCA's decision in the Court of Appeal case of **Tuan Haji Ishak bin Ismail v Leong Hup Holdings Bhd & other appeals** [1996] 1 MLJ 661, at 679;
- (4) every Malaysian citizen has a constitutional right of access to justice under article 5(1) of our Federal Constitution – please see Gopal Sri Ram FCJ's judgment in the Federal Court case of **Sivarasa Rasiah v Badan Peguam Malaysia** [2010] 3 CLJ 507, at 514-515. Similarly, a Malaysian company which has filed a

suit, should generally be allowed to proceed to trial in that suit;

(5) in deciding a striking out application, in the interest of justice the Court has a discretion under Order 18 rule 19(1) RC to direct a pleading to be amended – please see the Court of Appeal’s judgment given by Mahadev Shankar JCA in **Muniandy s/o Subrayan & Ors v Chairman & Board Members of Koperasi Menara Maju Bhd** [1997] 1 MLJ 557, at 560 and 561; and

(6) if affidavit evidence is admissible for the purpose of deciding a striking out application, the Court should not have a trial based on affidavits and if there is a conflict in affidavit evidence, the striking out application should be dismissed and the case should proceed to trial – please see **Universal Trustee (M) Bhd v Lambang Pertama Sdn Bhd & Anor** [2014] 5 AMR 57, at paragraphs 13-18.

G. Meaning of “aggrieved person” in s 56(1) PA

10. Sections 36, 56 and 58 PA provide as follows:

“s 36. Rights of owner of patent

(1) Subject and without prejudice to the other provisions of this Part, the owner of a patent shall have the following exclusive rights in relation to the patent:

(a) to exploit the patented invention;

(b) to assign or transmit the patent;

(c) to conclude licence contracts.

(2) No person shall do any of the acts referred to in subsection (1) without the consent of the owner of the patent.

(3) For the purposes of this Part, “exploitation” of a patented invention means any of the following acts in relation to a patent:

(a) when the patent has been granted in respect of a product:

(i) making, importing, offering for sale, selling or using the product;

(ii) stocking such product for the purpose of offering for sale, selling or using;

(b) when the patent has been granted in respect of a process:

(i) using the process;

(ii) doing any of the acts referred to in paragraph (a), in respect of a product obtained directly by means of the process.

- (4) ***For the purposes of this section, if the patent has been granted in respect of a process for obtaining a product, the same product produced by a person other than the owner of the patent or his licensee shall, unless the contrary is proved, be taken in any proceedings to have been obtained by that process.***

s 56. ***Invalidation of patent***

- (1) ***Any aggrieved person may institute Court proceedings against the owner of the patent for the invalidation of the patent.***

- (2) *The Court shall invalidate the patent if the person requesting the invalidation proves -*

- (a) *that what is claimed as an invention in the patent is not an invention within the meaning of section 12 or is excluded from protection under section 13 or subsection 31(1) or is not patentable because it does not comply with the requirements of sections 11, 14, 15 and 16;*
- (b) *that the description or the claim does not comply with the requirements of section 23;*
- (c) *that any drawings which are necessary for the understanding of the claimed invention have not been furnished;*
- (d) *that the right to the patent does not belong to the person to whom the patent was granted; or*
- (e) *that incomplete or incorrect information has been deliberately provided or caused to be provided to the Registrar under*

subsection 29A(4) by the person to whom the patent was granted or by his agent.

- (2A) *Notwithstanding subsection (2), the Court shall not invalidate the patent on the ground mentioned in paragraph (2)(d) if the patent has been assigned to the person to whom the right to the patent belongs.*
- (3) *Where the provisions of subsection (1) apply on only some of the claims or some parts of a claim, such claims or parts of a claim may be declared invalid by the Court and the invalidity of part of a claim shall be declared in the form of a corresponding limitation of the claim in question.*

s 58. **Acts deemed to be infringement**

Subject to subsections 37(1), (2) and (3) and section 38, an infringement of a patent shall consist of the performance of any act referred to in subsection 36(3) in Malaysia by a person other than the owner of the patent and without the agreement of the latter in relation to a product or a process falling within the scope of protection of the patent.”

(emphasis added).

11. Both the Plaintiff and Defendants had relied on **IEV International Pty Ltd**. It was decided in **IEV International Pty Ltd**, at paragraphs 18-20, as follows:

[18] ... The words 'person aggrieved' has no special and technical meaning and should be liberally construed. The expression includes anyone who would be or in respect of whom there was a reasonable possibility of his being disadvantaged in a legal or practical sense by the Register being uncertified.

[19] Anyone who can show he is in some way prejudiced by the wrongful entry qualifies as a person aggrieved. This can include, but is not limited to, a person who is carrying on trade in the same sort of goods as the articles for which the design is registered. The words 'person aggrieved' have been given a wide interpretation as including all persons who have a real practical interest in the issue. This does not necessarily equate with manufacturing rights so long as the plaintiff can show that it has a real practical or genuine interest beyond that of a mere busybody.

[20] It is not necessary for the 'persons aggrieved' to be the registered proprietor of a design. That person may simply have a genuine business or trading interest. This will include any person who has a legitimate trading interest within the territorial ambit of the registration, (see *Besalon International Ltd & Ors v South Strong Industries Sdn Bhd* [1997] 2 MLJ 131; and *Heveafoam Asia Sdn Bhd v PF Techonology Sdn Bhd* [2001] 2 MLJ 660).

(emphasis added).

12. My research has disclosed the following 3 High Court cases (in chronological order) regarding the meaning of “*aggrieved person*” under s 56(1) PA:

(1) Low Hop Bing J (as he then was) decided in **Heveafoam Asia Sdn Bhd v PF (Teknologi) Sdn Bhd** [2001] 2 MLJ 660, at 666, as follows

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“Plaintiff's capacity as an 'aggrieved person' or interested party

*Section 56(1) of the Act requires that the plaintiff be an 'aggrieved person' before it can invoke the aid of the court for the necessary reliefs. There is no dispute that the plaintiff is an aggrieved person within the meaning of the Act. In the context of the Act, the expression 'aggrieved person' has not been judicially defined. However, in *Besalon International Limited & Ors v South Strong Industries Sdn Bhd* [1997] 1 CLJ Supp 335, p 351F-G, Kamalanathan Ratnam JC (now J), in a case relating to infringement of registered designs, applied the definition of the said phrase in trade mark cases, and gave a liberal construction. His Lordship adopted the approach of McCelland J in *The Ritz Hotel Ltd v Charles of the Ritz Ltd* (1987-88) 12 IPR 417, in which the expression included any person who would be or in respect of whom, there was reasonable possibility of his being disadvantaged in a legal or practical sense by the register being unrectified. Kamalanathan Ratnam JC (now J) continued as follows:*

Anyone who can show that he is in some way prejudiced by the wrongful entry qualifies as a person aggrieved.

The expression therefore includes all persons who have a real practical interest in the issue, beyond that of a mere busybody: Re Kodiak Trade (1987) RPC 269.”

(emphasis added);

- (2) in **Nehemiah Reinforced Sdn Bhd v Patrick Cyril Augustine & Anor** [2012] 9 MLJ 112, at paragraphs 3, 4, 41 and 42, Mariana Yahya J had decided that the plaintiff company, a professional engineering company, was aggrieved by the defendants’ patent (regarding a process of stabilising walls using multiple anchors) because -
- (a) at the time the plaintiff company received the defendants’ letter threatening a patent infringement suit, the plaintiff company was already in the midst of building retainer walls; and
 - (b) the plaintiff company then entered into an agreement with the defendants wherein, among others –
 - (i) the defendants undertook not to interfere by way of patent infringement suit, the business operations of the plaintiff

company (in building retaining walls) in consideration of a fee to be paid by the plaintiff company to the defendants. In fact, the plaintiff company did pay a fee to the defendants pursuant to this agreement; and

(ii) the agreement should not be construed as the plaintiff company's recognition or acceptance of the validity of the defendants' patent; and

(3) in the 1st Proceedings [2016] AMEJ 1056, at paragraphs 22 and 23, Azizah Nawawi J decided as follows –

“[22] It is not in dispute that both the Plaintiff and the Third Party are engaged in the same or similar business, that is as a manufacturer, supplier, distributor and/or exporter of security inspection product and adviser on security solutions specialized in radiation imaging technology. The First Defendant is also involved in the same business, after having an earlier contractual relationship with the Plaintiff, has entered into a contractual relationship with the Third Party for the supply of the same technology, as in the BT Scan and the BP Scan.

[23] In the premise, both the First Defendant and the Third Party are not mere busybodies, but are 'persons aggrieved', as they are parties who are prejudiced by the filing of the Plaintiff's MY '862 Patent.”

(emphasis added).

13. I am of the following view regarding the *locus standi* requirement of an “*aggrieved person*” in s 56(1) PA:

- (1) a party alleging a particular fact, namely the party is aggrieved by a patent, has the legal burden under s 103 of the Evidence Act 1950 (**EA**) to prove such a fact. As such, the Plaintiff (not the Defendants) has to satisfy this Court that the Plaintiff is an “*aggrieved person*” in s 56(1) PA;
- (2) if the Plaintiff is unable to discharge the legal onus to prove that the Plaintiff is an “*aggrieved person*” in s 56(1) PA, This Action should be struck out on this ground alone without a need to decide the merits of This Action. I cite the majority judgment of Abdul Hamid CJ (Malaya) (as he then was) in the Supreme Court case of **Government of Malaysia v Lim Kit Siang, United Engineers (M) Bhd v Lim Kit Siang** [1988] 2 MLJ 12, at 27, as follows –

“Locus standi” is generally understood to mean the right of a party to appear and be heard by a tribunal. A litigant is said to have locus standi, in effect standing to sue in a court of law, if that court recognizes his or her ability to institute and maintain proceedings before it. The question of standing is thus separate and distinct from questions of the substantive merits and the legal capacity of the plaintiff. It follows, therefore, that a litigant

may lack standing to bring a case which would succeed if brought by the right litigant.

(emphasis added);

- (3) it is to be noted that the English Court of Appeal case of **Re Kodiak Trade Mark** [1987] RPC 269 (referred to in **Heveafoam Asia Sdn Bhd**) concerned a trade mark and not a patent. **Besalon International Limited** (referred to in **IEV International Pty Ltd** and **Heveafoam Asia Sdn Bhd**) is a case on the interpretation of s 5 of the then applicable United Kingdom Designs (Protection) Act 1949 (now repealed by the Industrial Designs Act 1996); and
- (4) the term “*aggrieved person*” in s 56(1) PA refers to a person who has a genuine, real or actual grievance due to a registered patent (**Patent A**). A person, “**X**”, has a genuine, real or actual grievance due to Patent A if X’s right, interest, business, trading or operations is adversely affected or prejudiced by Patent A. X is a person aggrieved by Patent A if -
- (a) X is an owner of a patent which is adversely affected or prejudiced by Patent A;
 - (b) X is a holder of a certificate for utility innovation which is adversely affected or prejudiced by Patent A; **or**

- (c) X's business, trading or operations may constitute an infringement of Patent A within the meaning of s 36(3)(a)(i), (ii), (b)(i) and/or (ii) read with s 58 PA.

The above categories of "*aggrieved person*" are certainly not closed. If X does not have any grievance due to Patent A –

- (i) X can lawfully continue his business, trading or operations without any restriction from the owner of Patent A; and
- (ii) there is no lawful basis for X to apply to Court to invalidate Patent A under s 56(1) PA (**Invalidation of Patent Procedure**);

(5) in the following cases (in chronological order), the applicants for the invalidation of patents were clearly aggrieved by the patents in question –

- (a) in **Heveafoam Asia Sdn Bhd**, at p. 665, the plaintiff company, a manufacturer of foam products, had received a "*cease and desist*" letter from the defendant company which alleged that the plaintiff company had infringed the defendant company's utility innovation;
- (b) the plaintiff company in **IEV International Pty Ltd**, at paragraphs 12 and 13, had a patent which had been adversely affected by the defendant's 2 patents (sought to be invalidated by the plaintiff company);

- (c) in **Nehemiah Reinforced Sdn Bhd**, at paragraphs 3, 4, 41 and 42, the plaintiff company received a letter from the defendants threatening a patent infringement suit and consequently, the plaintiff company entered into an agreement with the defendants to pay a license fee to the defendants; and
- (d) in the 1st Proceedings –
 - (i) the defendants in Suit No. 43/2013 were aggrieved by Malaysian Patent No. 862 because the 2nd Defendant had claimed in Suit No. 43/2013 that there had been an infringement of Malaysian Patent No. 862 by the defendants in Suit No. 43/2013. Accordingly, the defendants in Suit No. 43/2013 were entitled to apply to Court to invalidate Malaysian Patent No. 862 by way of the Counterclaim in Suit No. 43/2013; and
 - (ii) in Suit No. 24/2014, the Defendants had alleged that PCL had infringed Malaysian Patent No. 862. As such, PCL was aggrieved by Malaysian Patent No. 862 and could therefore file PCL's Claim in Suit No. 24/2014 to invalidate Malaysian Patent No. 862; and
- (6) I am not able to accede to the contention that the term "*aggrieved person*" in s 56(1) PA is sufficiently wide to include a person who has

no grievance due to a patent and is not a “*mere busybody*”. This view is based on the following reasons –

- (a) the literal meaning of “*aggrieved person*” in s 56(1) PA requires X to prove a genuine, real or actual grievance due to Patent A before X can apply to invalidate Patent A; and
- (b) if X has no grievance due to Patent A but X is allowed to invoke the Invalidation of Patent Procedure solely because X is not a “*mere busybody*”, this will lead to an abuse of the Invalidation of Patent Procedure.

H. Is Plaintiff an “aggrieved person” under s 56(1) PA?

14. I am of the view that the Plaintiff is not a person aggrieved by Malaysian Patent No. 862. This decision is premised on the following reasons:

- (1) the ASOC merely pleaded that Malaysian Patent No. 862 would unlawfully restrict the Plaintiff and the Plaintiff’s customers in Malaysia from developing and/or producing a system for image inspection, investigation and surveillance of movable objects which could be used by Malaysian law enforcement agencies, including RMCD and RMP. Based on the meaning of “*aggrieved person*” in s 56(1) PA in the above Part G, on the assumption that the entire contents of the ASOC are true (please see **Tuan Haji Ishak bin Ismail**, at p. 679), there is nothing in the ASOC which discloses any genuine, real or actual

- grievance suffered by the Plaintiff due to Malaysian Patent No. 862. The ASOC does not plead that the Plaintiff is presently in fact researching, developing, manufacturing, dealing with and/or selling a vehicle cargo inspection system which will be adversely affected or prejudiced by Malaysian Patent No. 862;
- (2) there is no evidence that the Plaintiff has ever researched, developed, manufactured, dealt with or sold a vehicle cargo inspection system. In fact, paragraph 5.14 of the Plaintiff's affidavit affirmed by Dr. Koo on 25.5.2016 (**Plaintiff's 2nd Affidavit**) stated that the Plaintiff was "*never involved in any aspect of designing and production of the vehicle cargo inspection system*" made by BPSB. In other words, the Plaintiff has not suffered any grievance due to Malaysian Patent No. 862;
- (3) the Defendants did not counterclaim in This Action that the Plaintiff had infringed Malaysian Patent No. 862. The Defendants' affidavits and 2 written submissions have admitted that the Defendants cannot take any legal action against the Plaintiff for infringement of Malaysian Patent No. 862. As such, the Defendants are estopped by their pleading, affidavits and written submissions from asserting that the Plaintiff has infringed Malaysian Patent No. 862;
- (4) paragraphs 5.8 to 5.13 of the Plaintiff's 2nd Affidavit stated that the Plaintiff had supplied and installed radar at RMCD's check-points in Tanjung Kupang and Pasir Gudang for PATSB and BPSB. Even if the Defendants have applied to amend their Defence to include a

counterclaim that the Plaintiff has infringed Malaysian Patent No. 862, such an application is doomed to fail. This is because of the following 2 English Court of Appeal cases which have decided that a sale of a component part of a combination (the subject of a patent), when the vendor knows that the purchaser intends to use the component part in breach of the patent, does not constitute an infringement of the patent

–

(a) in **Dunlop Pneumatic Tyre Co Ltd v David Moseley & Sons Ltd** [1904] 1 Ch 612 -

(i) Vaughan Williams LJ decided as follows, at p. 615 -

“... the real question which the plaintiffs intended to raise was this: Whether the selling of an article intended to the knowledge of the vendor to be used by the purchaser for the purpose of infringing a patent is an infringement of the patent. In my judgment it is not.”

(emphasis added);

(ii) Stirling LJ, at p. 620, held as follows –

“I am of the same opinion. The learned counsel for the appellants admitted - and, in my judgment, rightly - that the mere manufacture and sale of the covers which are in question would not constitute an infringement of the patent.

Townsend v. Haworth decides that the sale of the covers would not become an infringement merely because the vendor knew that the purchaser intended to use the article sold to him for the purpose of infringing the patent. In order that the vendor may be liable as an infringer it must be shewn that he has made himself a party to the infringement.”

(emphasis added); and

(iii) Cozens-Hardy LJ (as he then was) decided as follows, at p. 621 –

“... That being so, we have here a trade which is not necessarily unlawful - indeed, it seems to me to be plainly lawful - and if that be admitted, Townsend v. Haworth is a decision of the Court of Appeal which is binding on us, that there is no infringement of the patent by the defendants, even though they sell the covers with the knowledge that the purchaser intends afterwards to use them for the purpose of infringement, or even if they take an indemnity from the purchaser in case of any infringement being committed.”

(emphasis added); and

(b) in **Belegging-en et al v Witten Industrial Diamonds Ltd** [1979] FSR 59, at 64, Buckley LJ held as follows –

“...So apart from the Patents Act 1977, to which I shall come later, to supply that commodity cannot of itself constitute an infringement: Townsend v. Haworth, 48 L.J. (N.S.) 770; Dunlop Pneumatic Tyre Co. Ltd. v. D. Moseley & Sons Ltd. (1904) 21 R.P.C. 274. 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.””

(emphasis added).

Based on the above 2 English cases, the Plaintiff’s manufacture, supply and installation of the radar component of the vehicle cargo inspection system at RMCD’s check-points in Tanjung Kupang and Pasir Gudang, cannot constitute an infringement of Malaysian Patent No. 862. It is clear that the Plaintiff can continue its present research, development, manufacture, business, trading and operations without any restriction imposed by Malaysian Patent No. 862; and

- (5) I have not overlooked the Plaintiff’s averment that the Plaintiff intends to use US Patent No. 890 to produce an improvised version of a vehicle cargo inspection system. Such a mere intention without any

evidence of research, development, manufacture, business, dealing or sale of a vehicle cargo inspection system by the Plaintiff, does not amount to a grievance suffered by the Plaintiff which is caused by Malaysian Patent No. 862. If I have accepted the Plaintiff's contention, this will lead to an abuse of the Invalidation of Patent Procedure based on a mere intention of a party.

15. Based on the above reasons, I have no hesitation to find that the Plaintiff has failed to discharge the legal onus to prove that the Plaintiff is aggrieved by Malaysian Patent No. 862. On this ground alone –

(1) it is plain and obvious that This Action should be struck out on one or more of the following grounds:

(a) This Action is frivolous and/or vexatious under Order 18 rule 19(1)(b) RC; and/or

(b) This Action constitutes an abuse of Court process which should be struck out under Order 18 rule 19(1)(d), Order 92 rule 4 RC and/or the Court's inherent jurisdiction; and

(2) the ASOC cannot be "saved" by any amendment by the Plaintiff.

16. Before I proceed to the next question, it is to be noted that the majority decision of Buckley LJ in the English Court of Appeal case of **Catnic**

Components Ltd (cited by the Defendants' learned counsel) has been reversed by Lord Diplock in the House of Lords.

I. **Application of *res judicata* doctrine**

17. In **Doretti Resources Sdn Bhd v Fitters Marketing Sdn Bhd & Ors** [2016] AMEJ 1508, at paragraphs 12-15, I have followed the Supreme Court's decision in **Asia Commercial Finance (M) Bhd** and the English High Court's judgment in **Gleeson v J. Wippell & Co Ltd** [1977] 1 WLR 510 as follows:

“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.”***

(emphasis added).

J. Is Plaintiff barred by issue estoppel principle from filing This Action?

18. I find that there is a privity of commercial interest between the Plaintiff on the one part and PATSB and Mr. Goh on the other part. This finding is premised on the following evidence and reasons:

- (1) in paragraph 5.11 of the Plaintiff's 2nd Affidavit, the Plaintiff had admitted that for the purpose of the Plaintiff's supply and installation of radar at RMCD's check-points in Tanjung Kupang and Pasir Gudang, the Plaintiff had been informed sometime in February 2015 that the customer of one Mr. Cheong Kai Seng (of Beama Technology Distribution) was Mr. Goh from BPSB which manufactured the vehicle cargo inspection system for PATSB. It is clear that even before the institution of This Action, the Plaintiff knew of the involvement of Mr.

- Goh and the fact that the “*ultimate*” consumer of the Plaintiff’s radar was PATSB;
- (2) in respect of Cik Syajaratuddur’s inquiry that Cik Syajaratuddur had overseas customers who wished to buy at least 4 units of vehicle cargo inspection system, Dr. Koo met Mr. Goh who, among others, was willing to pay a commission to the person who introduced a buyer of vehicle cargo inspection system (please see paragraphs 6.3.5 to 6.37 of the Plaintiff’s 2nd Affidavit). In the actual words of Dr. Koo, “*if Mr. Goh had been unwilling to offer [Dr. Koo] a commission, [Dr. Koo] would not spare the time to introduce a buyer to [Mr. Goh]*” (paragraph 6.37 of the Plaintiff’s 2nd Affidavit). Such affidavit evidence from the Plaintiff, clearly proved a privity of commercial interest between the Plaintiff and Mr. Goh, so as to attract the application of the issue estoppel principle;
- (3) in paragraph 6.3.8 of the Plaintiff’s 2nd Affidavit, Mr. Goh had informed Dr. Koo that “*if the foreign buyer requires “track record” for the purpose of selling to the government of a foreign country, [PATSB], which has a track record of selling to [RMCD], can sign a contract of sale as the seller*”. Once again, based on the Plaintiff’s own affidavit, the Plaintiff cannot disclaim any privity of commercial interest between the Plaintiff and PATSB; and
- (4) in paragraphs 6.4, 7.2.2 and 7.2.4 of the Plaintiff’s 2nd Affidavit, Dr. Koo admitted that –

- (a) Dr. Koo contacted Mr. Goh to ask Mr. Goh to apply for permission from RMCD for, among others, Mr. Ashkat and Cik Syajaratuddur, to visit RMCD's check-points in Tanjung Kupang and Pasir Gudang; and
- (b) Dr. Koo was personally present during the site visits of Mr. Ashkat and Cik Syajaratuddur in Tanjung Kupang and Pasir Gudang. Dr. Koo stated in paragraph 6.4 of the Plaintiff's 2nd Affidavit that “[Dr. Koo] attended the visit ... so that [Dr. Koo] could be acknowledged as the person who introduced the buyer to Mr. Goh”.

If there was no privity of commercial interest between the Plaintiff on the one part and PATSB and Mr. Goh on the other part, why would Dr. Koo personally contact Mr. Goh and be present at the site visits. Dr. Koo's efforts and time in contacting Mr. Goh, arranging for the site visits and being personally present throughout the site visits, cannot be gratuitous.

19. I am aware that 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 an injustice. I refer to 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.
20. I am of the view that it is just and equitable to apply the issue estoppel principle to bar the Plaintiff from filing This Action. This decision is based on the following evidence and reasons:
- (1) as explained in the above sub-paragraph 14(4), Plaintiff is at liberty to continue its present research, development, manufacture, business, trading and operations without any limitation imposed by Malaysian Patent No. 862. There is therefore neither justification nor reason for the Plaintiff to commence This Action; and
 - (2) as elaborated in the above paragraph 18, there is a privity of commercial interest between the Plaintiff on the one part and PATSB and Mr. Goh on the other part. If This Action is allowed to proceed, this means that despite the High Court's Decision in 1st Proceedings (which has affirmed the validity of Malaysian Patent No. 862), the Plaintiff can re-litigate the validity of Malaysian Patent No. 862 and abuse Court process as a commercial privy of PATSB and/or Mr. Goh. It is only just and equitable for this Court to apply the issue estoppel principle to bar the Plaintiff from proceeding with This Action.

21. Regarding the Plaintiff's submission that This Action had raised different substantive issues than those decided in the 1st Proceedings, the Supreme Court's judgment in **Asia Commercial Finance (M) Bhd**, at p. 200, has given a wide application of the issue estoppel principle to bar any issue in subsequent proceedings which can be raised in the first proceedings (even though such an issue is not actually raised in the first proceedings).
22. As the Plaintiff is barred by the issue estoppel principle from filing This Action, it is plain and obvious that -
- (1) This Action is frivolous and/or vexatious under Order 18 rule 19(1)(b) RC;
 - (2) This Action constitutes an abuse of Court process which should be struck out under Order 18 rule 19(1)(d), Order 92 rule 4 RC and/or the Court's inherent jurisdiction; and
 - (3) the ASOC cannot be "saved" by any amendment by the Plaintiff.

K. Whether substantial costs should be awarded to Defendants

23. When I delivered my oral decision to allow Court Enc. No. 13, the Plaintiff's learned counsel proposed a sum of RM10,000.00 as costs for Court Enc. No. 13. The Defendant's learned counsel however counter-

proposed RM400,000.00 as costs for Court Enc. No. 13 on the following grounds:

- (1) after Court Enc. No. 13 was filed and pending its disposal, the Plaintiff nevertheless insisted that the Defendant's expert should prepare, file and serve a report (**Expert's Report**) to reply to the report of the Plaintiff's expert regarding technical issues raised in the ASOC; and
- (2) in view of the above insistence by the Plaintiff, the Defendants had to expend a huge sum of money to instruct an expert to prepare the Expert's Report.

24. Order 59 rule 21 RC confers a discretion on the Court to decide on the amount of costs for Court Enc. No. 13. In the exercise of my discretion, I fix a sum of RM50,000.00 (**Costs Sum**) to be paid by the Plaintiff to the Defendants for Court Enc. No. 13. The reasons for the exercise of such a discretion are as follows:

- (1) as a commercial privy of PATSB and/or Mr. Goh, the Plaintiff has abused the Invalidation of Patent Procedure by filing This Action;
- (2) if the Court allows Court Enc. No. 13 and strikes out This Action, there will not be any need for the Defendants to prepare the Expert's Report. The Expert's Report is only needed by the Defendants if Court Enc. No. 13 is dismissed in the Plaintiff's favour. Accordingly, when the Plaintiff insisted that the Defendant's expert should prepare the

Expert's Report when Court Enc. No. 13 was still pending disposal, the Plaintiff had been guilty of conduct which unnecessarily increased costs by not allowing the Expert's Report to be filed by the Defendants after the disposal of Court Enc. No. 13 in the Plaintiff's favour. Order 59 rule 8(b) RC allows the Court to take into account the conduct of a party during proceedings in the exercise of the Court's discretion in fixing the amount of costs – please see **Dawama Sdn Bhd v Mohd Fadel bin Yusof & Ors** [2015] 7 MLJ 1, at paragraph 25; and

(3) the technical issues raised in the ASOC and the Expert's Report of the Plaintiff, are complicated and require a high degree of specialized skill. As such, the amount of expense incurred by the Defendants in instructing an expert to prepare the Expert's Report, understandably, is substantial.

25. Pursuant to Order 59 rule 24 RC, I exercise my discretion to order the Plaintiff to pay interest to the Defendants at the rate of 5% per annum on the Costs Sum from the date of the oral decision of Court Enc. No. 13 until the date of full payment of the Costs Sum.

L. Court's decision

26. Premised on the above reasons –

(1) Court Enc. No. 13 is allowed and This Action is struck out;

- (2) the Plaintiff shall pay the Costs Sum to the Defendants with interest at the rate of 5% per annum on the Costs Sum from the date of the oral decision of Court Enc. No. 13 until the date of full payment of the Costs Sum; and
- (3) allocator fee of 4% on the Costs Sum.

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

DATE: 13 SEPTEMBER 2016

Counsel for Plaintiff: Mr. Gan Techiong (Messrs Gan & Lim)

Counsel for Defendant: Mr. Khoo Guan Huat, Ms. Kuek Pei Yee & Mr. Joshua Teoh Beni Chris (Messrs Skrine)