

IN THE HIGH COURT OF MALAYA IN KUALA LUMPUR
(COMMERCIAL DIVISION)
SUIT NO: 22IP-2-02/2015

BETWEEN

1. **OOI SIEW BEE**
(trading under the name and style
Syarikat Perniagaan Eng Leong)
(Registration No. AS0075469-K)

 2. **BM ENG LEONG SDN BHD**
(Company No. 344727-U)

 3. **TAN CHOO HIN**
[Chairman for and on behalf of
The Association of Manufacturers and Retailers of
Chinese Prayer Goods in Penang,
Registration No. 265 (Penang)]
- ... **PLAINTIFFS**

AND

1. **ZHU GE KONG MING SDN BHD**
(Company No. 581637-U)

 2. **REGISTRAR OF TRADE MARKS, MALAYSIA**
- ... **DEFENDANTS**

JUDGMENT

(after trial)

A. Introduction

1. In this case (**Expungement Suit**), the 3 plaintiffs (**Plaintiffs**) applied to expunge from the Register of Trade Marks (**Register**), the following 3 trade

marks (**1st Defendant's Registered Trade Marks**) registered in favour of the first defendant company (**1st Defendant**):

- (1) trade mark with the registration no. 05020770 (**1st Registered Trade Mark**) for goods in Class 16 (paper box) which has been registered on 9.12.2005. The 1st Registered Trade Mark is annexed as Annexure A to this judgment;
- (2) trade mark with the registration no. 05020769 (**2nd Registered Trade Mark**) for goods in Class 3 (prayer paper) which has been registered on 9.12.2005. The 2nd Registered Trade Mark is annexed as Annexure B to this judgment; and
- (3) trade mark with the registration no. 06010249 (**3rd Registered Trade Mark**) for goods in Class 3 (incense paper) which has been registered on 14.6.2006. The 3rd Registered Trade Mark is annexed as Annexure C to this judgment.

2. The Plaintiffs are as follows:

- (1) the first plaintiff (**1st Plaintiff**) is a sole proprietor who sells, among others, Chinese prayer papers and prayer paper boxes (**Chinese Prayer Materials**);
- (2) the second plaintiff company (**2nd Plaintiff**) is in the business of importing and dealing with Chinese Prayer Materials; and

(3) the third plaintiff (**3rd Plaintiff**) is the chairman of a society, “*The Association of Manufacturers and Retailers of Chinese Prayer Goods in Penang*” (**Chinese Prayer Materials Society**) registered under the Societies Act 1966 (**SA**). The members of the Chinese Prayer Materials Society are in the business of imports, sales and manufacture of Chinese Prayer Materials.

3. The form and get-up of the Chinese Prayer Materials imported and sold by the 1st and 2nd Plaintiffs is in Annexure D to this judgment [**Trade Marks (1st and 2nd Plaintiffs)**].
4. The 1st Defendant is a Malaysia company which is involved in the business of wholesaling and retailing Chinese Prayer Materials, including materials which bear the 1st Defendant’s Registered Trade Marks.
5. The second defendant is the Registrar of Trade Marks (**Registrar**). The Registrar is not required to be cited as a party in this suit in view of the Federal Court’s judgment in **Ho Tack Sien & Ors v Rotta Research Laboratorium SpA & Anor, Registrar of Trade Marks (Intervener) & Another Appeal** [2015] 4 CLJ 20, at paragraph 24. As such, the Registrar did not appear, adduce evidence and provide any written submission in this Expungement Suit.

B. Issues

6. This Expungement Suit raises the following questions:

- (1) whether the 3rd Plaintiff and/or the Chinese Prayer Materials Society are aggrieved by the 1st Defendant's Registered Trade Marks so as to entitle them to apply to Court to expunge the 1st Defendant's Registered Trade Marks from the Register under s 45(1)(a) of the Trade Marks Act 1976 (**TMA**);
- (2) whether the Plaintiffs have the "*locus standi*" to apply under s 45(1)(a) TMA to expunge the 1st Defendant's Registered Trade Marks when -
 - (a) the Plaintiffs have not applied to set aside a trade description order dated 25.5.2007 granted under s 16(1) of the then Trade Description Act 1972 [**TDA (1972)**] by the Kuala Lumpur High Court in favour of the 1st Defendant (**1st TDO**) and the 1st TDO has been extended for another 5 years by the Court on 2.7.2012 (**Extended TDO**) pursuant to s 16(4) TDA (1972) read with ss 9(5) and 71 of the Trade Descriptions Act 2011 [**TDA (2011)**]; and
 - (b) there is no evidence that the Plaintiffs have used the Trade Marks (1st and 2nd Plaintiffs) on the Plaintiffs' goods within the meaning of s 3(2)(a) and (b) TMA;

- (3) who is the first user in the course of trade and the Common Law proprietor of the trade mark 還債金 (*Huan Zhai Jin*)?;
- (4) as the 1st Defendant's Registered Trade Marks have been registered for more than 7 years, whether the Plaintiffs can invalidate the 1st Defendant's Registered Trade Marks on one or more of the following grounds –
- (a) were the 1st Defendant's Registered Trade Marks registrable under ss 10(1)(c), (d), (e) and/or 19(1)(b) TMA?;
- (b) whether the 1st Defendant's Registered Trade Marks have offended s 14(1)(a), (b) and/or (d) TMA wherein the 1st Defendant's Registered Trade Marks are invalid under s 37(b) TMA; and/or
- (c) are the 1st Defendant's Registered Trade Marks distinctive of the Defendant's goods at the time of the filing of this suit within the meaning of s 37(c) TMA?;
- (5) does the Court have power to award damages in an Expungement Suit under s 45(1)(a) to (d) TMA?; and
- (6) whether this Expungement Suit should be dismissed solely on the ground that there was an unexplained and inordinate delay by the Plaintiffs in filing the Expungement Suit.

C. Plaintiffs' case

7. The following witnesses testified for the Plaintiffs in this case:

- (1) Mr. Fu Hao (**SP1**);
- (2) Mr. Lim Kean Tat (**SP2**);
- (3) the 1st Plaintiff;
- (4) Mr. Tham Nee Lim @ Kan Teck Kwang (**SP4**); and
- (5) Mr. Tan Su Bong @ Tan Siew Boon (**SP5**).

8. SP1's witness statement stated, among others, as follows:

- (1) SP1 started work as the Vice Manager of "*Foshan Native Produce Import & Export Company Ltd.*" of Guangdong, China (**Foshan**) in 1992. SP1 was promoted to be the Manager of Foshan in 1997;
- (2) Foshan was incorporated in China in 1984. Foshan purchases Chinese Prayer Materials to be burned as an incense [including those bearing 還債金 (*Huan Zhai Jin*)] from other companies in China and Foshan will then export these Chinese Prayer Materials to its clients outside China;

- (3) burning Chinese Prayer Materials as an incense is an ancient Chinese custom which is still being practised to worship Chinese deities, to honour one's ancestors and to repay one's "debts" which have been incurred in one's previous life and/or may be incurred in one's next life;
- (4) the Chinese character, 還 (*Huan*), in Mandarin, means "repay" while the Chinese character, 債 (*Zhai*), means "debts". The Chinese character, 金 (*Jin*), means "gold or money". When the 3 Chinese characters, 還債金 (*Huan Zhai Jin*), are used together, this means repayment of one's debts;
- (5) Foshan has commenced sales of Chinese Prayer Materials bearing 還債金 (*Huan Zhai Jin*) to the 1st and 2nd Plaintiffs in 1992. Foshan has also sold Chinese Prayer Materials bearing 還債金 (*Huan Zhai Jin*) to Syarikat Perniagaan Soon Poh Sdn. Bhd. (**SPSP**) in Klang, Glorious Harvest Sdn. Bhd. (**GHSB**) in Johore and other companies in Malaysia. Foshan has also exported Chinese Prayer Materials bearing 還債金 (*Huan Zhai Jin*) to Indonesia, Thailand and Philippines;
- (6) SP1 denied that there were no Chinese Prayer Materials bearing 還債金 (*Huan Zhai Jin*) in China. SP1 also denied that 還債金 (*Huan Zhai Jin*) had been created or coined by one of the 1st Defendant's directors. According to SP1, Chinese Prayer Materials bearing 還債金 (*Huan Zhai Jin*) have been manufactured and sold by many companies in China since long ago in the 1990s. The Chinese

characters, 還債金 (*Huan Zhai Jin*), are long available in Mandarin language and are generally known;

- (7) Foshan did not have records of sales and exports of Chinese Prayer Materials bearing 還債金 (*Huan Zhai Jin*) from 1992 to 1999 (**1990s Records**) because Foshan had entered into numerous transactions with many companies in Malaysia and other countries and there was therefore no space to keep 1990s Records. As such, the 1990s Records had been destroyed. Foshan only has some of the records of sales and exports of Chinese Prayer Materials bearing 還債金 (*Huan Zhai Jin*) from 2000; and
 - (8) the documents and invoices from Foshan which stated joss paper, would include Chinese Prayer Materials bearing 還債金 (*Huan Zhai Jin*).
9. After SP1's witness statement had been admitted as evidence, the Plaintiffs' learned counsel, Mr. Athimulan a/l Muruthiah (**Mr. Athimulan**), orally asked questions to which SP1 responded as follows:
- (1) exhibits P1 and P2 are Chinese prayer paper and Chinese prayer paper box respectively which have been sold by Foshan to the 2nd Plaintiff. There is a sticker on exhibit P2 (stuck by Foshan in its factory in China) which states the address of the 2nd Plaintiff. The particulars

of the 2nd Plaintiff's address have been provided by the 2nd Plaintiff to Foshan;

- (2) Foshan does not manufacture exhibit P3 (Chinese prayer paper box). Instead, exhibit P3 is manufactured and sold by the 1st Defendant. Nor does Foshan manufacture exhibit P4 (Chinese prayer paper manufactured and sold by the 1st Defendant);
- (3) exhibits P1 and P4 are commonly used for worship by the Chinese community; and
- (4) SP1 confirmed that Foshan had issued, among others –
 - (a) exhibit P5 (Bundle B, p. 41), an invoice dated 6.9.2003 to the 2nd Plaintiff for Foshan's sale of Chinese Prayer Materials [including materials bearing 還債金 (*Huan Zhai Jin*)] to the 2nd Plaintiff;
 - (b) exhibit P7 (Bundle E, p. 28), an invoice dated 23.11.2001 to SPSP regarding Foshan's sale of Chinese Prayer Materials [including materials bearing 還債金 (*Huan Zhai Jin*)] to SPSP; and
 - (c) exhibit P11 (Bundle E, p. 37), an invoice dated 9.11.2001 to GHSB concerning Foshan's sale of Chinese Prayer Materials, including materials bearing 還債金 (*Huan Zhai Jin*), to GHSB.

10. During cross-examination, SP1 gave the following evidence, among others:

- (1) Foshan is owned by the Chinese government;
- (2) Foshan has many customers in Malaysia [p. 22 of the Notes of Proceedings (**NOP**)]. SP1 had dealt with SPSP and a company in Ipoh named "*Shen Xiang Tang Sdn. Bhd.*" (**SXTSB**) (p. 19 NOP);
- (3) SP1 denied that Foshan had not sold Chinese Prayer Materials such as exhibits P1 and P2 in Malaysia before 1997 (p. 20 NOP). SP1 however admitted that Foshan does not manufacture exhibits P1 and P2 but is only a "*middleman*" who purchases such goods from their 2 manufacturers in China, namely "*Liu Jian Ming*" and "*Zhan Guo Zhang*" (**2 Chinese Manufacturers**) (p. 21 NOP);
- (4) SP1 explained that the names of the 2 Chinese Manufacturers are not printed on Chinese Prayer Materials because it is not a Chinese custom or tradition to do so (p. 21-22 NOP). SP1 denied that the names of the 2 Chinese Manufacturers are not printed on Chinese Prayer Materials because the 2 Chinese Manufacturers know that they have infringed the 1st Defendant's Registered Trade Marks (p. 22 NOP);
- (5) SP1 agreed with the 1st Defendant's learned counsel, Mr. Brian Law Yew Foo (**Mr. Brian Law**), that based on the sticker in exhibits P1 and P2, the 2nd Plaintiff is only an importer of Chinese

Prayer Materials bearing 還債金 (*Huan Zhai Jin*) (p. 22 NOP). SP1 also agreed with Mr. Brian Law that the 2nd Plaintiff has never printed and used 還債金 (*Huan Zhai Jin*) in Malaysia (p. 22 NOP);

- (6) SP1 initially gave evidence that SP1 had not dealt with the 1st Plaintiff (p. 23 NOP). SP1 however corrected himself later during cross-examination and testified that SP1 knew the 1st Plaintiff as SP4's wife and had dealt with the 1st Plaintiff because the 1st Plaintiff and SP4 had conducted business as husband and wife (p. 32 NOP). SP1 stated later that he was unsure whether he had dealt with the 1st Plaintiff (p. 33 NOP). SP1 confirmed that Foshan did not issue any document to the 1st Plaintiff regarding the purchase of Chinese Prayer Materials bearing 還債金 (*Huan Zhai Jin*) (p. 33 NOP);
- (7) SP1 has dealt with SP4 from the 2nd Plaintiff. SP1 met SP4 for the first time in Guangzhou trade fair in 2002 where SP1 introduced Chinese Prayer Materials bearing 還債金 (*Huan Zhai Jin*) to SP4 (p. 23-24 NOP). SP1 agreed with Mr. Brian Law that the first batch of Chinese Prayer Materials bearing 還債金 (*Huan Zhai Jin*) was only sold and sent to the 2nd Plaintiff after 2002 (p. 24 NOP). SP1 gave such evidence in the 1st Defendant's suit against the 2nd Plaintiff in Alor Star High Court Civil Suit No. 22-270-07-2007 (**1st Defendant's Suit**) (p. 25 NOP). In the 1st Defendant's

Suit, the 1st Defendant had claimed that the 2nd Plaintiff had infringed the 1st and 2nd Registered Trade Marks and had committed the tort of passing-off;

- (8) SP1 disagreed with Mr. Brian Law's suggestions, among others, that Foshan did not sell Chinese Prayer Materials since 1992 (p. 25 NOP). SP1 also disagreed that the earliest document issued by Foshan to the 2nd Plaintiff was Foshan's invoice dated 6.9.2003 (p. 27 NOP). SP1 could not produce documents regarding the sale of Chinese Prayer Materials bearing 還債金 (*Huan Zhai Jin*) before 2000 because there were too many documents and SP1 was "too lazy" to find for them (p. 26 NOP). SP2 further explained that the Court did not specify which document for SP1 to bring for this case;
- (9) SP1 denied giving false evidence in the 1st Defendant's Suit (p. 28 NOP). SP1 had brought SP4 to visit the factory of "Zhan Guo Zhang" (p. 28-29 NOP);
- (10) SP1 disagreed with Mr. Law's suggestion that the combination of the 3 Chinese characters, 還債金 (*Huan Zhai Jin*), is an invented word (p. 30 NOP). SP1 also denied that the combination of the 3 Chinese characters, 還債金 (*Huan Zhai Jin*), was not common in Mandarin language (p. 36 NOP). Nor did SP1 agree that 還債金 (*Huan Zhai Jin*) is a descriptive word (p. 36 NOP);

- (11) today, Foshan still conducts business with the 1st and 2nd Plaintiffs (p. 34 NOP); and
- (12) SP1 admitted that he did not know who was the first user of 還債金 (*Huan Zhai Jin*) in China because Foshan only exports Chinese Prayer Materials bearing 還債金 (*Huan Zhai Jin*) (p. 36 NOP). SP1 was not certain whether the 1st and 2nd Plaintiffs were the first user of 還債金 (*Huan Zhai Jin*) in Malaysia (p. 36 NOP).

11. According to SP2's witness statement, among others:

- (1) SP2 worked for Pelangi Forwarding Sdn. Bhd. (**Pelangi**) from 1998 until 2006. Pelangi is an "Authorized Collection Agent" for its customers to import and export goods;
- (2) when SP2 was at Pelangi, SP2's task was to receive all goods imported by Pelangi's customers and to open such goods for Royal Customs Department's (**RCD**) inspection and clearance;
- (3) the 1st and 2nd Plaintiffs are Pelangi's customers who have imported Chinese Prayer Materials from China. Pelangi is the Authorized Collection Agent the 1st and 2nd Plaintiffs. SP2's job was to open Chinese Prayer Materials imported from China by the 1st and 2nd Plaintiffs for the purpose of RCD's inspection and clearance. When SP2 opened Chinese Prayer Materials imported by the 1st and 2nd

Plaintiffs, SP2 saw Chinese prayer papers and Chinese prayer paper boxes bearing 還債金 (*Huan Zhai Jin*);

- (4) Pelangi has records that the 1st and 2nd Plaintiffs have imported Chinese Prayer Materials bearing 還債金 (*Huan Zhai Jin*) from China in 2002 to 2004. SP2 claimed to have seen Chinese prayer paper and Chinese prayer paper boxes bearing 還債金 (*Huan Zhai Jin*) in 1998; and
 - (5) Pelangi sent Chinese Prayer Materials to No. 67, Jalan Makmur 7, Taman Makmur, Lunas, Kulim, the store for the 1st and 2nd Plaintiffs.
12. The earliest Pelangi document tendered by SP2 were exhibits P14 to P16 (Bundle B, p. 15-17), 3 copies of RCD's "*Declaration of Goods Imported*" (all dated 16.12.2002) regarding joss paper imported by the 1st Plaintiff (p. 39 NOP).
13. When cross-examined by Mr. Brian Law, SP2 answered, among others, as follows:
- (1) SP2 started work in Pelangi in 1997 as a Marketing Assistant to find customers for Pelangi and to assist them in respect of their dealings with RCD (p. 42-43 NOP). SP2 was promoted to be Pelangi's Marketing Executive and subsequently, its Assistant Marketing

Manager. SP2 is now working in another forwarding company, Prime Freight & Forwarding Services Sdn. Bhd. (**Prime**);

- (2) SP2 agreed with Mr. Brian Law that for the purpose of the trial of this case, SP2 did not have any document to show shipment of Chinese Prayer Materials by the 1st and 2nd Plaintiffs before December 2002 (p. 47 NOP); and
 - (3) when SP2 moved to Prime, the 1st and 2nd Plaintiffs became Prime's customers (p. 48 NOP).
14. SP2 clarified during re-examination that in exhibit P19 (Bundle B, p. 45), the exporter was Foshan.
15. The 1st Plaintiff's witness statement stated, among others, as follows:
- (1) the 1st Plaintiff started business of wholesaling and retailing Chinese Prayer Materials on 22.7.1986 and registered her business on 28.7.1986;
 - (2) the 2nd Plaintiff is a company incorporated in 1995 by the 1st Plaintiff's husband, SP4. The 1st Plaintiff is a shareholder in the 2nd Plaintiff. Before the incorporation of the 2nd Plaintiff, the 1st Plaintiff and SP4 actively ran the business of importing and selling Chinese Prayer Materials. After the 1st Plaintiff's business had

developed, the 2nd Plaintiff had taken over part of the 1st Plaintiff's business;

(3) the Plaintiffs commenced this Expungement Suit due to the following reasons –

(a) the 1st Defendant's Suit was filed in 2007 against the 2nd Plaintiff; and

(b) if this Expungement Suit is not filed, the 1st and 2nd Plaintiffs cannot continue their business of importing and selling Chinese Prayer Materials bearing the Trade Marks (1st and 2nd Plaintiffs) from China;

(4) the 1st and 2nd Plaintiffs first imported and sold Chinese Prayer Materials bearing 還債金 (*Huan Zhai Jin*) from Foshan in 1992. All the purchases of Chinese Prayer Materials have been managed by SP4. Pelangi had been appointed as the agent by the 1st and 2nd Plaintiffs to handle the imports of Chinese Prayer Materials;

(5) the 1st and 2nd Plaintiffs did not keep the numerous invoices and receipts regarding Chinese Prayer Materials bearing 還債金 (*Huan Zhai Jin*) from 1992 until 2000. Most of the invoices had been destroyed and could not be traced. There was also no space to keep these documents. The 1st and 2nd Plaintiffs can only find

invoices for the years 2002, 2003 and 2004. The reference to Joss Paper in the records referred to Chinese prayer papers bearing 還債金 (*Huan Zhai Jin*);

(6) the 1st Plaintiff does not know of the 1st Defendant and the products sold by the 1st Defendant;

(7) the Chinese characters have the following meanings in Mandarin –

(a) 還 (*Huan*) means “to pay”;

(b) 債 (*Zhai*) means “debt”; and

(c) 金 (*Jin*), means “gold/money”.

The above 3 Chinese characters are common and are found in Chinese dictionaries. When the 3 Chinese characters are used together, 還債金 (*Huan Zhai Jin*) –

(i) it has a well-known and common meaning to describe that Chinese Prayer Materials are burned to repay debts. These Chinese characters are common descriptive terms; and

- (ii) the Chinese characters, 還債金 (*Huan Zhai Jin*), are neither invented nor coined;
- (8) as the Chinese characters, 還債金 (*Huan Zhai Jin*) are common descriptive terms, the 1st Defendant's Registered Trade Marks are not distinctive of the 1st Defendant's goods;
- (9) the designs and symbols in the Chinese Prayer Materials of the 1st and 2nd Plaintiffs pertain to Chinese deities and symbols for the use of all Chinese people. The 1st Defendant cannot claim exclusive rights to register and use the Trade Marks (1st and 2nd Plaintiffs). All traders can sell Chinese Prayer Materials bearing the Trade Marks (1st and 2nd Plaintiffs);
- (10) the 1st and 2nd Plaintiffs have sold Chinese Prayer Materials bearing the Trade Marks (1st and 2nd Plaintiffs) before –
- (a) the 1st Defendant's applications to register the 1st Defendant's Registered Trade Marks; and
- (b) the 1st Defendant's sale and/or use of 還債金 (*Huan Zhai Jin*).

As the 1st and 2nd Plaintiffs are the prior users of the Trade Marks (1st and 2nd Plaintiffs), the 1st and 2nd Plaintiffs are the *bona fide* Common Law proprietor of the Trade Marks (1st and 2nd Plaintiffs);

- (11) the 2nd Plaintiff's business is well known in Malaysia and extends to Kuala Lumpur, Penang, Alor Star, Johore, Perak, Sabah and Sarawak. In view of the 1st Defendant's Registered Trade Marks, the 1st and 2nd Plaintiffs cannot continue their business to sell Chinese Prayer Materials bearing the Trade Marks (1st and 2nd Plaintiffs). Consequently, the 1st and 2nd Plaintiffs will suffer loss. Furthermore, the 1st Defendant may commence an action for the infringement of the 1st Defendant's Registered Trade Marks against the 1st and 2nd Plaintiffs;
- (12) based on the 1st Plaintiff's knowledge and belief, the burning of Chinese Prayer Materials has existed since the Tang Dynasty in China for about 2,000 years or more. According to Chinese legends, the Chinese community started to burn Chinese Prayer Materials based on the belief that one should repay one's debts which might be incurred in the afterlife. This is also expressed in the 1st Defendant's web-site;
- (13) if the 1st Defendant's Registered Trade Marks remain in the Register, this will confuse and/or deceive the public regarding the products of the 1st and 2nd Plaintiffs on the one part with the goods of the 1st Defendant on the other part. The 1st Defendant's Registered Trade Marks have been wrongly entered in the Register as the 1st Defendant does not have the absolute right to

sell Chinese Prayer Materials bearing the Trade Marks (1st and 2nd Plaintiffs); and

(14) the delay in filing this Expungement Suit was because the 1st and 2nd Plaintiffs had no knowledge of the 1st Defendant's Registered Trade Marks until the commencement of the 1st Defendant's Suit. The 1st and 2nd Plaintiffs had not been served with any notice by the 1st Defendant to stop selling Chinese Prayer Materials bearing the Trade Marks (1st and 2nd Plaintiffs). Furthermore, the 1st Defendant's Suit has not been concluded and is still pending in the Federal Court.

16. The 1st Plaintiff was cross-examined by the 1st Defendant's learned counsel, Ms. Chew Kherk Ying (**Ms. Chew**). The 1st Plaintiff testified as follows in her cross-examination, among others:

(1) the 1st Plaintiff cannot read and understand Mandarin (p. 61 and 69 NOP). However, the 1st Plaintiff disagreed with Ms. Chew that the 1st Plaintiff was not in a position to testify on the meaning of 還債金 (*Huan Zhai Jin*);

(2) the 1st Plaintiff runs the retail business of selling Chinese Prayer Materials and is assisted by SP4 (p. 57 NOP). The 2nd Plaintiff does wholesale business regarding Chinese Prayer Materials and this business is handled entirely by SP4 (p. 58 NOP);

- (3) the 1st Plaintiff sells approximately 30 to 40 types of joss papers (p. 58 NOP). Each joss paper has a name. Generally, the 1st Plaintiff's customers are old and the 1st Plaintiff does not therefore specify the type of joss paper purchased by the 1st Plaintiff's customers in the 1st Plaintiff's invoices (p. 58 NOP). The 1st Plaintiff agreed with Ms. Chew that the 1st Plaintiff would not know what joss paper had been sold to the 1st Plaintiff's customers after 1 month after the sales (p. 59 NOP). From the 1st Plaintiff's invoice in 2002, the 1st Plaintiff would not know what joss paper had been sold to the 1st Plaintiff's customer (p. 59-60 NOP);
- (4) the 1st Plaintiff has not stopped selling Chinese Prayer Materials bearing the Trade Marks (1st and 2nd Plaintiffs) (p. 60 NOP);
- (5) the 1st Plaintiff did not know that the 1st Defendant had created the 1st Defendant's Registered Trade Marks (p. 61 NOP);
- (6) the 1st Plaintiff did not know that the 1st Defendant had given the following public notices –
- (a) the 1st Defendant's notice to its customers in Bundle G, p. 105 (**1st Defendant's Public Notice**) that, among others, Chinese joss papers bearing 還債金 (*Huan Zhai Jin*) are the 1st Defendant's products and there are imitation products in the market (p. 61-62 NOP);

- (b) the 1st Defendant's notice in the Chinese newspaper, "*Guang Ming Daily*" dated 21.3.2005 (Bundle G, p. 46) (**1st Defendant's Newspaper Warning dated 21.3.2005**) that, among others, the 1st Defendant is the producer of Chinese joss papers bearing 還債金 (*Huan Zhai Jin*) and the 1st Defendant will take legal action against those who "*violate the interests*" of the 1st Defendant (p. 63 NOP). The 1st Plaintiff disagreed with Ms. Chew that the 1st Defendant had given notice to the Malaysian public in the 1st Defendant's Newspaper Warning dated 21.3.2005 that the 1st Defendant is the producer of Chinese joss papers bearing 還債金 (*Huan Zhai Jin*) and owns the copyright therein (p. 63 NOP); and
- (c) the 1st Defendant's "*Warning Notice*" dated 10.6.2007 in Bundle G, p. 60-61 (**1st Defendant's Warning dated 10.6.2007**) (p. 63-64 NOP) which stated, among others –
- (i) the 1st Defendant is the registered owner and the Common Law proprietor of the 1st Defendant's Registered Trade Marks;
 - (ii) the 1st Defendant is the copyright owner of the artwork in the 1st Defendant's Registered Trade Marks;

- (iii) the 1st Defendant publishes a booklet entitled “*Huan Zhai Jin*”;
- (iv) the 1st Defendant had obtained the 1st TDO which covered a wide range of products; and
- (v) the 1st Defendant will not hesitate to take legal action to protect its rights and interests in the 1st Defendant’s Registered Trade Marks.

The 1st Plaintiff disagreed with Ms. Chew that the 1st Defendant had given notice to the Malaysian public in the 1st Defendant’s Warning dated 10.6.2007 that the 1st Defendant would take action against any party who has infringed the 1st Defendant’s Registered Trade Marks (p. 64 NOP);

- (7) the 1st Plaintiff alleged that the 1st Defendant had copied 還債金 (*Huan Zhai Jin*) from the 1st Plaintiff’s prior use of that trade mark (p. 62 NOP);
- (8) the 1st Plaintiff disagreed with Ms. Chew that the 1st and 2nd Plaintiffs had not placed any notice or given any public statement that the 1st and 2nd Plaintiffs were the Common Law proprietors of the Trade Marks (1st and 2nd Plaintiffs) (p. 64 NOP);

- (9) the 1st Plaintiff had met SP1 when SP4 brought SP1 to China (p. 68 NOP);
- (10) the 1st Plaintiff agreed with Ms. Chew that the 1st and 2nd Plaintiffs did not create the Trade Marks (1st and 2nd Plaintiffs) (p. 71 NOP); and
- (11) despite being shown documentary evidence at Bundle G, p. 378-392, by Ms. Chew, the 1st Plaintiff disagreed with Ms. Chew that the 1st Defendant had continued to promote its products bearing 還債金 (*Huan Zhai Jin*) and the 1st Defendant's Registered Trade Marks from 2008 to 2015 (**1st Defendant's Promotional Efforts**) (p. 71-72 NOP).

17. When re-examined, the 1st Plaintiff explained, among others, as follows:

- (1) the 1st Plaintiff has already suffered loss to the 1st Defendant's Registered Trade Marks; and
- (2) a fire had broken out at the premises of the 1st and 2nd Plaintiffs and this fire had destroyed all the documents of the 1st and 2nd Plaintiffs.

18. According to SP4's witness statement, among others:

- (1) the 2nd Plaintiff is incorporated on 25.5.1995. SP4 is a director in the 2nd Plaintiff;

- (2) SP4 has been involved in the business of buying and selling Chinese Prayer Materials for 35 years. Before the incorporation of the 2nd Plaintiff, SP4 assisted in the 1st Plaintiff's business;
- (3) the 1st and 2nd Plaintiffs purchased Chinese Prayer Materials bearing the Trade Marks (1st and 2nd Plaintiffs) from Foshan since 1992;
- (4) regarding the 1st Defendant's Suit –
 - (a) the Alor Star High Court had dismissed the 1st Defendant's Suit (**Alor Star High Court's Decision**);
 - (b) the 1st Defendant had appealed to the Court of Appeal against the Alor Star High Court's Decision but this appeal had been rejected by the Court of Appeal (**Court of Appeal's Decision**); and
 - (c) the 1st Defendant had applied to the Federal Court for leave to appeal against the Court of Appeal's Decision (**Federal Court's Leave Application**). The Federal Court's Leave Application is still pending;
- (5) the 2nd Plaintiff, SP4 and Mr. Kan Chee Wang (**3 Accused**) had been charged with an offence under the TDA (1972) in the Sungai Petani Sessions Court (**Criminal Case**). In the Criminal Case –

- (a) the Sessions Court acquitted and discharged the 3 Accused;
 - (b) on appeal to the High Court, the High Court reversed the Sessions Court's decision and convicted the 3 Accused; and
 - (c) the Court of Appeal finally acquitted and discharged the 3 Accused;
- (6) SP4 alleged that the Plaintiffs have been aggrieved by the 1st Defendant's Registered Trade Marks because –
- (a) the Plaintiffs and other traders who trade in Chinese Prayer Materials with trade marks which are the same or which are similar to the 1st Defendant's Registered Trade Marks, will be restrained from continuing their business. In this manner, the 1st and 2nd Plaintiffs will suffer loss and may have to stop their business;
 - (b) the 1st Defendant's Registered Trade Marks will prevent the 1st and 2nd Plaintiffs from expanding their business in respect of Chinese Prayer Materials bearing trade marks which are the same or which are similar to the 1st Defendant's Registered Trade Marks;
 - (c) due to the 1st Defendant's Registered Trade Marks, the Ministry of Domestic Trade, Cooperatives and Consumerism (**KPDNKK**) had

seized 54 large boxes containing Chinese Prayer Materials belonging to the 2nd Plaintiff (**KPDNKK's Seizure**); and

(d) the 2nd Plaintiff and SP4 had to incur legal costs to defend the 1st Defendant's Suit and the Criminal Case;

(7) SP4's witness statement corroborated the contents of the 1st Plaintiff's witness statement; and

(8) at all material times, the 1st and 2nd Plaintiffs have not given any consent or license to the 1st Defendant to use and register the 1st Defendant's Registered Trade Marks.

19. During cross-examination, SP4 testified as follows, among others:

(1) BM Eng Leong Industries Sdn. Bhd. (**BMELI**) is a subsidiary of the 2nd Plaintiff which is run by SP4 (p. 80 NOP). BMELI manufactures candles and prayer oil (p. 80 NOP);

(2) the 2nd Plaintiff does not manufacture but only sells approximately 100 types of joss paper (p. 81 NOP);

(3) all the documents of the 1st and 2nd Plaintiffs, including their sale invoices, were kept at BMELI's premises because the office of the 1st and 2nd Plaintiffs was located at BMELI's premises (p. 82 NOP). When a fire broke out in BMELI in June 2012 (**2012 Fire**), all the documents

of the 1st and 2nd Plaintiffs had been destroyed (p. 82 NOP). SP4 admitted that the 2nd Plaintiff's sale invoices were not produced at the 1st Defendant's Suit in 2007 (before the 2012 Fire) (p. 83 NOP);

- (4) SP4 first knew about the 1st Defendant's Registered Trade Marks when the 2nd Plaintiff was sued in the 1st Defendant's Suit (p. 85 NOP);
- (5) SP4 agreed with Ms. Chew that the 1st and 2nd Plaintiffs did not file an application to register the Trade Marks (1st and 2nd Plaintiffs) (p. 85 NOP). The 1st and 2nd Plaintiffs also did not advertise or state in any promotional material that they were the Common Law proprietors of the Trade Marks (1st and 2nd Plaintiffs) (p. 85-86 NOP). Nor did the 1st and 2nd Plaintiffs through their solicitors issue any letter to the 1st Defendant to state that the 1st and 2nd Plaintiffs are the Common Law proprietors of the Trade Marks (1st and 2nd Plaintiffs) (p. 86 NOP). In fact, SP4 admitted that the 1st and 2nd Plaintiffs did not create the 1st Defendant's Registered Trade Marks (p. 92 NOP);
- (6) SP4 admitted that he had testified in his witness statement in the 1st Defendant's Suit that the Chinese Prayer Materials sold by the 2nd Plaintiff and the 1st Defendant were not confusingly similar (p. 87 NOP). SP4 however stood by his witness statement in this case that the products of the 1st, 2nd Plaintiffs and 1st Defendant are confusingly similar (p. 87 NOP);

- (7) SP4 could not find in the Chinese dictionary the meaning of all the 3 Chinese characters together, 還債金 (*Huan Zhai Jin*) (p. 88 NOP). SP4 did not know that a combination of 2 to 3 common Chinese characters can be registered as a trade mark (p. 88-897 NOP). SP4 had no documentary proof that 還債金 (*Huan Zhai Jin*) has been traditionally used by the Chinese (p. 89 NOP); and
- (8) SP4 agreed that he was not able to find any joss paper belonging to a third party which looked like the 1st Defendant's Chinese Prayer Material (p. 90 NOP).
20. SP4 explained in re-examination that, among others, the 1st and 2nd Plaintiffs did not take any step to register the Trade Marks (1st and 2nd Plaintiffs) because the Trade Marks (1st and 2nd Plaintiffs) are traditionally used by the Chinese and "everyone can use" those trade marks (p. 93 NOP).
21. SP5 stated as follows, among others, in his witness statement:
- (1) SP5 is the secretary of Chinese Prayer Materials Society and has been authorized to give evidence in this Expungement Suit on behalf of Chinese Prayer Materials Society;
- (2) the Chinese Prayer Materials Society is established in 1967 with the objects of protecting the interests of its members, taking care of the

welfare of its members and providing assistance to its members regarding the management of the business of its members. The Chinese Prayer Materials Society has 82 members, including the 1st and 2nd Plaintiffs. The 1st and 2nd Plaintiffs have been members of the Chinese Prayer Materials Society for about 20 years;

- (3) the Chinese Prayer Materials Society knew about the 1st Defendant's Registered Trade Marks through SP4 in 2007 (after the filing of the 1st Defendant's Suit and the Criminal Case);
- (4) the Chinese Prayer Materials Society filed the Expungement Suit with the 1st and 2nd Plaintiffs because its members import, manufacture and sell Chinese Prayer Materials which contained the 1st Defendant's Registered Trade Marks, especially 還債金 (*Huan Zhai Jin*). The 1st Defendant's Registered Trade Marks will restrain the Chinese Prayer Materials Society's members from importing, manufacturing and selling Chinese Prayer Materials which contained the 1st Defendant's Registered Trade Marks. This will adversely affect the interests of the Chinese Prayer Materials Society's members. Hence, the need for the Chinese Prayer Materials Society to protect the interests of its members by being a co-plaintiff in this action;
- (5) the practice of burning Chinese Prayer Materials probably started in Malaysia for about 50 years or more; and

- (6) SP5 gave evidence which corroborated the witness statements of the 1st Plaintiff and SP4 regarding, among others, the following matters –
- (a) the burning of Chinese Prayer Materials by the Chinese community;
 - (b) the common or generic meaning of the Chinese characters 還債金 (*Huan Zhai Jin*);
 - (c) the lack of distinctiveness of the 1st Defendant's Registered Trade Marks;
 - (d) the use of the 1st Defendant's Registered Trade Marks will cause confusion and/or deception of the public regarding the 1st Defendant's goods on the one part and the products of the 1st and 2nd Plaintiffs on the other part; and
 - (e) reasons for the delay in filing this Expungement Suit.

22. When cross-examined, SP5 gave the following evidence, among others:

- (1) a combination of the Chinese characters 還債金 (*Huan Zhai Jin*) is not found in Chinese dictionary (p. 96 NOP). SP5 agreed that the 3 Chinese characters 還債金 (*Huan Zhai Jin*), whether singularly or in

combination with the other characters, refer to paper products (p. 102 NOP);

- (2) SP5 knows SP4 and has business dealings with SP4 for more than 20 years (p. 96 NOP). SP5 admitted that he is a good friend of SP4 (p. 97 NOP). SP4 is now the Vice-President of the Chinese Prayer Materials Society (p. 99 NOP);
- (3) SP5 is in the business of Chinese Prayer Materials and sells products which contain 還債金 (*Huan Zhai Jin*) (p. 97 NOP);
- (4) SP5 is not sure whether it is a “*very serious matter*” for the Chinese Prayer Materials Society to commence litigation (p. 98 NOP). SP5 disagreed that if the Chinese Prayer Materials Society loses the Expungement Suit, the Chinese Prayer Materials Society will need to pay costs (p. 98 NOP). SP5 admitted that the Chinese Prayer Materials Society is not involved in trading and does not suffer any loss which arises from the outcome of this case (p. 99 NOP);
- (5) SP5 agreed that there was no resolution of the Chinese Prayer Materials Society’s office-bearers for the Chinese Prayer Materials Society to sue in this case through the 3rd Plaintiff (p. 98 NOP);
- (6) the 3rd Plaintiff had asked SP5 to come to Court to represent the Chinese Prayer Materials Society (p. 98 NOP);

- (7) SP5 agreed that he is not an expert in the Taoist religion (p. 101 NOP); and
- (8) SP5 had no documentary proof regarding when the practice of burning Chinese Prayer Materials started in Malaysia (p. 101-102 NOP).

D. 1st Defendant's case

23. The 1st Defendant called the following persons to give evidence in this Expungement Suit:

- (1) Mr. Lim Soon Huat (**SD1**);
- (2) Mr. Foo Kok Keong (**SD2**);
- (3) Mr. Gan Yong Koh (**SD3**); and
- (4) Mr. Lim Hooi Beng (**SD4**).

24. SD1's witness statement stated, among others, as follows:

- (1) SD1 is one of the directors of Percetakan Lian Yik Sdn. Bhd. (**PLYSB**). PLYSB is incorporated in 2004. Prior to the incorporation of PLYSB, SD1 operated a printing business called "*Syarikat Percetakan Lian Yik*" (**SPLY**) which was registered with "*Suruhanjaya Syarikat Malaysia*" (**SSM**) at about 1983;

- (2) SPLY provided printing services to the 1st Defendant and HB General Services (**HBGS**). SPLY first provided printing services to HBGS sometime around December 1997. SD1 liaised with SD4;
- (3) in late 1997, HBGS placed an order with SPLY to print 10,000 copies of 還債金 (*Huan Zhai Jin*) prayer papers. SPLY charged HBGS a sum of RM650.00 and a cash sale receipt dated 18.12.1997 for that sum had been issued by SPLY (**SPLY's Receipt dated 18.12.1997**). Subsequently, there were many numerous follow-up orders by HBGS and SPLY had issued cash sale receipts dated 3.1.1998 and 20.3.1998 to HBGS (**SPLY's Receipts dated 3.1.1998 and 20.3.1998**);
- (4) PLYSB started printing 還債金 (*Huan Zhai Jin*) prayer papers and boxes for the 1st Defendant sometime in 2005. PLYSB also printed, among others, newsletters and flyers for the 1st Defendant. 10 invoices, exhibits D28(1) to (10), had been issued by PLYSB to the 1st Defendant (**PLYSB's Invoices**); and
- (5) PLYSB still provides printing services to HSBS.

25. SD1 gave the following evidence, among others, in his cross-examination:

- (1) when SD1 started SPLY in 1983, SPLY did not print Chinese prayer papers until SD4 approached SD1 in 1997 (p. 112 NOP);

- (2) SD1 does not know that Chinese prayer papers are printed in China (p. 115 NOP). SD1 knows that 還債金 (*Huan Zhai Jin*) prayer papers are sold in Penang, Kedah and Perak (p. 116 NOP); and
 - (3) besides 還債金 (*Huan Zhai Jin*) prayer papers, SD1 prints other kinds of Chinese prayer papers (p. 116 NOP).
26. SD2 gave the following evidence, among others, in his witness statement:
- (1) SD2 was a former national badminton player. When SD2 was a member of the Malaysian Thomas Cup team in 1994, SD4 was a motivational coach appointed by the Badminton Association of Malaysia (**BAM**) to provide “*psychological training*” to the Malaysian Thomas Cup team. SD2 was asked by BAM to attend the “*psychological training*” by SD4 and that was how SD2 met SD4;
 - (2) SD4 is a very famous “*Feng Shui*” master. SD2 often consulted SD4 on “*Feng Shui*” and Taoist religion regarding SD2’s badminton career;
 - (3) after SD2 retired from the national badminton team, SD2 ventured into car business and started a car dealership business in 1996. During the financial downturn in 1998, SD2’s business suffered and SD2 consulted SD4 to obtain SD4’s advice on “*Feng Shui*”. SD4 advised SD2 to burn 還債金 (*Huan Zhai Jin*) prayer papers to “*generate luck*”;

- (4) SD2 purchased 還債金 (*Huan Zhai Jin*) prayer papers directly from SD4 since 1998. Since 1998, SD2 would visit SD4 in SD4's house on the eighth day of Chinese New Year (**CNY**) to attend a Chinese prayer ceremony. Prior to this prayer ceremony, SD4 would propose certain types of prayer papers to be burnt by SD2. One of these types of prayer papers would be 還債金 (*Huan Zhai Jin*) prayer papers. Based on SD4's advice, SD2 purchased, among others, 還債金 (*Huan Zhai Jin*) prayer papers and burnt them during the prayer ceremony on the eighth day of CNY; and
- (5) SD2 met his wife who is a Christian. SD2 then became a Christian before he got married. Since SD2's marriage, he had stopped the practice of burning prayer papers.
27. When cross-examined by Mr. Athimulan, SD2 agreed that SD2 did not burn any Chinese prayer papers before SD2 met SD4 (p. 119 NOP). As such, SD2 had not seen any Chinese prayer papers before meeting SD4 (p. 119 NOP).
28. In SD3's witness statement, he testified, among others, as follows:
- (1) SD3 is now a retiree. SD3 retired around 2008 to 2009 from the business named "*Colournet*" which provided, among others, colour separation services;

- (2) colour separation is a process wherein 4 basic colours (cyanine, magenta, yellow and black) of a printing sample are first identified and are thereafter separated into 4 printing films with 1 basic colour on each printing film. The printing films will then be used for the creation of printing plates by the printer to print the design with the respective colour coding of the printing films. A printing sample means any product sample which SD3's customers wished to print. A printing sample can be a drawing, picture or photo;
- (3) around the end of 1997, SD4 passed to SD3 a hand drawn sample design of 還債金 (*Huan Zhai Jin*) prayer papers and requested SD3 to create printing films for 還債金 (*Huan Zhai Jin*) prayer papers. This was because SD4 wanted to "mass produce" 還債金 (*Huan Zhai Jin*) prayer papers;
- (4) based on SD4's design, SD3 used his computer to create a computer sketch. Subsequently, SD3 used a computer software to separate the colours and output the respective printing films in the 4 basic colours using a printer connected to a computer. SD3 produced 2 sets of printing films for 還債金 (*Huan Zhai Jin*) prayer papers – 1 set for the front part and 1 set for the back portion of 還債金 (*Huan Zhai Jin*) prayer papers (SD3 had identified the printing films in Court); and
- (5) SD3 charged HBGS RM1,500.00 for the 2 Printing Films and issued an invoice dated 18.11.200 (**Invoice dated 18.11.1997**).

29. SD3 stated as follows, among others, in his cross-examination:

- (1) SD3 was the sole proprietor of Colournet (p. 121 NOP);
- (2) SD3 knows Mandarin (p. 121 NOP). SD3 agreed that 還債金 (*Huan Zhai Jin*) is a “common word” used by Chinese people for burning of Chinese prayer papers (p. 122 NOP);
- (3) SD3 did not do colour separation for other Chinese companies dealing with Chinese prayer papers (p. 122 NOP). SD3 is aware that there are many companies doing colour separation for Chinese prayer papers (p. 122 NOP);
- (4) SD3 did not see SD4 draw the hand drawn sample design of 還債金 (*Huan Zhai Jin*) prayer papers (p. 122-123 NOP). SD4 only gave a one-page hand drawn sample design to SD4 (p. 123 NOP). SD4 also gave to SD3 the colour indication of the sample design (p. 124 NOP). SD3 disagreed with Mr. Athimulan that SD4 only handed the hand drawn sample design to SD4 in 2004 (p. 125 NOP); and
- (5) SD3 did not deal with the 1st Defendant (p. 124 NOP).

30. SD4 testified as follows, among others, in his witness statement:

- (1) SD4 is a “*Feng Shui*” master who has practised “*Feng Shui*” since SD4 was in his 20s. SD4 has used the name “*Miao Da*”. To date, SD4 has about 30 of experience in “*Feng Shui*”. SD4 has given extensive interviews and published a substantial number of write-ups on “*Feng Shui*”;
- (2) in SD4’s early years of practice as a “*Feng Shui*” master, SD4 had registered his sole proprietorship as a business named HBGS. HBGS had been registered with SSM on or around 20.9.1990. SD4 had provided “*Feng Shui*” advisory services through HBGS. HBGS had sold Chinese prayer papers to SD4’s customers in Malaysia and abroad;
- (3) on or about 1997, SD4 had created a new type of 還債金 (*Huan Zhai Jin*) prayer paper in the following manner –
 - (a) from SD4’s years of practice as a “*Feng Shui*” master, SD4 realised that most of his customers had a common problem, namely, they would encounter a downturn in their business, personal wealth and health despite taking all the precautionary action;
 - (b) SD4 believes that this common problem faced by his customers, is connected with unresolved debts accumulated by his customers in their previous lives;

- (c) SD4 came up with the idea of a new type of prayer paper called 還債金 (*Huan Zhai Jin*) whereby debts accumulated in previous lives will be reduced or repaid by burning 還債金 (*Huan Zhai Jin*) prayer papers;
 - (d) before SD4 created 還債金 (*Huan Zhai Jin*) prayer papers in 1997, SD4 had looked into all types of Chinese prayer papers in Malaysia and abroad. However, SD4 did not come across any Chinese prayer papers with the name of 還債金 (*Huan Zhai Jin*); and
 - (e) once SD4 was satisfied that 還債金 (*Huan Zhai Jin*) prayer paper was unique, he proceeded to create that prayer paper;
- (4) after SD4 had designed 還債金 (*Huan Zhai Jin*) prayer paper, SD4 engaged Colournet to help create the printing films which were needed for the mass production of 還債金 (*Huan Zhai Jin*) prayer papers. SD4 liaised with SD3 from Colournet. SD4 met SD3 around late 1997. SD4 had obtained the printing films for 還債金 (*Huan Zhai Jin*) prayer paper and –
- (a) SD4 had paid RM1,500.00 to Colournet; and
 - (b) Colournet had issued Invoice dated 18.11.1997 to HBGS;

- (5) SD4 passed the printing films for 還債金 (*Huan Zhai Jin*) prayer paper to SPLY for printing. SD4 placed an order with SD1, the owner of SPLY, around the end of 1997, for 10,000 copies of 還債金 (*Huan Zhai Jin*) prayer papers. SPLY had charged RM650.00 for the 10,000 copies of 還債金 (*Huan Zhai Jin*) prayer papers. Receipt dated 18.12.1997 had been issued by SPLY to HBGS for this order of 10,000 copies of 還債金 (*Huan Zhai Jin*) prayer papers;
- (6) after SD4 had created 還債金 (*Huan Zhai Jin*) prayer paper, SD4 sold such prayer papers to his customers sometime in late 1997 or early 1998. From the end of 1997 or early 1998 until early 2005, HBGS had sold 還債金 (*Huan Zhai Jin*) prayer papers in translucent plastic bags wherein each bag contained 100 pieces. SD4 stated that before HBGS sold 還債金 (*Huan Zhai Jin*) prayer papers, there was no other Chinese prayer papers which used the brand name 還債金 (*Huan Zhai Jin*);
- (7) 還債金 (*Huan Zhai Jin*) prayer papers became popular with SD4's clients and HBGS placed multiple orders with SPLY. SD4 could not locate the invoices issued by SPLY from 2000 to 2004. SD4 estimated that between 30,000 to 50,000 還債金 (*Huan Zhai Jin*) prayer papers per year would have been printed from 2000 to 2004;

- (8) over the years, SD4's business had grown "exponentially" and SD4 could not manage the business by himself. Hence, SD4 incorporated the 1st Defendant in 2004 and invited his brothers to join the 1st Defendant and manage the business. SD4 is one of the directors of the 1st Defendant. All the assets and liabilities of HBGS, including the distribution and supply of 還債金 (*Huan Zhai Jin*) prayer papers was transferred by HBGS to the 1st Defendant. The 1st Defendant started selling 還債金 (*Huan Zhai Jin*) prayer papers sometime around early 2005 in a paper box which displays prominently the characters 還債金 (*Huan Zhai Jin*). This is to enable the 1st Defendant's customers to recognise easily the 1st Defendant's 還債金 (*Huan Zhai Jin*) prayer papers;
- (9) 還債金 (*Huan Zhai Jin*) prayer paper boxes had been used by the 1st Defendant in 2005. Before the 1st Defendant launched the sale of 還債金 (*Huan Zhai Jin*) prayer papers and boxes in 2005, SD4 asked SD1 to create printing films for 還債金 (*Huan Zhai Jin*) prayer papers and boxes. SD1 informed SD4 that there was no need to create any new printing film as SD1 could create such images by the use of a computer;
- (10) the 1st Defendant had extensively advertised and marketed 還債金 (*Huan Zhai Jin*) prayer papers and boxes on or around early 2005 in 3 Chinese newspapers, namely "Nanyang Siang Pau", Guang Ming Daily and "The China Press". SD4 referred to,

among others, the Guang Ming Daily's advertisement dated 9.2.2005 (the first day of CNY) by the 1st Defendant (**Guang Ming Daily's Advertisement dated 9.2.2005**);

(11) the 1st Defendant had also advertised and marketed 還債金 (*Huan Zhai Jin*) prayer papers and boxes in the following "Feng Shui" and Astrology magazines (**Feng Shui Magazines**) –

(a) "Life Publishers" dated, among others, 18.10.2009;

(b) "Jupiter Astrology & Geomancy" dated, among others, 12.12.2009;

(c) "Wealth Creation News" dated, among others, 28.12.2011;
and

(d) "Feng Shui Legends" dated, among others, 15.4.2013;

(12) the 1st Defendant had advertised 還債金 (*Huan Zhai Jin*) prayer papers and boxes in its "special edition" magazines (**1st Defendant's Publications**) –

(a) "Qing Ming Jie" editions in 2008 and 2011;

(b) the 1st Defendant's Promotional Efforts in "Zhong Yuan Jie" editions from 2008 to 2015; and

- (c) CNY edition from 2008 to 2015;
- (13) the 1st Defendant had placed advertisements of 還債金 (*Huan Zhai Jin*) prayer papers and boxes in the following publications –
- (a) the tenth anniversary magazine of the “*Association of Singers and Judges*” in 2011;
 - (b) “*Chinese Musical Concert 2013*” magazine;
 - (c) the 2009 year book for Sekolah Jenis Kebangsaan (C) Keat Hwa; and
 - (d) the 2015 year book for Pin Hwa High School;
- (14) from 2005 until today, the 1st Defendant has spent yearly from RM50,000.00 to RM80,000.00 on the advertisements of 還債金 (*Huan Zhai Jin*) prayer papers and boxes;
- (15) from 1997 to 2005, the average yearly sales of 還債金 (*Huan Zhai Jin*) prayer papers were around RM20,000.00 to RM40,000.00. From 2005 until now, the average annual sales of 還債金 (*Huan Zhai Jin*) prayer papers and boxes are around RM700,000.00 to RM1,000,000.00. To date, the sales of 還債金

(*Huan Zhai Jin*) prayer papers and boxes are a substantial part of the 1st Defendant's business;

- (16) the 1st Defendant had produced documentary evidence for sales of 還債金 (*Huan Zhai Jin*) prayer papers up to 2009 in the 1st Defendant's Suit. In this case, the 1st Defendant has adduced random sales invoices of 還債金 (*Huan Zhai Jin*) prayer papers and boxes issued by the 1st Defendant to various retailers and wholesalers from 2008 to 2015. Random invoices from 2005 to 2015 (regarding the printing of 還債金 (*Huan Zhai Jin*) prayer papers and boxes) issued by PLYSB to the 1st Defendant had been produced by the 1st Defendant in this case;
- (17) the 1st and 2nd Registered Trade Marks have been registered for more than 10 years while the 3rd Registered Trade Mark has been on the Register for more than 9 years;
- (18) none of the Plaintiffs have advertised, published, warned or given notice that the Plaintiffs are the Common Law owners of 還債金 (*Huan Zhai Jin*) prayer papers and boxes. Unlike the Plaintiffs, the 1st Defendant had placed notices and warnings that the 1st Defendant is the registered owner of the 1st Defendant's Registered Trade Marks and will not hesitate to take action against any infringer of the 1st Defendant's Registered Trade Marks in the following publications (**1st Defendant's Warnings**) –

- (a) the 1st Defendant's Newspaper Warning dated 21.3.2005;
 - (b) "*The One Weekly*" dated 3.3.2007;
 - (c) the 1st Defendant's Warning dated 10.6.2007 in "*Housing Property Magazine*";
 - (d) the 1st Defendant's Public Notice in "*Chong Yang Festival*" Edition;
 - (e) "*Qing Ming Festival*" Edition;
 - (f) "*Gong Xi Fa Cai*" Edition; and
 - (g) the 1st Defendant's Astrology Edition;
- (19) the 1st Defendant has obtained the 1st TDO and the Extended TDO;
- (20) the 1st Defendant's Suit had been filed against the 2nd Plaintiff. A complaint to KPDNKK had been made by the 1st Defendant which led to KPDNKK's Seizure; and
- (21) a visual and phonetical comparison between the 1st Defendant's prayer papers and boxes bearing the 1st Defendant's Registered Trade Marks and the goods of the 1st and 2nd Plaintiffs bearing the

Trade Marks (1st and 2nd Plaintiffs), shows that both products are similar.

31. During cross-examination by Mr. Athimulan, SD4 gave the following evidence, among others:

- (1) the 1st Defendant was incorporated in 2002 (p. 130 NOP). In 2002, the 1st Defendant was involved in selling SD4's personal products such as joss paper, prayer oil and bathing water (p. 130 NOP);
- (2) the 1st Defendant started HBGS in 1990 (p. 130 NOP). In 1990, SD4 was involved in "*Feng Shui*" consultancy and was not involved in prayer papers (p. 130 NOP). Before 1997, SD4 bought 2 brands of prayer papers, "*Tai Sui Jin*" and "*Tian Gong Jin*", in small quantities from Malaysians to be resold by SD4 (p. 131 NOP). SD4 did not import such prayer papers from China (p. 131 NOP);
- (3) SD4 agreed that many Chinese people in Malaysia buy and burn prayer papers (p. 132 NOP). During the time SD4 created 還債金 (*Huan Zhai Jin*) prayer papers, SD4 visited at least 200 to 300 shops to check whether these shops sold 還債金 (*Huan Zhai Jin*) prayer papers (p. 132 NOP);
- (4) SD4 disagreed with Mr. Athimulan that –

- (a) 還債金 (*Huan Zhai Jin*) prayer papers had been sold in Malaysia in 1992 (p. 135 NOP);
 - (b) SD4 did not create 還債金 (*Huan Zhai Jin*) prayer papers (p. 135 NOP);
 - (c) before 1997, there were many types of prayer papers with the brand 還債金 (*Huan Zhai Jin*) (p. 138 NOP);
 - (d) before 1997, there were many types of prayer papers with the same design and same deities as the 1st Defendant's goods bearing the 1st Defendant's Registered Trade Marks (p. 138 NOP); and
 - (e) the Plaintiffs had produced counterfeit goods based on the 1st Defendant's Registered Trade Marks (p. 140 NOP); and
- (5) the 1st Defendant did not print 還債金 (*Huan Zhai Jin*) prayer papers (p. 137 NOP). The 1st Defendant requested Colournet to print 還債金 (*Huan Zhai Jin*) prayer papers until 2005 when computers (instead of printing films) were then used to print 還債金 (*Huan Zhai Jin*) prayer papers (p. 137 NOP).

E. Credibility of witnesses

32. I make a finding of fact that the 1st Plaintiff is not a credible witness for the following evidence and reasons:

(1) the 1st Plaintiff's witness statement did not disclose about the 2012 Fire. The 1st Plaintiff's witness statement only alleged that the 1st and 2nd Plaintiffs could only find invoices for the years 2002, 2003 and 2004 because of 3 reasons, namely -

(a) most of the invoices had been destroyed;

(b) the invoices could not be traced; and

(c) there was no space to keep documents.

The 2012 Fire was only revealed during the 1st Plaintiff's re-examination;

(2) the cause of the 2012 Fire had been stated in report dated 2.7.2012 (**2012 Fire Report**) by the Fire and Rescue Department of Malaysia (**FRDM**). It is to be noted that s 5(1)(b) of the Fire Services Act 1988 provides that FRDM has, among others, the duty to investigate into the cause, origin and circumstances of fires. The 2012 Fire Report stated that –

- (a) the “*Source of Ignition*” for the 2012 Fire was “*Api yang dinyalakan dari pemetik api ke atas minyak petrol sebagai bahan penggalak (accelerant) bagi memulakan kebakaran*”; and
- (b) the “*Cause of Fire*” was “*Sengaja dibakar (incendiary fire)*”.

All parties in this Expungement Suit had classified the 2012 Fire Report as a “*Part B*” document under Order 34 rule 2(2)(e)(i) of the Rules of Court 2012 (**RC**). This meant that the parties in this case had taken the legal position that the 2012 Fire Report was authentic and only the weight regarding its contents could be disputed – please see s 58(1) of the Evidence Act 1950 (**EA**) and **KTL Sdn Bhd & Anor v Leong Oow Lai & other cases** [2014] AMEJ 1458, at paragraphs 32 and 33. I attach great weight to the 2012 Fire Report due to the following reasons –

- (i) the 1st and 2nd Plaintiffs did not adduce any evidence that they had made an insurance claim for all the losses suffered by them due to the 2012 Fire. The failure of the 1st and 2nd Plaintiffs to make an insurance claim regarding the 2012 Fire, supports the truth of the contents of the 2012 Fire Report;
- (ii) the FRDM is a Government department which is independent and competent to investigate in respect of any fire, including the 2012 Fire; and

(iii) no evidence had been adduced by the 1st and 2nd Plaintiffs to rebut the contents of the 2012 Fire Report.

The contents of the 2012 Fire Report severely undermined the 1st Plaintiff's credibility regarding the true cause of the 2012 Fire and the real reason why the 1st and 2nd Plaintiffs could not produce invoices concerning 還債金 (*Huan Zhai Jin*) prayer materials allegedly sold by them as early as 1992. The irresistible inference from the contents of the 2012 Fire Report and the failure of 1st and 2nd Plaintiffs to make an insurance claim regarding the 2012 Fire, is that the 2012 Fire had been deliberately caused by the 1st and 2nd Plaintiffs to manufacture an excuse for the non-production of invoices concerning 還債金 (*Huan Zhai Jin*) prayer materials allegedly sold by the 1st and 2nd Plaintiffs before 2002;

- (3) the 1st Plaintiff disagreed with the 1st Defendant's learned counsel that the 1st and 2nd Plaintiffs had not given any public notice that the 1st and 2nd Plaintiffs are the Common Law owners of the Trade Marks (1st and 2nd Plaintiffs) and yet, the 1st Plaintiff could not adduce any documentary evidence to show such a public notice;
- (4) despite being shown clear and undisputed documentary evidence, the 1st Plaintiff disagreed with the 1st Defendant's learned counsel regarding the effect of -
- (a) the 1st Defendant's Newspaper Warning dated 21.3.2005;

- (b) the 1st Defendant's Warning dated 10.6.2007; and
- (c) the 1st Defendant's Promotional Efforts;
- (5) the 1st Plaintiff admitted during cross-examination that she could not read and understand Mandarin. However, the 1st Plaintiff's witness statement had explained at length the meaning of the 3 Chinese characters, 還債金 (*Huan Zhai Jin*), and their well-known and common descriptive meaning. The 1st Plaintiff's witness statement went as far as to allege that 還債金 (*Huan Zhai Jin*) were not invented or coined terms. Incredulously, the 1st Plaintiff disagreed with the 1st Defendant's learned counsel's suggestion that the 1st Plaintiff was not in a position to testify on the meaning of 還債金 (*Huan Zhai Jin*);
- (6) the 1st Plaintiff claimed to have suffered loss due to the 1st Defendant's Registered Trade Marks. However, the 1st Plaintiff has not adduced any evidence regarding such a loss and such an omission undermines her credibility; and
- (7) the 1st Plaintiff as an interested party in this case, had the motive under s 8(1) EA to give untrue and self-serving evidence in this Expungement Suit.

33. I find as a fact that SP4 lacked credibility. The following reasons undermine, if not negative, SP4's veracity:

- (1) as explained in the above sub-paragraph 32(2), the contents of the 2012 Fire Report severely undermined the 2nd Plaintiff's credibility regarding the actual cause of the 2012 Fire and the true reason why the 1st and 2nd Plaintiffs could not produce invoices regarding 還債金 (*Huan Zhai Jin*) prayer materials allegedly sold by them as early as 1992;
- (2) SP4's witness statement in this Expungement Suit alleged that there would be confusion and/or deception of the public between the Chinese Prayer Materials of the 1st and 2nd Plaintiffs on the one part and the goods of the 1st Defendant on the other part. Such evidence from SP4 materially contradicted SP4's own witness statement in the 1st Defendant's Suit (which stated that there would not be any confusion between the 2nd Plaintiff's Chinese Prayer Materials and the 1st Defendant's products); and
- (3) the 2nd Plaintiff is not an independent party in this case.

34. It is my finding of fact that SP5's evidence is not reliable for the following reasons:

- (1) SP5 was less than honest when he disagreed that if the Chinese Prayer Materials Society loses this action, the Chinese Prayer Materials Society will need to pay costs; and
- (2) SP5 was not forthcoming in testifying that he was unsure whether it was a “*very serious matter*” for the Chinese Prayer Materials Society to commence litigation in this case. Filing a suit, in my view, is a serious matter, especially to a secretary of a registered society.

35. I cannot accept SP1 as a witness of truth for the following reasons:

- (1) SP1’s evidence that Foshan had first sold 還債金 (*Huan Zhai Jin*) prayer materials to the 1st and 2nd Plaintiffs in 1992, was not supported by any documentary evidence. This Court cannot accept the bare testimony of a witness regarding an event which has happened about 24 years ago (from 1992 to 2016);
- (2) SP1’s witness statement claimed that Foshan had entered into numerous transactions with companies in Malaysia and other countries. As such, Foshan had no space to keep the 1990s Records. However, during cross-examination, SP1 stated that he was “*too lazy*” to find the 1990s Records. SP1 further testified during cross-examination that this Court did not specify which document for SP1 to bring for this case! SP1’s evidence adduced in his cross-examination showed that SP1 did not even search for the 1990s Records and his

witness statement that Foshan did not have space to keep the 1990s records was less than honest;

(3) Foshan bought 還債金 (*Huan Zhai Jin*) prayer materials from 2 Chinese Manufacturers and Foshan then resold them to, among others, the 1st and 2nd Plaintiffs. Even if this Court accepts SP1's evidence that Foshan had no space to keep 1990s records, there was no attempt by SP1 to get records of Foshan's purchase of 還債金 (*Huan Zhai Jin*) prayer materials from the 2 Chinese Manufacturers; and

(4) SP1 alleged that Foshan had sold 還債金 (*Huan Zhai Jin*) prayer materials to other Malaysian companies, among others, SPSP, GHSB and SXTSB. There is no reason why SP1 could not have obtained records of Foshan's sales of 還債金 (*Huan Zhai Jin*) prayer materials to SPSP, GHSB and SXTSB.

36. I am not able to accept SP2's testimony that SP2 had seen 還債金 (*Huan Zhai Jin*) prayer materials imported by the 1st and 2nd Plaintiffs in 1998. This is because there is no documentary evidence, let alone contemporaneous documents, to support SP2's evidence that the 1st and 2nd Plaintiffs had imported 還債金 (*Huan Zhai Jin*) prayer materials in 1998. If I have accepted such evidence from SP2, this means that this Court has given weight to a bare assertion of a witness regarding an event which has happened about 18 years ago (from 1998 to 2016).

37. SD1, in my view, is a credible witness for the following reasons:

(1) SD1's testimony in this case is supported by the following contemporaneous documentary evidence -

(a) SPLY's Receipts dated 18.12.1997, 3.1.1998 and 20.3.1998; and

(b) PLYSB's Invoices.

In the Court of Appeal case of **Guan Teik Sdn Bhd v Hj Mohd Noor Hj Yakob & Ors** [2000] 4 CLJ 324, at 330, Siti Norma Yaakob JCA (as she then was) has explained why documentary evidence, especially contemporaneous ones, should be preferred over oral evidence;

(2) SD1 is an independent witness in this case with no interest in the outcome of the Expungement Suit; and

(3) SD1 prints not only 還債金 (*Huan Zhai Jin*) prayer papers but also other kinds of Chinese prayer papers. There is therefore no reason for SD1 to give false testimony in favour of the 1st Defendant in this case.

38. I find that SD2 is a witness of truth because –

(1) SD2's testimony is credible on -

- (a) how SD2 had met SD4;
- (b) how SD2 consulted SD4 regarding SD2's financial trouble in 1998;
- (c) how SD2 purchased 還債金 (*Huan Zhai Jin*) prayer papers directly from SD4;
- (d) how SD2 burnt 還債金 (*Huan Zhai Jin*) prayer papers at prayer ceremonies in SD4's house on the eighth day of CNY; and
- (e) how SD2 stopped burning 還債金 (*Huan Zhai Jin*) prayer papers when SD2 became a Christian; and

(2) SD2 is an impartial witness in this case.

39. I find as a fact that SD3 is a reliable witness. This finding is premised on the following evidence and reasons:

- (1) SD3's veracity is supported by the following contemporaneous evidence -
 - (a) the printing films in exhibit D29(1) to (8); and
 - (b) the Invoice dated 18.11.1997; and

(2) SD3 has neither motive nor reason to give false evidence to support the 1st Defendant's case.

40. The following evidence and reasons support the finding of fact that SD4 is a credible witness:

(1) SD4's testimony is supported by the following documentary evidence -

(a) SPLY's Receipts dated 18.12.1997, 3.1.1998 and 20.3.1998; and

(b) PLYSB's Invoices;

(c) printing films in exhibit D29(1) to (8); and

(d) Invoice dated 18.11.1997;

(2) the testimonies of SD1, SD2 and SD3 corroborated SD1's evidence in material particulars; and

(3) the 1st Defendant's conduct [which is relevant under s 8(2) EA] in –

(a) advertising and promoting the 1st Defendant's Registered Trade Marks in, among others, Guang Ming Daily's Advertisement dated 9.2.2005, *Feng Shui* Magazines and 1st Defendant's Publications;

(b) issuing the 1st Defendant's Warnings; and

(c) in obtaining the 1st TDO and the Extended TDO.

F. Relevant provisions in TMA

41. The following provisions in TMA are relevant in this case:

“3(2) In this Act -

- (a) references to the use of a mark shall be construed as references to the use of a printed or other visual representation of the mark;**
- (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; ...**

Registrable trade marks

10(1) In order for a trade mark (other than a certification trade mark) to be registrable, it shall contain or consist of at least one of the following particulars:

...

- (c) an invented word or words;**
- (d) a word having no direct reference to the character or quality of the goods or services not being, according to its ordinary meaning, a geographical name or surname;**
or
- (e) any other distinctive mark.**

- (2) ***A name, signature or word which is not described in paragraph (1)(a), (b), (c) or (d) is not registrable unless it is by evidence shown to be distinctive.***

...

Prohibition on registration

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

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

...

Registration

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

...

Registration prima facie evidence of validity

- 36 ***In all legal proceedings relating to a registered trade mark (including applications under section 45) the fact that a person is registered as proprietor of the trade mark shall be prima facie evidence of the validity of the original registration of the trade mark and of all subsequent assignments and transmissions thereof.***

Registration conclusive

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

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

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

Rectification of the Register

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

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

(emphasis added).

G. Meaning of “person aggrieved” in s 45(1)(a) TMA

42. It is clear that the Plaintiffs have the legal burden to prove that the Plaintiffs are “*person aggrieved*” by the 1st Defendant’s Registered Trade Marks within the meaning of s 45(1)(a) TMA – please see **X1R Global Holdings**

Sdn Bhd & Anor v Y-Teq Auto Parts (M) Sdn Bhd [2016] 5 MLRH 41, at paragraph 39.

43. In **McLaren International Ltd v Lim Yat Meen** [2009] 4 CLJ 749, at paragraph 22, Abdul Aziz Mohamad FCJ decided as follows in the Federal Court:

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

(emphasis added).

44. **McLaren International** has been followed in the following Federal Court cases:

- (1) by Zulkefli Makinudin CJ (Malaya) in **LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd** [2012] 3 CLJ 661, at paragraphs 14, 15 and 17; and
- (2) by Azahar Mohamed FCJ in **Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party)** [2015] 6 MLJ 465, at paragraphs 27 and 28.

G(1). Are 3rd Plaintiff and Chinese Prayer Materials Society aggrieved by 1st Defendant's Registered Trade Marks?

45. Mr. Athimulan has contended that the 3rd Plaintiff, the Chinese Prayer Materials Society and members of the Chinese Prayer Materials Society (**Society Members**) are aggrieved by 1st Defendant's Registered Trade Marks under s 45(1)(a) TMA. This is because the Society Members (including the 3rd Plaintiff), import and sell prayer materials bearing the 1st Defendant's Registered Trade Marks. As such, the Chinese Prayer Materials Society and Society Members (including the 3rd Plaintiff) will be adversely affected the 1st Defendant's Registered Trade Marks because the Society Members have to stop importing and selling prayer materials bearing the 1st Defendant's Registered Trade Marks. Mr. Athimulan relied on, among others, the following cases to support the above submission:

- (1) Hanipah Farikullah JC's (as she then was) judgment in the High Court case of **Koay Kar Kheng (as the public officer of Persatuan Pedagang-pedagang Barang-barang Sembahyang Malaysia) v Seong Loong (M) Sdn Bhd** [2013] 1 AMCR 676;
- (2) the Federal Court case of **Mesuma Sports**; and
- (3) the decision of Azahar Mohamed J (as he then was) in the High Court in **The Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors v Syarikat Faiza Sdn Bhd** [2011] 2 MLJ 768 (**APEDA**).

46. I am not able to find any previous Malaysian case which has decided on whether a society registered under SA and/or its members are persons aggrieved by a registered trade mark so as to have the *locus standi* to apply to Court to expunge the registered trade mark under s 45(1)(a) TMA.
47. Firstly, with respect, I am of the view that the following cases cited by the Plaintiffs' learned counsel do not support the contention that the Chinese Prayer Materials Society and Society Members (including the 3rd Plaintiff) are "aggrieved" by the 1st Defendant's Registered Trade Marks within the meaning in s 45(1)(a) TMA:

(1) **Koay Kar Kheng** concerned the application of s 27(1) of the Industrial Designs Act 1996 (**IDA**) which provides as follows -

*"27(1) At any time after the registration of an industrial design, **any person may apply to the Court –***

- (a) **for the revocation of the registration of the industrial design on the ground, subject to section 12, that the industrial design has been disclosed to the public prior to the priority date of the application for registration of the industrial design;***
- (b) for the cancellation of the registration of the industrial design on the ground that the registration of the industrial design has been procured by unlawful means; or*
- (c) for the grant of a compulsory licence in respect of the industrial design on the ground that the industrial design is not applied in*

Malaysia by any industrial process or means to the article in respect of 19 which it is registered to such an extent as is reasonable in the circumstances of the case, and the Court may make such order on the application as it considers just.”

(emphasis added).

It is clear that s 27(1) IDA provides that “*any person*” may apply to Court to revoke the registration of an industrial design. Unlike s 45(1)(a) TMA, there is no *locus standi* requirement of a “*person aggrieved*” in s 27(1) IDA; and

(2) **Mesuma Sports** and **APEDA** do not concern applications to expunge registered trade marks by registered societies and/or their members under s 45(1)(a) TMA.

48. It should be noted that in this case, neither the 3rd Plaintiff nor the Society Members have applied in their personal capacity to expunge the 1st Defendant’s Registered Trade Marks from the Register under s 45(1)(a) TMA. The 3rd Plaintiff has sued in this Expungement Suit as the Chairman for and on behalf of the Chinese Prayer Materials Society as required by s 9(c) SA. Section 9(c) SA provides as follows:

“9. ***The following provisions shall apply to registered societies –***

...

(c) ***a society may sue or be sued in the name of such one of its members as shall be declared to the Registrar and registered by him as the public officer of the society for that purpose, and, if no such person is registered, it shall be competent for any person having a claim or demand against the society to sue the society in the name of any office-bearer of the society; ...***”

(emphasis added).

49. As the Chinese Prayer Materials Society is the true 3rd Plaintiff in this Expungement Suit, this Court should then decide whether the Chinese Prayer Materials Society has been aggrieved as a registered society by the 1st Defendant’s Registered Trade Marks under s 45(1)(a) TMA. I am of the view that the Chinese Prayer Materials Society has not been aggrieved as a registered society by the 1st Defendant’s Registered Trade Marks under s 45(1)(a) TMA. This decision is premised on the following reasons:

(1) the Plaintiffs have not adduced any evidence that the Chinese Prayer Materials Society has imported and sold prayer materials bearing the 1st Defendant’s Registered Trade Marks. In fact, SP5 testified during cross-examination that the Chinese Prayer Materials Society is not involved in trading in prayer materials and will not suffer any loss due to the outcome of this Expungement Suit. As such, the Chinese Prayer Materials Society is not a “*person who has used his mark as a trade mark ... in the course of a trade*” within the meaning of the first limb of “*person aggrieved*” as explained in **McLaren International**;

- (2) there is no evidence that the Chinese Prayer Materials Society has any genuine and present intention to use the 1st Defendant's Registered Trade Marks in the course of trade. Accordingly, the Chinese Prayer Materials Society does not fall within the meaning of the second limb of "*person aggrieved*" as decided in **McLaren International**;
- (3) there cannot be any basis for the 1st Defendant to file a trade mark infringement suit under s 38(1)(a) TMA against the Chinese Prayer Materials Society based on the 1st Defendant's Registered Trade Marks. As such, the Chinese Prayer Materials Society is not aggrieved by the 1st Defendant's Registered Trade Marks under s 45(1)(a) TMA; and
- (4) I accept and follow the English High Court case of **Re Ellis & Co's Trade Mark** (1904) 21 RPC 617 (cited by Mr. Brian Law). In **Re Ellis & Co's Trade Mark** –
- (a) a firm of wine merchants had registered the word "*Quaker*" as a trade mark for, among others, fermented liquors and spirits;
 - (b) the secretary of the "*Society of Friends*" applied to Court to expunge the registered trade mark on various grounds; and
 - (c) Farwell J (as he then was) held as follows, at p. 620 –

“First of all, in order to succeed, the Applicants have to show that they are persons aggrieved. ... They say they are persons aggrieved. They would be the last to suggest that they are interested in the liquor trade, or that they have any business interest to serve in taking this Mark from the Register. ... It seems to me to be perfectly obvious that no legal damage can accrue to the Society of Friends, or to that portion of the Society of Friends who are total abstainers, from the use of this Trade Mark. That in itself would be sufficient to dispose of the Motion. ...

I must refuse the application with costs.”

(emphasis added).

50. For the above reasons, this Expungement Suit by the 3rd Plaintiff is dismissed with costs on the ground that the Chinese Prayer Materials Society has no *locus standi* under s 45(1)(a) TMA to file this action.
51. I wish to clarify that the above decision does not prevent any of the Society Members (including the 3rd Plaintiff and SP5) who has imported and sold prayer materials bearing the 1st Defendant's Registered Trade Marks, from applying to Court in his or her own personal capacity [not in the capacity of an office-bearer of the Chinese Prayer Materials Society under s 9(c) SA] to expunge the 1st Defendant's Registered Trade Marks under s 45(1)(a) TMA. This is because Society Members (including the 3rd Plaintiff and SP5)

who have imported and sold prayer materials bearing the 1st Defendant's Registered Trade Marks, are clearly aggrieved by the 1st Defendant's Registered Trade Marks within the meaning of s 45(1)(a) TMA. In the event that there are more than one Society Members who are aggrieved by the 1st Defendant's Registered Trade Marks, these Society Members may appoint one or more of themselves to institute representative proceedings under Order 15 rule 12(1) RC on behalf of the other aggrieved Society Members.

G(2). Are 1st and 2nd Plaintiffs aggrieved by 1st Defendant's Registered Trade Marks?

G(2A). Whether 1st TDO and Extended TDO meant 1st and 2nd Plaintiffs are not aggrieved persons

52. Mr. Brian Law has raised the following novel contention:

- (1) the 1st and 2nd Plaintiffs are not aggrieved by the 1st Defendant's Registered Trade Marks under s 45(1)(a) TMA because of the 1st TDO and Extended TDO;
- (2) according to the 1st TDO and Extended TDO, the Trade Marks (1st and 2nd Plaintiffs) are considered to be false trade descriptions;

- (3) the then applicable s 16(3) TDA (1972) had provided that a subsisting trade description order shall be admissible in evidence as conclusive proof of a false trade description; and
- (4) in order for the 1st and 2nd Plaintiffs to qualify as persons aggrieved by the 1st Defendant's Registered Trade Marks within the meaning of s 45(1)(a) TMA, the 1st and 2nd Plaintiffs have to apply to Court to set aside the 1st TDO and Extended TDO.

53. In support of the above submission, Mr. Brian Law relied on the following cases:

- (1) Abdul Aziz Mohamad J's (as he then was) decision in the High Court case of **In-Comix Food Industries Sdn Bhd v A. Clouet & Co (KL) Sdn Bhd** [1996] 2 BLJ 543; and
- (2) the Federal Court's judgment in **LB (Lian Bee) Confectionery**.

54. TDA (1972) has been repealed by TDA (2011). I reproduce below the relevant parts of ss 3(1) and 16 TDA (1972) as well as ss 8 and 9 TDA (2011):

"s 3 TDA (1972) Prohibition of false trade descriptions

(1) Any person who, in the course of a trade or business -

(a) applies a false trade description to any goods; or

(b) supplies or offers to supply any goods to which a false trade description is applied, shall be guilty of an offence.

s 16 TDA (1972) Trade mark infringement and passing off action

(1) Where any person being a proprietor or registered user of a registered trade mark within the meaning of any written law relating to trade marks or being otherwise entitled at law to the protection of a trade or other mark or a get-up for any goods or services established -

(a) in the case of a registered trade mark, that his rights in respect of such trade mark are being infringed in the course of trade within the meaning of the written law; or

(b) in the case of a trade or other mark or get-up for any goods or services, that his rights in respect of such trade or other mark or get-up are being infringed in the course of trade as a result of which he has a right of action for passing off,

the High Court may on the application of such person make an order declaring that the infringing trade or other mark or get-up, as the case may be, is for purposes of this Act a false trade description in its application to such goods as may be specified in the order.

(2) An order of the High Court made under this section may be referred to as a trade description order.

(3) A subsisting trade description order made by any High Court in Malaysia shall be admissible in evidence in any proceedings under

this Act in which it is relevant as conclusive proof of a false trade description.

...

s 8 TDA (2011) Prohibition on false trade description in relation to trademark

(1) ...

(2) ***Any person who –***

(a) ***applies a false trade description to any goods as if the goods were subject to any rights relating to registered trade mark;***

(b) ***supplies or offers to supply any goods to which a false trade description is applied as if the goods were subject to any rights relating to registered trade mark; or***

(c) ***exposes for supply or has in his possession, custody or control for supply any goods to which a false trade description is applied,***

commits an offence and shall, on conviction, be liable -

(A) ***if that person is a body corporate, to a fine not exceeding fifteen thousand ringgit for each goods bearing the false trade description, and for a second or subsequent offence, to a fine not exceeding thirty thousand ringgit for each goods bearing the false trade description; or***

(B) *if that person is not a body corporate, to a fine not exceeding ten thousand ringgit for each goods bearing the false trade description or to imprisonment for a term not exceeding three years or to both, and for a second or subsequent offence, to a fine not exceeding twenty thousand ringgit for each goods bearing the false trade description, or to imprisonment for a term not exceeding five years or to both.*

s 9 TDA (2011) Trade description order

- (1) *Where any person being a registered owner of a registered trade mark under the Trade Marks Act 1916 claim that his rights in respect of such trade mark are being infringed in the course of trade, by any other mark or get-up used by any other person, which is not identical with his registered trade mark but can be passed off as his registered trade mark, he may apply to the High Court to declare that the infringing mark is a false trade description for the purpose of section 8.***
- (2) *For the purpose of subsection (1), the person referred to in subsection (1) in making the application shall identify specifically the infringing trade or other mark or get-up and the High Court may, on the application of such person, make an order declaring that the infringing trade or other mark or get-up is for the purposes of this Act, a false trade description in its application to such goods as may be specified in the order.***
- (3) *An order of the High Court made under this section may be referred to as a trade description order.***

(4) ***A subsisting trade description order made by any High Court in Malaysia shall be admissible in evidence in any proceedings under section 8 in which it is relevant as conclusive proof of a false trade description.***

...”

(emphasis added).

55. With respect, I am not able to accept Mr. Brian Law’s submission that the term “*person aggrieved*” in s 45(1)(a) TMA should be construed by reference to the 1st TDO and Extended TDO. My reasons are as follows:

- (1) the 3 Federal Court cases of **McLaren International, LB (Lian Bee) Confectionery** and **Mesuma Sports (3 Federal Court Cases)** which had interpreted the term “*person aggrieved*” in s 45(1)(a) TMA, did not refer to s 16 TDA (1972), false trade description and trade description order in the interpretation of such a term. As a matter of *stare decisis*, I am bound by the 3 Federal Court Cases; and
- (2) a trade description order is solely for the purpose of criminal proceedings under the then TDA (1972) and now TDA (2011). This is clear from the following –
 - (a) under the TDA (1972), any person who had applied a false trade description to any goods in the course of a trade, would have committed an offence under, among others, s 3(1)(a) TDA (1972). For the purpose of criminal proceedings under the TDA (1972), s

16(3) TDA (1972) provided that a trade description order “*shall be admissible in evidence in any proceedings under [TDA (1972)] in which it is relevant as conclusive proof of a false trade description*”. Section 16(3) TDA (1972) did **not** state that a trade description order would be conclusive proof that a person whose trade mark is specified as a false trade description in a trade description order, could not be a “*person aggrieved*” under s 45(1)(a) TMA;

(b) s 8(2)(a) TDA (2011) provides that any person who has applied a false trade description to any goods as if the goods are subject to any rights relating to registered trade mark, commits an offence. Section 9(4) TDA (2011) states that a subsisting trade description order shall be admissible in evidence in any proceedings under s 8 TDA (2011) in which it is relevant as conclusive proof of a false trade description. Section 9(4) TDA (2011) does **not** provide that if a person’s trade mark is specified as a false trade description in a trade description order, that person cannot be a “*person aggrieved*” under s 45(1)(a) TMA; and

(c) in the High Court case of **Thye Huat Chan Sdn Bhd v Thye Shen Trading Sdn Bhd & Anor** [2008] 6 MLJ 99, at paragraph 17 (cited by the Plaintiffs), Abdul Aziz Mohamad J (as he then was) held that the “*sole purpose of a TDO (trade description order) is to aid in the enforcement of [TDA (1972)], which is a penal statute enforced by the controller of trade descriptions*”. In

other words, a trade description order has effect only in criminal proceedings under the previous TDA (1972) and the present TDA (2011).

56. **In-Comix Food Industries**, with respect, did not decide that the term “*person aggrieved*” in s 45(1)(a) TMA should be interpreted by reference to the 1st TDO and Extended TDO. In any event, I am bound by the *stare decisis* doctrine to give effect to the 3 Federal Court Cases.

G(2B). Whether 1st and 2nd Plaintiffs must prove use of Trade Marks (1st and 2nd Plaintiffs) within meaning of s 3(2)(a) and/or (b) TMA

57. Mr. Brian Law raised a second novel submission regarding the meaning of “*person aggrieved*” in s 45(1)(a) TMA. According to Mr. Brian Law, the 1st and 2nd Plaintiffs have not affixed the Trade Marks (1st and 2nd Plaintiffs) on to the goods of the 1st and 2nd Plaintiffs as required by s 3(2)(a) and (b) TMA. As such, the 1st and 2nd Plaintiffs cannot be persons aggrieved by the 1st Defendant’s Registered Trade Marks. Reliance had been placed by the 1st Defendant on the following cases:

- (1) Ramly Ali J’s (as he then was) judgment in the High Court case of **Godrej Sara Lee Ltd v Shah Teong Teck & Anor (No 2)** [2008] 7 CLJ 24;
- (2) the decisions of Azizah Nawawi J in the High Court in –

- (a) **USA Pro IP Ltd v Montfort Services Sdn Bhd & Anor** [2015] 7 CLJ 546;
 - (b) **Philip Morris Brands Sarl v Rothmans Brand Sdn Bhd & Anor** [2015] 7 CLJ 632; and
 - (c) **NCTech Int Bhd v NCV Technologies Sdn Bhd** [2015] 1 LNS 332;
- (3) the English House of Lords case of **William Powell v The Birmingham Vinegar Brewery Co Ltd** [1894] AC 8; and
- (4) Mahadev Shankar J's (as he then was) decision in the High Court case of **Hai-O Enterprise Bhd v Nguang Chan** [1992] 2 CLJ (Rep) 436.

58. With respect, I am not able to accede to the above contention by Mr. Brian Law for the following reasons:

- (1) the 3 Federal Court Cases construed the term "*person aggrieved*" in s 45(1)(a) TMA without any reference to s 3(2)(a) and (b) TMA. Once again, I am bound by the *stare decisis* doctrine to give effect to the 3 Federal Court Cases; and
- (2) s 3(2)(a) and (b) TMA only provide for the meaning of the phrase "*use of a mark*" in TMA. Section 3(2)(a) and (b) TMA –

(a) do not provide for the meaning of the term “*person aggrieved*” in s 45(1)(a) TMA; and

(b) do not state that the term “*person aggrieved*” in s 45(1)(a) TMA should be construed by reference to s 3(2)(a) and (b) TMA.

59. All the above cases cited by the 1st Defendant, did not decide that the term “*person aggrieved*” in s 45(1)(a) TMA should be interpreted based on s 3(2)(a) and (b) TMA.

G(2C). 1st and 2nd Plaintiffs are aggrieved by 1st Defendant’s Registered Trade Marks

60. I have no hesitation to find that the 1st and 2nd Plaintiffs have discharged the legal onus to prove that they are aggrieved by the 1st Defendant’s Registered Trade Marks as understood in s 45(1)(a) TMA. This decision is based on the following evidence and reasons:

(1) the 1st Defendant’s Suit had been filed against the 2nd Plaintiff for, among others, the infringement of the 1st Defendant’s Registered Trade Marks. The 2nd Plaintiff had expended much time, effort and costs to resist successfully the 1st Defendant’s Suit in the High Court and Court of Appeal. The Federal Court’s Leave Application is now pending and the 2nd Plaintiff may still be liable for, among others, damages to the 1st Defendant if the Federal Court subsequently

decides the 1st Defendant's Suit against the 2nd Plaintiff. In this sense, the 2nd Plaintiff is clearly aggrieved by the 1st Defendant's Registered Trade Marks within the meaning of s 45(1)(a) TMA;

- (2) KPDNKK has raided the 2nd Plaintiff's premises. Such a raid and the consequent KPDNKK's Seizure, constitute clear evidence of the 2nd Plaintiff's grievance due to the 1st Defendant's Registered Trade Marks;
- (3) it is not disputed that the 1st and 2nd Plaintiffs are in the same business of selling Chinese Prayer Materials as the 1st Defendant. More importantly, the 1st and 2nd Plaintiffs sell Chinese Prayer Materials bearing the Trade Marks (1st and 2nd Plaintiffs) which are substantially similar to the 1st Defendant's Registered Trade Marks. Clearly, the 1st and 2nd Plaintiffs are persons who have used the Trade Marks (1st and 2nd Plaintiffs) in the course of a trade within the meaning of the first limb of "*person aggrieved*" as laid down in **McLaren International**; and
- (4) if the 1st Plaintiff has not filed the Expungement Suit, the 1st Defendant is entitled to file an action against the 1st Plaintiff for the infringement of the 1st Defendant's Registered Trade Marks under s 38(1)(a) TMA.

H. First user in course of trade

61. The Federal Court has decided as follows in **Mesuma Sports**, at paragraphs 32, 37, 38, 46 and 47:

“[32] The issue raised and argued by both sides turned upon this fundamental question: who can rightfully claim to be proprietor of a trademark under s 25(1) [TMA]. ...

...

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

[38] To be more specific, in the context of the present case, it is not the law that by it having created the tiger stripes design and irrespective of its activities, the plaintiff was automatically the common law owner it created as a trademark. The fact that the plaintiff had created the said design did not of itself give it the right to the design as a trademark. It

must be borne in mind that the assertion of who conceptualised the tiger stripes design was initially put forth with a view of supporting the plaintiff's contest for copyright ownership of the same. The plaintiff subsequently dropped its copyright ownership claim. This point has been made earlier but deserves to be reiterated. That aspect of intellectual property right is separate and distinct from common law ownership of the tiger stripes as a trademark, the latter of which is determined by first 'user' of the tiger stripes design in a distinctive way as a trademark in the course of trade.

...

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

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

(emphasis added).

62. Based on **Mesuma Sports**, the person who has used a trade mark in the course of trade for the first time in Malaysia (**1st User**) is the Common Law proprietor of the trade mark and is thereby entitled to apply for the registration of the trade mark under s 25(1) TMA.

63. As this Expungement Suit has been filed at the behest of, among others, the 1st and 2nd Plaintiffs, the 1st and 2nd Plaintiffs bear the legal burden to prove on a balance of probabilities that the 1st and 2nd Plaintiffs were the 1st Users of the Trade Marks (1st and 2nd Plaintiffs) – please see **Huan Schen Sdn Bhd v SRAM LLC** [2016] AMEJ 1724, at paragraph 35.

64. I find as a fact that SD4 (not the 1st and 2nd Plaintiffs) was the 1st User of the 1st Defendant's Registered Trade Marks in December 1997. This finding is premised on the following evidence and reasons:

(1) SD4 had given clear evidence on how he had created 還債金 (*Huan Zhai Jin*) prayer papers. I have accepted SD4 as a credible witness for reasons elaborated in the above paragraph 40. Furthermore, the 1st Plaintiff and SP4 had admitted during cross-examination that they did not create 還債金 (*Huan Zhai Jin*) prayer papers and the Trade Marks (1st and 2nd Plaintiffs). In fact, SP4 admitted during cross-examination that SP4 was not able to find any joss paper belonging to a third party which looked like the 1st Defendant's Chinese Prayer Material (p. 90 NOP);

(2) SPLY's Receipt dated 18.12.1997 constituted the earliest documentary evidence which showed that SD4 had ordered 還債金 (*Huan Zhai Jin*) prayer papers for sale. SPLY's Receipt dated 18.12.1997 is supported by –

- (a) printing films in exhibits D29(1) to (8);
 - (b) Invoice dated 18.11.1997; and
 - (c) oral evidence of SD1 and SD3. I have given reasons in the above paragraphs 37 and 39 as to why I have found SD1 and SD3 to be witnesses of truth;
- (3) SD2 had testified that SD2 had bought 還債金 (*Huan Zhai Jin*) prayer papers from SD4 and had burnt such prayer papers in 1998. In the above paragraph 38, I have explained why I find SD2 to be a reliable witness. As such, even if I have erred in finding that SD4 or his sole proprietorship business (HBGS) had first used 還債金 (*Huan Zhai Jin*) prayer papers in December 1997, there is credible evidence from SD2 that SD4 (not the 1st and 2nd Plaintiffs) was the 1st User of the 1st Defendant's Registered Trade Marks in 1998;
- (4) there is a lot of documentary evidence that the 1st Defendant had spent substantial sums of money to advertise and promote the 1st Defendant's Registered Trade Marks in, among others, Guang Ming Daily's Advertisement dated 9.2.2005, *Feng Shui* Magazines and 1st Defendant's Publications. If SD4 was not the 1st User of the 1st Defendant's Registered Trade Marks, the 1st Defendant would not have spent substantial sums of money to advertise and promote the 1st Defendant's Registered Trade Marks;

- (5) the 1st TDO and Extended TDO have been obtained by the 1st Defendant. The 1st and 2nd Plaintiffs have not applied to Court to set aside the 1st TDO and Extended TDO;
- (6) the 1st Defendant's Warnings had been issued but the 1st and 2nd Plaintiffs did not write or notify the 1st Defendant that SD4 was not the 1st User of the 1st Defendant's Registered Trade Marks. Nor did the 1st and 2nd Plaintiffs give any notice to the 1st Defendant that the 1st and 2nd Plaintiffs had been using 還債金 (*Huan Zhai Jin*) prayer papers in the course of their trade as early as 1992. It is to be noted that SP4 has stated that he knew about the 1st Defendant's Registered Trade Marks when the 2nd Plaintiff had been sued in the 1st Defendant's Suit in 2007; and
- (7) I find the evidence of the 1st and 2nd Plaintiffs that the 1st Plaintiff had imported and sold 還債金 (*Huan Zhai Jin*) prayer papers since 1992 (**1st Plaintiff's Prior Use**) to be not probable because –
- (a) in the 1st Defendant's Suit, the 2nd Plaintiff did not counterclaim in 2007 under s 45(1)(a) TMA to expunge the 1st Defendant's Registered Trade Marks on the ground of the 1st Plaintiff's Prior Use. The 2nd Plaintiff could have easily adduced documentary evidence of the 1st Plaintiff's Prior Use in the 1st Defendant's Suit because the 2012 Fire had only occurred 5 years after the filing of the 1st Defendant's Suit. In fact, SP4 admitted during cross-

examination that the 2nd Plaintiff's sale invoices could have been adduced as evidence at the 1st Defendant's Suit in 2007 (before the 2012 Fire) (p. 83 NOP);

- (b) in this case, the 1st and 2nd Plaintiffs did not tender any documentary evidence regarding the 1st Plaintiff's Prior Use. The earliest document tendered by the Plaintiffs was Foshan's invoice dated 9.11.2001 to GHSB (exhibit P11) (not to the 1st and 2nd Plaintiffs) which was after SD4's 1st User (in December 1997).

It is difficult to attach any weight to Foshan's invoices which merely stated joss paper without a specific reference to 還債金 (*Huan Zhai Jin*) prayer papers. An invoice bearing a trade mark may be considered as use of the trade mark in the course of trade – please see 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. If this Court gives credence to invoices which do not specifically refer to any trade mark, this will give rise to spurious claims of 1st User of trade marks based on invoices which may be issued for any goods (other than for the goods for which the trade marks are claimed). In fact, the 1st Plaintiff admitted during cross-examination that the 1st Plaintiff would not know from the 1st Plaintiff's invoice in 2002 what joss paper had been sold to the 1st Plaintiff's customer (p. 59-60 NOP);

- (c) as explained in the above sub-paragraph 32(2), the 1st and 2nd Plaintiffs had caused the 2012 Fire so as to fabricate an excuse for the non-production of documentary evidence regarding the 1st Plaintiff's Prior Use. Such a conduct by the 1st and 2nd Plaintiffs negatives the *bona fides* and credibility of the 1st Plaintiff's Prior Use;
- (d) the 1st and 2nd Plaintiffs could have subpoenaed an authorized representative from Pelangi to produce all the necessary import documents to prove the 1st Plaintiff's Prior Use. This is however not done in this case and no explanation has been given by the 1st and 2nd Plaintiffs for such a material omission;
- (e) SP1 had given evidence that SP1 had brought SP4 to visit one of the 2 Chinese Manufacturers. There is therefore no reason why the 1st and 2nd Plaintiffs could not have called an authorized representative from either one of the 2 Chinese Manufacturers to give evidence in this case to substantiate the 1st Plaintiff's Prior Use. Once again, such a material omission undermines the veracity of the 1st Plaintiff's Prior Use;
- (f) if the 1st Plaintiff had imported and sold 還債金 (*Huan Zhai Jin*) prayer papers since 1992, the 1st and 2nd Plaintiffs could have easily subpoenaed any one of the 1st Plaintiff's purchasers (from 1992 to 1997) to testify regarding such sale transactions before

SD4's 1st User of 還債金 (*Huan Zhai Jin*) prayer papers in December 1997;

- (g) SP1 had given evidence that Foshan had supplied 還債金 (*Huan Zhai Jin*) prayer papers to many customers in Malaysia, among others, SPSP (in Klang), GHSB (in Johore) and SXTSB (in Ipoh). The 1st and 2nd Plaintiffs could have easily issued a subpoena to any authorized representative from SPSP, GHSB and SXTSB to testify that 還債金 (*Huan Zhai Jin*) prayer papers had been imported into Malaysia and sold in this country before SD4's creation of 還債金 (*Huan Zhai Jin*) prayer papers in December 1997;
- (h) the 1st and 2nd Plaintiffs did not file any application to register the Trade Marks (1st and 2nd Plaintiffs);
- (i) no expense, time and effort has been expended by the 1st and 2nd Plaintiffs to advertise and promote the Trade Marks (1st and 2nd Plaintiffs); and
- (j) I have already given reasons in the above paragraphs 32 to 36 on why the 1st Plaintiff, SP1, SP2, SP4 and SP5 are not reliable witnesses.

65. As an alternative, for the reasons explained in the above paragraph 64, I find as a fact that the 1st and 2nd Plaintiffs have failed to discharge their

legal burden under s 101(1), (2) and 102 EA to prove the 1st Plaintiff's Prior Use on a balance of probabilities.

66. Based on **Mesuma Sports**, as SD4 is the 1st User of the 1st Defendant's Registered Trade Marks (please see the above paragraph 64), SD4 is therefore the Common Law proprietor of the 1st Defendant's Registered Trade Marks. As SD4 is the controller and *alter ego* of the 1st Defendant, the 1st Defendant is accordingly entitled to apply for the registration of the 1st Defendant's Registered Trade Marks under s 25(1) TMA.

I. Submission by 1st and 2nd Plaintiffs

67. Mr. Athimulan had submitted, among others, as follows:

(1) 還債金 (*Huan Zhai Jin*) are common descriptive terms in the Chinese language and are not invented words in Chinese. Accordingly, the 3rd Registered Trade Mark is not distinctive and is not registrable according to s 10(1)(c), (d) and (e) TMA. Reliance has been placed on the following cases -

(a) Ramly Ali J's (as he then was) decision in the High Court case of **Titan (M) Sdn Bhd v The Registrar of Trade Marks** [2008] 4 MLRH 6;

(b) Sinnathuray J's judgment in the Singapore High Court in **Fraser & Neave Ltd v Yeo Hiap Seng Ltd** [1982] 1 MLJ 122;

- (c) Mohd. Azmi J's (as he then was) decision in the High Court case of **Mun Loong Co Sdn Bhd v Chai Tuck Kin** [1982] 1 MLJ 356;
 - (d) James Foong JCA's (as he then was) judgment in the Court of Appeal in **Bata Ltd v Sim Ah Ba & Ors** [2006] 3 CLJ 393;
 - (e) Hanipah Farikullah JC's decision in the High Court case of **Shaifulbahrim bin Mohd (as President and Council Member of Persatuan Industri Komputer dan Multimedia Malaysia (PIKOM) and representing all members of PIKOM) v EM Exhibitions (M) Sdn Bhd & Anor** [2012] 1 AMCR 988;
 - (f) the House of Lords' judgment in **Re Coca-Cola Co** [1986] 1 WLR 695; and
 - (g) the decision of MPH Rubin JC (as he then was) in the Singapore High Court in **Cheng Kang Pte Ltd & Ors v Sze Jishian (a firm)** [1992] 1 SLR (R) 716;
- (2) the use of the 1st Defendant's Registered Trade Marks is likely to deceive and/or confuse the public regarding the 1st Defendant's Chinese Prayer Materials bearing the 1st Defendant's Registered Trade Marks with the goods of the 1st and 2nd Plaintiffs bearing the Trade Marks (1st and 2nd Plaintiffs). As such, the 1st Defendant's

Registered Trade Marks cannot be registered under ss 14(1)(a) read with 19(1)(b) TMA;

(3) the Trade Marks (1st and 2nd Plaintiffs) are well known in Malaysia within the meaning of s 14(1)(d) TMA;

(4) the 1st and 2nd Plaintiffs rely on s 14(1)(b) TMA; and

(5) s 37 raises a rebuttable presumption regarding the validity of the 1st Defendant's Registered Trade Marks. Once the 1st and 2nd Plaintiffs prove that the 1st Defendant's Registered Trade Marks are not registrable under s 10(1)(c), (d), (e) and 14 TMA, the 1st Defendant cannot rely on s 37 TMA. The Federal Court's judgment in **Ho Tack Sien** had been cited in support of this contention.

J. Can 1st and 2nd Plaintiffs rely on ss 10(1)(c) to (e) and 19(1)(b) TMA in light of ss 36 and 37 TMA?

68. I am not able to accept the reliance by the 1st and 2nd Plaintiffs on ss 10(1)(c) to (e) and 19(1)(b) TMA to invalidate the 1st Defendant's Registered Trade Marks. This is because by virtue of s 36 TMA, the fact that the 1st Defendant is registered as the owner of the 1st Defendant's Registered Trade Marks, shall be *prima facie* evidence of the validity of the original registration of the 1st Defendant's Registered Trade Marks. More importantly, the 1st Defendant's Registered Trade Marks have been valid for more than 7 years from the date of their original registration and this

attracts the application of s 37 TMA. According to s 37 TMA, the 1st Defendant's Registered Trade Marks shall be taken to be valid unless the Plaintiff can prove any one or more of the 3 exceptions in s 37(a), (b) and/or (c) TMA (**3 Exceptions**). I refer to the following 2 Court of Appeal cases cited by Mr. Brian Law:

(1) **Bata**, at paragraph 21; and

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

69. The 3 Exceptions do not refer to ss 10 and 19 TMA. Accordingly, the 1st and 2nd Plaintiffs cannot rely on ss 10(1)(c) to (e) and 19(1)(b) TMA to invalidate the 1st Defendant's Registered Trade Marks in this case. The 1st and 2nd Plaintiffs cannot therefore contend that the Chinese characters, 還債金 (*Huan Zhai Jin*), are common descriptive terms under s 10(1)(c), (d) and (e) TMA. In any event, I am of the view that the Chinese characters, 還債金 (*Huan Zhai Jin*), are not common descriptive terms in the Chinese language. This is because, as admitted by SP4 and SP5, the Chinese dictionary does not provide a meaning for the combined use of **all** these 3 Chinese characters. If 還債金 (*Huan Zhai Jin*), are common Chinese descriptive terms –

(1) neither the 1st nor the 2nd Plaintiff shall be entitled to register these characters as trade marks under s 10(1)(c), (d) and (e) TMA; and

(2) the 1st and 2nd Plaintiffs are not entitled to a declaration that they are the Common Law owners of 還債金 (*Huan Zhai Jin*) trade mark.

K. Can 1st and 2nd Plaintiffs prove s 37(a), (b) and/or (c) TMA?

70. Firstly, the 1st and 2nd Plaintiffs bear the legal onus to invalidate the 1st Defendant's Registered Trade Marks under s 37(a), (b) and/or (c) TMA - **Huan Schen**, at paragraph 48.

71. Secondly, in this Expungement Suit the 1st and 2nd Plaintiffs did not contend that the original registration of the 1st Defendant's Registered Trade Marks had been obtained by fraud under s 37(a) TMA. In any event, there is no evidence adduced by the 1st and 2nd Plaintiffs that the original registration of the 1st Defendant's Registered Trade Marks had been obtained by fraud. In fact, this Court has found that SD4 was the 1st User and the Common Law owner of the 1st Defendant's Registered Trade Marks (please see the above Part H).

72. Thirdly, I am of the view that the 1st and 2nd Plaintiffs cannot rely on s 14(1)(a) read with s 37(b) TMA to invalidate the 1st Defendant's Registered Trade Marks because SD4 was the 1st User and the Common Law owner of the 1st Defendant's Registered Trade Marks (please see the above Part H).

73. Fourthly, I have no hesitation to dismiss any reliance on ss 14(1)(b) read with s 37(b) TMA because the 1st Defendant's Registered Trade Marks do not contain any scandalous or offensive matter or would otherwise not be entitled to protection by the Court.
74. Fifthly, I must reject the submission that the Trade Marks (1st and 2nd Plaintiffs) are well known in Malaysia within the meaning of s 14(1)(d) TMA. This decision is based on the following evidence and reasons:
- (1) by reason of s 103 EA, the 1st and 2nd Plaintiffs have the legal onus to prove the particular fact that the Trade Marks (1st and 2nd Plaintiffs) are well-known in this country – **Huan Schen Sdn Bhd**, at paragraph 43;
 - (2) reg. 13B(a) to (f) of the Trade Mark Regulations 1997 (**TMR**) provide a list of criteria to be considered by the Court in ascertaining whether a trade mark is well-known in Malaysia. Such a list is neither mandatory nor exhaustive – **X1R Global Holding Sdn Bhd & Anor v Y-TEQ Auto Parts (M) Sdn Bhd** [2016] 6 MLRH 41, at sub-paragraphs 30(1) and (2); and
 - (3) the 1st and 2nd Plaintiffs have failed to adduce any evidence to discharge the legal onus under s 103 EA to prove that the Trade Marks (1st and 2nd Plaintiffs) are well known in Malaysia within the meaning of s 14(1)(d) TMA read with reg 13B(a) to (f) TMR.

75. Lastly, the 1st and 2nd Plaintiffs cannot allege that the 1st Defendant's Registered Trade Marks were not distinctive of the 1st Defendant's goods on the date of filing of this Expungement Suit (8.7.2014) within the meaning of s 37(c) TMA because –

(1) the 1st and 2nd Plaintiffs bear the legal burden to prove that the 1st Defendant's Registered Trade Marks were not distinctive of the 1st Defendant's products on 8.7.2014 – the decision of Mahadev Shankar J (as he then was) in the High Court in **Hai-O Enterprise Bhd v Nguang Chan @ Nguang Chan Liquor Trader** [1993] 1 BLJ 53, at p. 71;

(2) the following 2 Court of Appeal cases have held that a party's registered trade mark is distinctive of that party's goods if there is evidence of the use of that registered trade mark in the course of trade in Malaysia which can distinguish that party's goods bearing the registered trade mark from other goods -

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

(b) **Bata**, at paragraph 46;

(3) the following evidence showed that the 1st Defendant's Registered Trade Marks were distinctive of the 1st Defendant's products on 8.7.2014 -

- (a) the 1st Defendant had spent a large sum of money to advertise and promote the 1st Defendant's Registered Trade Marks; and
 - (b) the 1st Defendant had adduced sale invoices of 還債金 (*Huan Zhai Jin*) prayer papers and boxes to various retailers and wholesalers; and
- (4) the 1st and 2nd Plaintiffs have failed to discharge the legal onus to establish s 37(c) TMA by not adducing any credible evidence to show that the 1st Defendant's Registered Trade Marks were not distinctive of the 1st Defendant's goods on 8.7.2014.

76. I have earlier expressed the view in the above paragraph 69 that the Chinese characters, 還債金 (*Huan Zhai Jin*), are not common descriptive terms in the Chinese language. Even if it is assumed that 還債金 (*Huan Zhai Jin*) are common Chinese descriptive terms, nevertheless I am still firmly of the opinion that the 1st Defendant's Registered Trade Marks are distinctive of the 1st Defendant's products on 8.7.2014 due to the overwhelming evidence adduced by the 1st Defendant in this case regarding the sales, advertisements and promotion of the 1st Defendant's goods bearing the 1st Defendant's Registered Trade Marks.

L. Whether Court can award damages under s 45(1) TMA

77. In this Expungement Suit, the Plaintiffs have prayed for, among others, an order that the 1st Defendant shall pay damages to the Plaintiffs which shall be assessed by this Court. I am of the view that the Court has no power to award damages under s 45(1)(a) to (d) TMA. Damages can only be awarded by the Court if a claim for trade mark infringement under s 38(1) TMA and/or the tort of passing off is allowed.

M. Whether Expungement Suit should be dismissed solely on Plaintiff's unexplained and inordinate delay

78. Mr. Brian Law had submitted that this Court should dismiss this Expungement Suit solely on the ground that there was an unexplained and inordinate delay by the Plaintiffs in filing the Expungement Suit. Mr. Brian Law cited the following cases in support of this contention:

- (1) Edgar Joseph Jr J's (as he then was) judgment in the High Court case of **Alfred Templeton & Ors v Mount Pleasure Corp Sdn Bhd** [1989] 1 CLJ (Rep) 219; and
- (2) the decision of Peh Swee Chin J (as he then was) in the High Court in **Cheah Kim Tong & Anor v Taro Kaur** [1989] 1 CLJ (Rep) 378.

79. With respect, I am not able to accept the above submission. This is because the Federal Court has clearly decided in **Ho Tack Sien**, at

paragraph 25, that once the ground for the expungement of a registered trade mark has been made out, the Court has no discretion but to remove the trade mark from the Register under s 45(1)(a) TMA. 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**. It is to be noted that **Alfred Templeton** did not concern applications to expunge registered trade marks pursuant to s 45(1)(a) TMA.

80. If the 1st and 2nd Plaintiffs have succeeded to prove on a balance of probabilities any one or more of the 3 Exceptions to invalidate the 1st Defendant’s Registered Trade Marks –

(1) based on **Ho Tack Sien**, the Court has no discretion but to remove the 1st Defendant’s Registered Trade Marks from the Register, despite the unexplained and inordinate delay in the filing of this Expungement Suit; and

(2) the unexplained and inordinate delay in the filing of this Expungement Suit may be a ground for the exercise of the Court’s discretion under –

(a) Order 59 rule 3(2) RC (Court may not order costs to follow the event); and/or

(b) Order 59 rule 8(b) RC (a party’s conduct may disentitle that party from claiming costs)

- to disallow costs to the 1st and 2nd Plaintiffs.

I must reiterate that in this case, there is no basis to apply any of 3 Exceptions to invalidate the 1st Defendant's Registered Trade Marks.

N. Court's decision

81. Premised on the above reasons and evidence –

- (1) this Expungement Suit is dismissed;
- (2) the Plaintiffs, jointly and severally, shall pay costs of RM30,000.00 to the Plaintiff (**Costs Sum**); and
- (3) an allocatur fee shall be imposed on the Costs Sum in accordance with Order 59 rule 7(4) RC.

sgd.

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

DATE: 8 DECEMBER 2016

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