

**IN THE COURT OF APPEAL OF MALAYSIA
(APPELLATE JURISDICTION)
CIVIL APPEAL NO. W-02(IPCV)(A)-511 -03/2016**

BETWEEN

**Y-TEQ AUTO PARTS (M) SDN BHD
(COMPANY NO.: 736211-P)**

... APPELLANT

AND

**1. X1R GLOBAL HOLDING SDN BHD
[Formerly known as Quantum Global Far East
Sdn Bhd]
(Company No.: 523589-X)**

**2. X1R GLOBAL SDN BHD
(Company No: 905244-T)**

... RESPONDENTS

**IN THE HIGH COURT OF MALAYA AT KUALA LUMPUR
(COMMERCIAL DIVISION)
ORIGINATING SUMMONS NO. 24IP-40-09/2015**

IN THE MATTER OF Trade Mark



Under Registration No. 05002405 in the name of X1R Global Holding Sdn Bhd in Class 4 dated 18.02.2015

AND

IN THE MATTER of Trade Mark



Under Registrations/Application No.:

- a. 2013001168 in Class 7
- b. 2013001167 in Class 9
- c. 2013001166 in Class 12
- d. 2014006968 in Class 25
- e. 2013013334 in Class 35

In the name of Y-TEQ Auto Parts (M) Sdn Bhd whose address is at No. 50, Jalan Sungai Bilah 1, 42100 Klang, Selangor, Malaysia dated 25.02.2014 and 25.05.2015

AND

IN THE MATTER OF Section 45(1), 14, 10 of the Trade Marks Act 1976 (Act 175), and of Regulation 13 of the Trade Mark Regulations 1997;

BETWEEN

1. X1R GLOBAL HOLDING SDN BHD

**[Formerly known as Quantum Global Far East Sdn Bhd]
[Company No. 523589-X]**

2. X1R GLOBAL SDN BHD

[Company No. 905244-T]

... APPLICANTS

AND

Y-TEQ AUTO PARTS (M) SDN BHD

[Company No.: 736211-P]

... RESPONDENT

CORAM

**HAMID SULTAN BIN ABU BACKER, JCA
PRASAD SANDOSHAM ABRAHAM, JCA
ASMABI BINTI MOHAMAD, JCA**

Hamid Sultan Bin Abu Backer, JCA (Delivering Judgment of The Court)

GROUND OF JUDGMENT

[1] The appellant/defendant appeal is against the decision of the learned trial judge who had allowed the respondents'/plaintiffs' application under section 45 of Trade Marks Act 1976 (TMA 1976) to expunge the trade mark of the defendant in relation to different goods and registered in different class. This judgment must be read together with the judgment of the learned High Court judge to appreciate the law and facts in the proper perspective. [The judgment is reported in Kuala Lumpur Judiciary website at kl.kehakiman.gov.my].

[2] The learned trial judge has summarised the issues arising from the originating summons as follows:

- “(1) whether the 1st Plaintiffs Trade Mark is well-known mark under s 14(1)(e) of the Trade Marks Act 1976 (TMA);
- (2) whether the Plaintiffs are persons aggrieved by the Defendant's Trade Mark within the meaning of s 45(1)(a) TMA when the 1st Plaintiff's Trade Mark is for goods in Class 4 while the Defendant's Trade Mark is in respect of goods in Classes 7, 9, 12, 25 and 35;

- (3) whether the use of the Defendant's Trade Mark for goods in classes 7, 9, 12, 25 and 35 is likely to deceive and/or confuse the public under s 14(1)(a) TMA with respect to the 1st Plaintiff's Trade Mark (for goods in Class 4) and the Defendant's Trade Mark; and
- (4) if the 1st Plaintiffs Trade Mark is a well-known mark under s 14(1)(e) TMA, whether the use of the Defendant's Trade Mark for goods in classes 7, 9, 12, 25 and 35 -
 - (a) will indicate a connection between the Defendant's goods and the Plaintiffs; and
 - (b) the Plaintiffs' interests are likely to be damaged by Defendant's use of the Defendant's Trade Mark

as understood in the proviso to s 14(1)(e) TMA.”

[3] The real issue in this case is related to marks which are identical and/or similar but the goods are different. As a general rule, it is well-established that identical and/or similar marks in relation to different goods may not lead to deception or confusion among the consumer. It really depends on the facts and circumstances and literacy level of the consumers. However, this issue at times may be complex when there is trade connection as in the instant case. The question of confusion or deception will depend on the degree of resemblance between the marks and the nature and extent of the connection between the goods. Issues relating to confusion or deception may become complex if the claimant has to place great efforts to establish the mark is a well-known mark, though the general criteria to establish a mark is well-known mark is specifically set out in Regulation 13B of the Trade Mark Regulations 1997 (TMR) which states as follows:

“Regulation 13B. Criteria of well-known mark.

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.”

[4] As the criteria set out in the regulation is not exhaustive, there need to be judicial determination of this issue. For example, in *Dabur India Ltd v Nagasegi Sdn Bhd & Ors* [2011] 7 MLJ 522, Azhar Mohamed J (as His Lordship then was) on the facts observed:

“[26] ... Evidence have been adduced which shows the plaintiff’s registrations and applications for the plaintiff’s mark PROMISE and MISWAK in numerous countries which reflect the use or recognition of the said marks. The plaintiff’s trademarks PROMISE and MISWAK have been registered in the plaintiff’s

name in numerous countries such as China, United Kingdom, and the Russian Federation ... The commercial value of the plaintiff's trademarks has been firmly established.

[27] In my judgment, by reason of the extensive goodwill and reputation attained by both the trademarks PROMISE and MISWAK, the plaintiff has acquired exclusive rights to the use of the said trademarks in Malaysia and the world to the exclusion of all other parties and the plaintiff can claim to the trademarks 'PROMISE' and 'MISWAK' being well-known trademarks. ..."

[Emphasis added].

[See *Novelty Pte Ltd v Amanresorts Ltd & Anor* [2009] 3 SLR 216].

[5] Author P. Narayana on Law of Trade Marks and Passing Off, 6th ed. page 224 and 225 on the issue of confusion or deception and on well-known mark, had this to say:

**“Likelihood of confusion or deception when goods are different—
section 11(2) of the Trade Marks Act 1999**

Ordinarily the simultaneous use of identical or similar marks in relation to goods which are different will not lead to any deception or confusion of the purchasing public. Circumstances may, however, exist where the mark of one person is so well-known in the market that the use of the same in relation to different goods may indicate to the public that they are coming from the same trade source. When the goods are totally different, even if the marks are identical it is difficult to infer that confusion is likely to arise unless there is some positive evidence leading to such a conclusion. [*Johnson v Jayabharat* 1982 PTC 9 at 13 (TMR)]. The position is not different but somewhat less difficult when the goods, although not the same, have some kind of trade connection. If neither the marks nor the goods are identical, the question of likelihood of confusion or deception will depend upon both the degree of

resemblance between the marks and the extent and nature of connection between the goods.

Section 11(a) covers cases where the goods may not be of the same description. What has to be considered is whether the mark applied for registration has come to be known and associated with the name of the opponent, not necessarily with the particular goods of the same description but generally with its goods. Thus, if it could be shown that the mark has been quite extensively used in the market by the opponent for a variety of goods with the result that any goods which may be marketed under the same mark will be associated with the name of the opponent, this could be a sufficient justification for refusing registration of the same mark in favour of the applicants. [See *Dilip Chand v Escorts* AIR 1980 Del 150 at 152-153].”

[6] The plaintiffs’ prayers in the Originating Summons read as follows:

“(1) A declaration that the entry of the Respondent's trade mark registered under Trade Mark Registration 2013001168 in respect of "*Air filters for motorcycle engines; brake motors; clutches other than for land vehicles; diesel motors for air vehicles and water vehicles; exhaust apparatus for land vehicles; fan belts for land vehicles engines; kick starter for motorcycles; machines for the repair of vehicles; oil filters for engines; pistons belts for land vehicles; vehicles conveyors; water pumps for vehicles*" all included in Class 7 is an entry made in the Register without sufficient cause and/or an entry wrongfully remaining in the Register;

(2) An order that the Trade Mark Registration No. 2013001168 in respect in Class 7 registered on 25.02.2014 be expunged and removed from the Register of Trade Marks, Malaysia;

(3) An order directing the Registrar of Trade Marks, Malaysia to rectify the Register of Trade Marks by removing therefrom the entry relating to the Trade Mark Registration No. 2013001168 in Class 7 and so soon thereafter as

possible, cause such fact of rectification and removal to be published in the Government Gazette.

(4) A declaration that the Applicant is the bona fide proprietor of the trade mark for goods falling in Class 4 in Malaysia;

(5) An order directing the Registrar of Trade Marks, Malaysia to rectify the Register of Trade Mark by removing and/or erasing therefrom the entry relating to the Trade Mark Registration/application as stated below:

- a. Class 9 - application number 2013001167
- b. Class 12 - application number 2013001166
- c. Class 25 - application number 2014006968
- d. Class 35 - application number 2013013334

According to Sections 45 and 46 Trade Marks Act 1976.

(6) An order that costs and all other incidental costs in relation to this application be paid forthwith by the Respondent;

(7) Costs at the Registry of Trade Marks be paid by the Respondent;

(8) Such further of other relief as this Honourable Court sees fit.”

[7] The grounds of the plaintiffs’ prayers can be summarised as follows:

(i) The Applicant is company organized and existing under the laws of Malaysia. The Applicant was incorporated in 25.8.2000 is a distributor, manufacturer of industrial oils, greases, lubricants, air filters for motorcycle, "grease for belts, industrial oils and greases, fuel, fuel oil, lubricants, lubricating grease, lubricating oil, lubricants for engine treatment, motor fuel, motor oil, additives for motor oil, additives for motor fuel, motor lubricants,

oil for engine treatment, automatic transmission treatment, manual transmission treatment, petrol system treatment" all included in the Class 4 bearing the trade mark;

(ii) The Applicant has established goodwill and reputation in the trade mark in Malaysia through extensive and long use of the said mark for goods falling in Class 4 and the Applicant's trade mark has become distinctive of the Applicant;

(iii) The Applicant has common law rights in the trade mark and the Applicant is the bona fide proprietor of the trade mark; including but not limited to other materials such as caps/hats, t-shirts, shirts, brochures, print materials, advertisement materials and media materials;

(iv) On 18.01.2013, the Respondent filed a trade mark application for the mark ("the offending mark") which is identical to the Applicant's trade mark and the offending trade mark was registered with the name of bearing the Trade Mark Registration No. 2013001168, despite the existence of the Applicant's common law rights in the trade mark;

(v) The registration and use of the offending mark is likely to cause confusion and deception to the public because the offending mark is identical to the Applicant's trade mark and the offending mark is registered and is being used for goods similar to that of the Applicant in Class 4 in Malaysia; The end consumer and the distribution channel is the same, thus causing confusion; and has hampered the Plaintiff's distribution business and hampered the relationship with the Plaintiff's customers;

(vi) The Applicant's Trade Mark is known in Malaysia since 2005 itself. Although the applicant's product are based on oil lubricant, however these product is used in the equipment's such as "oil filters, belts, motors, clutches etc." and are identical the Respondent's products in Class 7. Therefore the "end user" are the same and are confused with the trade mark; both the Plaintiff's goods and the Defendant's goods are essentially used in the motor

vehicle industry and are sold through the same distribution channels such as workshops for motorcycles and other vehicles and even kept on shelves next to each other;

(vii) The Registration and use of the offending mark is contrary to Section 10, 14 and 25 of the Trade Marks Act 1976;

(viii) The Respondent's Trade Mark is visually and phonetically similar to the Applicant's Trademark and offends the Applicant's Trade Mark. If the search of the Respondent's mark at MYIPO is scrutinized, the pronunciation of the mark is "XoneIR Extraordinary Racing Art". Thus the words "XoneIR" is clearly stated as the pronunciation of the Respondent's Mark. However, even as it may be, the Respondent's Mark was still in the register on 25.2.2014 in Class 7;

(ix) By the reason of the aforesaid, the Applicant is an aggrieved party by virtue of Section 45 of the Trade Marks Act 1976 and qualified to bring this action against the Respondent. The reasons stated in detail in the affidavit of support filed herein;

(x) The Respondent is not the bona fide proprietor of the offending mark. The said trade mark has been entered wrongfully in the Register and is wrongfully remaining in the Register and therefore should be rectified pursuant to Section 45 of the Trade Marks Act 1976.

Jurisprudence Relating to Common Law Owner of Trade Mark, and Subsequent Registration in Particular Class and Attempt by Tortfeasor to Obtain the Benefit of the Trade Mark in Different Class

[8] It is well established that the Scheme of TMA is to permit traders to register their trade mark in orderly fashion, and the Act does not permit tortfeasors to obtain the benefit of the goodwill of a trade mark holder under the Common Law or the Trade Marks Act, notwithstanding

that it is registered in different class. Whether a person will stand in the category of tortfeasor or genuine trader is related to findings of the court and its judicial determination. Appellate intervention is not warranted unless it is a case of misapplication of facts and/or law of a nature which has led to miscarriage of justice. Support for the proposition is found in TMA itself as well as case laws in this area of jurisprudence.

[9] For a start section 14 of TMA makes it clear that a mark shall not be registered as a trade mark if the criteria stated therein is applicable. This section is wide enough to cover the proprietor of the trade mark at common law as well as the proprietor of a registered trade mark. Successful registration without objection *per se* does not guarantee the registration when it is later established without undue delay that there is a section 14 infringement. Sections 35, 37 and 38 will not assist a tortfeasor though it may assist a genuine trader who can demonstrate the infringement complained of is unlikely to aggrieve the complainant as well as the public in whatsoever manner as established by case laws. The right to expunge a trade mark which is prohibited to be registered is well entrenched in section 45 and case laws, unless an application for variation is in place to avoid confusion or infringement complaint off. Section 14 of TMA states:

“Section 14. Prohibition on registration

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

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

- (b) if it contains or comprises any scandalous or offensive matter or would otherwise not be entitled to protection by any court of law;
- (c) if it contains a matter which in the opinion of the Registrar is or might be prejudicial to the interest or security of the nation;
- (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;
- (e) if it is well known and registered in Malaysia for goods or services not the same as to those in respect of which registration is applied for:

Provided that the use of the mark in relation to those goods or services would indicate a connection between those goods or services and the proprietor of the well-known mark, and the interests of the proprietor of the well-known mark are likely to be damaged by such use;

- (f) if it contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the mark for such goods in Malaysia is of such a nature as to mislead the public as to the true place of origin of the goods; or
- (g) if it is a mark for wines which contains or consists of a geographical indication identifying wines, or is a mark for spirits which contains or consists of a geographical indication identifying spirits, not originating in the place indicated by the geographical indication in question.”

[2] Section 35 of TMA states:

“Section 35. Rights given by registration

(1) Subject to the provisions of this Act, the registration of a person as registered proprietor of a trade mark (other than a certification trade mark) in respect of any goods or services shall, if valid, give or be deemed to have been given to that person the exclusive right to the use of the trade mark in relation to those goods or services subject to any conditions, amendments, modifications or limitations entered in the Register.

(2) Where two or more persons are proprietors of registered trade marks which are identical or nearly resembling each other rights of exclusive use of either of those trade marks are not (except so far as their respective rights have been defined by the Registrar or the Court) acquired by any one of those persons as against any other of those persons by registration of the trade mark but each of those persons have the same rights as against other persons (not being registered users) as he would if he were the sole registered proprietor.”

[10] Lawful registration under section 35 must necessarily mean that there was no breach under section 14 of the Act. Sections 14 and 35 must be read together and that too harmoniously to avoid convoluted arguments. Section 37 of TMA states:

“Section 37. Registration conclusive.

In all legal proceedings relating to a trade mark registered in the Register (including applications under section 45) the original registration of the trade

mark under this Act shall, after the expiration of seven years from the date thereof, be taken to be valid in all respects unless it is shown –

(a) that the original registration was obtained by fraud;

(b) that the trade mark offends against section 14; or

(c) that the trade mark was not, at the commencement of the proceedings, distinctive of the goods or services of the registered proprietor,

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

[11] Section 37 does not guarantee that even after 7 years of its registration, the mark will not be expunged. Section 37 may assist *bona fide* holders of trade marks who had actively used the said marks as delay in making an application to expunge may be fatal as per decided cases. [See *El Baik Food Systems Co., S.A. v Al Baik Fast Food Distribution Co S.A.E.* [2016] 5 MLJ 768].

Section 38 of TMA states:

“Section 38. Infringement of a trade mark

(1) A registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or registered user of the trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods or services in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be taken either—

(a) as being use as a trade mark;

(b) in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular, or other advertisement, issued to the public, as importing a reference to a person having the right either as registered proprietor or as registered user to use the trade mark or to goods with which the person is connected in the course of trade; or

(c) in a case in which the use is use at or near the place where the services are available or performed or in an advertising circular or other advertisement issued to the public, as importing a reference to a person having a right either as registered proprietor or as registered user to use the trade mark or to services with the provision of which the person is connected in the course of trade.”

[12] Section 38 is partly directed to tortfeasors who attempts to take advantage of a trade mark. When dealing with the issue of confusion or deception, sections 14, 35 and 38 are core provisions which need to be considered. Registration *per se* is only a rebuttable presumption and has to be dealt with when the challenge is taken.

[13] In dealing with section 14(1)(a) to (e) and section 45, the Federal Court in *Ho Tack Sien & Ors v Rotta Research Laboratorium S.P.A & Anor; Registrar of Trade Marks (Intervener) & Another Appeal* [2015] 4 CLJ 20 had this to say:

“[25] We are of the view that neither the court nor the Registrar has the discretion to allow a mark that has been wrongfully registered to continue to remain on the Register. Once the grounds for revocation or removal of a mark have been made out, the mark must be removed or expunged from the Register. It is not the duty of the Registrar to refer any matter to the court. If

there is a dispute as to identical marks, then it is for the registered proprietor or owner of the aggrieved mark to bring an action in court to resolve the dispute.

[26] The defendants relied heavily on the Court of Appeal's decision that under [s. 62\(1\) of the Act](#) the Registrar should have been made a party or at the very least summoned to give evidence to the Court. With respect, we are of the view the remedy of removal or expungement of a trade mark from the Register is not dependent on [s. 62\(1\) of the Act](#). [Section 62\(1\) of the Act](#) accords the right to the court to call the Registrar if the court so requires his assistance and further gives the Registrar a right to appear if he wishes to do so. It should also be noted that [s. 62\(2\) of the Act](#) further provides that unless otherwise directed by the court, the Registrar, in lieu of appearing and being heard, may submit to the court a statement in writing signed by him and such statement shall be deemed to form part of the evidence in court. On this point reference can be made to the case of [Godrej Sara Lee Ltd v. Siah Teong Teck & Anor \[2007\] 10 CLJ 255](#) wherein Ramly Ali J (as he then was) expressed the view that this provision allows the Registrar to appear in court if the Registrar chooses to do so and he shall appear if the court so directs him. The learned judge was also of the view that [s. 62\(2\) of the Act](#) further illustrates that the Registrar's appearance in court is merely to assist the court whenever such assistance is required. Therefore, [s. 62 of the Act](#) clearly cannot be read to mean that the Registrar ought to be made a party to the action.

[27] On the contention of the defendants and in support of the findings of the Court of Appeal that once a mark is registered by the Registrar, it is *prima facie* a valid trade mark, we are of the view that this is a rebuttable presumption. Once evidence is shown that the registered mark is invalid and should not have been registered in the first place the natural remedy would be to remove the invalid mark from the Register. Registration is therefore not a defence in relation to marks that have been wrongfully entered on to the Register. On this point we would refer to the case of [Industria De Diseno Textil SA v. Edition Concept Sdn Bhd \[2005\] 2 CLJ 357](#) where it was held that even where a trade mark has been properly registered, [s. 45\(1\)\(a\) of the Act](#)

empowers the court to expunge or vary such a trade mark in the event that it becomes confusing as a result of events subsequent to the initial registration.” [Emphasis added].

[14] When section 14(1)(e) is involved, the *prima facie* evidence to establish it is well known and registered in Malaysia, will lie on the complainant. It may not apply to common law proprietor if the trade mark is not registered. The categories to what steps have to be shown to the court to establish a trade mark is well established is often nefarious when it is not related to well-known brands.

[15] However, the TMA and case laws gives some guidelines. Section 14(1)(e) of TMA must not be read in isolation and at times other provision of this section will also be applicable to defeat the defence provided in section 14(1)(e) itself to the defendant. For example, a registered proprietor of a popular trade mark who has registered in a class relating to restaurant cannot object to a registration of trade mark in a class related to oil and gas industry, unless it can be shown the popularity of the former as well as its goodwill will be affected by a sub-standard goods, etc. by the latter. [See Law of Trade Marks and Passing Off by *P. Narayanan, 6th ed*].

[16] The Memorandum of Appeal of the defendant *inter alia* reads as follows:

- “1. The Learned Judicial Commissioner erred in fact and in law in all circumstances of the matter in allowing the Respondent s claim against the Appellant.
2. The Learned Judicial Commissioner erred in fact and law by failing to appreciate that the Respondent does not satisfy the first prong of the two

pronged test as a "person aggrieved" under Section 45 Trade Marks Act 1976 due to the following reasons:

- 2.1 The alleged similarity between the Respondent's Trade Mark and Appellant's Trade Mark alone is insufficient especially where the Respondent's Trade Mark comprises of the tagline "PERFORMANCE LUBRICANTS" which clearly informs that the Respondent sells only lubricant oils. This reflected in its trade mark registration of the Respondent's Mark in class 4 only.
- 2.2 The Appellant's business on the other hand is mainly on motorcycle spare parts as reflected in the Appellant's successful trade mark application for motorcycle spare parts under class 7. Apart from class 7, the Appellant had also successfully registered the Appellant's Marks in class 9 for audio apparatus; batteries and scientific apparatus; class 12 for vehicles and parts for vehicles; and class 35 for advertising, business management and office functions. The Appellant's Marks is also accepted in class 25 for clothing, footwear and headgear.
- 2.3 The Respondent has no trading interest in the Appellant's business of motorcycle spare parts, audio apparatus, batteries, scientific apparatus, clothing, footwear and headgear and has not given any evidence of any trade interest in manufacturing, producing or retailing motorcycle spare parts, audio apparatus, batteries, scientific apparatus, clothing, footwear and headgear.
- 2.4 The Respondent's legal rights to trade lubricant oils under class 4 is therefore not restricted by the Appellant's registrations of the Appellant's Trade Mark in classes 7, 9, 12, 35 and 25.
- 2.5 The combination of letters and numerals such as "X1R" which is generally regarded as being inherently not distinctive, can only be registered by additional visual embellishments on the mark

and/or evidence of use of the mark with respect of the goods applied for. This means that the Respondent's Trade Mark which has been used solely for lubricant oils is only capable of making the Respondent's Trade Mark factually distinctive of lubricant oils under class 4.

2.6 The Respondent will be unable to bring a successful action for trade mark infringement against the Appellant in accordance to Section 38 Trade Marks Act 1976 as the Appellant is not using the Appellant's Trade Mark in the same class of goods as the Respondent's Trade Mark in class 4.

2.7 The exclusive rights granted by the registration of the Respondent's Trade Mark in class 4 does not grant the Respondent a full monopoly for the mark across the entire spectrum of goods and services as identical marks have been registered for various goods and services under different classes and co-exists in the trade mark register.

3. Had the Learned Judicial Commissioner properly appreciated the matters set out in paragraph 2 above, the Learned Judicial Commissioner would have found that the Respondent is not a person aggrieved under Section 45 Trade Marks Act 1976 and would have dismissed the claims and prayers of the Respondent.

4. The Learned Judicial Commissioner erred in fact and in law in failing to find that the Respondent had also failed the second prong test under Section 45 Trade Marks Act 1976 by failing to appreciate that the Appellant's Trade Mark was rightfully entered into and/or rightfully stayed in the trade marks register due to the following reasons:

4.1. The examining officers with years of experience in comparing marks had compared the Appellant's Trade Mark in the

respective applications as represented in the application form on the following basis:

4.1.1. trade mark number 2013013334 in Class 35 consist of the letters/numerals/words "X1R ONE" and "Extraordinary Racing Art";

4.1.2. trade mark number 2013001 166 in Class 12 consist of the letters/numerals/words "X ONE 1 R" and "Extraordinary Racing Art";

4.1.3. trade mark number 2013001 167 in Class 9 consist of the letters/numerals/words "X ONE 1 R" and "Extraordinary Racing Art";

4.1.4. trade mark number 2013001 168 in Class 7 consist of the letters/numerals/words "X ONE 1 R" and "Extraordinary Racing Art";

4.1.5. trade mark number 2014006968 in Class 25 consist of the letters/numerals/words "ONE 1" and "Extraordinary Racing Art"; and

made the comparisons with all potentially confusing prior marks in the trade marks register including the Respondent's Trade Mark found no marks in the trade marks register that is confusingly similar to the Appellant's Trade Mark.

4.2. The examining officers have decided that the Appellant's Trade Mark is visually, aurally and conceptually distinguishable and dissimilar from the Respondent's Trade Mark and has allowed the Appellant's Trade Marks in classes 7, 9, 12, 35 and 25 which were filed at different times to be accepted and/or registered accordingly.

- 4.3. Even if the Appellant's Trade Mark is regarded to have some similarities with the Respondent's Trade Mark, the Appellant's Trade Mark is used for goods of a different trade description than the Respondent's goods which will not cause any likelihood of confusion among the public.
 - 4.4. This is supported by the fact that many identical and/or closely similar marks such as "tiger", "magnum" and "kings" have been registered for different goods and services by different proprietors and co-exist on the trademarks register without causing any likelihood of confusion as a successful registration of a mark in one class of goods or service does not grant the registrant a monopoly of the mark across all classes of goods and services.
 - 4.5. The Appellant had received no reports or complaints of any confusion by any of its employees, consumers, distributors or other third parties.
5. Had the Learned Judicial Commissioner properly appreciated the matters set out in paragraph 4 above, the Learned Judicial Commissioner would have found that the Appellant's Trade Mark was rightfully entered into and/or rightfully remained in the trade marks register without causing any likelihood of confusion with the Respondent's Trade Mark and without limiting or affecting the Respondent's legal rights under the Respondent's Trade Mark registration in class 4.
 6. In these circumstances, the Learned Judicial Commissioner had further erred in fact and law in finding that the Appellant's Trade Mark Registrations set out below ought to be removed/ expunged from the trade marks register:
 - 6.1. Trade mark no. 2013001 168 in class 7

- 6.2. Trade mark no. 2013001167 in class 9
- 6.3. Trade mark no. 2013006966 in class 12
- 6.4. Trade mark no. 2014006968 in class 25
- 6.5. Trade mark no. 2013013334 in class 35

7. In all circumstances of this matter, the Learned Judicial Commissioner had erred in fact and in law in allowing the claims and prayers of the Respondent.”

[17] What is important to note in the Memorandum of Appeal is that the defendant is attempting to have the benefit of the examining officers’ conclusion to impeach the finding of facts of the learned trial judge. Such an approach is non-productive.

[18] In cases of this nature, what is necessary and essential for the defendant to defeat the plaintiffs’ application under section 45 of TMA 1976 is to demonstrate to the court that:

- (i) there is no resemblance of mark between the plaintiffs mark and the defendants mark; and or
- (ii) there will be no likelihood of confusion or deception taking into consideration the nature of business of the plaintiffs and the defendants as well as the nature of connection between the goods as well as the marks.

[19] The issue is related to finding of facts and the appellate courts will be slow in disturbing the finding of facts on a question which usually will be in the arena of the jury in jury trials.

[20] The learned trial judge's findings as well as the grounds of decision has been summarised before us as follows:

“1. Prayer for declaration that P1 is *bona fide* proprietor of Plaintiffs' mark.

This prayer is not disputed, thus, it is allowed.

2. Whether Plaintiffs' mark (P mark) is a well-known mark.

The criteria in reg. 13B(a) to (f) Trade Mark Regulation (TMR) are not exhaustive but as guidelines and not pre-conditions for reaching that determination. The Plaintiffs had adduced sufficient evidence the P mark is a well-known mark. Failure of D1 to deny para 5 of the Affidavit in Support is deemed to be admitted. P mark has been used on Plaintiffs' goods in more than 30 countries and had been certified by 12 entities. PP had enforced P mark by obtaining the consent order.

3. Whether the Plaintiffs have *locus standi* to apply under s.45(1)(a) of Trade Mark Act (TMA).

S.45 of TMA is on the rectification by the Registrar from the mistake in the Register. D1 submitted that P1 is not "aggrieved" by D mark as P mark was only registered for goods in Class 4 (Oil goods) while D mark was registered for class 7 (motorcycle parts), class 9 (interior vehicle parts), class 12 (Automobiles parts) and class 35 (Advertisement). There is evidence that the Plaintiffs are affected in financial during the distributor incident by the Defendant (D mark) and that would fall within the meaning of 'person aggrieved'. P1 mark is distinctive and D1 had not applied to expunge the registration of P mark on the lack of distinctiveness.

4. Effect of s. 14 TMA.

S.14 TMA provides prohibition on registration if it likely to deceive or cause confusion to the public. S.14(1)(a) TMA is applicable even to marks that were registered in different class of goods. The Plaintiffs had discharged the legal burden that there is a real likelihood of

deception/confusion to the public. The customers of both marks are in the same motor vehicle industry with the same trade channels or distributors. D mark shows mark X1R which is similar combination of letters and number in P mark. There are 7 traders referred the Defendant's goods as the Plaintiffs' goods. D mark does not reveal MVR1 as contended by D1. The Register describe D mark as "X ONE 1 R Extraordinary Racing Art". There is also evidence of actual deception by D1.

S.14(1)(e) TMA is applicable in this case. There is a connection as to the origin of goods when the distributor mistakenly thought the Plaintiffs' goods from D1. There is also connection in quality that public will assume the Defendant's goods is the same high quality of the Plaintiffs' goods. The condition of 14(1)(e) TMA has been fulfilled, thus, D mark was entered without sufficient cause or had wrongfully remains in the Register. The court has no discretion to allow the wrongful trade mark to remain once the grounds to expunge have been fulfilled. The 7 year limitation in s.37 TMA does not apply to s.14 TMA and neither to enforce it under s.45(1)(a)TMA."

[21] We have read the appeal record and the able submissions of the parties in detail. After much consideration to the submissions of the defendant, we take the view that the appeal has no merit. Our reasons *inter alia* are as follows:

- (a) In this case, the marks complained off are identical and/or has closed similarity to the marks of the plaintiff. Following that the learned trial judge was satisfied that the plaintiff is an aggrieved person. The learned trial judge has applied the right test to come to the conclusion. We do not think it is necessary on the facts of the case to set out the jurisprudence relating to aggrieved person as it has been well established.

[See *El Baik Food Systems Co., S.A. v Al Baik Fast Food Distribution Co S.A.E.* [2016] 5 MLJ 768].

- (b) Section 14(1)(a) is framed in a wide manner to encompass marks that are registered in different class of goods. It is further fortified by section 14(1)(e). When both the sub-sections are read together, it will mean that the mark complaint of ought not be registered if the earlier trade mark is a well-known trade mark in Malaysia and the use of the mark complaint of will give rise to unfair advantage or will impinge the distinctive characters or repute of the complainant's mark.
- (c) In the instant case, the plaintiff had established that there is a real likelihood of deception and/or confusion to the public, as per the judgment of the learned trial judge. The judgment and the findings is consistent with the protection endowed to the plaintiffs as provided in section 14 of TMA 1976 in particular sub-sections 1(a) and 1(e).
- (d) The conclusiveness of a registered mark as provided by section 37 of TMA 1976 after the expiration of 7 years will not ordinarily be applicable to a mark which has been registered in breach of section 14. In this aspect, on the facts the learned trial judge had correctly applied the law.
- (e) It was also the findings of the learned trial judge that the 1st plaintiff's trade mark is a well-known mark, and that part of the judgment reads as follows:

“(1) the public and people involved in the trade have identified the 1st Plaintiff's Trade Mark with X-1R Goods distributed by the Plaintiffs [relevant under reg. 13B(a) TMR] - paragraph 5 of the Plaintiffs' affidavit affirmed on 17.9.2015 (**Court Enc. No. 2**). Paragraph 5 in Court Enc. No. 2 had not been denied by the Defendant - paragraph 28 of the Defendant's affidavit affirmed on 28.10.2015 (**Court Enc. No. 4**). It is trite law that any factual averment in a party's affidavit which has not been denied by the opposing party, is deemed to be admitted by the opposing party - please see the Federal Court's judgment delivered by Chong Siew Fai CJ (Sabah & Sarawak) in **Sunrise Sdn Bhd v First Profile (M) Sdn Bhd & Anor** [1996] 3 MLJ 533, at 541;

(2) the 1st Plaintiff's Trade Mark has been used on X-1R goods in more than 30 countries all over the world, including Malaysia [relevant under reg. 13B(b) TMR] - paragraph 5.1 in Court Enc. No. 2;

(3) the 1st Plaintiff's Trade Mark has been registered as a trade mark in Malaysia, New Zealand, Australia, Thailand, India, Brunei, Indonesia, Japan, Philippines, China, Singapore, Laos and Korea [relevant under reg. 13B(d) TMR];

(4) the Plaintiffs have a "*Product Research & Development Center*" and laboratory in Florida, United States of America - paragraph 5.1 in Court Enc. No. 2;

(5) X-1R Goods have been tested and certified by, among others -

- (a) the United States of America's National Aeronautics and Space Administration;
- (b) the Swedish National Research and Testing Institute;
- (c) universities;
- (d) "*Quality Control*" laboratories;
- (e) the Space Foundation;

- (f) Nissan Philippines Inc.;
 - (g) Universal Motors Corporation;
 - (h) Hyundai Asia Resources Inc.;
 - (i) Airpol emission Center;
 - (j) Automall Phils. Corporation;
 - (k) Honda Cars Makati Inc.; and
 - (l) Mechanical Industry I.C. Engine Oils Test & Evaluating Center.
- paragraph 7 and exhibit MZ-4 in Court Enc. No. 2 which had not been denied in paragraph 28 in Court Enc. No. 4;

(6) the Plaintiffs have extensively promoted, advertised, publicized and presented X-1R Goods to which the 1st Plaintiffs Trade Mark has been applied [relevant under reg. 13B(c) TMR] - please see paragraph 8.1 and exhibit MZ-5 in Court Enc. No. 2. Paragraph 8.1 in Court Enc. No. 2 had not been denied in paragraph 28 in Court Enc. No. 4;

(7) the Plaintiffs have enforced the 1st Plaintiff's Trade Mark by obtaining the Consent Order [relevant under reg. 13B(e) TMR]; and

(8) there is clearly value associated with the 1st Plaintiffs Trade Mark within the meaning of reg. 13B(f) TMR.”

[22] All the issues which we have adumbrated above are related to finding of facts. The learned trial judge has identified the correct legal principles and applied to the facts of the case based on evidence. We do not think that appellate intervention will be appropriate based on established cases. [See *Kyros International Sdn Bhd v Ketua Pengarah Hasil Dalam Negeri* [2013] 2 MLJ 650]. This is a fit and proper case to dismiss the appeal with costs. The appeal is dismissed with costs of RM10,000.00 subject to allocatur. Deposit to be refunded.

We hereby ordered so.

Dated: 11 January 2017

sgd
(DATUK DR. HJ. HAMID SULTAN BIN ABU BACKER)
Judge
Court of Appeal
Malaysia.

Note: Grounds of Judgment subject to correction of error and editorial adjustment etc.

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