

**IN THE HIGH COURT OF MALAYA AT KUALA LUMPUR
(COMMERCIAL DIVISION)
IN THE FEDERAL TERRITORY OF KUALA LUMPUR, MALAYSIA
CIVIL SUIT NO: 24IP-21-11/2016**

BETWEEN

LIM TECK LEE (MALAYSIA) SDN BHD
(Co. No.: 4886-P)

... **PLAINTIFF**

AND

LONGCANE INDUSTRIES SDN BHD
(Co. No.: 357944-W)

... **DEFENDANT**

JUDGMENT

(Court enclosure No.1)

A. Introduction

1. In this originating summons (**OS**), the plaintiff company (**Plaintiff**) applied, among others, to expunge the following 2 trade marks (**2 Registered Trade Marks**) registered in the name of the defendant company (**Defendant**) from the Register of Trade Marks (**Register**):

- (1) trade mark with the registration no. 06023307 for goods in Class 21 (among others, rubber gloves for domestic and household use) which

has been registered on 20.12.2006. This registered trade mark is annexed as Annexure A to this judgment (**Annexure A**); and

- (2) trade mark with the registration no. 09007210 for goods in Class 9 (among others, rubber gloves for industrial purposes for protection against injury and accident) has been registered on 4.5.2009 and is annexed to this judgment as Annexure B (**Annexure B**).

B. Issues

2. The following questions, among others, arise in this OS:

- (1) whether the Plaintiff is estopped from applying to expunge the 2 Registered Trade Marks by failing to object to the Defendant's applications to register the 2 Registered Trade Marks (**Defendant's 2 Applications**) before the Registrar of Trade Marks (**Registrar**) as provided in s 28(1) of the Trade Marks Act 1976 (**TMA**) read with reg. 37 of the Trade Marks Regulations 1997 (**TMR**);
- (2) who was the first user in the course of trade (**1st User**) of the figurative mark as depicted in Annexures A and B (**Yellow Elephant Mark**)?;
- (3) whether the Plaintiff has proven that the original registration of the 2 Registered Trade Marks by the Defendant had been obtained by fraud under s 37(a) TMA. In this regard –

- (a) should the court exercise its discretion to lift the Defendant's corporate veil so as to ascertain the true factual position in this case?; and
 - (b) would the Defendant have cheated the Registrar under s 415(b) of the Penal Code (**PC**) which is punishable under s 417 PC?;
- (4) whether the use of the 2 Registered Trade Marks on the Defendant's goods (**Defendant's Goods**) is likely to deceive and/or confuse the public under s 14(1)(a) read with s 37(b) TMA so as to give a false impression to the public that the Defendant's Goods originate from the Plaintiff or is associated with the Plaintiff's goods bearing Yellow Elephant Mark (**Plaintiff's Goods**);
- (5) whether the 2 Registered Trade Marks on the date of the filing of this OS (3.11.2016), were distinctive of the Defendant's Goods as understood in s 37(c) TMA. This issue entails a discussion of whether the 2 Registered Trade Marks are factually distinctive of the Defendant's Goods within the meaning of s 10(2A) and (2B)(b) TMA; and
- (6) if the Plaintiff proves any one or more of the 3 grounds under s 37(a) to (c) TMA regarding the 2 Registered Trade Marks –
- (a) does the court have a discretion not to expunge the 2 Registered Trade Marks under s 45(1)(a) TMA?; and

- (b) should the court exercise its discretion under s 45(1)(a) TMA to order the Registrar to substitute the Plaintiff (as proprietor of the 2 Registered Trade Marks) in place of the Defendant?

C. Plaintiff's case

3. The Plaintiff was incorporated in Malaysia on 18.12.1962 and was part of “*LTL group of companies*” (**LTL Group**). The first company in LTL Group was Lim Teck Lee (Pte) Ltd. (**LTL Pte Ltd**) which was founded in Singapore in 1918 and was only incorporated as a company in Singapore in 1953. LTL Pte Ltd is a wholesaler, importer and exporter of, among others, basic industry materials and chemicals in Singapore and neighbouring countries.
4. In or about the early 1990s, the Plaintiff had used an identical Yellow Elephant Mark on the Plaintiff's Goods (rubber gloves, particularly in respect of black industrial rubber gloves). The Plaintiff's affidavit affirmed by Mr. Tan Cheng Poh on 3.11.2016 (**Plaintiff's 1st Affidavit**) had exhibited various business documents regarding the Plaintiff's use of Yellow Elephant Mark on Plaintiff's Goods.
5. The Plaintiff's 1st Affidavit alleged, among others, as follows:

- (1) the Plaintiff had made preparations to apply to register Yellow Elephant Mark with the Registrar but such a plan was inadvertently put aside when the General Manager of the Plaintiff's branch in Penang, Mr. Lee Leap Ung, passed away;
- (2) the supply and production of the Plaintiff's Goods had been commissioned by the Plaintiff from various contract manufacturers, including Rivertech Entrepreneurs (**Rivertech**) and the Defendant;
- (3) the Plaintiff did not know about the Defendant's 2 Applications because the Defendant did not seek the Plaintiff's consent to do so;
- (4) in late July, 2016, the Plaintiff had been informed that the Defendant had filed Shah Alam High Court Civil Suit No. BA-22NCVC-364-06/2016 against, among others, an associate company of one of the Plaintiff's contract manufacturers and suppliers of Plaintiff's Goods (**Defendant's Shah Alam Suit**). In the Defendant's Shah Alam Suit –
 - (a) the Defendant alleged that the 2 Registered Trade Marks had been infringed by the defendants in the Defendant's Shah Alam Suit;
 - (b) the Defendant had applied for and obtained an *ex parte* injunction (**Defendant's Ex Parte Injunction**); and

- (c) the deponent of the Plaintiff's 1st Affidavit filed an affidavit to support the setting aside of the Defendant's *Ex Parte* Injunction based on the same matters which had been affirmed in the Plaintiff's 1st Affidavit;
- (5) the Plaintiff's solicitors sent a demand dated 22.9.2016 to the Defendant (**Plaintiff's Demand**) which averred, among others, that –
- (a) the Plaintiff is the 1st User of Yellow Elephant Mark and is therefore its owner who is entitled to all the intellectual property rights in Yellow Elephant Mark;
- (b) the Defendant was a former contract manufacturer of the Plaintiff which had been appointed by the Plaintiff to produce the Plaintiff's Goods bearing Yellow Elephant Mark. As such, the Defendant was aware of the Plaintiff's prior ownership and rights in Yellow Elephant Mark;
- (c) the 2 Registered Trade Marks had been registered by the Defendant without the Plaintiff's consent;
- (d) the Defendant's wrongful use of Yellow Elephant Mark on the Defendant's Goods amounted to a tort of passing off or in the alternative, the tort of reverse passing off;
- (e) the Plaintiff demanded, among others, that –

- (i) the Defendant shall acknowledge the Plaintiff's rights in Yellow Elephant Mark;
- (ii) the Defendant shall immediately cease to use Yellow Elephant Mark on the Defendant's Goods;
- (iii) the Defendant shall within 7 days from the date of the Plaintiff's Demand, deliver to the Plaintiff all the Defendant's Goods;
- (iv) the Defendant shall immediately recall all of the Defendant's Goods;
- (v) the Defendant shall as soon as reasonably practicable assign or transfer the 2 Registered Trade Marks to the Plaintiff;
- (vi) the Defendant shall cause a public apology to be published in 3 national newspapers of the Plaintiff's choice, acknowledging the Defendant's wrongful acts;
- (vii) the Defendant shall compensate the Plaintiff with damages as a result of the Defendant's wrongful acts;
- (viii) the Defendant shall reimburse the Plaintiff's legal costs incurred as a result of the Defendant's wrongful acts; and

- (ix) the Defendant shall execute a letter of undertaking to effect the contents of the Plaintiff's Demand; and
 - (f) if the Plaintiff's solicitors did not receive a reply regarding the Defendant's compliance with the Plaintiff's Demand within 7 days from the date of the Plaintiff's Demand, the Plaintiff shall enforce its rights by taking legal proceedings against the Defendant; and
- (6) in reply to the Plaintiff's Demand, the Defendant's solicitors sent a letter dated 29.9.2016 (**Defendant's Reply**) which stated –
- (a) the Defendant's representative who instructed the Defendant's solicitors, was away;
 - (b) the Defendant's solicitors "*shall respond*" to the Plaintiff's Demand by 14.10.2016; and
 - (c) the Defendant reserved its right to resist the Plaintiff's claim.

D. Defendant's case

6. The Defendant had only filed 1 affidavit [affirmed by Mr. Lim Hai Leong (**Mr. Lim**)] to resist this OS (**Defendant's Affidavit**). According to the Defendant's Affidavit, among others –

- (1) Mr. Lim is the managing director (**MD**) of the Defendant;
- (2) this OS is not *bona fide* and is filed merely to frustrate the Defendant's Shah Alam Suit;
- (3) the Plaintiff's record with the Companies Commission of Malaysia (**SSM**) stated that the nature of the Plaintiff's business is that of a general merchant and in investment holding;
- (4) the Defendant has no knowledge of the Plaintiff's use of the Yellow Elephant Trade Mark on the Plaintiff's Goods;
- (5) regarding the 2 Registered Trade Marks –
 - (a) the Plaintiff was estopped from expunging the 2 Registered Trade Marks because the Plaintiff had failed to object to the Defendant's 2 Applications before the Registrar;
 - (b) the Defendant denied that the Plaintiff was aggrieved by the 2 Registered Trade Marks; and
 - (c) the 2 Registered Trade Marks are conclusive under s 37 TMA and the Plaintiff had failed to establish any one of the exceptions provided in s 37(a) to (c) TMA;

- (6) Mr. Lim set up Rivertech but denied that Rivertech was a contract manufacturer of the Plaintiff's Goods. The Defendant also denied that the Defendant was a contract manufacturer of the Plaintiff's Goods;
- (7) Mr. Lim stated that he was "*instrumental*" in setting up the Defendant; and
- (8) the Defendant's solicitors had replied to the Plaintiff's demand.

E. Relevant provisions in TMA and TMR

7. The following provisions in TMA and TMR are relevant in this OS:

"TMA

3(2) In this Act -

...

(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;

...

s 10 Registrable trade marks

...

10(2A) For the purposes of this section, "distinctive", in relation to the trade mark registered or proposed to be registered in respect of goods or services, means the trade mark must be capable of distinguishing goods or services with which the proprietor of the trade

mark is or may be connected in the course of trade from goods or services in the case of which no such connection subsists, either generally or, where the trade mark is registered or proposed to be registered, subject to conditions, amendments, modifications or limitations, in relation to use within the extent of the registration.

(2B) In determining whether a trade mark is capable of distinguishing as aforesaid, regard may be had to the extent to which -

- (a) the trade mark is inherently capable of distinguishing as aforesaid; and**
- (b) by reason of the use of the trade mark or of any other circumstances, the trade mark is in fact capable of distinguishing as aforesaid.**

...

s 14 Prohibition on registration

(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;**

...

s 25 Registration

(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.

...

(3) Subject to the provisions of this Act, the Registrar may refuse the application or may accept it absolutely or subject to such

conditions, amendments, modifications or limitations, if any, as he may think right to impose.

...

s 28 *Opposition to registration*

(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.*

...

s 36 *Registration prima facie evidence of validity*

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.

s 37 *Registration conclusive*

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.

s 45 *Rectification of the Register*

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

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

TMR

reg. 37 Opposition

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;*

...

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).

F. Plaintiff is aggrieved by 2 Registered Trade Marks

8. It is clear that the Plaintiff has the legal burden under s 106 of the Evidence Act 1950 (**EA**) to prove that the Plaintiff is a “*person aggrieved*” by the 2 Registered Trade Marks within the meaning of s 45(1)(a) TMA – please see the High Court’s decision in **X1R Global Holdings Sdn Bhd & Anor v Y-Teq Auto Parts (M) Sdn Bhd** [2016] 5 MLRH 41, at paragraph 39. This is because whether the Plaintiff is aggrieved or not by the 2 Registered Trade Marks is “*especially within the knowledge*” of the Plaintiff as provided in s 106 EA. The above decision in **X1R Global Holdings** has been affirmed by the Court of Appeal in a judgment given by Hamid Sultan Abu Backer JCA in **Y-Teq Auto Parts (M) Sdn Bhd v X1R Global Holdings Sdn Bhd & Anor** [2017] 3 CLJ 454.
9. This court is satisfied that the Plaintiff has discharged the legal onus to prove that the Plaintiff is aggrieved by the 2 Registered Trade Marks as understood in s 45(1)(a) TMA. This decision is based on the following evidence and reasons:
- (1) as elaborated in Part H below, the Plaintiff was the 1st User of Yellow Elephant Mark in the course of trade in Malaysia for goods in Classes 9 and 21 (the same classes of goods for the 2 Registered Trade Marks). As such, the Plaintiff is the Common Law proprietor of Yellow Elephant Mark for goods in Classes 9 and 21. The Plaintiff is therefore aggrieved by the 2 Registered Trade Marks because the Plaintiff’s Common Law ownership of Yellow Elephant Mark has been adversely

affected by the 2 Registered Trade Marks – please see Azahar Mohamed FCJ’s judgment in the Federal Court case of **Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party)** [2015] 6 MLJ 465, at paragraph 28. **Mesuma Sports** has been affirmed by Balia Yusof Hj Wahi FCJ in the recent Federal Court’s decision in **Liwayway Marketing Corporation v Oishi Group Public Company Ltd** [2017] 1 LNS 374, at paragraph 13;

- (2) for reasons explained in Part K below, the 2 Registered Trade Marks are likely to deceive and/or confuse the public to think that the Defendant’s Goods bearing the 2 Registered Trade Marks originate from the Plaintiff or are associated with the Plaintiff. Accordingly, the Defendant’s use of the 2 Registered Trade Marks on the Defendant’s Goods has adversely affected the Plaintiff’s legal right and interest in Yellow Elephant Mark so as to entitle the Plaintiff to apply to expunge the 2 Registered Trade Marks under s 45(1)(a) TMA - **Mesuma Sports**; and
- (3) Exhibit TCP-5 in the Plaintiff’s 1st Affidavit had exhibited the Plaintiff’s invoices and delivery orders (**DO’s**) regarding sales of Plaintiff’s Goods in Classes 9 and 21 (the same classes of goods for the 2 Registered Trade Marks). It is to be noted that the Plaintiff’s invoices and DO’s had expressly referred to Yellow Elephant Mark (identical to the 2 Registered Trade Marks). The following cases have held that when a party’s business or trade document expressly refers to a mark,

the business or trade document may constitute proof of the party's use of the mark in the course of trade -

- (a) Ramly Ali J's (as he then was) judgment in the High Court case of **Acushnet Company v Metro Golf Manufacturing Sdn Bhd** [2006] 7 CLJ 557, at paragraphs 78 and 79; and
- (b) **Ooi Siew Bee & Ors v Zhu Ge Kong Ming Sdn Bhd & Anor** [2017] 2 AMR 161, at sub-paragraph 64(7)(b).

The Plaintiff's invoices and DO's clearly show the Plaintiff's use of Yellow Elephant Mark in the course of the Plaintiff's trade. This means that the Plaintiff is a person aggrieved by the 2 Registered Trade Marks as explained by Abdul Aziz Mohamad FCJ in the Federal Court case of **McLaren International Ltd v Lim Yat Meen** [2009] 4 CLJ 749, at paragraph 22. **McLaren International** has been affirmed by the Federal Court in **Liwayway Marketing Corporation**, at paragraph 11.

G. Is Plaintiff estopped from expunging 2 Registered Trade Marks?

- 10. I am not able to accept the Defendant's contention that the Plaintiff is estopped from filing this OS because the Plaintiff has failed to object to the Defendant's 2 Applications before the Registrar. My reasons are as follows:

- (1) as a matter of *stare decisis*, this court is bound by the Federal Court's judgment delivered by Zulkefli CJ (Malaya) in **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); and

(2) I have followed **Yong Teng Hing** in **X1R Global Holdings**, at paragraph 50, and have decided as follows -

“50. Based on Yong Teng Hing, the fact that the Plaintiffs did not –

(1) oppose the registration of the Defendant’s Trade Mark in Classes 7, 9, 12 and 35 under s 28(1) TMA read with reg. 37(a) TMR;

(2) appeal to the High Court against the Registrar’s registration of the Defendant’s Trade Mark in Classes 7, 9, 12 and 35 under s 28(5) TMA; and

(3) file an objection to the application of the Defendant’s Trade Mark in Class 25

- does not bar or estop the Plaintiffs from filing the OS under s 45(1)(a) TMA.”

(emphasis added).

Accordingly, the Plaintiff is not estopped from filing this OS to expunge the 2 Registered Trade Marks by the Plaintiff’s failure to object to the Defendant’s 2 Applications before the Registrar.

H. Who was 1st User of Yellow Elephant Mark?

11. The Federal Court has decided in **Mesuma Sports** that the 1st User of a mark is the Common Law proprietor of the mark and is thereby entitled to apply to the Registrar to register the mark under s 25(1) TMA.
12. The Plaintiff bears the legal burden under ss 101(1), (2) and 102 EA to prove on a balance of probabilities that the Plaintiff was the 1st User of Yellow Elephant Mark – please see the High Court’s decision in **GS Yuasa Corporation v GBI Marketing Malaysia Sdn Bhd** [2017] 8 MLJ 166, at paragraph 20. The High Court’s decision in **Yuasa Corporation** has been affirmed by the Court of Appeal.
13. I find that the Plaintiff has succeeded to prove on a balance of probabilities that the Plaintiff (not the Defendant) was the 1st User of Yellow Elephant Mark. This finding is premised on the following evidence and reasons:
 - (1) Exhibit TCP-5 in the Plaintiff’s 1st Affidavit had exhibited, among others, the Plaintiff’s invoice dated 24.5.1991 to San Lau Seng Sdn. Bhd. This invoice is the earliest documentary evidence regarding the Plaintiff’s use of Yellow Elephant Mark in the course of trade. As explained in the above sub-paragraph 9(3), the Plaintiff’s invoices (which referred to Yellow Elephant Mark) evidenced the Plaintiff’s use of Yellow Elephant Mark in the course of the Plaintiff’s trade;

- (2) a photograph dated 14.3.1994 (Exhibit TCP-3 in the Plaintiff's 1st Affidavit) showed the Plaintiff's Goods bearing Yellow Elephant Mark. This photograph showed the Plaintiff's use of Yellow Elephant Mark on the Plaintiff's Goods within the meaning of the first limb of the meaning of "use of a mark" in s 3(2)(b) TMA (*use ... upon ... goods*);
- (3) the Defendant had not exhibited any documentary evidence to prove the Defendant's use of the 2 Registered Trade Marks on the Defendant's Goods in the course of trade. On the contrary, the Plaintiff had adduced an invoice dated 3.8.2015 from the Defendant to the Plaintiff (Exhibit TCP-12 in the Plaintiff's 1st Affidavit) which proved that the Plaintiff had commissioned the Defendant to manufacture the Plaintiff's Goods bearing Yellow Elephant Mark;
- (4) in the Federal Court case of **Tindok Besar Estate Sdn Bhd v Tinjar Co** [1979] 2 MLJ 229, at 234, Chang Min Tat FJ decided that it is "safer" to rely on documentary evidence than a witness' self-serving oral testimony. Similarly, this court accepts the Plaintiff's invoice dated 24.5.1991 and photograph dated 14.3.1994 in preference to the self-serving bare assertions in the Defendant's Affidavit;
- (5) SSM's record showed that the Defendant was incorporated on 5.9.1995. The Plaintiff's invoice dated 24.5.1991 and photograph dated 14.3.1994 showed that the Plaintiff had used Yellow Elephant Mark on the Plaintiff's Goods even before the incorporation of the Defendant;

- (6) the Plaintiff's Demand had expressly alleged that the Plaintiff was the 1st User of Yellow Elephant Mark. If the Defendant was indeed the 1st User of 2 Registered Trade Marks, the Defendant's Reply would have denied the Plaintiff's averment in the Plaintiff's Demand (that the Plaintiff was the 1st User of Yellow Elephant Mark) and would have instead asserted that the Defendant was the 1st User of 2 Registered Trade Marks. This was however not done in the Defendant's Reply. Worse still, the Defendant's Reply stated that the Defendant's solicitors would reply to the Plaintiff's Demand by 14.10.2016. The Defendant however did not reply at all to the Plaintiff's Demand. The contents of the Defendant's Reply clearly evidenced the Defendant's lack of credibility and *bona fides* in this case; and
- (7) if the Defendant were the 1st User of 2 Registered Trade Marks, the Defendant would have filed an action against the Plaintiff for infringement of 2 Registered Trade Marks under s 38(1)(a) TMA (**Trade Mark Infringement Suit**) as what the Defendant had done in the Defendant's Shah Alam Suit. The Defendant did not even send a demand to the Plaintiff to cease using Yellow Elephant Mark, let alone commence a Trade Mark Infringement Suit. In view of the Defendant's invoice dated 3.8.2015 to the Plaintiff (Exhibit TCP-12 in the Plaintiff's 1st Affidavit), the Defendant cannot feign ignorance regarding the Plaintiff's use of Yellow Elephant Mark on Plaintiff's Goods.

14. Regarding the Defendant's reliance on SSM's record concerning the nature of the Plaintiff's business, s 21(1) of the Companies Act 2016 (CA) provides that a company "*shall be capable of exercising all the functions of a body corporate and have the full capacity to carry on or undertake any business or activity*". Section 21(2) CA further states that a company "*shall have the full rights, powers and privileges*" for the purposes mentioned in s 21(1) CA. It is therefore clear that under s 21(1) and (2) CA, the Plaintiff has "*full capacity*" to carry out trade regarding the Plaintiff's Goods bearing Yellow Elephant Mark despite what is stated in the SSM's record regarding the nature of Plaintiff's business.

I. Should court lift Defendant's corporate veil?

15. According to s 20(a) CA, a company is a legal person which is separate from its "*members*" [interpreted in s 2(1)(a) CA]. This general rule regarding a company's legal personality is subject to exceptions wherein the court may pierce or lift the company's corporate veil. There is a difference between the piercing of a corporate veil and its lifting -

- (1) a company's corporate veil is pierced by a party when the party seeks to impose personal liability on an individual who may or may not be the company's director, shareholder or employee; and
- (2) the court lifts the corporate veil of a company to ascertain the true factual position without imposing any personal liability on a particular individual

The above difference has been explained by Staughton LJ's judgment in the English Court of Appeal case of **Atlas Maritime Co SA v Avalon Maritime Ltd (The Coral Rose) (No. 1)** [1991] 4 All ER 769, at 779.

16. To pierce or lift a corporate veil, 3 Federal Court judgments require the following 2 conditions to be fulfilled cumulatively (**2 Conditions**):

- (1) there exists special circumstances to pierce or lift the corporate veil, such as the commission of actual or Common Law fraud (**1st Condition**); and
- (2) the piercing or lifting of a corporate veil is in the interest of justice (**2nd Condition**).

The following 3 Federal Court judgments have laid down the 2 Conditions –

- (a) Hasan Lah FCJ's judgment in **Solid Investment Ltd v Alcatel Lucent (M) Sdn Bhd** [2014] 3 CLJ 73, at 92;
- (b) the decision of Richard Malanjum CJ (Sabah & Sarawak) in **Gurbachan Singh s/o Bagawan Singh & Ors v Vellasamy s/o Pennusamy & Ors** [2015] 1 MLJ 773, at paragraphs 96-99; and

(c) the judgment of Richard Malanjum CJ (Sabah & Sarawak) in **Giga Engineering & Construction Sdn Bhd v Yip Chee Seng & Sons Sdn Bhd & Anor** [2015] 9 CLJ 537, at paragraphs 39, 44 and 45.

17. I am satisfied that the 2 Conditions to lift the Defendant's corporate veil are fulfilled in this case for the following reasons:

- (1) based on evidence and reasons explained in Part J below, the original registration of the 2 Registered Trade Marks had been obtained by fraud by the Defendant within the meaning of s 37(a) TMA. The 1st Condition (existence of special circumstances to lift the Defendant's corporate veil) has therefore been satisfied in this case; and
- (2) the Defendant's corporate veil should be lifted in the interest of justice (2nd Condition) because the Plaintiff had adduced relevant pages from the Plaintiff's "*Local Purchases Logbook*" (**Plaintiff's Logbook**) in 2006 and 2007 which showed the Plaintiff's commissioning of Rivertech to supply Plaintiff's Goods bearing Yellow Elephant Mark (Exhibit TCP-10 in Plaintiff's 1st Affidavit). There was also an invoice dated 16.10.2006 from Rivertech to the Plaintiff (Exhibit TCP-10 in Plaintiff's 1st Affidavit). In other words, as early as 2006 (before the Defendant's 2 Applications), Rivertech had actual knowledge of the Plaintiff's use of Yellow Elephant Mark on Plaintiff's Goods. It is therefore essential in the interest of justice to ascertain whether through Rivertech, the Defendant had actual knowledge of the Plaintiff's use of Yellow Elephant Mark on Plaintiff's Goods in 2006

(before the Defendant's 2 Applications were made on 20.12.2006 and 4.5.2009).

18. This court is satisfied on a balance of probabilities that the following evidence and reasons prove that upon the lifting of the Defendant's corporate veil, Mr. Lim and Ms. Khor Goat Taip (**Ms. Khor**) are the *alter ego*, controllers and the directing mind and will of the Defendant:

- (1) according to SSM's records (Exhibit TCP-11 in Plaintiff's 1st Affidavit) -
 - (a) Ms. Khor was the first sole proprietor of Rivertech with effect from 9.6.1994;
 - (b) on 25.6.1999, Mr. Lim became a partner of Rivertech together with Ms. Khor;
 - (c) Mr. Lim withdrew as a partner of Rivertech on 26.2.2004. This meant Ms. Khor resumed as a sole proprietor of Rivertech on 26.2.2004;
 - (d) on 8.6.2010, Ms. Lim Ze Wen (**Ms. Lim**) became a partner of Rivertech together with Ms. Khor; and
 - (e) Ms. Khor withdrew as partner of Rivertech on 9.6.2010. This means that Ms. Lim is a sole proprietor of Rivertech since 9.6.2010;

(2) in paragraph 9 of the Defendant's Affidavit, Mr. Lim affirmed that Mr. Lim –

(a) “*set up*” Rivertech in 1994; and

(b) was “*instrumental in setting up*” the Defendant;

(3) the Defendant's record with SSM (Exhibit TCP-8, Plaintiff's 1st Affidavit) showed that –

(a) Mr. Lim and Ms. Khor are the only shareholders of the Defendant;

(b) Mr. Lim and Ms. Khor are the only directors of the Defendant. Mr. Lim affirmed in the Defendant's Affidavit that he is the Defendant's MD; and

(c) Ms. Khor is the Defendant's manager; and

(4) Mr. Lim affirmed the Defendant's Affidavit to resist this OS.

J. Were 2 Registered Trade Marks obtained by Defendant's fraud?

19. As the 2 Registered Trade Marks have been on the Register for more than 7 years from the dates of their original registration (20.12.2006 and 4.5.2009), the 2 Registered Trade Marks are deemed valid under s 37 TMA

unless the Plaintiff can prove any one or more of the 3 exceptions in s 37(a), (b) or (c) TMA – please see the judgment of James Foong JCA (as he then was) in **Bata Ltd v Sim Ah Ba & Ors** [2006] 3 CLJ 393, at paragraph 18.

20. It is not disputed that the Plaintiff bears the legal burden under ss 101(1), (2) and 102 EA to prove that the original registration of the 2 Registered Trade Marks had been obtained by the Defendant's fraud under s 37(a) TMA. 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, fraud need only be proven on a balance of probabilities and not beyond all reasonable doubt.

21. I am satisfied that the Plaintiff has succeeded to prove on a balance of probabilities that the original registration of the 2 Registered Trade Marks had been obtained by the Defendant's fraud under s 37(a) TMA. This finding is based on the following evidence and reasons:

(1) as elaborated in the above Part H, the Plaintiff was the 1st User and the Common Law proprietor of Yellow Elephant Mark. Accordingly, the Defendant could not claim to be a "*proprietor*" of Yellow Elephant Mark under s 25(1) TMA and was not entitled to apply to register the 2 Registered Trade Marks;

(2) it is clear from the Plaintiff's Logbook that in 2006, Ms. Khor (the then sole proprietor of Rivertech) had actual knowledge of the Plaintiff's use

of Yellow Elephant Mark on Plaintiff's Goods. As explained in the above Part I, the Defendant's corporate veil should be lifted to reveal that Ms. Khor is one of the 2 *alter ego*, controllers and the directing mind and will of the Defendant. As such, Mr. Khor's actual knowledge in 2006 of Plaintiff's use of Yellow Elephant Mark on Plaintiff's Goods, can and should be considered as the Defendant's actual knowledge in 2006 of the Plaintiff's use of Yellow Elephant Mark on Plaintiff's Goods; and

- (3) when the Defendant applied to register the 2 Registered Trade Marks under s 25(1) TMA with the actual knowledge of the Plaintiff's prior use of Yellow Elephant Mark on Plaintiff's Goods (through Ms. Khor's actual knowledge), the Defendant had defrauded the Registrar within the meaning of s 37(a) TMA. I rely on the following 3 High Court cases –

- (a) in **Hai-O Enterprise Bhd v Nguang Chan @ Nguang Chan Liquor Trader** [1992] 2 CLJ (Rep) 436, at 454-455, Mahadev Shankar J (as he then was) decided as follows -

"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. ...

... 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.

...

The scheme of the Act imposes a duty on the applicant to disclose truthfully who the proprietor of the mark is. By s. 25 [TMA] 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. ...”

(emphasis added);

- (b) in **Luk Lamellen Und Kupplungsbau GmbH v South East Asia Clutch Industries Sdn Bhd** [1997] 2 MLJ 724, at 733 and 734, Abdul Aziz J (as he then was) held as follows -

“... 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. ...

... 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.”

(emphasis added); and

- (3) Azizah Nawawi JC (as she then was) decided as follows in **Wieland Electric GmbH v Industrial Automation (M) Sdn Bhd & Anor** [2014] 10 MLJ 445, at paragraph 40 –

“[40] Bearing in mind that the plaintiff is the rightful proprietor of the subject trademark, the first defendant has misled and misrepresented itself to the registrar by claiming to be the rightful proprietor of the Wieland trademark via the said statutory declaration affirmed on 6 October 2005. This is clearly a fraud as the first defendant has merely been an importer and/or the agent and/or distributor of the plaintiff in Malaysia at all material times. Therefore this amounts to a fraud committed on the registrar of trademarks.”

(emphasis added).

22. Before I discuss the next issue in this case, I should highlight ss 415(b) and 417 PC as follows:

*“s 415 **Cheating***

Whoever by deceiving any person, whether or not such deception was the sole or main inducement –

- (a) *fraudulently or dishonestly induces the person so deceived to deliver any property to any person, or to consent that any person shall retain any property; or*

(b) intentionally induces the person so deceived to do or omit to do anything which he would not do or omit to do if he were not so deceived and which act or omission causes or is likely to cause damage or harm to any person in body, mind, reputation, or property,

is said to “cheat”

Explanation 1 - A dishonest concealment of facts is a deception within the meaning of this section. ...

s 417 Punishment for cheating

Whoever cheats shall be punished with imprisonment for a term which may extend to five years or with fine or with both.”

(emphasis added).

I am of the view that if a person (X) applies to the Registrar under s 25(1) TMA to register a mark when X has actual knowledge that prior to X's application, another person (Y) has lawfully used an identical or similar mark in Y's course of trade, X may have committed an offence of cheating the Registrar under s 415(b) PC which is punishable under s 417 PC. This view is supported by the following reasons:

(1) X has dishonestly concealed from the Registrar a material fact that there was prior and lawful use of the mark by Y in Y's course of trade (**X's Dishonest Concealment**). X's Dishonest Concealment amounts to a deception according to Explanation 1 to s 415 PC;

(2) X's Dishonest Concealment has deceived the Registrar by intentionally inducing the Registrar to register the mark which the Registrar would not have done if the Registrar was not so deceived [please see s 415(b) PC]; and

(3) X's deception of the Registrar has caused or is likely to cause damage or harm to Y's reputation or property in the mark in question [please see s 415(b) PC].

K. Whether 2 Registered Trade Marks are likely to deceive and/or confuse public

23. The 2 Registered Trade Marks can be expunged from the Register under s 14(1)(a) read with s 37(b) TMA if there is a likelihood that the public will be deceived or confused that the Defendant's Goods bearing the 2 Registered Trade Marks originate from the Plaintiff or is associated with the Plaintiff's goods bearing Yellow Elephant Mark.

24. 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 paragraph 29, Zulkefli Makinudin CJ (Malaya) has decided that the Plaintiff bears the legal burden prove that there is a real likelihood of deception or confusion of the public regarding the use of the 2 Registered Trade Marks on Defendant's Goods and the use of Yellow Elephant Mark on Plaintiff's Goods.

25. This court is satisfied that there is a real likelihood that the public will be deceived or confused that the Defendant's Goods bearing the 2 Registered Trade Marks originate from the Plaintiff or is associated with the Plaintiff's Goods bearing Yellow Elephant Mark. This decision is premised on the following evidence and reasons:

- (1) the Yellow Elephant Mark and 2 Registered Trade Marks should be visually compared – please see **Bata Ltd**, at paragraph 23. An ocular examination of the Yellow Elephant Mark and 2 Registered Trade Marks reveals that the Yellow Elephant Mark is identical to the 2 Registered Trade Marks;
- (2) in the English High Court case of **Re Ladislav Jellinek** (1946) 63 RPC 59, at 70, Romer J (as he then was) considered the nature, characteristics, composition, purpose and use of the Plaintiff's Goods and Defendant's Goods to ascertain whether there is a similarity of description between the Plaintiff's Goods and Defendant's Goods. There is clearly a similarity of description between the Plaintiff's Goods and Defendant's Goods as both of these goods fall within the same Classes 9 and 21;
- (3) 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 High Court in **Re Pianotist Co Ltd** (1906) 23 RPC 774, at 777, and took

into account the nature and kind of the customers of the Plaintiff's Goods and Defendant's Goods. I find that the customers of the Plaintiff's Goods and the Defendant's Goods are the same;

- (4) the nature of the trade channels of Plaintiff's Goods and Defendant's Goods should be taken into account – please see **Re Ladislav Jellinek**, at p. 70. The nature of the trade channels of Plaintiff's Goods and Defendant's Goods is the same. In fact, there is documentary evidence that the Plaintiff had commissioned both Rivertech and Defendant to manufacture the Plaintiff's Goods bearing Yellow Elephant Mark;
- (5) in **Solavoid Trade Mark** [1977] RPC 1, at 31, an appeal from New Zealand, Lord Fraser has delivered the Privy Council's judgment regarding the importance of how a mark has been applied on or in relation to the goods in question. The 2 Registered Trade Marks are applied on the Defendant's Goods in the same manner as how the Yellow Elephant Mark is applied on the Plaintiff's Goods;
- (6) this Court should consider whether there is a similarity of idea or concept between the 2 Registered Trade Marks and Yellow Elephant Mark – please see **Solavoid Trade Mark**, at p. 30. Clearly, there is a similarity of idea and concept between the 2 Registered Trade Marks and Yellow Elephant Mark; and

(7) in the Federal Court case of **MI & M Corporation & Anor v A Mohamed Ibrahim** [1964] 1 MLJ 392, at 394, Thomson LP applied the imperfect recollection test, namely whether a reasonable customer of the Defendant's Goods, with an imperfect recollection of the precise details of the 2 Registered Trade Marks, is likely to be confused or deceived into believing that the Defendant's Goods bearing the 2 Registered Trade Marks originate from the Plaintiff or is associated with the Plaintiff's Goods bearing Yellow Elephant Mark. Applying the imperfect recollection test, I am satisfied that a reasonable customer of the Defendant's Goods, with an imperfect recollection of the precise details of the 2 Registered Trade Marks, is likely to be confused or deceived into believing that the Defendant's Goods bearing the 2 Registered Trade Marks originate from the Plaintiff or is associated with the Plaintiff's Goods bearing Yellow Elephant Mark.

L. Whether 2 Registered Trade Marks are distinctive of Defendant's goods

26. To challenge the validity of the 2 Registered Trade Marks under s 37(c) TMA, the Plaintiff has to discharge the legal burden to prove on a balance of probabilities that the 2 Registered Trade Marks were not distinctive of the Defendant's Goods on 3.11.2016 (the date of the filing of this OS) – please see **Hai-O Enterprise Bhd**, at p. 456.

27. I find that the Plaintiff has successfully proven on a balance of probabilities that the 2 Registered Trade Marks were not distinctive of the Defendant's

Goods on 3.11.2016 within the meaning of s 37(c) TMA. This decision is supported by the following evidence and reasons:

(1) this court refers to the following 2 Court of Appeal cases regarding the meaning of a mark's distinctiveness -

(a) in **Lim Yew Sing v Hummel International Sports & Leisure A/S** [1996] 3 MLJ 7, at 19, Mahadev Shankar JCA held 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); and

(b) it was decided in **Bata Ltd**, in paragraph 45, as follows –

“2nd Issue: Whether At The Commencement Of The Proceedings, The Respondents’ Trade Mark Is Not Distinctive Of The Goods Of The Respondents

[45] Lockhart J in the Australian case of Dodds Family Investments Pty Ltd (formerly Solar Tint Pty Ltd) v. Lane Industries Pty Ltd and Others 25 IPR 197 explained the meaning of ‘distinctive’:

‘Distinctive’ means distinctive in the sense that the mark distinguishes the registered proprietor’s goods or services from others of the same type in that market, though it does not mean that the goods or services must specifically identify the plaintiff as the source of those goods or services. Often the identity of the supplier will be unknown, but what is important is that a significant number of consumers in the relevant market identify the plaintiff’s goods or services as coming from one trade source: see Johnson & Johnson at FCR 336 and the other references there cited.’

(emphasis added).

In this case, the Plaintiff had adduced substantial documentary evidence to prove that the Yellow Elephant Mark is distinctive of the Plaintiff’s Goods. On the contrary, the Defendant had not adduced any documentary evidence regarding the use of the 2 Registered Trade Marks on the Defendant’s Goods as of 3.11.2016; and

- (2) for a mark to be registrable, the mark has to be “*distinctive*” within the meaning of s 10(2A), (2B)(a) and (b) TMA. I am of the view that

the meaning of the word “*distinctive*” in s 37(c) TMA should be the same as that provided for the same word in s 10(2A), (2B)(a) and (b) TMA. This is because if the registration of a mark requires its distinctiveness, the registration of that mark can and should be expunged on the lack of that mark’s distinctiveness.

In **Kraft Foods Schweiz Holding GmbH v Pendaftar Cap Dagangan** [2016] 11 MLJ 702, at paragraphs 41-47, I have interpreted s 10(2A), (2B)(a) and (b) TMA based on English cases which have construed the then s 9(2), (3)(a) and (b) of the Trade Marks Act 1938 of the United Kingdom [**TMA 1938 (UK)**]. Section 9(2), (3)(a) and (b) TMA 1938 (UK) are similar to our s 10(2A), (2B)(a) and (b) TMA.

It was decided in **Kraft Foods** as follows:

- (a) based on Lord Simonds LC’s judgment in the House of Lords case of **Yorkshire Copper Works Ltd v Registrar of Trade Marks** [1954] 1 All ER 570, at 571-572, the word “*may*” in s 10(2B) TMA is construed to be mandatory in the sense that both the “*inherent distinctiveness*” requirement [s 10(2B)(a) TMA] and “*factual distinctiveness*” requirement [s 10(2B)(b) TMA] should be considered cumulatively; and
- (b) a mark is inherently distinctive under s 10(2B)(a) TMA if other traders are not likely, in the ordinary course of their business

and without any improper motive, to desire to use the same mark or some mark nearly resembling it, upon or in connection with their own goods – please see Lord Parker’s decision in the House of Lords in **Re W & G Du Cros Ltd’s Application** [1913] AC 624, at 634-635.

I find that the 2 Registered Trade Marks were not factually distinctive of the Defendant’s Goods on 3.11.2016 under s 10(2A) and (2B)(b) TMA read with s 37(c) TMA because the Plaintiff had and is still using Yellow Elephant Mark on the Plaintiff’s Goods. As such, the 2 Registered Trade Marks were not “*in fact capable of distinguishing*” the Defendant’s Goods from the Plaintiff’s Goods within the meaning of s 10(2A) and (2B)(b) TMA. As decided in **Yorkshire Copper Works** and followed in **Kraft Foods**, both inherent and factual distinctiveness requirements in s 10(2B)(a) and (b) TMA should be considered cumulatively.

M. Does Court have a discretion not to expunge 2 Registered Trade Marks?

28. The Defendant’s learned counsel had submitted as follows:

- (1) relief under s 45(1)(a) TMA is discretionary and cannot be claimed as a matter of right. The Defendant had cited the Court of Appeal’s decision in **Al Baik Fast Food Distribution Co SAE v El Baik Food**

Systems Co SA & another appeal [2016] 5 MLJ 768 and the English Court of Appeal case of **Phantom Trade Mark** [1978] RPC 245; and

(2) the court should exercise its discretion under s 45(1)(a) TMA to dismiss this OS with costs on the following grounds, among others –

(a) this OS is not *bona fide* but is filed to frustrate the Defendant's Shah Alam Suit. The Plaintiff should have applied to intervene in the Defendant's Shah Alam Suit and claim its proprietary right in the Yellow Elephant Mark. Accordingly, this OS constitutes an abuse of court process by the Plaintiff; and

(b) the Plaintiff had been guilty of delay in filing this OS for about 26 years (from 1990s when the Plaintiff alleged that the Plaintiff had first used Yellow Elephant Mark on the Plaintiff's Goods). Reliance had been placed on **Al Baik Fast Food Distribution**, at paragraph 46, as follows -

"[46] Section 45 relief, is a discretionary relief and cannot be claimed as of right when plausible defences as summarised by the learned author P Narayanan which are within the spirit and intent of s 40 [TMA] can be established by the defendant. Case laws which have not made out the distinction must be read with caution. Delay in making a s 45 application without explaining the delay may be fatal when the applicant's primary aim is alleged to protect his interest, ie to say he is an aggrieved person. It all depends on the facts and special

circumstances of the case and when the competing interest emerged. The court is also vested with powers on appropriate applications of parties to 'vary' the trademark as it thinks fit. This provision is meant to be a 'win win' situation for genuine traders to eliminate confusion."

(emphasis added).

29. Firstly, I am unable to accept the Defendant's submission that this OS constitutes an abuse of court process by the Plaintiff. My reasons are as follows:

- (1) the Plaintiff has a statutory right under s 45(1)(a) TMA to file this OS. The exercise of a statutory right cannot constitute an abuse of court process;
- (2) there is nothing in the Rules of Court 2012 which mandatorily requires the Plaintiff to apply to intervene in the Defendant's Shah Alam Suit. The Plaintiff has the choice to file this OS or to apply to intervene in the Defendant's Shah Alam Suit. The choice is entirely the Plaintiff's; and
- (3) this court specializes in Intellectual Property matters. It is therefore not inappropriate for this OS to be filed in this court.

30. In **Ho Tack Sien**, at paragraph 25, the Federal Court has clearly decided that once a ground for the expungement of a registered trade mark has been established, the Court has no discretion but to remove the trade mark from the Register in accordance with s 45(1)(a) TMA. I have followed **Ho Tack Sien** in **Tokai Corporation v DKSH Malaysia Sdn Bhd** [2016] MLJU 621, at paragraph 71, and held as follows –

“71. ... 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**. In light of **Ho Tack Sien**, earlier High Court decisions in **Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd** [1997] 4 MLJ 504, at 531, and **Industria De Diseno Textil SA v Edition Concept Sdn Bhd** [2005] 2 CLJ 357, at 366-367, should be read with caution.”

31. Regarding **Al Baik Fast Food Distribution**, the Court of Appeal did not decide the 2 appeals based on the inordinate delay of any party. As such, the *dicta* in **Al Baik Fast Food Distribution** which was relied on by the Defendant’s learned counsel, is merely *obiter*. In any event, this court is bound by **Ho Tack Sien** as a matter of *stare decisis*.

32. **Phantom Trade Mark** concerned s 32(1) TMA 1938 (UK) which is similar to our s 45(1)(a) TMA. In **Phantom Trade Mark**, at p. 251, Goff LJ (as he then was) had decided that even if a ground to expunge the registration of a trade mark has been established, the English court has a discretion not to expunge the registration of that trade mark under s 32(1) TMA 1938 (UK).

Once again, from the view point of the doctrine of *stare decisis*, I am bound to follow **Ho Tack Sien**.

33. Alternatively, even if it is assumed that this court has a discretion under s 45(1)(a) TMA not to expunge the registration of a trade mark, nevertheless, this court still exercises its discretion to expunge the 2 Registered Trade Marks from the Register. This exercise of discretion is premised on the following reasons:

- (1) the Plaintiff has succeeded in proving all 3 grounds under s 37(a) to (c) TMA to invalidate the 2 Registered Trade Marks. More importantly, this court should not exercise its discretion under s 45(1)(a) TMA in favour of the Defendant who had fraudulently registered the 2 Registered Trade Marks by cheating the Registrar under s 415(b) PC; and
- (2) the Plaintiff had no actual knowledge of the registration of the 2 Registered Trade Marks. Once the Plaintiff had been informed of the Defendant's Shah Alam Suit, the Plaintiff had promptly filed this OS. In other words, even if there has been a delay by the Plaintiff in filing this OS, there is a reasonable explanation in the Plaintiff's 1st Affidavit for such a delay.

N. Should court substitute Plaintiff's name as proprietor of 2 Registered Trade Marks under s 45(1)(a) TMA?

34. As an alternative to the Plaintiff's prayer for this court to expunge the 2 Registered Trade Marks from the Register, the Plaintiff had in prayer 7(b) of this OS, applied for an order to substitute the Plaintiff's name as the proprietor of the 2 Registered Trade Marks.
35. Although the court has no discretion not to expunge a registered trade mark under s 45(1)(a) TMA (please see the above Part M), the court has a discretionary power under that provision to vary any entry in the Register – please see **Al Baik Fast Food Distribution**, at paragraph 46.
36. I decline to exercise my discretion under s 45(1)(a) TMA to substitute the Plaintiff (as proprietor of the 2 Registered Trade Marks) in place of the Defendant. This is because s 25(3) TMA confers power on the Registrar to accept or refuse a trade mark application. Upon the expungement of the 2 Registered Trade Marks from the Register, the Plaintiff is at liberty to apply to the Registrar under s 25(1) TMA to register the Yellow Elephant Mark in the Plaintiff's name and the Registrar is then duty bound to consider this application under s 25(3) TMA. The court should not usurp the statutory powers conferred by Parliament on the Registrar under s 25(3) TMA by substituting the Plaintiff (as proprietor of the 2 Registered Trade Marks) in place of the Defendant [pursuant to s 45(1)(a) TMA].

O. Court's decision

37. In summary –

- (1) the Plaintiff is not estopped from applying to expunge the 2 Registered Trade Marks by failing to object to the Defendant's 2 Applications before the Registrar;
- (2) the Plaintiff is the 1st User of Yellow Elephant Mark and is therefore its Common Law proprietor;
- (3) the Plaintiff has proven on a balance of probabilities that the original registration of the 2 Registered Trade Marks by the Defendant had been obtained by fraud under s 37(a) TMA;
- (4) the use of the 2 Registered Trade Marks on the Defendant's Goods is likely to deceive and/or confuse the public under s 14(1)(a) read with s 37(b) TMA so as to give a false impression to the public that the Defendant's Goods originate from the Plaintiff or is associated with the Plaintiff's Goods;
- (5) on the date of the filing of this OS (3.11.2016), the 2 Registered Trade Marks were not factually distinctive of the Defendant's Goods within the meaning of s 37(c) TMA read with s 10(2A) and (2B)(b) TMA; and

- (6) once the Plaintiff had proven one or more of the grounds under s 37(a) to (c) TMA regarding the 2 Registered Trade Marks –
 - (a) the court has no discretion but to expunge the 2 Registered Trade Marks under s 45(1)(a) TMA; and
 - (b) as s 25(3) TMA confers power on the Registrar to accept or refuse a trade mark application, the court should not exercise its discretion under s 45(1)(a) TMA to order the Registrar to substitute the Plaintiff (as proprietor of the 2 Registered Trade Marks) in place of the Defendant.

38. Premised on the above evidence and reasons, this OS is allowed with the following order:

- (1) a declaration that -
 - (a) the Defendant is not the rightful proprietor of Yellow Elephant Mark;
 - (b) the Plaintiff is the rightful proprietor of Yellow Elephant Mark;
 - (c) the 2 Registered Trade Marks are entries made in the Register without sufficient cause;

- (d) the 2 Registered Trade Marks are entries wrongfully remaining on the Register;
 - (e) the Defendant had wrongfully applied for and obtained the registration of the 2 Registered Trade Marks; and
 - (f) the 2 Registered Trade Marks were obtained by the Defendant by fraud;
- (2) an order that the 2 Registered Trade Marks be expunged from the Register;
- (3) a copy of this sealed order shall be served on the Registrar and the Registrar shall be ordered to –
- (a) rectify the Register forthwith by expunging the entire record of the 2 Registered Trade Marks from the Register (**Expungement**); and
 - (b) publish the Expungement in the Gazette;
- (4) costs of RM30,000.00 (**Costs Sum**) shall be paid by the Defendant to the Plaintiff;
- (5) the Defendant shall pay to the Plaintiff interest on the Costs Sum at the rate of 5% per annum from the date of the oral judgment in this

case (23.3.2017) until the date of the Defendant's full payment of the Costs Sum; and

(6) an allocatur fee of 4% shall be imposed on the Costs Sum.

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

DATE: 4 MAY 2017

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