

**IN THE HIGH COURT OF MALAYA IN KUALA LUMPUR
IN WILAYAH PRSEKUTUAN MALAYSIA
ORIGINATING SUMMONS NO: 24IP-45-11/2015**

BETWEEN

TOKAI CORPORATION

... PLAINTIFF

AND

DKSH MALAYSIA SDN BHD
(Company No: 4476-U)

... DEFENDANT

JUDGMENT

(Court enclosure no. 1)

A. Issues

1. The following questions, among others, arise in this originating summons
(**This OS**):

(1) whether the plaintiff company (**Plaintiff**) can rely on 2 statutory
declarations (**SD**) to support This OS;

- (2) whether the Plaintiff is the legal, Common Law and/or beneficial owner of the registered trade mark bearing registration no. 85002490 for disposable gas lighters and smokers' articles in Class 34 [annexed as Annexure A to this judgment (**Registered Trade Mark**)];
- (3) whether the following 3 assignments (**3 Assignments**) of the Registered Trade Mark are valid under, among others, s 55 of the Trade Marks Act 1976 (**TMA**) –
- (a) the first assignment dated 27.3.2003 of the Registered Trade Mark (**1st Assignment**) from Tokai Cigarlite Industries Sdn. Bhd. (**Tokai Cigarlite**) to Fumakilla Malaysia Bhd. (**Fumakilla**);
 - (b) the second assignment dated 6.6.2007 of the Registered Trade Mark (**2nd Assignment**) from Fumakilla to Texchem Consumers Sdn. Bhd. (**Texchem Consumers**); and
 - (c) the third assignment dated 2.1.2008 of the Registered Trade Mark (**3rd Assignment**) from Texchem Consumers to the defendant company (**Defendant**);
- (4) whether the Plaintiff's "*TOKAI*" trade mark (annexed as Annexure B to this judgment) is well-known trade mark within the meaning of ss 14(2) and 70B(1) TMA read with reg. 13B of the Trade Marks Regulations 1997 (**TMR**);

- (5) whether the Plaintiff, a minority shareholder of Tokai Cigarlite, is a “*person aggrieved*” by the registration of the Registered Trade Mark and the 3 Assignments within the meaning of s 45(1)(a), 46(1)(a) and/or (b) TMA;
- (6) assuming that the Plaintiff is a “*person aggrieved*” by the registration of the Registered Trade Mark and the 3 Assignments, whether the Registered Trade Mark should be expunged from the Register of Trade Marks (**Register**) under s 45(1)(a) and/or 46(1)(b) TMA;
- (7) whether This OS can be defeated by estoppel and/or excessive delay on the part of the Plaintiff; and
- (8) whether the Court should exercise its discretion to grant declaratory relief in This OS.

B. Plaintiff’s case

2. In This OS, the Plaintiff prayed for the following relief against the Defendant:

- (1) a declaration that the assignment of the Registered Trade Mark to the Defendant is an entry made in the Register without sufficient cause and the Registered Trade Mark registered in the Defendant’s

- name, is an entry which remains wrongfully in the Register (**Prayer 1**);
- (2) a declaration that the Plaintiff is the legal and beneficial owner of the Registered Trade Mark (**Prayer 2**);
- (3) further or in the alternative, a declaration that there has been no use in good faith by the Defendant and/or the Defendant's predecessors-in-title of the Registered Trade Mark for a continuous period of not less than 3 years and up to a month before the date of This OS (**Prayer 3**);
- (4a) an order that the Registrar of Trade Marks (**Registrar**) rectify the Register by expunging the Defendant as the registered proprietor and by entering and recording the Plaintiff in substitution thereof as the registered proprietor of the Registered Trade Mark; or
- (4b) in the alternative, by expunging and removing from the Register, the registration of the Registered Trade Mark and the whole of the entries relating to such registration
- within 14 days from the date of filing by the Plaintiff or its solicitors of an office copy of this Court order with the Registrar together with such forms and payment of fees as may be required by the Registrar (**Prayer 4**);

- (5) costs of and incidental to This OS be borne by the Defendant; and
 - (6) such further or other relief as this Court deems fit.
3. Mr. Yoichi Ozawa (**Mr. Yoichi**), the Plaintiff's Vice-President and "*Chief Administrator*", affirmed the first affidavit on behalf of the Plaintiff in support of This OS (**Plaintiff's 1st Affidavit**). According to the Plaintiff's 1st Affidavit, among others:
- (1) regarding the Plaintiff -
 - (a) the Plaintiff is a company incorporated under Japanese law in 1972; and
 - (b) the Plaintiff is one of the world's leading manufacturers, suppliers, distributors and exporters of disposable cigarette lighters, cigarette filters, smoking articles and apparatus (**Plaintiff's Goods**);
 - (2) in respect of the "*TOKAI*" trade mark –
 - (a) the "*TOKAI*" trade mark is based on the Plaintiff's name;
 - (b) throughout the world the Plaintiff is the registered proprietor of the "*TOKAI*" trade mark for the Plaintiff's Goods in various

classes, including Classes 11 and 34. The Plaintiff's 1st Affidavit had listed a large number of countries wherein the "TOKAI" trade mark has been registered. Exhibited in the Plaintiff's 1st Affidavit was registration certificates of the "TOKAI" trade mark in certain countries;

- (c) the "TOKAI" trade mark has been extensively used in relation to the Plaintiff's Goods for many decades;
- (d) the Plaintiff has expended considerable time, effort and money to advertise, promote and market the Plaintiff's Goods bearing the "TOKAI" trade mark. Since the launch of the Plaintiff's Goods bearing the "TOKAI" trade mark, sales of the Plaintiff's Goods have been "*encouraging and are on the increase*";
- (e) as a result of the extensive use and promotion of the Plaintiff's Goods bearing the "TOKAI" trade mark, the "TOKAI" trade mark is a well-known trade mark under –
 - (i) s 70B TMA;
 - (ii) Article 6*bis* of the Paris Convention for the Protection of Industrial Property of 20.3.1883 and revised at Stockholm on 14.7.1967 (**Paris Convention**); and

(iii) Article 16 of the Agreement on Trade Related Aspects of Intellectual Property Rights 1994 (**TRIPS Agreement**).

The Plaintiff claims that traders and consumers worldwide recognize and associate the “*TOKAI*” trade mark exclusively with the Plaintiff’s trade and business; and

(f) in Malaysia –

(i) since 15.11.1995, the Plaintiff has been the registered proprietor of the “*TOKAI*” trade mark for the Plaintiff’s Goods in Class 11 [igniters (lighters not for smoking)]; and

(ii) on 10.9.2015 the Plaintiff had applied to the Registrar to register the “*TOKAI*” trade mark for the Plaintiff’s Goods in Class 34 [**Plaintiff’s Application (dated 10.9.2015)**]. The Plaintiff’s Application (dated 10.9.2015) is still pending before the Registrar;

(3) concerning the Registered Trade Mark –

(a) in 1981 the Plaintiff together with Texchem Corporation Bhd. (**Texchem**) formed a joint venture company, Tokai Cigarlite, to manufacture and sell disposable cigarette lighters in Malaysia. In this joint venture arrangement, the Plaintiff’s role was to contribute and provide technical information and know-how to

the technical development and manufacture of goods by Tokai Cigarlite. Texchem was responsible for ancillary support services, namely secretarial services, accounting services, “*government relations*” and all other general ancillary services;

- (b) goods were manufactured and sold by Tokai Cigarlite with reference to the Registered Trade Mark;
- (c) due to the Plaintiff’s ownership interest in Tokai Cigarlite and the Plaintiff’s continuous control over the goods manufactured by Tokai Cigarlite, the Plaintiff permitted Tokai Cigarlite to apply for the Registered Trade Mark which was registered on 11.6.1985;
- (d) Tokai Cigarlite ceased manufacturing operations in 1998 when Texchem requested for the termination of the joint venture arrangement. Tokai Cigarlite was dissolved some time in 1999;
- (e) the Plaintiff requested for the assignment of the Registered Trade Mark but this was refused by Texchem. Despite having knowledge of the Plaintiff’s claim to beneficial ownership of the Registered Trade Mark, the 1st Assignment was executed in favour of Fumakilla. Fumakilla is related to Texchem as both companies share a common shareholder;

- (f) the Plaintiff alleged that Fumakilla's business did not extend to the manufacture and sale of disposable cigarette lighters, smoking articles and apparatus. The Plaintiff further claimed that Fumakilla did not use the Registered Trade Mark in Malaysia; and
 - (g) without the Plaintiff's knowledge and consent, the 2nd Assignment was executed in favour of Texchem Consumers. The Plaintiff averred that Texchem Consumers did not use the Registered Trade Mark in Malaysia;
- (4) the Plaintiff is aggrieved by the Registered Trade Mark because –
- (a) the Plaintiff is denied the ownership and protection of the Registered Trade Mark. Until the date of the Plaintiff's 1st Affidavit, the Plaintiff owns the "TOKAI" trade mark all over the world except Malaysia;
 - (b) the Plaintiff's Application (dated 10.9.2015) has been filed; and
 - (c) if the Plaintiff decides to enter into the Malaysian market and sells the Plaintiff's Goods, the Plaintiff is exposed to a risk of trade mark infringement action by the Defendant;
- (5) the Plaintiff claimed that the 3 Assignments were defective and void because –

- (a) the 3 Assignments had been made without the consent and authority of the Plaintiff;
 - (b) the 3 Assignments would result in more than 1 party being entitled to the Registered Trade Mark;
 - (c) the 3 Assignments infringed s 55 TMA;
 - (d) none of the assignors (Tokai Cigarlite, Fumakilla and Texchem Consumers) (**3 Assignors**) had used the Registered Trade Mark prior to and/or at the time of the 3 Assignments. As such, there was no goodwill associated with the Registered Trade Mark that could have been assigned together with the Registered Trade Mark to the Defendant; and
 - (e) the Registered Trade Mark was not distinctive of the 3 Assignors. On the contrary, the Registered Trade Mark is distinctive of the Plaintiff due to the fact that the “*TOKAI*” trade mark is a well-known trade mark. The 3 Assignments of a mark which were not distinctive of the 3 Assignors, were deceptive, unlawful and were prohibited;
- (6) as the Registered Trade Mark was not distinctive of the Defendant’s goods on the date of commencement of This OS, the entry of the

Registered Trade Mark in the Defendant's name was contrary to s 10(1)(e) TMA;

- (7) the use of the Registered Trade Mark by the Defendant would lead to deception and confusion of the consumers and public within the meaning of s 14(1)(a) and (d) TMA;
- (8) the Defendant had not used the Registered Trade Mark;
- (9) Tokai International Holdings Inc. (**TIH**) wrote a letter dated 30.4.2013 to the Defendant (**TIH's Letter dated 30.4.2013**). TIH's Letter dated 30.4.2013 stated, among others –
 - (a) there was a joint venture agreement (**JVA**) between Tokai Seiki Co Ltd. (**Tokai Seiki**) and Texchem;
 - (b) Tokai Seiki is the sole rightful owner of the Registered Trade Mark under Article 13(d) JVA;
 - (c) Texchem breached the JVA by "*transferring*" the Registered Trade Mark to Fumakilla;
 - (d) the Defendant acquired the Registered Trade Mark when the Defendant acquired Texchem Consumers in April 2007; and

- (e) the “*obvious remedy*” was for the Defendant to “*transfer*” the Registered Trade Mark to Tokai Seiki and if the Defendant failed to do so, Tokai Seiki would seek the cancellation of the registration of the Registered Trade Mark;
- (10) the Defendant’s solicitors, Messrs Shearn Delamore & Co. (**Messrs SDC**), replied to TIH’s Letter dated 30.4.2013 by way of a letter dated 18.6.2013 (**Messrs SDC’s Letter dated 18.6.2013**). According to Messrs SDC’s Letter dated 18.6.2013, among others –
- (a) the Defendant had bought the Registered Trade Mark for good and valuable consideration. As such, the legal and equitable interest in the Registered Trade Mark had been vested in the Defendant; and
- (b) the Defendant “*strongly*” objected to the unauthorized use of the Registered Trade Mark by TIH and/or TIH’s associate companies.
- (11) the Plaintiff through its trade mark agent, Henry Goh & Co Sdn. Bhd. (**Plaintiff’s Agent**), instructed a private investigator, ZB Security Services Sdn. Bhd. (**PI**), to carry out investigations on whether the Defendant had used the Registered Trade Mark in Malaysia. PI’s report dated 24.6.2014 (**PI’s Report**) stated, among others –

- (a) by way of “*preliminary searches*” on the Defendant and the PI’s visits to the Defendant’s premises, the Defendant did not use the Registered Trade Mark for goods in Class 34; and
 - (b) based on the PI’s market survey conducted at 25 outlets in the Klang Valley, the PI found that “*TOKAI Bio Pipe Filter*” have been supplied by Yuen Tobacco (M) Sdn. Bhd.;
- (12) the Plaintiff alleged that the Plaintiff through its solicitors had instructed the PI to conduct a follow-up investigation to determine if there had been any use of the Registered Trade Mark in Malaysia by the Defendant and the PI confirmed that the Defendant had not used the Registered Trade Mark in Malaysia as of 2.10.2015; and
- (13) searches on the Internet via Google only yielded the use of the “*TOKAI*” mark by the Plaintiff and its subsidiaries. The Plaintiff also searched the Defendant’s web-site and such a search did not reveal any use of the Registered Trade Mark in Malaysia by the Defendant. As such, there had been no use of the Registered Trade Mark in Malaysia by the Defendant for a continuous period of 3 years and up to a month before the date of This OS and the Registered Trade Mark should be expunged from the Register under s 46(1)(b) TMA.
4. Mr. Yoichi affirmed a second affidavit in support of This OS (**Plaintiff’s 2nd Affidavit**) which averred, among others, as follows:

- (1) the Defendant had not used the Registered Trade Mark in Malaysia and even if there were such a use, such a use was at best *de minimis*, commercially insignificant and/or not in good faith;
- (2) a facsimile dated 1.6.1998 from Mr. Y. Kurokawa at “*TOKAI Indonesia*” to the “*Texchem Group of Companies*” (**Fax dated 1.6.1998**), stated, among others –

“2) The TOKAI trademark within Malaysia

Regarding this matter, as had been previously arranged and clearly stated, even if this was registered in the name of TCI, this fundamentally assumes a joint-managed undertaking. In the event that this partnership is annulled, ipso facto, this will be returned to TOKAI Company at no cost.

We seek your cooperation and understanding in the abovementioned matters.”

(emphasis added);

- (3) Indonesia is the biggest market for the Plaintiff in Southeast Asia. The Plaintiff has 2 factories in Indonesia which supply the Plaintiff's Goods. After Tokai Cigarlite's dissolution, the Plaintiff's Goods bearing the “*TOKAI*” mark would have been sold, albeit in small quantities, in Malaysia. The Plaintiff's Goods bearing the “*TOKAI*”

mark, would have been imported into Malaysia through agents or traders in Singapore by way of parallel imports;

(4) the Plaintiff's 2nd Affidavit exhibited a SD affirmed by Mr. Wong Choong Fatt (**Mr. Wong**), a director of Chiap Seng Trading (M) Sdn. Bhd. (**CETSB**), on 25.11.2014. Mr. Wong's SD –

(a) stated, among others, that for at least 15 years, CETSB has imported "*TOKAI Bio Pipe*", a cigarette filter, from the Plaintiff, and distributed such goods in Malaysia; and

(b) exhibited –

(i) shipping documents and the Plaintiff's invoices regarding CETSB's importation of the Plaintiff's Goods; and

(ii) invoices issued by CETSB to its distributors regarding the distribution of the Plaintiff's Goods in Malaysia;

(5) as the Registered Trade Mark had only been assigned for approximately 6 months from Fumakilla to Texchem Consumers (from 6.6.2007 to 2.1.2008) before Texchem Consumers assigned the Registered Trade Mark to the Defendant, there was no use of the Registered Trade Mark by Texchem Consumers;

(6) there was a period of time when the Plaintiff was in liquidation and was managed by liquidators who were not “*persons in the business*”. Sometime in 2005, the Plaintiff’s business affairs were “*restored to normal*” when the Plaintiff was acquired by the “*current owners*” of the Plaintiff. The new owners and management of the Plaintiff only became aware that the Registered Trade Mark was not registered in the Plaintiff’s name sometime in 2012; and

(7) as regards the PI’s Report –

(a) the PI’s market survey sufficiently covered a cross-section of the Malaysian public as the survey was done in various major supermarkets, hypermarkets, minimarkets, Chinese medicine halls, convenience stores and wholesalers, including but not limited to Giant, AEON, BIG, Mydin, Econsave, AEON JUSCO, The Store, NSK Trade City, 99 Speedmart, HERO Supermarket and KK Supermart; and

(b) the Plaintiff had through its solicitors, instructed the PI to conduct a follow-up investigation to determine whether the Defendant had used the “*TOKAI*” trade mark. According to information obtained from one Ms. Penny (**Ms. Chaw**) who represented herself to be the Defendant’s Manager of Client Management and Consumer Goods, lighters bearing the “*TOKAI*” trade mark, would only be launched sometime in November 2015.

5. A third affidavit had been affirmed by Mr. Yoichi in support of This OS **(Plaintiff's 3rd Affidavit)** -

(1) the Plaintiff's 3rd Affidavit exhibited a SD affirmed by Ms. See Toh Siew Peng (**Ms. See**). Ms. See's SD averred, among others, as follows -

(a) the PI was incorporated sometime in 2000 and had been involved in the business of providing investigative and market surveys since at least 2010;

(b) Ms. See was the PI's "*principal investigator*" in this case. The objective of the investigation in this case, was to determine the availability and extent of the use of the "*TOKAI*" trade mark by the Defendant in relation to gas lighters and smokers' articles **(PI's 1st Investigation)**;

(c) the names and designation or position of the persons interviewed by the PI in the PI's 1st Investigation, had been disclosed in the PI's Report;

(d) on 15.9.2015, the PI had been instructed by the Plaintiff's solicitors, to conduct a second investigation on the availability, extent and manner of the use of the "*TOKAI*" trade mark by the Defendant for the period between 13.6.2014 and 2.10.2015

(PI's 2nd Investigation). This was because 15 months had elapsed since the conclusion of the PI's 1st Investigation; and

(e) in the PI's 2nd Investigation –

(i) Ms. See had met Ms. Chaw who informed Ms. See that the Defendant did not deal with cigarette filters bearing the “*TOKAI*” Trade Mark;

(ii) Ms. See queried Ms. Chaw on disposable cigarette lighters bearing the “*TOKAI*” Trade Mark, including the availability and use of such lighters in Malaysia. Ms. Chaw replied that “*Alladdin*” cigarette lighters were on sale but cigarette lighters bearing the “*TOKAI*” Trade Mark were not currently available and would only be launched in Malaysia sometime in November 2015. In view of such a representation by Ms. Chaw, no further investigation and follow up market survey was conducted by the PI; and

(iii) the PI's 2nd Investigation showed that there were no “*TOKAI*” cigarette lighters on sale in the market for the period between 13.6.2014 and 2.10.2015; and

(2) the Plaintiff's 3rd Affidavit alleged, among others, as follows –

- (a) the Plaintiff's application dated 15.11.2007 to register the Registered Trade Mark for goods in Class 34 [**Plaintiff's Application (dated 15.11.2007)**] was not pursued further in view of the fact that Tokai Cigarlite would hold the Registered Trade Mark as permitted by the Plaintiff. At that time, Tokai Cigarlite was manufacturing and selling "*TOKAI*" cigarette lighters in Malaysia;
- (b) the Plaintiff could not take steps to stop the 1st Assignment because the 1st Assignment was done without the knowledge and consent of the Plaintiff;
- (c) at the time of the acquisition of the Plaintiff in 2005 by the current owners, the current owners were provided with a list of assets held by the Plaintiff at the time of the acquisition [**Plaintiff's List of Assets (in 2005)**]. The Plaintiff's List of Assets showed that the Plaintiff owned 48% shares in Tokai Cigarlite and there was no indication that the "*TOKAI*" trade mark had been assigned to a third party. It is to be noted that the Plaintiff's List of Assets exhibited in the Plaintiff's 3rd Affidavit, had been redacted by the Plaintiff. I will discuss whether such a redacting is valid subsequently in this judgment; and
- (d) the Plaintiff only had knowledge that the Registered Trade Mark was not registered in the Plaintiff's name in 2012.

6. Mr. Yoichi affirmed a fourth affidavit (**Plaintiff's 4th Affidavit**) which alleged, among others, as follows:

- (1) Tokai Cigarlite was permitted the registration of the Registered Trade Mark in view of the joint venture arrangement;
- (2) the Defendant only produced invoices regarding lighters bearing the "ALLADDIN" trade mark/brand without any reference to the "TOKAI" trade mark;
- (3) in 2005, the Plaintiff was acquired by the current owner from Itochu Enex Co. Ltd.;
- (4) the Plaintiff is a subsidiary company of TIH;
- (5) the fact that the Plaintiff owned 48% of shares in Tokai Cigarlite, provided reasonable grounds to believe that the Registered Trade Mark could never be assigned to a third party without the prior knowledge and consent of the Plaintiff; and
- (6) Tokai Cigarlite had ceased business since 1998. Exhibited in the Plaintiff's 4th Affidavit was a copy of the Financial Reports and Accounts of Tokai Cigarlite for the financial year ending 31.12.1998 (**Tokai Cigarlite's 1998 Financial Report**). Tokai Cigarlite's 1998

Financial Report stated, among others, that Tokai Cigarlite had ceased manufacturing operations on 31.7.1998.

C. Defendant 's case

7. The Defendant is a company incorporated in Malaysia on 4.12.1961. The Defendant's holding company, DKSH Holdings (M) Bhd. (**DKSH Holdings**), is listed on the Main Market of Bursa Malaysia.
8. According to the Defendant's first affidavit (**Defendant's 1st Affidavit**) affirmed by Mr. Lian Teng Hai (**Mr. Lian**), among others –
 - (1) regarding the Defendant -
 - (a) the Defendant is a leading provider in Malaysia of market expansion services for Consumer Goods, Healthcare and Performance Materials; and
 - (b) the Defendant's business is organized into the following 3 segments –
 - (i) "*Marketing and Distribution Segment*" – under this segment, the Defendant provides a comprehensive portfolio of services ranging from marketing to providing sales force, distribution and logistics, invoicing, credit

control, handling of inventory and returned goods and other value-added services. The businesses concerned in this segment are Consumer Goods and Performance Materials;

- (ii) “*Logistics Segment*” – this segment focuses on supply chain services ranging from import to warehousing and distribution, order processing and collections. This segment concerns primarily Healthcare and part of Consumer Goods as well as distribution of telephone cards; and
- (iii) “*Others Segment*” – the primary business activity in this segment is the “*Famous Amos*” chocolate chip cookie business;

(2) concerning the Registered Trade Mark “*TOKAI*” –

- (a) “*TOKAI*” is one of the Defendant’s house brands;
- (b) by way of the 3rd Assignment, Texchem Consumers assigned absolutely all the property, right, title and interest to the Registered Trade Mark, including all the statutory and Common Law rights, to the Defendant;
- (c) the Defendant has used the Registered Trade Mark, through the Defendant’s wholesalers and licensees throughout Malaysia, in relation to disposable gas lighters and smokers’

articles. The turnover of goods bearing the Registered Trade Mark in Malaysia between 2012 and 2015 is close to RM250,000.00. The Defendant's 1st Affidavit exhibited, among others –

- (i) a list of the Defendant's wholesalers to whom "TOKAI" lighters have been sold;
- (ii) a "Wholesaler Incentive" in respect of the sales of the Defendant's "TOKAI" lighters for the period from July to August 2012 [(**Defendant's Wholesaler Incentive (July-August 2012)**)];
- (iii) purchase orders (**PO**) from the Defendant to the Defendant's contract manufacturer, Ningbo Xinhai International Trade Co. Ltd. (**Ningbo**) for Ningbo to supply "TOKAI PEIZO LIGHTER" to the Defendant. The earliest PO from the Defendant to Ningbo dated 9.11.2011 (**Defendant's PO dated 9.11.2011**);
- (iv) shipping documents in respect of the Defendant's "TOKAI" lighters imported by the Defendant; and
- (v) the Defendant's invoices of sales of the Defendant's "TOKAI" lighters. The earliest Defendant's invoice dated 16.4.2012 (**Defendant's Invoice dated 16.4.2012**)

- (d) between 2011 and 2015, the Defendant had expended a sum of RM89,851.67 to promote the Defendant's products bearing the Registered Trade Mark. The Defendant's 1st Affidavit exhibited email correspondence between the Defendant and logo designer, Messrs Aritz Access for the period from July to October 2015;
 - (e) in view of the Defendant's sales and promotion of the Registered Trade Mark, the Defendant is the legal and beneficial owner of the Registered Trade Mark; and
 - (f) the Registered Trade Mark is identified and associated exclusively with the Defendant in the Malaysian market;
- (3) the Plaintiff is estopped from –
- (a) asserting that the 3 Assignments are invalid; and
 - (b) denying that the Defendant is entitled to the Registered Trade Mark
- because the Plaintiff –
- (i) had remained silent for more than 15 years and had been guilty of "*wilful blindness*"; and

- (ii) had been guilty of unconscionable and inequitable conduct in this case. The Plaintiff could have easily conducted a search of the Register to verify the status and ownership of the Registered Trade Mark;
- (4) the 3rd Assignment did not contravene s 55(1A) TMA as the reputation and goodwill in the Registered Trade Mark had been validly transferred from Texchem Consumers to the Defendant;
- (5) there had been unreasonably long delay on the part of the Plaintiff in filing This OS;
- (6) concerning the “*TOKAI*” trade mark used by the Plaintiff in Malaysia –
 - (a) the “*TOKAI*” trade mark is likely to deceive or confuse the public. As such, the Plaintiff’s use of the “*TOKAI*” trade mark in Malaysia, has contravened ss 14 and 19 TMA; and
 - (b) the “*TOKAI*” trade mark is not distinctive of the Plaintiff’s Goods as required by s 10 TMA;
- (7) the Plaintiff could not rely on the PI’s Report because the PI’s Report was inadmissible for not complying with the following “*minimum criteria*” –

- (a) the PI carried out investigation between 5.6.2014 to 12.6.2014 and not for the period of the alleged non-use of the Registered Trade Mark (from 13.6.2014 to 2.10.2015);
 - (b) there was no evidence of a follow-up investigation by the PI;
 - (c) the PI's investigation did not represent a cross-section of the public in Malaysia as the PI's investigation was only conducted in the Klang Valley; and
 - (d) there was no evidence regarding the PI's background and credentials; and
- (8) the Defendant alleges that the Plaintiff is not an aggrieved person under ss 45(1)(a) and 46(1) TMA.
9. Mr. Lian affirmed a second affidavit to oppose This OS (**Defendant's 2nd Affidavit**). The Defendant's 2nd Affidavit stated, among others, as follows:
- (1) by virtue of the 1st Assignment, pursuant to an application received by the Registrar on 28.5.2003, Fumakilla was registered as the proprietor of the Registered Trade Mark;

- (2) pursuant to an application received by the Registrar on 14.9.2007, Texchem Consumers was registered as the proprietor of the Registered Trade Mark by virtue of the 2nd Assignment;
- (3) pursuant to an application received by the Registrar on 12.6.2009, the Defendant was registered as the proprietor of the Registered Trade Mark by virtue of the 3rd Assignment;
- (4) the Plaintiff's Application (dated 15.11.2007) had been withdrawn;
- (5) the Plaintiff had "*neglected and abandoned*" the Registered Trade Mark by reason of -
 - (a) the withdrawal of Plaintiff's Application (dated 15.11.2007); and
 - (b) the Plaintiff's failure to take steps to ensure that the Registered Trade Mark was renewed by Tokai Cigarlite. On 6.4.2005, Fumakilla applied to renew the registration of the Registered Trade Mark (**Fumakilla's Renewal Application dated 6.4.2005**);
- (6) in 2007, Texchem Resources Bhd. (**Texchem Resources**) divested its subsidiary, Texchem Consumers, to DKSH Holdings for RM16 million (**Texchem Resources' Divestiture**). The 3rd Assignment has been made subsequent to Texchem Resources' Divestiture; and

(7) regarding the PI's Report –

(a) the PI's Report was not admissible as evidence because -

(i) the maker of the PI's Report was unknown;

(ii) the PI's Report consisted of hearsay evidence which was inadmissible; and

(iii) all the questions and answers (**Q&A**) given by the persons interviewed by the PI, had not been disclosed to the Defendant. No names of the interviewees had been given by the PI and accordingly, the enquiries conducted by the PI, constituted hearsay evidence;

(b) the enquiries conducted by the PI was not conducted fairly as the employees questioned by the PI, were not responsible for the products bearing the Registered Trade Mark; and

(c) Ms. Chaw had confirmed in the PI's Report that the Defendant had been selling lighters bearing the Registered Trade Mark;

10. A third affidavit affirmed by Mr. Lian (**Defendant's 3rd Affidavit**) stated, among others, as follows:

- (1) Ms. See's SD is not admissible for the following reasons -
- (a) Ms. See's SD contained hearsay evidence as Ms. See had no personal knowledge of the contents of Ms. See's SD;
 - (b) Ms. See's SD was only affirmed on 23.3.2016, long after the filing of This OS; and
 - (c) the Plaintiff's failure to put forth Ms. See's SD at the earliest possible opportunity, showed that Ms. See's SD was an afterthought; and
- (2) Texchem Consumers was in the business of manufacturing, selling, offering for sale and promoting disposable lighters in Malaysia based on invoices and purchase orders given by Texchem Consumers to the Defendant and exhibited in the Defendant's 3rd Affidavit. The earliest PO issued by Texchem Consumers regarding "*ALLADDIN TOKAI LIGHTERS*" exhibited in the Defendant's 3rd Affidavit, dated 15.9.2006 (**Texchem Consumer's PO dated 15.9.2006**).

11. Ms. Chaw affirmed an affidavit to oppose This OS (**Defendant's 4th Affidavit**). According to the Defendant's 4th Affidavit, among others –

- (1) Ms. Chaw explained that the Defendant's web-site makes no mention of the Registered Trade Mark because the Defendant does

not advertise trade marks on the Defendant's web-site. The reason is because the Defendant, being one of the oldest and largest Market Expansion Services Providers in Malaysia, serves more than 170 brand owners and 13,000 customers. Hence, out of fairness to all the Defendant's customers, the Defendant had decided that no specific brand, including the Defendant's own brands, would be advertised on the Defendant's web-site;

- (2) Ms. Chaw denied the contents of Ms. See's SD and claimed that –
 - (a) Ms. Chaw informed Ms. See that "TOKAI" lighters were not available during the time of Ms. See's query as the new batch of "TOKAI" lighters had yet to be launched by the Defendant; and
 - (b) since 2012, the Defendant had continuously made extensive use of the Registered Trade Mark; and
- (3) in early 2015, the Defendant had visited Vietnam to source for an alternative contract manufacturer for the Defendant's products bearing the Registered Trade Mark. Pursuant to these visits, the Defendant decided to replace Ningbo with "*Huaxing Vietnam Lighter Manufacture Co. Ltd.*" (**Huaxing**). As regards Huaxing –
 - (a) the Defendant had placed its first trial order from Huaxing in July 2015. The Defendant's 1st Affidavit had exhibited the first

“*Sales Contract*” between the Defendant and Huaxing dated 23.7.2015 (**Huaxing’s Sales Contract dated 23.7.2015**);

- (b) between July and September 2015, there were communications between the Defendant and Huaxing on the artwork for the new batch of lighters bearing the Registered Trade Mark; and
- (c) the plan was to relaunch the new batch of lighters bearing the Registered Trade Mark in November 2015 but due to production issues –
 - (i) the delivery of this new batch was delayed to December 2015; and
 - (ii) the new batch was only sold to the Defendant’s wholesalers from January 2016.

D. Preliminary matters

D(1). Exhibits which had not been translated into our national language or English language

12. There were certain exhibits in the Plaintiff’s 1st Affidavit (pages 52-60, 63-65 and 84-86 of exhibit “YO-4” in the Plaintiff’s 1st Affidavit) which had not been translated into our national language or English language. These

exhibits are not admissible as evidence in This OS and cannot be considered by this Court. My reasons are as follows:

(1) Order 92 rule 1 of the Rules of Court 2012 (**RC**) provides as follows

-

“Language of documents

Order 92 rule 1

(1) Subject to paragraph (2), any document required for use in pursuance of these Rules shall be in the national language and may be accompanied by a translation thereof in the English language, except that the translation for the purpose of Order 11, rule 6(4) and rule 7(1) shall be prepared in accordance with rule 6(5) of that Order:

Provided that any document in the English language may be used as an exhibit, with or without a translation thereof in the national language.

(2) For Sabah and Sarawak, any document required for use in pursuance of these Rules shall be in the English language and may be accompanied by a translation thereof in the national language except that the translation for the purpose of Order 11, rule 6(4) and rule 7(1) shall be prepared in accordance with rule 6(5) of that Order.

(3) An affidavit prepared in a foreign language shall be filed with a translation of such affidavit by a qualified translator or solicitor by annexing the affidavit and the translation thereof as exhibits

to an affidavit by the translator or solicitor verifying the translation.

(4) In cases of urgency, proceedings may be commenced or conducted partly in the English language or wholly in the English language provided that –

(a) a certificate of urgency explaining the urgency of the matter is filed by the solicitor; and

(b) copies of all such documents in the national language shall be filed within two weeks or within such extended period as the Court may allow:

Provided that:

(a) any document in the national language may be used as an exhibit, with or without a translation thereof in the English language; and

(b) any document in the English language may be used as an exhibit, with or without a translation thereof in the national language.”

(emphasis added).

Based on Order 92 rule 1(1), proviso to Order 92 rule 1(1), provisos (a) and (b) to Order 92 rule 1(4) RC, I am of the view that an exhibit in an affidavit which is in a language other than our national

language and English language, has to be translated into either our national language or English language. Order 92 rule 1 RC does not require exhibits in affidavits in a language other than our national language and English language, to be translated into both our national language and English language; and

(2) in **Sykt Telekom Malaysia Bhd v Business Chinese Directory Sdn Bhd** [1994] 2 MLJ 420, at 422-423, Eusoff Chin SCJ (as he then was) delivered the Supreme Court's judgment which held that the then applicable Order 92 rule 1 of the Rules of High Court 1980 (**RHC**) was a mandatory provision and any document which was not in the national language or in the English language, must be translated into the national language before such a document could be admitted as an exhibit.

13. I have not overlooked Order 1A RC which provides that in the administration of RC, the Court shall have regard to the overriding interest of justice and not only to the technical non-compliance with RC. I have also considered the Court's discretionary power under Order 2 rule 1(1) and (3) RC to cure any irregularity arising from any non-compliance with RC. I am of the view that when an exhibit in an affidavit has not been translated into our national language or English language, there is an injustice to the opposing party as the opposing party is not able to exercise his or her right to reply to such an exhibit. This injustice cannot be condoned by the Court's reliance on Order 1A, Order 2 rule 1(1) and (3) RC. Furthermore, the Court is not in a position to understand, let

alone give weight, to an exhibit in an affidavit which has not been translated into our national language or English language.

D(2). 2 SD's exhibited in Plaintiff's affidavits

14. The Defendant's learned counsel, Ms. Janet Toh Yoong San (**Ms. Janet Toh**), had submitted that the Court should give little weight to –

- (1) Mr. Wong's SD (exhibited in the Plaintiff's 2nd Affidavit); and
- (2) Ms. See's SD (exhibited in the Plaintiff's 3rd Affidavit)

due to the following grounds -

- (a) Order 38 rule 2(2) RC provides that in an OS, evidence shall be given by way of affidavits;
- (b) in **Ng Chooi Kor v Isyoda (M) Sdn Bhd** [2010] 3 CLJ 162, the Court of Appeal did not give any weight to a SD and an affidavit, both affirmed by a person who was not called by the respondent at the trial of that case; and
- (c) the Defendant was not able to cross-examine the deponents of the 2 SD's.

15. The Plaintiff's learned counsel, Ms. Su Siew Ling (**Ms. Su**), had contended that this Court should consider the 2 SD's for the following reasons:

(1) the Defendant did not challenge the admissibility of the 2 SD's. On the contrary, the Defendant's affidavits had replied to the 2 SD's. As such, the Defendant is estopped from challenging the admissibility of the 2 SD's;

(2) s 3 of the Interpretation Acts 1948 and 1967 (**IA**) has defined an "*affidavit*" to include a SD. Reliance had been placed by the Plaintiff on the following High Court cases –

(a) Haidar J's judgment in the of **Chong Sui Kang v Anor v Ramarajan a/l Suriyakanan & Ors** [1995] MLJU 4; and

(b) the decision of Ghazali Cha JC (as he then was) in **Atlas Housing Sdn Bhd v Dream Property Sdn Bhd** [2007] 8 MLJ 639; and

(3) the Defendant had not applied to Court for leave to cross-examine the deponents of the 2 SD's.

16. I am of the view that the 2 SD's are not admissible as evidence in this case. This decision is premised on the following reasons:

(1) Order 28 rule 3C(1) and Order 38 rule 2(2) RC provide as follows -

“Supporting affidavits

Order 28 rule 3C

(1) ***Unless otherwise provided in any written law, where the plaintiff intends to adduce evidence in support of an originating summons, he shall do so by affidavit and shall file the affidavit or affidavits and serve a copy thereof on every defendant not later than seven days after the service of the originating summons.***

(2) *Unless otherwise provided in any written law, in the case of an ex parte originating summons, the applicant shall file a supporting affidavit or affidavits at the time of filing the originating summons.*

(3) *Where the defendant intends to adduce evidence with reference to the originating summons served on him, he shall also do so by affidavit and the affidavit or affidavits shall be filed and a copy thereof shall be served on the plaintiff not later than twenty-one days after being served with a copy of the affidavit or affidavits by the plaintiff under paragraph (1).*

(4) *Unless otherwise directed by the Court, a party intending to reply to an affidavit served on him shall file his affidavit and serve it on the other party within fourteen days from the date the affidavit he intends to reply was served on him.*

Order 38 rule 2

(1) ...

(2) ***In any cause or matter begun by originating summons and on any application made by notice of application, evidence shall be given by affidavit unless in the case of any such cause, matter or application any provision of these Rules otherwise provides or the Court otherwise directs, but the Court may, on the application of any party, order the attendance for cross-examination of the person making any such affidavit, and where, after such an order has been made, the person in question does not attend, his affidavit shall not be used as evidence without the leave of the Court.***

(emphasis added).

It is to be noted that Order 28 rule 3C RC is not provided in the RHC. Reading together Order 28 rule 3C(1) to (4) and Order 38 rule 2(2) RC, I am of the view that evidence “*shall*” only be admitted in an OS by way of affidavits. Order 28 rule 3C(1) to (4) and Order 38 rule 2(2) RC are mandatory provisions by reason of the use of the imperative term “*shall*” in those provisions. Accordingly, the 2 SD’s (which had only been exhibited in the Plaintiff’s 2nd and 3rd Affidavits) are not admissible as evidence in This OS by reason of Order 28 rule 3C(1) and Order 38 rule 2(2) RC; and

(2) Order 41 rule 5 RC provides as follows -

“Contents of affidavit

Order 41 rule 5

- (1) ***Subject to Order 14, rules 2(2) and 4(2), to paragraph (2) of this rule and to any order made under Order 38, rule 3, an affidavit may contain only such facts as the deponent is able of his own knowledge to prove.***
- (2) ***An affidavit sworn for the purpose of being used in interlocutory proceedings may contain statements of information of belief with the sources and grounds hereof.”***

(emphasis added).

Order 41 rule 5(1) RC provides that an affidavit may contain only such facts as the deponent of the affidavit is able of his or her own knowledge to prove. In the Singapore High Court case of **Wong Hong Toy & Anor v Public Prosecutor** [1988] 2 MLJ 553, at 557, Lai Kew Chai J held that Order 41 rule 5(1) of the then Singapore’s Rules of the Supreme Court 1970 [**RSC (Singapore)**] “*enshrines the evidentiary rule against the admission of hearsay evidence*”. Order 41 rule 5 RSC (Singapore) is similar to our Order 41 rule 5 RC.

Order 41 rule 5(1) and (2) RC provide 4 exceptions wherein an affidavit may contain hearsay evidence, namely when there is an application of the following –

- (a) Order 14 rule 2(2) RC;
- (b) Order 14 rule 4(2) RC;

(c) Order 41 rule 5(2) RC; and

(d) a Court order has been made under Order 38 rule 3(1) RC.

Order 14 rules 2(2) and 4(2) RC do not apply to the 2 SD's. This OS is a final and not an interlocutory proceedings to which Order 41 rule 5(2) RC can be invoked. There is no order of Court made pursuant to Order 38 rule 3 RC. Accordingly, none of the above 4 exceptions to Order 41 rule 5(1) RC applied in This OS to admit the 2 SD's.

Mr. Yoichi had no personal knowledge of the contents of the 2 SD's. Mr. Yoichi was therefore not in a position to prove the truth of the contents of the 2 SD's. In **Lim Yew Sing v Hummel International Sports & Leisure A/S** [1996] 3 MLJ 7, at 12, 15 and 16, Mahadev Shankar JCA held as follows in the Court of Appeal –

“... The application was for a final order. Order 41 r 5(2) of the Rules of the High Court 1980 ('the RHC') provides that hearsay evidence may only be admitted in interlocutory proceedings. ...

What the respondent did instead was to instruct its solicitors to commission a survey. According to Shriver, this was done in May 1991. The company instructed was In Depth Research and Management Consultant Sdn Bhd ('the surveyors'). Their report is headed 'HUMMEL And Device – Research Study' ('the survey'). It is dated 4 October 1991. It is said to have been prepared for Skrine &

Co. It is a 72-page document, and is attached as an exhibit to Shriver's first affidavit.

...

We agree with the appellant's counsel, Mr Wong Sai Fong, that this survey was nothing more than hearsay evidence, and Shriver's averments thereon was hearsay upon hearsay. Since it was contested, it was incumbent upon the respondent to prove its contents as required by the Evidence Act 1950. Since nobody had been called from In Depth to prove the survey, it was not evidence – as that word is understood in a court of law – because it was not admissible.”

(emphasis added).

Based on Order 41 rule 5(1) RC and **Lim Yew Sing**, I am constrained to hold that the 2 SD's are not admissible as evidence in This OS.

17. I have not overlooked **Wong Hong Toy** where the Singapore High Court held as follows, at p. 561:

*“In my considered opinion, the clear and unequivocal position in law is this: a "declaration" falling within the ambit of that expression in section 199 of the Penal Code may be (i) a statutory declaration duly made in accordance with the Statutory Declaration Act (Cap. 13) by reason of the statutory presumption under section 4 thereof; or (ii) a **declaration voluntarily made or subscribed, though not sworn or affirmed, if it was made or subscribed under circumstances in which the declarant***

knew or must have known that the statement in his declaration will be and was received by a court or a public officer as evidence of a fact in issue under Order 41 rule 5(2) of the Rules of the Supreme Court 1970.”

(emphasis added).

Wong Hong Toy can be easily distinguished from this case because the joint SD affirmed by both the accused persons had been exhibited in an affidavit affirmed by a Court-appointed receiver of a political party for the purpose of an interlocutory proceedings (appointment of a Court receiver for equitable execution of a judgment debt). In other words, the joint SD was admissible as evidence in **Wong Hong Toy** due to the application of the exception in Order 41 rule 5(2) RSC (Singapore).

18. I am not able to accept the Plaintiff’s reliance on the definition of “*affidavit*” in s 3 IA (which includes a SD) due to the following reasons:

(1) RC are made under, among others, s 17 of the Courts of Judicature Act 1964 (**CJA**). The CJA has been revised under the Revision of Laws Act 1968. As such, Part I IA (which contains, among others, s 3 IA) applies to RC by virtue of s 2(1)(e) IA.

Section 2(3)(b) IA provides that Part 1 IA shall not apply where there is something in the subject or context of the legislation in question which is inconsistent with or repugnant to the application of Part 1

IA. I am of the view that the application of the definition of “*affidavit*” in s 3 IA in this case, is inconsistent with or repugnant to –

(a) Order 28 rule 3C(1) RC; and

(b) Order 38 rule 2(2) RC

- within the meaning of s 2(3)(b) IA; and

(2) if this Court has applied the definition of “*affidavit*” in s 3 IA to include a SD, this will enable the mandatory provisions of Order 28 rule 3C(1) and Order 38 rule 2(2) RC to be circumvented and be rendered redundant.

19. Regarding the 2 High Court cases cited by Ms. Su –

(1) the High Court’s decision (regarding the application of Order 14A RC) in **Atlas Housing Sdn Bhd**, although affirmed by a majority of the Court of Appeal, had been reversed by the Federal Court – please see the second Court of Appeal’s majority decision of this case delivered by Anantham Kasinather JCA (after trial) in **Dream Property Sdn Bhd v Atlas Housing Sdn Bhd** [2013] 6 MLJ 836, at paragraphs 10 and 11; and

(2) **Chong Sui Kang** was decided based on the RHC which had no provision equivalent to Order 28 rule 3C RC. There was also no

discussion of s 2(3)(b) IA in **Chong Sui Kang**. Lastly, **Chong Sui Kang** can be distinguished from this case because a SD had been filed in support of the application for an order of specific performance of the sale and purchase agreement of land in that case. In This OS, the 2 SD's were merely exhibited to the Plaintiff's 2nd and 3rd Affidavits.

20. Regarding the Plaintiff's contention that the Defendant is estopped from challenging the 2 SD's, it is trite law that a party's failure to object to inadmissible evidence, does not admit such evidence – please see Salleh Abas FJ's (as he then was) judgment in the Federal Court case of **Syarikat Jengka Sdn Bhd v Abdul Rashid bin Harun** [1981] 1 MLJ 201, at 203. Accordingly, the Defendant is not estopped from challenging the 2 SD's, especially when Order 28 rule 3C(1), Order 38 rule 2(2) and Order 41 rule 5(1) RC render the 2 SD's inadmissible in This OS.

21. It is understandable for the Defendant to reply to the 2 SD's because –
 - (1) despite the Defendant's objection to the 2 SD's, it is prudent for the Defendant to reply to the 2 SD's; and

 - (2) it is the Defendant's right to submit on the weight of the contents of the 2 SD's. Such a right can only be exercised by the Defendant's reply to the contents of the 2 SD's (even if the 2 SD's are subsequently held by the Court to be inadmissible).

22. As the 2 SD's are not admissible as evidence in This OS under Order 28 rule 3C(1), Order 38 rule 2(2) and Order 41 rule 5(1) RC, the Defendant's failure to apply to Court for leave to cross-examine the deponents of the 2 SD's, is of no consequence.
23. In a recent Court of Appeal's judgment delivered by Dr. Hamid Sultan bin Abu Backer JCA in **Al Baik Fast Food Distribution Co SAE v El Baik Food Systems Co SA**, Civil Appeals No. W-02(IPCV)(A)-401-03/2015 and W-02(IPCV)(A)-1653-03/2015 (**Al Baik Fast Food Distribution**) –
- (1) El Baik Food Systems Co SA, a Saudi Arabian company (**Saudi Company**), had only filed affidavits from its trade mark agent, Mr. Lim Eng Leong (**Mr. Lim**). No affidavit had been filed by any employee of the Saudi Company;
 - (2) Mr. Lim had no personal knowledge of the contents of the affidavits filed on behalf of the Saudi Company; and
 - (3) the Court of Appeal set aside the High Court's order expunging the registration of the trade mark of Al Baik Fast Food Distribution Co SAE on the ground, among others, that "*all the procedural safe guards*" had been compromised in that case.
24. In the interest of justice, as an alternative to the above decision, I will discuss the weight to be attached to the contents of the 2 SD's subsequently in this judgment.

D(3). Plaintiff should not have redacted Plaintiff's List of Assets (in 2005)

25. As stated above, the Plaintiff's List of Assets (in 2005) (exhibited in the Plaintiff's 3rd Affidavit), had been redacted by the Plaintiff. Neither the Court nor the Defendant knew what had been redacted in the Plaintiff's List of Assets (in 2005).

26. I am of the following view regarding redaction of documents which are exhibited in affidavits in an OS:

(1) a party should not have unilaterally redacted a document exhibited in an affidavit without leave of the Court under Order 38 rule 2(2) RC. The phrase "*unless ... the Court otherwise directs*" in Order 38 rule 2(2) RC empowers the Court to allow a party to apply for leave of the Court to redact an exhibit in an affidavit (**Redaction Application**);

(2) in a Redaction Application, the Court has the power to inspect the unredacted document to ensure that the Redaction Application is made in good faith and for a valid reason, for example, to ensure confidentiality of a party's information or to avoid publication of offensive, indecent or scandalous material. The party opposing the Redaction Application is not entitled to inspect the unredacted document, unless permitted by the applicant in the Redaction Application; and

(3) if a party has unilaterally redacted a document exhibited in an affidavit without leave of the Court –

(a) the Court is in the dark as to what are the contents of the redaction and is therefore not in a position to decide on the redacted exhibit; and

(b) the opposing party is not in a position to answer regarding the redacted document. Accordingly, no adverse inference can be made against the opposing party for his or her failure to reply to a redacted exhibit in an affidavit.

27. The Plaintiff's List of Assets (in 2005) had been redacted by the Plaintiff without leave of this Court under Order 38 rule 2(2) RC. Consequently, the Defendant cannot be deemed to have accepted the Plaintiff's List of Assets (in 2005). Nor can any adverse inference be drawn against the Defendant for its failure to reply to the Plaintiff's List of Assets (in 2005).

E. Is Plaintiff the legal, Common Law and/or beneficial owner of Registered Trade Mark?

28. The Plaintiff's 4th Affidavit had asserted that the Plaintiff is a subsidiary of TIH. The Plaintiff's Affidavits had proceeded as if Tokai Seiki (party to the JVA) is the same as the Plaintiff. According to paragraph 10 of the Plaintiff's first written submission, Tokai Seiki was the previous name of

the Plaintiff. This judgment would proceed on the basis that the Plaintiff and Tokai Seiki is the same company.

29. The JVA provided for, among others, as follows:

- (1) both Tokai Seiki and Texchem “*desire to jointly invest and operate the company as set forth in Article 1.a. hereof to manufacture disposable gas lighters*” (**JV Company**);
- (2) “*Article 1.a.*” provided that the company in the JVA meant the JV Company established by Texchem for the purpose of joint investment and operation by both Tokai Seiki and Texchem in accordance with the provisions of the JVA [**Article 1(a) JVA**];
- (3) the primary object of the JV Company “*shall be to manufacture disposable gas lighters in Malaysia*” [**Article 1(c) JVA**];
- (4) the factory for the manufacture of disposable gas lighters shall be established by the JV Company on a piece of land owned by Texchem Malaysia Sdn. Bhd. [**Article 3(a) JVA**];
- (5) Tokai Seiki shall render to the JV Company, among others, technical information, assistance and know-how on disposable gas lighters, manufacturing system and up-to-date machinery utilization [**Article 4(a) JVA**];

- (6) Tokai Seiki and Texchem “*shall not, without the written approval of the other party, directly or indirectly through their subsidiary, manufacture and sell in Malaysia and Singapore, disposable gas lighters*” [**Article 10(a) JVA**]; and
- (7) Tokai Seiki would take all necessary and reasonable steps within its means to ensure that none of its products manufactured elsewhere in the world, either through Tokai Seiki or through its subsidiary or associate companies, are imported into Malaysia and Singapore [**Article 10(c) JVA**].
30. It is not disputed in this case that the JV Company is Tokai Cigarlite. According to the company search of Tokai Cigarlite based on the records of the Companies Commission of Malaysia (**SSM**) -
- (1) Tokai Cigarlite had an issued and paid-up share capital of 3,000,000 shares with the nominal value of RM1.00;
 - (2) Texchem owned 1,528,000 shares of Tokai Cigarlite, namely Texchem owned approximately 50.93% of the total shares of Tokai Cigarlite;
 - (3) the Plaintiff only owned 1,470,000 Tokai Cigarlite shares, approximately 49% of all the shares in Tokai Cigarlite; and
 - (4) Tokai Cigarlite had been dissolved.

31. I must give preference to SSM records as decided by the Supreme Court in a judgment delivered by Mohamed Dzaiddin SCJ (as he then was) in **KL Engineering Sdn Bhd & Anor v Arab Malaysian Finance Bhd** [1994] 2 MLJ 201, at 208 and 209.
32. In Prayer 2, the Plaintiff has prayed for a declaration that the Plaintiff is the **legal** and **beneficial** owner of the “*TOKAI*” trade mark. In the Plaintiff’s written submissions, Ms. Su has contended that the Plaintiff is the legal, **Common Law** and beneficial owner of the “*TOKAI*” trade mark in Malaysia for the following reasons:
- (1) the Plaintiff is the “*originator*” and the first user of the “*TOKAI*” trade mark in 1972 in Japan. In fact, the “*TOKAI*” trade mark is part of the Plaintiff’s corporate name, global brand and global business;
 - (2) the Plaintiff is the Common Law and registered owner of the “*TOKAI*” trade mark in various countries for various classes of goods;
 - (3) the “*TOKAI*” trade mark is a well-known trade mark under s 70B(1) TMA and reg. 13B TMR; and
 - (4) s 82(2) TMA has expressly preserved the Common Law right of an owner of a trade mark to take action for passing off.

33. I am of the view that the Defendant (not the Plaintiff), is the legal and registered owner of the “*TOKAI*” trade mark in Malaysia. This decision is based on the following evidence and reasons:

- (1) upon the incorporation of Tokai Cigarlite as the JV Company, the Plaintiff is only a minority shareholder of Tokai Cigarlite with approximately 49% of shares in Tokai Cigarlite (based on SSM records). When Tokai Cigarlite was registered as the owner of the Registered Trade Mark, it is trite law that the assets of a company (such as a registered trade mark), belongs to the company and not to the company’s shareholders. This is because under s 16(5) of the Companies Act 1965 (**CA**), Tokai Cigarlite is a legal entity which is distinct from its directors, shareholders (including the Plaintiff), holding company (Texchem) and related companies.

To lift or pierce the corporate veil of Tokai Cigarlite, 3 Federal Court judgments require the Plaintiff to fulfil a two-fold requirement (**2 Conditions**), namely the Plaintiff has to satisfy this Court that –

- (a) the piercing or lifting of a corporate veil is in the interest of justice; **and**
- (b) there exists special circumstances to pierce or lift the corporate veil of Tokai Cigarlite, such as -

- (i) there has been commission of actual fraud or Common Law fraud against the Plaintiff;
- (ii) equitable fraud or constructive fraud has been committed against the Plaintiff;
- (iii) to prevent the evasion of obligation or liability; **or**
- (iv) to prevent an abuse of corporate personality.

I rely on the following 3 Federal Court judgments which have laid down the 2 Conditions –

- (ca) Hasan Lah FCJ's judgment in **Solid Investment Ltd v Alcatel Lucent (M) Sdn Bhd** [2014] 3 CLJ 73, at 92;
- (cb) the decision of Richard Malanjum CJ (Sabah & Sarawak) in **Gurbachan Singh s/o Bagawan Singh & Ors v Vellasamy s/o Pennusamy & Ors** [2015] 1 MLJ 773, at paragraphs 96-99; and
- (cc) the judgment of Richard Malanjum CJ (Sabah & Sarawak) in **Giga Engineering & Construction Sdn Bhd v Yip Chee Seng & Sons Sdn Bhd & Anor** [2015] 9 CLJ 537, at paragraphs 39, 44 and 45.

The Plaintiff had not adduced any evidence in This OS to satisfy the 2 Conditions so as to lift or pierce the corporate veil of Tokai Cigarlite. On the contrary, it is unjust for the Plaintiff to resile from the JVA, especially Articles 1(a), (c), 3(a), 4(a), 10(a) and (c) JVA. Accordingly, the Plaintiff as a minority shareholder of Tokai Cigarlite has no legal, Common Law and/or equitable title to Tokai Cigarlite's Registered Trade Mark;

- (2) when Tokai Cigarlite's Application was allowed by the Registrar, Tokai Cigarlite became the legal and registered owner of the "TOKAI" trade mark in Malaysia with effect from 11.6.1985 until 28.5.2003 (when the Registrar registered Fumakilla as the proprietor of the Registered Trade Mark pursuant to the 1st Assignment);
- (3) s 37 TMA provides as follows –

"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.”

(emphasis added).

In **Bata Ltd v Sim Ah Ba & Ors** [2006] 3 CLJ 393, at paragraph 21, James Foong JCA (as he then was) held as follows in the Court of Appeal -

“[21] By these provisions, it is clear that in an evaluation exercise for the rectification of the register concerning expunging and removal of a registered trade mark, the court must confine itself to only those situations described in s. 37 of the Act. ...”

(emphasis added).

Tokai Cigarlite was the owner of the Registered Trade Mark for more than 7 years (from 11.6.1985 until 28.5.2003). Based on s 37 TMA and **Bata Ltd**, since seven years or more had elapsed from the date of the “*original registration*” of the Registered Trade Mark in

favour of Tokai Cigarlite, such an “*original registration*” is conclusive (the word “*conclusive*” is used in the shoulder note to s 37 TMA) and “*valid in all respects*” under s 37 TMA unless the Plaintiff can discharge the legal burden to prove the application of one or more of the 3 exceptions in s 37(a) to (c) TMA on a balance of probabilities.

In the Court of Appeal case of **Microsoft Corporation v Yong Wai Hong** [2008] 3 MLJ 309, at paragraph 6, Gopal Sri Ram JCA (as he then was) decided as follows –

“6. ... *As for the trademark claim, the appellant produced the relevant certificates of registration and their renewal. By virtue of ss 36 and 37 of the Trade Marks Act 1976 the certificates of registration establish the appellant's ownership of the trademarks and it is for the respondent to rebut this.*”

(emphasis added); and

(4) in respect of s 37(a) TMA –

(a) in **Huan Schen Sdn Bhd v SRAM, LLC**, Kuala Lumpur High Court Originating Summons No. 24IP-49-12/2015, at paragraph 51, I have applied the judgment of Richard Malanjum CJ (Sabah & Sarawak) in the Federal Court case of **Sinnaiyah & Sons Sdn Bhd v Damai Setia Sdn Bhd** [2015] 7 CLJ 584, at paragraphs 48-52, which has decided that the standard of proof

of fraud is on a balance of probabilities and not proof beyond all reasonable doubt; and

(b) in This OS, the Plaintiff had not adduced any evidence on a balance of probabilities to prove that Tokai Cigarlite had obtained the registration of the Registered Trade Mark by fraud. Accordingly, the Plaintiff cannot rely on s 37(a) TMA in this case;

(5) regarding s 37(b) TMA -

(a) I am of the view that the Plaintiff has the legal onus to prove on a balance of probabilities that the Registered Trade Mark offends against s 14 TMA at the time of the filing of the OS (9.11.2015). At the time of the filing of the OS, the Defendant is the proprietor of the Registered Trade Mark;

(b) the Plaintiff has relied on s 14(1)(a) and (d) TMA which provide as follows –

“Prohibition on registration

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

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

...

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

(emphasis added);

- (c) according to the following appellate cases, the word “use” in s 14(1)(a) TMA must refer to “use” of the trade mark in question on or in relation to goods within Malaysian territory -
- (i) the judgment of Zulkefli Makinudin CJ (Malaya) in the Federal Court case of **Yong Teng Hing B/S Hong Kong Trading Co & Anor v Walton International Ltd** [2012] 6 CLJ 337, at paragraph 14;
 - (ii) Azahar Mohamed FCJ’s decision in the Federal Court in **Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party)** [2015] 6 MLJ 465, at paragraphs 40 and 41;
 - (iii) the Court of Appeal’s judgment in **Lim Yew Sing**, at p. 12-13; and

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

The Plaintiff had not adduced any evidence regarding the Plaintiff's use of the "*TOKAI*" trade mark on or in relation to the Plaintiff's Goods in Malaysia. Once again, this is due to the JVA, in particular Articles 1(a), (c), 3(a), 4(a), 10(a) and (c) JVA;

- (d) Mr. Wong's SD had exhibited shipping documents, Plaintiff's invoices and CETSB's invoices regarding the use of the "*TOKAI*" trade mark on "*TOKAI Bio Pipe*" goods. I have earlier held in the above Part D(2) that, among others, Mr. Wong's SD is inadmissible as evidence. I will now assume that Mr. Wong's SD is admissible. In the Federal Court case of **Ho Tack Sien & Ors v Rotta Research Laboratorium SpA & Anor, Registrar of Trade Marks (Intervener) & Another Appeal** [2015] 4 CLJ 20, at paragraph 29, Zulkefli Makinudin CJ (Malaya) has decided that the Plaintiff bears the legal burden prove that there is a real likelihood of deception or confusion of the public regarding the Plaintiff's use of the "*TOKAI*" trade mark and the Defendant's use of the Registered Trade Mark.

I am of the view that the Plaintiff has failed to discharge the legal onus to prove there is a real likelihood of deception or

confusion of the public regarding the Plaintiff's use of the "TOKAI" trade mark and the Defendant's use of the Registered Trade Mark. My reasons are as follows –

- (i) the Plaintiff did not produce any evidence to show how the "TOKAI" trade mark had been used on or in relation to the "TOKAI Bio Pipe" goods. Such evidence is relevant according to the Privy Council's opinion delivered by Lord Fraser in **Solavoid Trade Mark** [1977] RPC 1, at 31, an appeal from New Zealand, to decide whether there is a real likelihood of deception or confusion of the public regarding the Plaintiff's use of the "TOKAI" trade mark on "TOKAI Bio Pipe" goods and the Defendant's use of the Registered Trade Mark;
- (ii) the Plaintiff had not adduced any evidence to show that the Defendant's disposable gas lighters bearing the Registered Trade Mark are the same or similar to "TOKAI Bio Pipe" goods. According to Romer J's (as he then was) judgment in the English High Court case of **Re Ladislav Jelinek** (1946) 63 RPC 59, at 70, the nature, characteristics, composition, purpose and use of the goods of both the Plaintiff and Defendant, is important to determine whether there is a real likelihood of deception or confusion of the public regarding the Plaintiff's use of the "TOKAI" trade

mark on “*TOKAI Bio Pipe*” goods and the Defendant’s use of the Registered Trade Mark on disposable gas lighters;

- (iii) no evidence had been led by the Plaintiff regarding the nature and kind of customers, end users, consumers and purchasers (**Consumers**) of “*TOKAI Bio Pipe*”. In the Supreme Court case of **Tohtonku Sdn Bhd v Superace (M) Sdn Bhd** [1992] 1 CLJ (Rep) 344, at 347, Mohd. Yusoff Mohamed SCJ applied Parker J’s (as he then was) decision in the English High Court in **Re Pianotist Co Ltd** (1906) 23 RPC 774, at 777, regarding the importance of ascertaining whether the Consumers of “*TOKAI Bio Pipe*” are the same or similar to the Consumers of disposable gas lighters. The Court of Appeal in **Al Baik Fast Food Distribution**, at paragraphs 34-36, had affirmed the application of **Re Pianotist Co Ltd** as “*well entrenched*” in Malaysia which is “*within the spirit and intent*” of TMA; and
- (iv) the Plaintiff did not show that the nature of the trade channels, namely the nature and kind of traders, distributors, dealers and retailers (**Traders**) of “*TOKAI Bio Pipe*” and Defendant’s disposable gas lighters is the same or similar to each other – please see **Re Ladislav Jellinek**, at p. 70.

Based on the above reasons, the Plaintiff cannot rely on s 14(1)(a) TMA to challenge the validity of the Registered Trade Mark under s 37(b) TMA; and

(e) I will explain later in this judgment why I find that the “*TOKAI*” trade mark is not well-known in Malaysia within the meaning of s 14(1)(d) TMA (please see Part G below). Hence, the Plaintiff cannot rely on s 14(1)(d) to invalidate the Registered Trade Mark under s 37(b) TMA; and

(6) as regards s 37(c) TMA –

(a) the Plaintiff has the legal burden to prove on a balance of probabilities that at the time of the filing of This OS (9.11.2015), the Registered Trade Mark was not distinctive of the Defendant’s goods in Malaysia. I rely on the following High Court cases -

(i) Mahadev Shankar J’s (as he then was) decision in **Hai-O Enterprise Bhd v Nguang Chan @ Nguang Chan Liquor Trader** [1993] 1 BLJ 53, at 71; and

(ii) the judgment of Ramly Ali J (as he then was) in “**ELBA**” **SPA v Fiamma Sdn Bhd** [2008] 8 CLJ 202, at paragraph 25;

(b) the Court of Appeal held as follows in **Bata Ltd**, in paragraphs 46 and 47 –

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

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

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

[47] And in Lim Yew Sing v. Hummel International Sports & Leisure A/S [1996] 4 CLJ 784, Mahadev Shankar JCA declared:

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

(emphasis added);

- (c) the Federal Court decided as follows in **Yong Teng Hing**, at paragraph 14 -

“[14] It is also to be noted from the Hummel’s case the Court of Appeal held that evidence of slight use of the trade mark in the country is sufficient to establish distinctiveness and therefore entitlement to the trade mark. ...”

(emphasis added); and

- (d) I am not satisfied that the Plaintiff has proven on a balance of probabilities that at the time of the filing of This OS, the Registered Trade Mark was not distinctive of the Defendant’s goods in Malaysia. This finding is premised on the following evidence and reasons –

- (i) the Plaintiff had not adduced any credible evidence to show that the Registered Trade Mark was not distinctive of the Defendant's goods at the time of the filing of This OS; and
- (ii) at the time of the filing of This OS, the Defendant had adduced the following evidence (in chronological order) regarding the Defendant's use of the Registered Trade Mark on the Defendant's goods which showed that the Registered Trade Mark was distinctive of the Defendant's goods –
 - (iia) Defendant's PO dated 9.11.2011;
 - (iib) Defendant's Invoice dated 16.4.2012;
 - (iic) Defendant's Wholesaler Incentive (July-August 2012); and
 - (iid) Huaxing's Sales Contract dated 23.7.2015.

34. The fact that –

- (1) the Plaintiff is the "*originator*" and the first user of the "*TOKAI*" trade mark in 1972 in Japan; and

(2) the “*TOKAI*” trade mark is part of the Plaintiff’s corporate name, global brand and global business –

is irrelevant because –

(a) as decided by our appellate courts [elaborated in the above paragraph 33(5)(c)], the use of a trade mark should be in Malaysia; and

(b) Tokai Seiki had agreed in the JVA for Tokai Cigarlite to manufacture and sell disposable gas lighters in Malaysia.

35. Section 7 TMA provides that notice of any trust, be it express, implied or constructive, shall not be entered in the Register or be received by the Registrar. The use of the mandatory term “*shall*” in s 7 TMA clearly means that –

(1) the Register cannot contain any equitable or beneficial claim to a trade mark; and

(2) the question of equitable or beneficial ownership of a trade mark is not relevant to the Registrar.

36. This Court cannot accept the submission that the Plaintiff is the equitable or beneficial owner of the Registered Trade Mark because of the following evidence and reasons:

- (1) Tokai Seiki had agreed in the JVA, especially Articles 1(a), (c), 3(a), 4(a), 10(a) and (c) JVA, for Tokai Cigarlite to manufacture and sell disposable gas lighters in Malaysia. It is thus unconscionable and/or inequitable for the Plaintiff or Tokai Seiki to resile from the JVA;
- (2) the Plaintiff or Tokai Seiki had the right under s 28(1) TMA and reg. 37(a) TMR to oppose Tokai Cigarlite's application dated 11.6.1985 to register the "*TOKAI*" Trade Mark (**Tokai Cigarlite's Application**). The Plaintiff or Tokai Seiki did not however oppose Tokai Cigarlite's Application. Nor did the Plaintiff oppose Fumakilla's Renewal Application dated 6.4.2005. Furthermore, the Plaintiff's Application (dated 15.11.2007) had been filed but subsequently withdrawn by the Plaintiff. The above conduct of the Plaintiff estops the Plaintiff from asserting any equitable or beneficial ownership in the Registered Trade Mark. In the Federal Court case of **Boustead Trading (1985) Sdn Bhd v Arab-Malaysian Merchant Bank Bhd** [1995] 3 MLJ 331, at 344, Gopal Sri Ram JCA (as he then was) has held that the equitable estoppel doctrine has a wide application; and
- (3) as early as the Fax dated 1.6.1998, "*TOKAI Indonesia*" knew about the Registered Trade Mark in the name of Tokai Cigarlite and requested "*Texchem Group of Companies*" to "*return*" the

Registered Trade Mark to “*TOKAI Company*” at no cost. This OS was only filed on 9.11.2015, after a delay of more than 17 years and 5 months from the Fax dated 1.6.1998. Such an inordinate delay gives rise to a defence of *laches* which bars any equitable claim by the Plaintiff in respect of the Registered Trade Mark. I rely on the judgment of Warren LH Khoo J in the Singapore High Court case of **Syed Ali Redha Alsagoff v Syed Salim Alhadad** [1996] 3 SLR 410, at 423, as follows:

“Laches is essentially an equitable defence to an answer to a claim in equity.”

[emphasis added].

37. Section 82(2) TMA merely provides that there is nothing in the TMA which affects the right of any person to institute a suit for the tort of passing off. Section 82(2) TMA does not confer on any person an equitable or beneficial claim to a trade mark, especially when the trade mark has already been registered in the name of another person.
38. I am unable to accept the Plaintiff’s claim of Common Law ownership or right to use the Registered Trade Mark in Malaysia due to the following reasons:

- (1) by virtue of the JVA and the registration of the Registered Trade Mark in the Defendant's favour, the Plaintiff could not have any right, let alone a Common Law right, in the Registered Trade Mark;
- (2) as explained in Part F below, I find the 3 Assignments to be valid. There was evidence of Texchem Consumer's use of the Registered Trade Mark in the form of Texchem Consumer's PO dated 15.9.2006 which negate the Plaintiff's claim of having a Common Law right to use the Registered Trade Mark; and
- (3) as elaborated in the above sub-paragraph 33(6)(d)(ii), the Defendant had adduced documentary evidence of the use of the Registered Trade Mark in relation to the Defendant's goods in Malaysia.

39. In view of the above reasons, the Plaintiff is not the -

- (1) legal;
 - (2) Common Law; and
 - (3) equitable or beneficial
- owner of the "TOKAI" trade mark or the Registered Trade Mark in Malaysia. Prayer 2 is accordingly dismissed with costs.

F. Can Plaintiff invalidate 3 Assignments?

40. Ms. Su had advanced the following contentions to invalidate the 3 Assignments:

(1) for an assignment of a trade mark to be valid, the goodwill of the business relating to the goods for which the trade mark is registered, must also be assigned. Tokai Cigarlite had ceased operations in July 1998, approximately 5 years before the 1st Assignment. Tokai Cigarlite's 1998 Financial Report clearly showed that Tokai Cigarlite had no intention to resume the business of manufacturing and sale of disposable gas lighters bearing the Registered Trade Mark. In fact, Tokai Cigarlite was subsequently dissolved. Accordingly, there was no goodwill of the business (regarding the goods for which the Registered Trade Mark was registered) which could be lawfully assigned by Tokai Cigarlite. As such, the 1st Assignment and subsequently, the 2nd and 3rd Assignments, were invalid because there was no assignment of the goodwill of the business (relating to the goods for which the Registered Trade Mark was registered). The Plaintiff relied on the following –

(a) the judgments of Lord Macnaghten and Lord Lindley in the House of Lords case of **The Commissioners of Inland Revenue v Muller & Co's Margarine Ltd** [1901] AC 217;

- (b) the opinion of the TA Blanco White and Robin Jacob, “*Kerly’s Law of Trade Marks*”, 12th Edition (1986)
 - (c) Romer J’s (as he then was) decision in the English High Court in **Thorneloe v Hill** [1894] 1 Ch 569;
 - (d) the judgment of Clauson J (as he then was) in the English High Court case of **Lacteosote Ltd v Alberman** [1927] 2 Ch 117;
 - (e) Lawrence LJ’s decision in the English Court of Appeal in **Re John Sinclair Ltd’s Trade Mark** [1932] 1 Ch 598; and
 - (f) Ramly Ali J’s judgment in the High Court in **Syarikat Wing Heong Meat Products Sdn Bhd v Wing Heong Food Industries Sdn Bhd & Ors** [2010] 7 MLJ 504;
- (2) the 3 Assignments had breached –
- (a) s 55(3) TMA because the 3rd Assignment would result in more than one person having the exclusive right to the use of an identical trade mark; and
 - (b) s 55(5) TMA and reg. 66 TMR because the goodwill of the business (regarding the goods for which the Registered Trade Mark was registered) could not be assigned in the 3 Assignments; and

- (3) the 3 Assignments had been executed without the consent and knowledge of the Plaintiff;

41. Section 55 TMA and reg. 66 TMR provide as follows:

*“s 55 **Assignment and transmission of trade marks***

*(1) **Subject to this section, a registered trade mark shall be assignable and transmissible with or without the goodwill of the business concerned in the goods or services in respect of which the trade mark is registered or in part of the goods or services.***

(1A) Subsection (1) shall have effect in the case of an unregistered trade mark used in relation to any goods or services as it has effect in the case of a registered trade mark registered in respect of any goods or services, if at the time of the assignment or transmission of the unregistered trade mark it is or was used in the same business as a registered trade mark, and if it is or was assigned or transmitted at the same time and to the same person as that registered trade mark and in respect of goods or services all of which are goods or services in relation to which the unregistered trade mark is or was used in that business and in respect of which that registered trade mark is or was assigned or transmitted.

*(2) **Notwithstanding subsection (1), an assignment of a registered trade mark without goodwill whether before or after the commencement of this Act is invalid if the trade mark has not at any time before the assignment been in use in good faith in***

Malaysia by the assignor or his predecessor in title except that this subsection does not apply where –

- (a) the trade mark was registered with the intention that it shall be assignable to a body corporate yet to be formed and the trade mark has been assigned; or***
 - (b) the trade mark was registered with the intention that a person shall be permitted to use it as a registered user and such registered user has been registered in respect of the trade mark within six months after the registration of the trade mark and has used that trade mark within that period.***
- (3) Notwithstanding subsections (1) and (1A), a trade mark shall be deemed not to be assignable or transmissible if, as a result of the assignment or transmission, whether under common law or by registration, more than one of the persons concerned would have exclusive rights to the use of an identical trade mark or to the use of trade marks so nearly resembling each other as are likely to deceive or cause confusion.***
- (4) Where an application is made in the prescribed manner by the registered proprietor of a trade mark who proposes to assign it or by a person who claims that a trade mark has been transmitted to him or to a predecessor in title of his since the commencement of this Act, the Registrar, if he is satisfied that in all circumstances the use of the trade marks in exercise of the said rights would not be contrary to the public interest, may in writing approve the assignment or transmission and an assignment or transmission so approved shall not be deemed to be or to have been invalid under this section but***

this provision shall not have effect unless application for the registration under section 47 of the title of the person becoming entitled is made within six months from the date on which the approval is given or, in the case of a transmission, was made before that date.

(5) *Where an assignment in respect of any goods or services of a trade mark which is at the time of the assignment used in a business in those goods or services is made otherwise than in connection with the goodwill of that business, the assignment shall not be deemed to have taken effect unless the assignment has been advertised in the prescribed manner and the application for the assignment without goodwill, accompanied by the advertisement, has been sent to the Registrar.*

(6) *(Deleted by Act A881).*

(7) *A decision of the Registrar under this section is subject to appeal to the Court.*

reg 66 *Assignment without goodwill*

(1) *An application under subregulation 63(1) relating to an assignment of a trade mark in respect of any goods or services shall state –*

(a) *whether the mark was, at the time of the assignment, used in a business in any of those goods or services, as the case may be;*
and

(b) *whether the assignment was made otherwise than in connection with the goodwill of that business, and if both circumstances*

subsist the assignment shall be advertised in prominent newspapers or other publications approved by the Registrar in any particular case and the advertisement shall state that the assignment was otherwise than in connection with the goodwill of the business concerned.

(2) A copy of the advertisement shall be filed with the Registrar and until this has been done the assignment shall be deemed not to have taken effect.”

(emphasis added).

42. The 1st Assignment stated, among others, in consideration of a sum of RM365,831.26 (**1st Assignment’s Consideration**) to be set-off against a sum (equivalent to the 1st Assignment’s Consideration) due from Tokai Cigarlite to Fumakilla, Tokai Cigarlite assigned absolutely to Fumakilla all of Tokai Cigarlite’s property, rights, title and interest in 2 trade marks (**2 Registered Trade Marks**), including the Registered Trade Mark, and Common Law rights connected therewith together with the goodwill of Tokai Cigarlite’s business relating to the goods in respect of which the 2 Registered Trade Marks were registered.
43. The 2nd Assignment provided that, among others, in consideration of a sum of RM1,000,000.00 (**2nd Assignment’s Consideration**) paid by Texchem Consumers to Fumakilla (the receipt of the 2nd Assignment’s Consideration was acknowledged by Fumakilla), Fumakilla assigned absolutely to Texchem Consumers all of Fumakilla’s rights, title and

interest in the 2 Registered Trade Marks with the goodwill of the business connected therewith.

44. The 3rd Assignment stated, among others, as follows:

- (1) in consideration of a sum of RM9,700,000 (**3rd Assignment's Consideration**) paid by the Defendant to Texchem Consumers, the receipt whereof had been acknowledged by Texchem Consumers, Texchem Consumers, as the proprietor and beneficial owner of, among others, the 2 Registered Trade Marks, assigned and transferred all the property, right, title and interest in and to the 2 Registered Trade Marks, including all statutory and Common Law rights attaching thereto; and
- (2) Texchem Consumers confirmed that the 3rd Assignment was made with the goodwill of the business in which the 2 Registered Trade Marks had been used by Texchem Consumers or related to the goods/services in respect of the 2 Registered Trade Marks.

45. It is clear that in all the 3 Assignments, the 3 Assignors had assigned, among others, the Registered Trade Mark with the goodwill of the business in respect of the goods for which the Registered Trade Mark was registered. Accordingly, the 3 Assignments were valid under s 55(1) TMA and there is no room to apply s 55(5) TMA and reg. 66 TMR.

46. I am of the view that Tokai Cigarlite's cessation of manufacture and sale of disposable gas lighters in July 1998, did not mean that the goodwill of the business (in respect of the goods for which the Registered Trade Mark was registered) could not be assigned with the Registered Trade Mark. Section 55(1) TMA does not require that an assignor of a registered trade mark with the goodwill of the business (in respect of the goods for which the registered trade mark is registered) must actually be running the business of manufacture or sale of those goods at the time of the assignment. If I have accepted the Plaintiff's above submission, this means that a registered owner of a trade mark who has stopped the business of manufacture or sale of the goods or services for which the registered trade mark is registered, cannot ever assign the registered trade mark!
47. I must state that s 55(2) TMA allows an assignment of a registered trade mark without the goodwill or the business in respect of the goods for which the registered trade mark is registered, in the following 3 circumstances:
- (1) if at any time before the assignment, the registered trade mark has been in use in good faith in Malaysia by the assignor or his predecessor in title;
 - (2) if the trade mark has been registered with the intention that the registered trade mark shall be assignable to a body corporate yet to be formed and the registered trade mark has been assigned; or

(3) if the trade mark is registered with the intention that a person shall be permitted to use it as a registered user and such registered user has been registered in respect of the registered trade mark within 6 months after the registration of the trade mark and has used that trade mark within that period.

48. Subsections (1) and (2) of s 22 of the United Kingdom's Trade Marks Act 1938 [**TMA 1938 (UK)**] are materially different from our s 55 TMA. Section 22(1) and (2) TMA 1938 (UK) read as follows:

*“Powers of, and **restrictions on, assignment and transmission***

22(1) ***Notwithstanding any rule of law or equity to the contrary, a registered trade mark shall be, and shall be deemed always to have been, assignable and transmissible either in connection with the goodwill of a business or not.***

(2) ***A registered trade mark shall be, and shall be deemed always to have been, assignable and transmissible in respect either of all the goods in respect of which it is registered, or was registered, as the case may be, or of some (but not all) of those goods.”***

(emphasis added).

In light of the material differences between s 22 TMA (UK) and our s 55 TMA, I am of the view that English cases on s 22(1) and (2) TMA 1938

(UK), do not apply to construe our s 55 TMA. *A fortiori* English cases decided before the enforcement of s 22 TMA 1938 (UK), such as **Thorneloe, Lacteosote Ltd** and **Re John Sinclair Ltd's Trade Mark** (cited by Ms. Su), do not apply in the interpretation of our s 55 TMA.

49. Section 55(3) TMA deems, among others, an assignment of a trade mark to be not assignable if such an assignment results in more than 1 person having “*exclusive rights*” to the use of a trade mark which is identical or so nearly resembling each other as are likely to deceive or cause confusion. The Plaintiff cannot rely on s 55(3) TMA because as explained in the above Part E, the Plaintiff does not have any legal, Common Law and/or equitable right to the Registered Trade Mark. As such, the 3 Assignments could not have the result of –

(1) the Plaintiff; and

(2) the 3 assignees in the following order – Fumakilla, Texchem Consumers and the Defendant

- having “*exclusive rights*” simultaneously to the use of the Registered Trade Mark. For the avoidance of doubt, the result of each of the 3 Assignments would be that only the assignee in question, would have “*exclusive rights*” to the use of the Registered Trade Mark.

50. There was no evidence adduced by the Plaintiff to show that Tokai Cigarlite had abandoned its right to the Registered Trade Mark. On the

contrary, Tokai Cigarlite had entered into the 1st Assignment and had the benefit of the 1st Assignment Consideration.

51. As explained in the above Part E, the Plaintiff has no legal, Common Law and/or equitable right to the Registered Trade Mark. As such, there was no legal requirement for Tokai Cigarlite to obtain the Plaintiff's prior consent to the 3 Assignments.

52. In accordance with the "*Turquand Rule*" or the "*Indoor Management Rule*" as explained by Edgar Joseph Jr FCJ in the Federal Court case of **Pekan Nenas Industries Sdn Bhd v Chang Ching Chuen** [1998] 1 CLJ 793, at 828, Fumakilla as an "*outsider*" (in relation to Tokai Cigarlite) was entitled to assume that Tokai Cigarlite had fulfilled all its internal regulatory and corporate requirements before the execution of the 1st Assignment.

53. Section 36 TMA provides as follows:

"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."***

(emphasis added).

Based on s 36 TMA, there is prima facie evidence of the validity of “*all subsequent assignments*” of the Registered Trade Mark. Consequently, the 3 Assignments are *prima facie* valid under s 36 TMA and the Plaintiff has the legal burden to satisfy this Court of the invalidity of the 3 Assignments. As explained above, I am not satisfied that the Plaintiff has discharged the legal onus to invalidate the 3 Assignments.

54. **Syarikat Wing Heong Meat Products Sdn Bhd** can be distinguished from this case as follows:

- (1) the plaintiff company filed an action against, among others, the first defendant company, to expunge a registered trade mark in the name of the first defendant company;
- (2) the first defendant company counterclaimed against the Plaintiff on the ground that the business, goodwill, reputation, trade mark and trade name in question had been purchased by the first defendant company in 1999. It is to be emphasized that there was no written assignment in **Syarikat Wing Heong Meat Products Sdn Bhd**; and
- (3) after a trial, the High Court found as a fact that the first defendant company had indeed purchased the business in question in 1999. Such a purchase of the business carried together with it, the goodwill of the trade name and the trade mark. There is no legal requirement

for an express understanding, written or oral, to use the trade mark. As such, the plaintiff company's action was dismissed and the first defendant company's counterclaim was allowed.

As elaborated above, the 3 Assignments in this case were in writing. There was also no discussion of s 55(1) and (2) TMA in **Syarikat Wing Heong Meat Products Sdn Bhd**.

55. Regarding the Plaintiff's submission that Fumakilla and Texchem Consumers did not use the Registered Trade Mark. I will discuss later in this judgment the effect of the Plaintiff's omission to cite Fumakilla and Texchem Consumers as co-defendants in This OS. There was nonetheless evidence of Texchem Consumer's use of the Registered Trade Mark in the form of Texchem Consumer's PO dated 15.9.2006.
56. The Plaintiff has alleged that Fumakilla is related to Texchem as both companies share a common shareholder. I cannot accede to this contention because the Plaintiff did not join Fumakilla and Texchem as co-defendants in this case despite the Plaintiff's –
- (1) contention that the 1st Assignment (between Tokai Cigarlite and Fumakilla) should be invalidated; and
 - (2) allegations of fact against Fumakilla and Texchem.

As explained in the above sub-paragraph 33(1), there are 2 Conditions to be fulfilled by the Plaintiff to persuade the Court to lift or pierce a company's corporate veil. It is contrary to justice (one of the 2 Conditions) to lift or pierce a company's corporate veil in an action without making that company a party in the action. This is because the company will be deprived of its right under the second rule of natural justice to resist an application to lift or pierce that company's corporate veil.

57. I am aware of Order 15 rule 6(1) RC which provides that an action "*shall not be defeated*" by reason of the non-joinder of any party. Having said that, I am of the view that it is necessary for the Plaintiff to cite Fumakilla and Texchem Consumers as co-defendants in This OS. This is premised on the following evidence and reasons:

(1) Prayer 1 had sought a declaration that, among others, the 3rd Assignment is an entry made in the Register without sufficient cause. In other words, Prayer 1 applied to invalidate the 3rd Assignment. In seeking to invalidate the 3rd Assignment by way of Prayer 1, it was necessary for the Plaintiff to challenge the legality of the 1st and 2nd Assignments. If I have allowed Prayer 1, this would have the effect of invalidating all the 3 Assignments. In such a situation, there will be a grave injustice to Fumakilla and Texchem Consumers in the following manner -

- (a) Fumakilla and Texchem Consumers will be deprived of their right to be heard in accordance with the second rule of natural justice; and
 - (b) if Prayer 1 is allowed, the Defendant may seek the return of the 3rd Assignment Consideration from Texchem Consumers (due to an invalid 3rd Assignment) and in turn, Texchem Consumers may take legal action to recover the 2nd Assignment Consideration from Fumakilla (based on an invalid 2nd Assignment). Tokai Cigarlite is now dissolved. Fumakilla is not able to seek any any refund of the 1st Assignment Consideration from Tokai Cigarlite. In this manner, Fumakilla is irreparably prejudiced by the Plaintiff's non-joinder of Fumakilla in This OS; and
- (2) the Plaintiff's affidavits had made serious allegations of fact against Fumakilla and Texchem Consumers. Fumakilla and Texchem Consumers should be given their right in accordance with the second rule of natural justice, to reply to the Plaintiff's factual averments.

I will discuss later in this judgment regarding the effect of the Plaintiff's non-joinder of Fumakilla and Texchem Consumers as co-defendants in This OS.

58. Premised on the above reasons, Prayer 1 is dismissed with costs.

G. Whether Plaintiff's "TOKAI" trade mark is a well-known trade mark under ss 14(2) and 70B(1) TMA read with reg. 13B TMR

59. Sections 14(2), 70B TMA and reg. 13B TMR provide as follows:

"s 14(2) Article 6bis of the Paris Convention and Article 16 of the TRIPS Agreement shall apply for the purpose of determining whether a trade mark is a well-known trade mark.

Protection of well-known trade marks

s 70B(1) The proprietor of a trade mark which is entitled to protection under the Paris Convention or the TRIPS Agreement as a well-known trade mark is entitled to restrain by injunction the use in Malaysia in the course of trade and without the proprietor's consent of the trade mark which, or the essential part of which, is identical with or nearly resembles the proprietor's mark, in respect of the same goods or services, where the use is likely to deceive or cause confusion.

(2) Nothing in subsection (1) shall affect the continuation of any bona fide use of a trade mark begun before the commencement of this Act.

(3) In this section, references to a trade mark which is entitled to protection under Article 6bis of the Paris Convention or Article 16 of the TRIPS Agreement as a well-known trade mark are to a mark which is well known in Malaysia as

being the mark of a person whether or not that person carries on business, or has any goodwill, in Malaysia, and references to the proprietor of such a mark shall be construed accordingly.

Criteria of well-known mark

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

- (a) the degree of knowledge or recognition of the mark in the relevant sector of the public;*
- (b) the duration, extent and geographical area of any use of the mark;*
- (c) the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods or services to which the mark applies;*
- (d) the duration and geographical area of any registrations, or any applications for registration, of the mark to the extent that they reflect use or recognition of the mark;*
- (e) the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities;*
- (f) the value associated with the mark.”*

(emphasis added).

60. Article 6*bis* of the Paris Convention states as follows:

“Article 6*bis*

Marks: Well-Known Marks

- (1) ***The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.***
- (2) *A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.*
- (3) *No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.”*

(emphasis added).

61. Article 16 of the TRIPS Agreement provides as follows:

“Article 16 Rights Conferred

1. ***The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.***

2. ***Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.***

3. ***Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use."***

(emphasis added).

62. I am of the following view regarding well-known trade marks:

- (1) a party can only claim that the party's trade mark is a well-known trade mark and is entitled to protection under ss 14(1)(d), (e) and 70B(1) TMA if the trade mark is "*well known in Malaysia as being the mark*" of that party – please see s 70B(3) TMA.

Section 14(2) TMA has provided that, among others, Article 6*bis* of the Paris Convention "*shall*" apply for the purpose of determining whether a trade mark is a well-known trade mark or otherwise. Article 6*bis*(1) of the Paris Convention explains a well-known mark as "*a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of*" the Paris Convention;

- (2) a party alleging a particular fact that the party's trade mark is well-known in this country, has the legal burden under s 103 of the Evidence Act 1950 (**EA**) to prove such a fact – please see **Huan Schen Sdn Bhd**, at paragraph 43; and
- (3) reg. 13B(a) to (f) TMR provides 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 – please see **X1R Global Holding Sdn Bhd & Anor v Y-TEQ Auto Parts (M) Sdn Bhd**, Kuala Lumpur High Court Originating Summons No. 24 IP-40-09/2015, at sub-paragraphs 30(1) and (2). In the High Court case of **Dabur India Ltd v Nagasegi Sdn Bhd & Ors** [2011] 7 MLJ 522, at

535-536, Azahar Mohamed J (as he then was) considered matters which were not provided in reg. 13B(a) to (f) TMR to decide that the plaintiff company's trade marks are well-known in Malaysia.

63. I am of the view that the Plaintiff has failed to discharge the legal onus under s 103 EA to prove that the "*TOKAI*" trade mark is a well-known mark of the Plaintiff in Malaysia. Such a finding is based on the following evidence and reasons:

- (1) no documentary evidence had been adduced by the Plaintiff to prove
 -
 - (a) the degree of knowledge or recognition of the "*TOKAI*" trade mark in the relevant sector of the Malaysian public within the meaning of reg. 13B(a) TMR;
 - (b) the duration, extent and geographical area of any use of the "*TOKAI*" trade mark in Malaysia – please see reg. 13B(b) TMR;
 - (c) the duration, extent and geographical area of any promotion and advertising of the "*TOKAI*" trade mark in Malaysia – please see reg. 13B(c) TMR;
 - (d) the record of successful enforcement of rights in the "*TOKAI*" trade mark, in particular, the extent to which the "*TOKAI*" trade mark is recognized as well known by competent authorities - please see reg. 13B(e) TMR; and

- (e) the value associated with the “*TOKAI*” trade mark in Malaysia as understood in reg. 13B(f) TMR. No survey had been conducted by the Plaintiff to show what value was associated with the “*TOKAI*” trade mark in Malaysia; and
 - (2) as explained in the above sub-paragraph 33(6)(d)(ii), the Defendant has adduced documentary evidence to show that the “*TOKAI*” trade mark as used in relation to the Defendant’s goods in Malaysia, is distinctive of the Defendant’s goods.
64. In the High Court case of **Aspect Synergy Sdn Bhd v Banyan Tree Holdings Ltd** [2009] 8 CLJ 97, at paragraphs 97 and 98, Ramly Ali J (as he then was) dismissed the defendant company’s counterclaim that the defendant company’s trade mark was a well-known mark under reg. 13B TMR because the defendant company did not adduce any evidence of –
- (1) survey reports to show the extent of recognition of the defendant company’s trade mark in Malaysia;
 - (2) successful enforcement of the defendant company’s trade mark; and
 - (3) the value associated with the defendant company’s trade mark.

H. **Whether Plaintiff can remove Registered Trade Mark under ss 45(1)(a), 46(1)(a) and/or (b) TMA**

65. The relevant parts of ss 45 and 46 TMA are reproduced here:

“45. Rectification of the Register

(1) Subject to the provisions of this Act –

- (a) the Court may on the application in the prescribed manner of any person aggrieved by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as it thinks fit;*
- (b) the Court may in any proceeding under this section decide any question that may be necessary or expedient to decide in connection with the rectification of the Register;*
- (c) in case of fraud in the registration, assignment or transmission of a registered trade mark or if in his opinion it is in the public interest to do so, the Registrar may himself apply to the Court under this section;*
- (d) an order of the Court rectifying the Register shall direct that notice of the rectification be served on the Registrar in the prescribed manner and the Registrar shall upon receipt of the notice rectify the Register accordingly.*

46 **Provisions as to non-use of trade mark**

(1) **Subject to this section and to section 57, the Court may, on application by a person aggrieved, order a trade mark to be removed from the Register in respect of any of the goods or services in respect of which it is registered on the ground -**

(a) **that the trade mark was registered without an intention in good faith, on the part of the applicant for registration or, if it was registered under subsection 26(1), on the part of the body corporate or registered user concerned, to use the trade mark in relation to those goods or services and that there has in fact been no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being up to the date one month before the date of the application; or**

(b) **that up to one month before the date of the application a continuous period of not less than three years had elapsed during which the trade mark was a registered trade mark and during which there was no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being.**

(2) *Except where an applicant has been permitted under section 20 to register an identical or a nearly resembling trade mark in respect of the goods or services to which the application relates or the Court is of the opinion that the applicant can properly be permitted to register the*

trade mark, **the Court may refuse an application made under subsection (1) -**

(a) ***in relation to any goods, if there has been, before the relevant date or during the relevant period, as the case may be, use in good faith of the trade mark by the registered proprietor of the trade mark for the time being in relation to goods of the same description, being goods in respect of which the trade mark is registered; and***

(b) *in relation to any services, if there has been, before the relevant date or during the relevant period, as the case may be, use in good faith of the trade mark by the registered proprietor of the trade mark for the time being in relation to services of the same description, being services in respect of which the trade mark is registered.*

...”

(emphasis added).

H(1). Is Plaintiff a “*person aggrieved*” under ss 45(1)(a) and 46(1) TMA?

66. According to Ms. Su, the Plaintiff is a “*person aggrieved*” in this case for the following reasons:

(1) the Plaintiff is the Common Law owner of the “*TOKAI*” trade mark in Malaysia;

- (2) the Plaintiff is the registered proprietor of the “*TOKAI*” trade mark in Malaysia for goods in Class 11;
- (3) the Plaintiff is the registered proprietor of the “*TOKAI*” trade mark for goods in Classes 11 and 34 in various countries throughout the world;
- (4) the Registered Trade Mark was in the name of Tokai Cigarlite –
 - (a) of which the Plaintiff was a shareholder and a joint venture partner; and
 - (b) because the Plaintiff consented to the registration of the Registered Trade Mark in Tokai Cigarlite’s name;
- (5) the Plaintiff’s Application (dated 10.9.2015) has been made and the Plaintiff is denied the ownership and protection of the “*TOKAI*” trade mark in Malaysia so long as the Registered Trade Mark Registered Trade Mark remains in the Register;
- (6) the Plaintiff has been consistently using the “*TOKAI*” trade mark in Malaysia in relation to cigarette filters (a type of smokers’ articles in Class 34) for at least since 1999. The Plaintiff will therefore be vulnerable to a trade mark infringement action by the Defendant; and

(7) the Plaintiff and Defendant are in the same field of business and the Plaintiff's Goods overlap with the goods registered under the Registered Trade Mark.

67. The following appellate cases have interpreted the meaning of "*person aggrieved*" in ss 45(1)(a) and 46(1) TMA:

(1) in **McLaren International Ltd v Lim Yat Meen** [2009] 4 CLJ 749, at paragraphs 10, 21 and 22, Abdul Aziz Mohamad FCJ held as follows

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"[10] *Essentially, therefore, the appellants' application was under ss. 45(1)(a) and 46(1). To succeed under either provision, they had to show that they were a person aggrieved and that they had a case under either section; that is to say, they had both to establish locus standi and to show merit.*

...

[21] *Re Arnold D. Palmer is an authority (out of several) that is heavily relied on by the respondent to deny that the appellants are a person aggrieved. In that case the applicant sought the removal from the register of a trade mark on the ground of non-user. On whether the applicant was a person aggrieved, Chan Sek Keong JC, after considering the speeches of Lord Herschell and Lord Watson in the House of Lords in **Powell's Trade Mark** [1894] 11 RPC 4; [1984] AC 8, and the manner in which subsequent judges reacted to the opinions of the said Law Lords in **Lever Bros. v Sunnivate Products** [1949] 66*

RPC 84, Consort Trade Mark [1980] RPC 160, and Wells Fargo Trade Mark [1977] RPC 503, concluded as follows:

On the basis of these decisions, it is plain that the applicant will fail in this appeal unless he can show that he has used his trade mark in the course of a trade which is the same as or similar to that of the respondents or that he has a genuine and present intention to use the mark as a trade mark. But the evidence shows none of these things, as the Registrar has found. ...

[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);

- (2) Zulkefli Makinudin CJ (Malaya) has decided as follows in **LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd** [2012] 3 CLJ 661, at paragraphs 14, 15 and 17:

[14] The threshold question for the purposes of s. 46(1)(b) of the TMA is whether the applicant is a “person aggrieved” such as to have the necessary locus standi to make the application and to invoke the court’s jurisdiction. We are of the view that this is not an issue of “competing rights” as in the way the question is posed by the appellant. A “person aggrieved” under s. 46(1) of the TMA need not be a person with any specific right. A “person aggrieved” in this context may include someone with simply a bona fide intention to use a trade mark that is registered but which has not been used by the registered proprietor or any registered user for a continuous period of not less than three years up to one month before the date of an application under s. 46(1)(b) of the TMA to expunge. ...

Thus a “person aggrieved” may have no rights at all but merely a genuine intention to use a trade mark that is registered but which has not been used by the registered proprietor.

...

[15] In the present case the learned judge of the High Court when analyzing whether the appellant was a “person aggrieved” had rightly taken into account the conduct of the appellant. In addition, the learned judge also made a finding as to the appellant’s claim to be the common law owner of the trade mark “Squiggle”. On this he found that the appellant’s claim was misconceived. The learned judge was in fact clearly concerned with whether the appellant may be regarded as a

bona fide “person aggrieved” for the purposes of s. 46(1) of the TMA.

...

[17] We are in agreement with the learned judge’s findings that as an infringer and as to what may be regarded as a “policy” ground, the appellant cannot be regarded as a “person aggrieved” for the purposes of s. 46(1) of the TMA. There is a juristic support for this “policy” approach by the leaned judge which was upheld by the Court of Appeal. As a matter of statutory interpretation, the courts have long applied the principle of construction in bonam partem. On this point a useful reference can be made to Bennion on Statutory Interpretation, 5th edn, Lexis Nexis, 2005 at p. 792 wherein a passage is reproduced as follows:

Construction in bonam partem. In pursuance of the principle that law should serve the public interest, the courts have evolved the important technique known as construction in bonam partem (in good faith). If a statutory benefit is given on a specified condition being satisfied, it is presumed that Parliament intended the benefit to operate only where the required act is performed in a lawful manner.

Construction in bonam partem is related to three specific legal principles. The first is that a person should not benefit from his own wrong. Next is the principle *allegans suam turpitudinem non est audiendus*. If a person had to prove an unlawful

act in order to claim the statutory benefit, this maxim would preclude him from succeeding. The third related principle is stated by Coke in the words ubi quid generaliter conceditur inest haec exceptio si non aliquid sit contra jus fasque (where a grant is in general terms there is always an implied provision that it shall not include anything which is unlawful or immoral). (emphasis added)

[18] *In accordance with the principle of construction in bonam partem, it is noted that the learned trial judge had found that the appellant had been infringing the Registered Trade Mark “Squiggles” since 2007. The Registered Trade Mark “Squiggles” was registered on 20 August 2004. Until its expungement, the registered trade mark remains a registered trade mark. In this case, even before the application for expungement, the appellant had unlawfully been using the Infringing Mark “Squiggle” which is confusingly similar to the Registered Trade Mark. Applying the principle of construction in bonam partem, the appellant cannot be regarded as being a bona fide “person aggrieved” or a person who is lawfully aggrieved for the purposes of s. 46(1)(b) of the TMA. Furthermore, if the appellant is to be regarded as a “person aggrieved” for the purposes of s. 46(1)(b) of the TMA, it would mean that all infringers may apply to expunge the very trade mark they have been infringing and this would be contrary to the time honoured principle of not allowing them to benefit from their very own wrong or unlawful act.”*

(emphasis added);

- (3) in **Mesuma Sports Sdn Bhd**, at paragraphs 27 and 28, Azahar Mohamed FCJ decided as follows –

*[27] There was not much dispute that the plaintiff was a person aggrieved and therefore had sufficient locus standi to initiate this present cause of action against the defendant for rectification of the defendant's tiger stripes design trademark. **In fact, the point as to whether the plaintiff was a person aggrieved had been settled by this court in McLaren International Ltd v Lim Yat Meen [2009] 5 MLJ 741; [2009] 4 CLJ 749 and LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd [2012] 4 MLJ 20; [2012] 3 CLJ 661 (see also The Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors v Syarikat Faiza Sdn Bhd [2011] 2 MLJ 768; [2011] 9 CLJ 394 and Godfrej Sara Lee Ltd v Siah Teong Teck & Anor (No 2) [2007] 7 MLJ 164; [2008] 7 CLJ 24).***

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

registered trademark. The interest and right must be legal or lawful.”

(emphasis added); and

- (4) the Court of Appeal decided as follows in **Al Baik Fast Food Distribution**, at paragraphs 47, 48 and sub-paragraph 72(d) –

“47 *There are a number of cases which attempts to demonstrate who may fall into the category of aggrieved persons. It also depends on the facts and circumstances of the case. For example, in **Prestige Housewares (India) Ltd v Pregtig [2000] PTC 513 (Mad)**, the Indian Court has held that mere intention to use the same mark will not qualify a person as being aggrieved for the purpose of rectification. The Courts in Malaysia have held that to be an aggrieved person, the applicant must have used his mark as a trade mark in the course of trade, or one who has a legal interest or is being substantially affected by the presence of the registered trade mark. ...*

48 *The Courts in India had made a distinction in relation to a trader in India and one outside India. And the Indian Courts have held that if the applicants do not trade with India in respect of the goods concerned, they may not be considered as persons aggrieved [See **Wells Fargo TM [1977] RPC 503**]. Learned author P. Narayanan captures the point as follows:*

“The question whether the parties are trade rivals must be judged in the context of the business carried on in India by the applicants compared with the trade of manufacturing or dealing in the goods covered by the registration sought to be rectified. Thus, if the applicants do not trade with India in respect of the goods concerned they may not be considered as persons aggrieved.”
[Emphasis added]

...

72(d) ... ***‘Bona partem’ literally means in good sense and ‘malam partem’ means in a bad sense. The construction in bona partem was explained in the case of LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd ..., to say that an infringer of [TMA] could not be an aggrieved person.***”

(emphasis added).

68. Based on the above appellate decisions which are binding on me as a matter of *stare decisis*, I am of the view that the Plaintiff is not a “*person aggrieved*” under ss 45(1)(a) and 46(1) TMA. This decision is premised on the following evidence and reasons:

(1) as decided in **McLaren International Ltd** -

- (a) the fact that the Plaintiff's Application (dated 10.9.2015) has been made and is still pending before the Registrar, does not mean that the Plaintiff is an aggrieved person under ss 45(1)(a) and 46(1) TMA. Nor is it relevant that the Plaintiff is the registered proprietor of the "TOKAI" trade mark in Malaysia for goods in Class 11. This is because the Registered Trade Mark only concerns goods in Class 34;
- (b) as Mr. Wong's SD is not admissible as evidence [please see the above Part D(2)], there is no evidence of the Plaintiff's use of the "TOKAI" trade mark in Malaysia in respect of goods in Class 34. Even if it is assumed that Mr. Wong's SD is admissible as evidence, Mr. Wong's SD only showed that CETSB had imported into Malaysia and had distributed goods from the Plaintiff bearing the "TOKAI" trade mark. There is still no evidence that the Plaintiff had actually used the "TOKAI" trade mark on the Plaintiff's Goods in Malaysia; and
- (c) there cannot be any "*genuine and present intention*" on the Plaintiff's part to use the "TOKAI" trade mark in Malaysia because –
- (i) the Plaintiff has no legal, Common Law and equitable right to the "TOKAI" trade mark (please see the above Part E); and

- (ii) the 3 Assignments are valid (please see the above Part F);
- (2) according to **LB (Lian Bee) Confectionery Sdn Bhd**, based on policy considerations, the Plaintiff cannot be considered a “*person aggrieved*” because the Plaintiff cannot lawfully use or even have a genuine intention to use the “*TOKAI*” trade mark in Malaysia. This is because any use of the *TOKAI*” trade mark in Malaysia by the Plaintiff –
- (a) will be contrary to the JVA and the 3 Assignments, especially when the 3rd Assignment is lawful and enforceable under s 55(1) TMA (please see the above Part F); and
- (b) will constitute an infringement of the Registered Trade Mark under s 38(1)(a) TMA by the Plaintiff;
- (3) as decided in **Mesuma Sports Sdn Bhd**, the Plaintiff has no “*element of legal interest, right or legitimate expectation*” in the “*TOKAI*” trade mark which is substantially affected by the Registered Trade Mark. Once again, this is because firstly, the Plaintiff has no legal, Common Law and equitable right to the Registered Trade Mark (please see the above Part E). Secondly, the above Part F has elaborated on why the 3 Assignments are valid; and

(4) the fact that the Plaintiff had used extensively the “*TOKAI*” trade mark outside Malaysia, does not mean that the Plaintiff is an aggrieved person within the meaning of ss 45(1)(a) and 46(1) TMA – please see **Al Baik Fast Food Distribution**.

69. As the Plaintiff has failed to discharge the legal burden to show that the Plaintiff is a “*person aggrieved*” under ss 45(1)(a) and 46(1) TMA, Prayer 4 should be dismissed with costs on this ground alone.

H(2). Is there any ground to remove Registered Trade Mark under s 45(1)(a) TMA?

70. Even if it is assumed that the Plaintiff is a “*person aggrieved*” under s 45(1)(a) TMA, I find that the Plaintiff has failed to prove that the Registered Trade Mark –

(1) had been entered in the Register “*without sufficient cause*”; or

(2) is an “*entry wrongfully remaining*” in the Register.

For reasons elaborated in the above Parts E and F, this Court finds that the Registered Trade Mark had been lawfully entered in the Register.

71. I must add that if the Plaintiff has proven on a balance of probabilities that the Registered Trade Mark had been entered in the Register “*without sufficient cause*” or the Registered Trade Mark had wrongfully

remained in the Register (but the Plaintiff had in fact failed to do so in This OS), 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 in accordance with 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**. In light of **Ho Tack Sien**, earlier High Court decisions in **Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd** [1997] 4 MLJ 504, at 531, and **Industria De Diseno Textil SA v Edition Concept Sdn Bhd** [2005] 2 CLJ 357, at 366-367, should be read with caution.

H(3). Whether Plaintiff can remove Registered Trade Mark under s 46(1) TMA

72. Assuming that the Plaintiff is an aggrieved person under s 46(1) TMA, I will now discuss whether the Plaintiff has proven on a balance of probabilities the grounds to remove the Registered Trade Mark under s 46(1)(a) and/or (b) TMA.

73. Ms. Su had submitted as follows:

- (1) since Tokai Cigarlite had ceased business in 1998, there was no use of the Registered Trade Mark for a continuous period of at least 3 years from the date of 1 month preceding This OS;

- (2) there was no evidence of the use of the Registered Trade Mark by Fumakilla, Texchem Consumers and the Defendant; and
- (3) even if it was assumed that the Defendant had used the Registered Trade Mark, such a use was unlawful, not *bona fide*, *de minimis* and/or commercially insignificant. The following cases had been cited by Ms. Su –
- (a) the English Court of Appeal case of **Imperial Group Ltd v Philip Morris & Co Ltd** [1982] FSR 72; and
- (b) the English High Court’s decision in **Concord Trade Mark** [1987] FSR 209.

74. It must be pointed out that the Defendant cannot rely on s 37 TMA as a defence against an application under s 46(1) TMA. I rely on Zaharah Ibrahim JCA’s (as she then was) judgment in the Court of Appeal case of **Liwayway Marketing Corp v Oishi Group Public Co Ltd** [2016] 1 LNS 400, at paragraphs 98 and 99, as follows:

“[98] *However, in our considered view the very words of section 37 showed that the presumption of validity was not a defence against an attack for non-use under section 46.*

[99] *The specific reference to section 45 in section 37 meant that section 46 was excluded from the ambit of section 37. In any*

case, in an application under paragraph 46(1)(b) of Act 175 it was not the validity of the trade marks that was in issue: it was their non-use.”

(emphasis added).

H(3A). No evidence to apply s 46(1)(a) TMA

75. Section 46(1)(a) TMA applies in the following circumstances:

- (1) the trade mark has been registered by a party (X) without an intention in good faith on the part of X to use the trade mark in relation to the goods or services for which the trade mark has been registered [**1st Condition of s 46(1)(a) TMA**]; and
- (2) there has in fact been no use in good faith of the trade mark in relation to the goods or services by the “*registered proprietor or a registered user of the trade mark for the time being*” up to the date 1 month before the date of the application to remove the trade mark under s 46(1) TMA [**2nd Condition of s 46(1)(a) TMA**].

76. In respect of the 2nd Condition of s 46(1)(a) TMA, I am of the view that the term “*registered proprietor*” must include an assignee of a registered trade mark under s 55 TMA. This is because s 3(1) TMA defines the term “*registered proprietor*” to mean the “*person for the time being entered in the Register as proprietor of the trade mark*”. Such a definition of

“*registered proprietor*” in s 3(1) TMA clearly includes an assignee whose name has been entered in the Register by the Registrar as the “*registered proprietor*” of the trade mark pursuant to reg. 67 TMR.

77. I am of the view that the Plaintiff cannot rely on s 46(1)(a) TMA in This OS. This is because there is no evidence to prove that the Registered Trade Mark had been registered by Tokai Cigarlite without an intention in good faith on the part of Tokai Cigarlite to use the Registered Trade Mark in relation to Tokai Cigarlite’s goods. On the contrary, the Plaintiff conceded that Tokai Cigarlite did manufacture and sell goods bearing the Registered Trade Mark.

H(3B). Whether Plaintiff can rely s 46(1)(b) TMA

78. To invoke s 46(1)(b), the Plaintiff has the burden to prove on a balance of probabilities the following:

- (1) up to 1 month before the date of This OS (**Relevant Date**), a continuous period of not less than 3 years had elapsed (**Relevant Period**); and
- (2) during the Relevant Period –
 - (a) the Registered Trade Mark was registered; and

- (b) there was no use in good faith of the Registered Trade Mark in relation to goods in Class 34 by the Defendant.

79. This OS is dated 9.11.2015. Hence, the Relevant Date is 9.10.2015 and the Relevant Period is from 9.10.2012 until 9.10.2015. As the Relevant Period is subsequent to the 3rd Assignment, the lack of use of the Registered Trade Mark by Tokai Cigarlite, Fumakilla and Texchem Consumers, is of no consequence.

80. The Court of Appeal decided as follows in **Liwayway Marketing Corp**, at paragraphs 55, 56, 58 and 59:

“[55] The learned Judicial Commissioner agreed with the Plaintiff that Dna’s market survey met the guidelines set out in Imperial Group Plc v. Philip Morris Ltd [1984] RPC 293. In that case, Whitford J. laid out guidelines for the conduct of surveys for trade marks matters. The guidelines (commonly known as the “Whitford guidelines”) were summarised by the English Court of Appeal in Marks and Spencer plc v. Interflora Inc and Another [2012] EWCA Civ. 1501 as follows:

- i). if a survey is to have any validity at all, the way in which the interviewees are selected must be established as being done by a method such that a relevant cross-section of the public is interviewed;*
- ii). any survey must be of a size which is sufficient to produce some relevant result viewed on a statistical basis;*

- iii). the party relying on the survey must give the fullest possible disclosure of exactly how many surveys they have carried out, exactly how those surveys were conducted and the totality of the number of persons involved, because otherwise it is impossible to draw any reliable inference from answers given by a few respondents;*
- iv). the questions asked must not be leading; and must not direct the person answering the question into a field of speculation upon which that person would never have embarked had the question not been put;*
- v). exact answers and not some sort of abbreviation or digest of the exact answer must be recorded;*
- vi). the totality of all answers given to all surveys should be disclosed; and*
- vii). the instructions given to interviewers must also be disclosed.*

[56] Our examination of Dna's survey report showed that the methodology used by Dna involved instructions to the interviewers to inspect "available food and beverages sections/aisles as well as other areas in the outlets" for any Oishi products. The interviewers were also instructed to question and interview "Proprietors, sales representatives, outlet supervisors and outlet managers" on the availability of Oishi products. Then, if any Oishi product was found, the interviewees would be asked

on the “possible usage of the trademark, duration of trademark use, types of products it is used on, price ranges for the products and any other relevant information”. The interviewers were also directed to make random inquiries to wholesalers. Clearly guideline (vii) of the Whitford guidelines had been complied with.

...

[58] The market survey report showed that Dna had chosen to conduct the survey in the Klang Valley, Penang, and Johor Bahru. We did not think that it could be disputed that these would be the three most suitable locations for conducting surveys of the penetration of any goods/products in trade.

*[59] Furthermore, the survey report also listed out the local areas in which the survey was conducted. The survey was conducted in 17 local areas in the Klang Valley, 14 local areas in Johor Bahru and 8 local areas in Penang, involving 260 outlets. These consisted of supermarkets, mini-markets, Chinese medicinal halls, and wet markets. **In other words, a cross-section of the retail outlets in the three locations. The names and addresses of these outlets were set out in the report.***

(emphasis added).

81. In **Lim Yew Sing**, at p. 15, the Court of Appeal decided as follows:

“The following observations can be made immediately about the survey:

...

(3) *the survey is not signed; ...*”

(emphasis added).

82. I am of the view that the Plaintiff cannot rely on the PI's Report to prove that the Defendant did not use the Registered Trade Mark in relation to the Defendant's goods in Class 34 during the Relevant Period. Such a decision is based on the following reasons:

- (1) similar to the survey report in **Lim Yew Sing**, the PI's Report was not signed. The PI's Report did not even disclose who was the author of the PI's Report except that the PI's Report had been "*prepared*" by the PI. Mr. Yoishi would not have personal knowledge of the truth of the contents of the PI's Report. As such, by reason of Order 41 rule 5(1) RC the contents of the PI's Report constitute documentary hearsay evidence and are not admissible as evidence – please see the above sub-paragraph 16(2); and
- (2) even if the PI's Report is assumed to be admissible as evidence in This OS, I cannot attach any weight to the PI's Report for the following reasons -
 - (a) the PI's Report was for a duration of investigation from 5.6.2014 to 12.6.2014. The PI's Report did not investigate whether the Defendant had used or not the Registered Trade Mark in

relation to the Defendant's goods in Class 34 during the Relevant Period; and

(b) the PI's Report did not fulfil the following "*Whitford Guidelines*" which had been applied in **Liwayway Marketing Corp** –

(i) the PI's survey was only conducted at 25 outlets in the Klang Valley (**25 Outlets**). The PI's Report even described the survey as a "*brief*" one (paragraph 3 of Part 4.0). The PI's "*brief*" survey was therefore not carried out in respect of the relevant cross-section of the public regarding the use of goods in Class 34. In **Liwayway Marketing Corp**, at paragraph 59, the Court of Appeal held that the survey in that case had been carried out in respect of a cross-section of the retail outlets because that survey had been conducted on 260 outlets in 17 local areas in the Klang Valley, 14 local areas in Johor Bahru and 8 local areas in Penang;

(ii) the PI's Report did not state how the 25 Outlets had been selected;

(iii) no evidence had been adduced by the Plaintiff or the PI that from a statistical basis, 25 Outlets was of a size which was sufficient to produce some relevant result. In fact, paragraph 4 of Part 1.0 of the PI's Report stated that the

Plaintiff's Agent had instructed the PI to conduct a survey at 30 outlets! As such, the PI did not carry out fully the instruction of the Plaintiff's Agent; and

(iv) the PI's Report did not disclose –

(iva) how the surveys had been conducted;

(ivb) the instructions given to interviewers; and

(ivc) the Q&A.

83. In respect of Ms. See's SD –

(1) for the reasons expressed in the above Part D(2), this Court cannot admit Ms. See's SD as evidence; and

(2) alternatively, even if Ms. See's SD is admissible as evidence in this case, I am not able to attach any weight to Ms. See's SD. This is due to the following reasons –

(a) Ms. See, the PI's "*principal investigator*", was only instructed by the Plaintiff's solicitors to conduct the PI's 2nd Investigation for a period between 13.6.2014 and 2.10.2015. The time period for the PI's 2nd Investigation was not the Relevant Period; and

- (b) Ms. See only inquired from Ms. Chaw (**Ms. See's Inquiry**). Ms. Chaw had affirmed an affidavit to deny the results of Ms. See's Inquiry. The Plaintiff did not apply to this Court for leave to cross-examine Ms. See under Order 28 rule 4(3), (4) and Order 38 rule 2(2) RC.

In view of a conflict of affidavit evidence regarding the results of Ms. See's Inquiry, this Court "*must ignore the disputed allegations*" as held by our apex courts in the following cases –

- (i) the Privy Council's opinion delivered by Lord Templeman in **Tay Bok Choon v Tahansan Sdn Bhd** [1987] 1 MLJ 433, at 436, an appeal from Malaysia; and
- (ii) Edgar Joseph Jr FCJ's judgment in the Federal Court case of **Lori Malaysia Bhd v Arab-Malaysian Finance Bhd** [1999] 2 CLJ 997, at 1005-1006.

84. As the Plaintiff has failed to adduce admissible and credible evidence on a balance of probabilities to prove that there was no use in good faith of the Registered Trade Mark in relation to goods in Class 34 by the Defendant during the Relevant Period, the Plaintiff's application under s 46(1)(b) TMA should be dismissed with costs on this ground. I refer to Ramly Ali J's (as he then was) judgment in the High Court case of **E-Toyo Global Stationery Sdn Bhd v Toyo Ink Sdn Bhd & Anor** [2004] 7 CLJ 368, at 381, as follows:

“If the applicant fails to establish such prima facie case of ‘non-use’ of the trade mark, there would be no requirement for the Registered Proprietor (the 1st respondent) to show that it had used the mark in question during the relevant period.”

(emphasis added).

85. There are additional grounds to refuse the Plaintiff’s application under s 46(1)(b) TMA as follows:

- (1) there was documentary evidence of the Defendant’s use faith of the Registered Trade Mark in relation to goods in Class 34 during the Relevant Period, such as Huaxing’s Sales Contract dated 23.7.2015;
- (2) the following cases have held that a single and *bona fide* act of sale of the Defendant’s goods bearing the Registered Trade Mark may constitute sufficient evidence of the Defendant’s use of the Registered Trade Mark –
 - (a) the judgment of Wilberforce J (as he then was) in the English High Court in **Nodoz Trade Mark** [1962] RPC 1, at 7; and
 - (b) **Nodoz Trade Mark** had been followed in **E-Toyo Global Stationery Sdn Bhd**, at p. 383; and

(3) in the High Court case of **Jost Cranes GmbH & Co KG v Jost Cranes Sdn Bhd** [2010] 4 MLJ 191, at paragraph 20, Azahar Mohamed J (as he then was) followed the decision of Susan Prevezer QC (sitting as a Deputy Judge) in the English High Court case of **Daimler AG v Sany Group Ltd** [2009] All ER (D) 37 -

“[20] In Daimler AG v Sany Group Co Ltd [2009] All ER (D) 128, the following principles may be derived with regards of the meaning of genuine use:

- (a) Genuine use is a qualitative and not a quantitative criterion.*
- (b) The use has to be consistent with the essential function of the trademark, which is to guarantee the identity of the origin of the goods or services to the customer or end users.*
- (c) The use has to be on the market by the proprietor or an authorised third party and not just internal use by the undertaking concerned.*
- (d) The use has to be to maintain or create a share in the market for the goods or services protected by the mark.*
- (e) The court has to take into consideration all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark has been real, and in particular, whether such use would be viewed as warranted in the trade sector concerned to maintain or create a share in the market for the relevant goods or services protected by the mark. And finally,*
- (f) The nature of the goods in issue such as the characteristics of the market concerned and the scale and frequency of the use of the mark have to be taken into account.”*

(emphasis added).

Based on **Daimler AG** as applied in **Jost Cranes GmbH**, I am satisfied on a qualitative assessment that there was sufficient use in good faith of the Registered Trade Mark by the Defendant in relation to goods in Class 34. In any event, I am also satisfied that quantitatively, the Defendant had genuinely used the Registered Trade Mark by the Defendant in relation to goods in Class 34 when

–

- (a) the turnover of the Defendant's goods bearing the Registered Trade Mark for the period between 2012 and 2015 was close to RM250,000.00; and
- (b) between 2011 and 2015, the Defendant had expended a sum of RM89,851.67 for the promotion of the Defendant's goods bearing the Registered Trade Mark.

86. **Imperial Group Ltd**, an English case cited by Ms. Su, may be easily distinguished from This OS. In **Imperial Group Ltd**, there was no genuine use of the plaintiff company's trade mark "*Nerit*" because of the following facts -

- (1) the plaintiff company initially chose the name "*Merit*" for a projected brand of cigarettes but this project was halted. The plaintiff company then registered "*Nerit*" as a "*ghost mark*" in 1974;

- (2) in 1975 the defendant company launched a new brand of cigarettes under the name “*Merit*”. Consequently, the plaintiff company made a limited introduction of “*Nerit*” cigarettes to protect the trade mark “*Nerit*” from being removed from the Register on the ground of non-use. The plaintiff company made a second introduction of 1 million “*Nerit*” cigarettes; and
- (3) apart from 2 limited introductions of “*Nerit*” cigarettes, there were no commercial sales of “*Nerit*” cigarettes by the plaintiff company.

In view of the above facts, the English Court of Appeal upheld the High Court’s expungement of the plaintiff company’s trade mark “*Nerit*” on the ground of lack of *bona fide* use of that trade mark.

87. In **Concord Trade Mark**, at p. 226, Falconer J (as he then was) decided as follows regarding s 26(1)(b) TMA 1938 (UK):

*“However, **disregarding that motive, was this a bona fide use within the meaning of section 26(1)(b)? In deciding that question, I have to try to apply the criteria stated in the Court of Appeal in the ELECTROLUX and the NERIT cases. For present purposes it is not necessary to go back to the passages in the ELECTROLUX case; I think that they are picked up sufficiently in the passages cited in the judgments in the NERIT case that I have read.***

First, what is substantial use? As Lawton L.J. pointed out in dealing with “substantial” at the bottom of page 79:

“According to the judgments given in this court in [the ELECTROLUX] case, a bona fide use should be 'ordinary and genuine', 'perfectly genuine', 'substantial in amount', 'a real commercial use on a substantial scale' and not 'some fictitious or colourable use but a real or genuine use',”

where he is citing from the judgment in the ELECTROLUX case.

Plainly, “substantial” in this context in any particular case has to be considered in relation to the trade concerned. The numbers would be very different for cigarettes from those, for example, if you were dealing with refrigerators or motor cars. You obviously have to have regard, in considering what is “substantial”, to the particular trade concerned.

Here the sales concerned in the context of cigarettes sales over the whole of that period were in the negligible class and could not, in my judgment, be regarded as “substantial” in any possible way in the context of the cigarette trade.”

(emphasis added).

88. Section 26(1)(b) TMA 1938 (UK) is similar (not identical) to our s 46(1)(b) TMA. With respect, I am not inclined to accept “*substantial use*” as a requirement in s 46(1)(b) TMA. My reasons are as follows:

(1) s 46(1)(b) TMA only requires a “*bona fide*” use of the trade mark by the registered proprietor. Neither s 26(1)(b) TMA 1938 (UK) nor s

46(1)(b) TMA requires a “*substantial use*” by the owner of the registered trade mark;

(2) **Nodoz Trade Mark** and **E-Toyo Global Stationery Sdn Bhd** have recognized a single and *bona fide* use of the registered trade mark as being sufficient; and

(3) **Daimler AG** and **Jost Cranes GmbH** have applied a qualitative and not a quantitative assessment.

H(3C). Whether Court has discretion not to expunge Registered Trade Mark under s 46(1)(b) TMA

89. On the assumption that there was no use in good faith of the Registered Trade Mark in relation to goods in Class 34 by the Defendant during the Relevant Period, I will now consider the question of whether the Court has a discretion not to remove the Registered Trade Mark under s 46(1)(b) TMA.

90. As explained above, s 26(1)(b) TMA 1938 (UK) is similar to our s 46(1)(b) TMA. Hence, the persuasiveness of English cases on this matter. In the English Court of Appeal case of **J. Lyons & Coy Ltd’s Application (Hostess)** [1959] RPC 120 -

(1) Evershed MR (as he then was), at p. 130,

(2) Romer LJ (as he then was), at p. 134, and

(3) Ormerod LJ (as he then was), at p. 136

- had decided that the Court had a discretion under s 26(1) TMA 1938 (UK) not to expunge a registered trade mark from the Register for non-use by its registered proprietor. On the facts in **J. Lyons & Coy Ltd's Application**, the Court of Appeal reversed the High Court's decision and exercised its discretion to expunge a registered trade mark from the Register for non-use by its registered proprietor.

91. I accept **J. Lyons & Coy Ltd's Application** and hold that the Court has a discretion under s 46(1)(a) TMA to remove or otherwise a registered trade mark from the Register for non-use by its registered proprietor. Such a decision is supported by the following:

(1) s 46(1) TMA employs the permissive term "*may*"; and

(2) s 46(1) TMA is expressly made subject to, among others, the other sub-sections in s 46 TMA. Section 46(2) TMA clearly confers a discretionary power on the Court to refuse an application under s 46(1) TMA in the circumstances stated in s 46(2)(a) or (b) TMA.

92. Even if there was no use in good faith of the Registered Trade Mark in relation to goods in Class 34 by the Defendant during the Relevant Period, I exercise my discretion under s 46(1) TMA not to expunge the

Registered Trade Mark from the Register. Such an exercise of discretion is premised on the following evidence and reasons:

- (1) the Plaintiff should not be allowed to resile from the JVA;
- (2) the 3 Assignments had been made for valuable consideration;
- (3) the Plaintiff's own unconscionable and inequitable conduct had estopped the Plaintiff from applying to this court to expunge the Registered Trade Mark from the Register – please see the above sub-paragraph 36(2);
- (4) the Plaintiff had been guilty of inordinate delay of more than 17 years 5 months in filing This OS – please see the above sub-paragraph 36(3); and
- (5) despite seeking to invalidate the 3 Assignments as well as making factual allegations against Fumakilla and Texchem Consumers, the Plaintiff had failed to cite Fumakilla and Texchem Consumers as co-defendants in this case – please see the above paragraph 57.

I. Whether This OS is defeated by estoppel and/or excessive delay on Plaintiff's part

93. As explained in the above paragraph 71, if a ground to remove a registered trade mark has been proven by the Plaintiff under s 45(1)(a) TMA, the Court has no discretion but to remove that registered trade mark from the Register – please see **Ho Tack Sien**.

94. In respect of an application under s 46(1)(a) and/or (b) TMA, as the Court still retains a discretion not to remove a registered trade mark from the Register [please see the above Part H(3C)], I am of the view that –

(1) the Plaintiff is estopped from proceeding under s 46(1)(a) and/or (b) TMA by its own unconscionable and inequitable conduct – please see the above sub-paragraph 36(2); and

(2) This OS may be defeated by the Plaintiff's inordinate delay of more than 17 years 5 months – please see the above sub-paragraph 36(3).

J. Should Court exercise discretion to grant declarations in this case?

95. It is trite law that the Court has a very wide discretionary power to grant declarations under s 41 of the Specific Relief Act 1950 (**SRA**) and Order 15 rule 16 RC – please see Gopal Sri Ram JCA's (as he then was) judgment in the Court of Appeal case of **Sakapp Commodities (M) Sdn Bhd v Cecil Abraham** [1998] 4 CLJ 812, at 825-826.

96. In Prayers 1 to 3, the Plaintiff had applied for declaratory relief. In the exercise of my discretion under s 41 SRA and Order 15 rule 16 RC, I decline Prayers 1 to 3. My reasons are as stated in the above subparagraphs 92(1) to (5).

K. Summary of Court's decision

97. A summary of the decision in This OS is as follows:

- (1) the 2 SD's are not admissible as evidence in This OS by reason of Order 28 rule 3C(1), Order 38 rule 2(2) and Order 41 rule 5(1) RC;
- (2) the Plaintiff should not have redacted Plaintiff's List of Assets (in 2005) without leave of Court;
- (3) the Plaintiff is not the legal, Common Law, equitable or beneficial owner of the "TOKAI" trade mark or the Registered Trade Mark;
- (4) the 3 Assignments are valid under s 55(1) TMA;
- (5) the "TOKAI" trade mark is not a well-known trade mark of the Plaintiff in Malaysia within the meaning of ss 14(2) and 70B(1) TMA read with reg. 13B TMR;
- (6) the Plaintiff is not a "*person aggrieved*" under ss 45(1)(a) and 46(1) TMA. Accordingly, the Plaintiff has no *locus standi* to file This OS;

- (7) the Plaintiff has failed to prove any ground to remove the Registered Trade Mark under ss 45(1)(a), 46(1)(a) or (b) TMA;
- (8) on the assumption that the Plaintiff has proven the Defendant's non-use of the Registered Trade Mark, this Court nevertheless exercises its discretion under s 46(1) TMA not to remove the Registered Trade Mark from the Register based on the particular facts of this case;
- (9) in any event, the Plaintiff cannot succeed under s 46(1)(a) and (b) TMA because –
 - (a) the Plaintiff is estopped by its own unconscionable and inequitable conduct; and
 - (b) the Plaintiff had been guilty of excessive delay of more than 17 years 5 months in filing This OS; and
- (10) on the particular facts of this case, this Court declined to exercise its discretion under s 41 SRA and Order 15 rule 16 RC to grant declaratory relief as *per* Prayers 1 to 3.

98. In view of the above evidence and reasons -

- (1) This OS is dismissed with costs payable by the Plaintiff to the Defendant (**Costs**); and

(2) allocator fee of 4% is imposed on the amount of Costs.

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

DATE: 1 SEPTEMBER 2016

Counsel for Plaintiff: Ms. Su Siew Ling and Mr. Kwok Tat Wai
(Messrs Zaid Ibrahim & Co.)

Counsel for Defendant: Ms. Janet Toh Yoong San & Ms. Lee Chiao Ying
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