



[2018] 1 LNS 1790

Legal Network Series

DALAM MAHKAMAH RAYUAN MALAYSIA

(BIDANG KUASA RAYUAN)

[RAYUAN SIVIL NO.: B-02(NCVC)(W)-2188-11/2016]

ANTARA

**PJ UNIFORM SDN BHD
(No. Syarikat.: 167843-D)**

... PERAYU

DAN

**ST JOHN AMBULANS MALAYSIA
(pertubuhan statutori yang diperbadankan
Dibawah Akta (Perbadanan) St. John
Ambulans Malaysia 1972)**

... RESPONDEN

Dalam Perkara Mahkamah Tinggi Malaya di Shah Alam

Guaman Sivil No.: 22NCVC-148-02/2013

(Notis Rayuan Plaintiff kepada Hakim Dalam Kamar- Lampiran 88

dan

**Notis Rayuan Defendan kepada Hakim Dalam Kamar - Lampiran
87)**

Antara

**St John Ambulans Malaysia
(Pertubuhan Statutori Yang Diperbadankan**



Dibawah Akta (Perbadanan) St. John
Ambulans Malaysia 1972)

... Plaintiff

Dan

PJ Uniform Sdn Bhd
(No. Syarikat.: 167843-D)

... Defendan

CORUM:

TENGGU MAIMUN TUAN MAT, JCA

NALLINI PATHMANATHAN, JCA

ZABARIAH MOHD. YUSOF, JCA

GROUNDS OF JUDGMENT

Introduction

[1] This is an appeal by PJ Uniform Sdn Bhd ('the defendant') against the decision of the High Court in granting St. John Ambulance Malaysia ('the plaintiff) the sum of RM220,000-00 as damages for loss of reputation and goodwill. The High Court had found the defendant liable for the tort of passing off and directed it to pay damages to the plaintiff. The Registrar assessed damages for loss of reputation and goodwill at RM100,000-00 only, hence the plaintiff appealed to the High Court which amended the award to the sum above.

[2] Upon appeal, we dismissed the defendant's appeal and append our reasons below. The facts are not in dispute and are as follows.

The salient facts

[3] The plaintiff is a statutory body and has had a presence in Malaysia since the early 1900s through the St. John Ambulance Association and the St. John Ambulance Brigade.

[4] The plaintiff was incorporated with the purpose of setting up an organisation open to everyone in Malaysia to enable them to encourage and develop humanitarian work and philanthropy, to help and aid those in pain, suffering and danger.

[5] The plaintiff is also involved in fundraising activities to enable the plaintiff to continue to operate as well as to increase the plaintiffs already well-known good name, reputation and public profile in Malaysia.

[6] In furtherance of this, the plaintiff distributes and sells a variety of merchandise using its logo. In late 2009, the plaintiff realised that the commercialisation of its logo would assist it in many aspects and it appointed distributors for its products.

[7] In or around 2010, the plaintiff filed an application to register a trademark for its crest / logo under Class 25 for clothing, footwear and headgear as well as Class 26 for lace and embroidery, ribbons and braid, buttons, hooks and eyes, pins and needles, and artificial flowers.

[8] On 7 September 2011, the Malaysian Intellectual Property Association (MIPA) issued a certificate of registration for the said trademark under the plaintiffs name, to be enforceable from 21 September 2010 until 21 September 2020.

[9] However prior to the registration of the trademark, the plaintiffs organisation has long existed in Malaysia since the 1900s and the public has come to associate the trademarked emblem with the plaintiff's organisation.



[10] The defendant is in the business of selling uniforms and related items.

[11] The plaintiff claimed that the defendant has been distributing, selling and / or offering for sale to the public, without the plaintiffs express or implied approval, clothes carrying the plaintiff's trademark.

[12] The plaintiff through its solicitors wrote to the defendant to get the defendant to stop the infringement of its trademark.

[13] However, the defendant refused to do so. It not only continued with the infringement, but suggested to the plaintiff that the latter should simply approve its use of the plaintiffs trademark.

[14] The plaintiff therefore filed this claim against the defendant for the infringement of its trademark and making misrepresentations to the public, or causing confusion in the minds of the members of the public.

[15] The plaintiff sought reliefs including a declaration that it was the rightful owner of the trademark as well as a permanent injunction preventing the defendant from infringing the trademark; an order to destroy all the defendant's products which infringe the plaintiffs trademark; an order for discovery of all relevant documents; a public apology; and an assessment of damages or in the alternative, for an account of profits.

[16] The defendant denied infringement and stated that in any event, it had ceased to sell the infringing products since 7 December 2013. Further, the defendant argued that since the plaintiff is a charitable non-profit organisation, it would not suffer any losses from the sale of t-shirts infringing its trademark.

[17] The High Court found that the defendant was liable for the tort of passing off and gave judgment in favour of the plaintiff on 4 December



2014. The court ordered the defendant to pay the plaintiff damages, to be assessed by the Registrar.

[18] The Registrar ordered the defendant to pay the plaintiff the sum of RM5,898-50 to account for profits, the sum of RM100,000-00 for the loss of the plaintiffs good name and reputation, both of the above sums subject to interest at the rate of 5% p.a. from the date of the order until full settlement, and costs for the assessment of damages proceedings in the sum of RM500-00.

[19] Both sides appealed to the High Court judge in chambers.

[20] The High Court dismissed the defendant's appeal and allowed the plaintiffs appeal. The High Court ordered the defendant to pay the plaintiff RM220,000-00 for loss of good name and reputation.

[21] Dissatisfied, the defendant appealed to the Court of Appeal only against that part of the High Court decision on the damages in the sum of RM220,000-00 for loss of goodwill arising out of the defendant's acts of passing off.

[22] The High Court did not prepare grounds in respect of this matter. As such, parties relied on mainly the judgment of the court as reflected in the court order. It should be said that the hearing of this appeal had been delayed for some time while waiting for the grounds of judgment. When it became apparent that there was not much likelihood of grounds being rendered, we were constrained to proceed with the appeal without grounds of judgment. While this is far from ideal, there was little option but to do so.

Our decision

[23] Usually, assessment of damages in an intellectual property (IP) case would be an account of profits. In this case, it is the defendant's



submission that the court order appears to indicate that the plaintiff could choose an account of profits or opt for the Registrar to assess damages, and the plaintiff had elected the former.

[24] The plaintiff contended that it was entitled to claim two distinct heads of damages as the High Court found that the defendant was liable for infringement of a registered trademark and for passing off. The plaintiff submitted that for infringement of trademark, it had elected to seek an account of profits instead of an inquiry as to damages. In respect of the finding of passing off, the plaintiff claimed that damages should be assessed premised on loss of reputation and goodwill. Since reputation and goodwill is intangible, it would not be possible to assess it premised on an account of profits.

[25] The defendant submitted a two-pronged argument. First, it contended that the court did not make an order for assessment of loss of goodwill or reputation, and therefore the order of damages in this respect has no basis.

[26] If the Court of Appeal rejected this contention, then the defendant submitted its second argument that the award of RM220,000-00 was excessive.

[27] The plaintiff opposed this by stating that the High Court only awarded it a mere 11% of what it claimed. The plaintiff proposed a sum of RM1,926,000-00 premised on the plaintiffs presence in Malaysia for 107 years at the rate of RM1,500-00 per month. However, the learned High Court judge held that damages should be assessed from 1972 (which was the year that the plaintiff was incorporated) until 2016, i.e. for 44 years, at the rate of RM5,000-00 per year.

[28] Although we do not agree with the learned High Court judge that a formula is to be used in assessing loss of reputation and goodwill, we



are of the view that the amount of RM220,000-00 for damages to reputation (though not so much for the goodwill) is not excessive.

[29] Loss of goodwill may be assessed by, *inter alia*, loss of profit. However, loss of reputation is less easily assessed. It is not for the court to specify or to circumscribe or limit the claim to only either one or the other.

[30] The defendant submitted that the plaintiffs goodwill should not be equated to that of a commercial business as the plaintiff is a charity. To our minds, the goodwill generated by the plaintiff should be greater than that of a commercial business. The defendant itself has acknowledged that the plaintiff is a charitable organisation which is renowned worldwide for its charitable and humanitarian services.

[31] The defendant gained business profit from its wrongdoing, by passing off its products as that of the plaintiff. The plaintiff and the defendant were not associated in any way. By selling counterfeit t-shirts that are inferior in quality and priced higher than the real goods, the defendant not only gained excessive profits, it also deprived the plaintiff of sales of its original t-shirts, as it acted as a competitor to the plaintiffs authorised retailer.

[32] It is clear that the defendant flagrantly continued to sell its products notwithstanding warnings from the plaintiff. The defendant admitted that the sales went on for a period of more than 30 years. This adversely affected the plaintiffs reputation, especially since the defendant's t-shirts were contended to be of low quality and were overpriced, as stated earlier. From the length and duration of the infringement, the inference may be drawn that the plaintiffs reputation was adversely affected.

[33] The defendant submitted that the plaintiff does not have a brand to which customers owe loyalty and therefore there was no goodwill which

was damaged by the defendant's act of passing off. This does not address the issue at hand. As the defendant itself has emphasised, the plaintiff is not a commercial business. It does not sell its trademarked t-shirts for fashion purposes, therefore naturally there is no brand loyalty to be attached to the plaintiff's goods. The plaintiff is a charitable organisation. The reason why the plaintiff sells its trademarked goods, and the reason why members of the public purchase the same, is to generate funds to serve the objectives of the organisation, among which is to save and serve the poor and suffering. The defendant's act of passing off for purely mercenary purposes is diametrically opposed to the plaintiff's noble aims. By raising these issues, the defendant is seeking to avoid the loss and damage caused by the fact that it was never authorised to produce goods with the plaintiff's trademark.

[34] We therefore concluded that the defendant had not succeeded in showing any merits in its appeal.

[35] The plaintiff has been awarded the sum of RM11,798-00 for loss of profits, which is rather at the low end. However, an appellate court will rarely interfere with the decision of the trial court unless it can be shown that the judge was plainly wrong. (See for example *Tindok Besar Estate Sdn Bhd v. Tinjar Co* [1979] 2 MLJ 229, *Gan Yook Chin v. Lee Ing Chin* [2004] 4 CLJ 309, *UEM Group Bhd v. Genisys Integrated Engineers Pte Ltd & Anor* [2010] 2 MLRA 668, *Thomas v. Thomas* [1947] AC 484 per Lord Thankerton, *Yuill v. Yuill* [1945] P 15, 19 per Lord Greene MR, and more recently in the United Kingdom, *Watson Farley and Williams v. Ostrovizky* [2015] EWCA Civ 457; *Fage UK Ltd v. Chobani UK Ltd* [2014] EWCA Civ 5 [2014] ETMR 26 (*English Court of Appeal*); *In re B (A Child) (Care Proceedings: Threshold Criteria)* [2013] 1 WLR 1911 by Lord Neuberger (at paragraph 53); *Elliston v. Glencore Services (UK) Ltd* [2016] EWC CIV 407 (a decision of the Court of Appeal of UK).) Although the learned High Court judge has not



provided us with the reasoning behind her decision, to our minds, it cannot be said that Her Ladyship's award for loss of profits was plainly wrong.

[36] In any event, the plaintiff did not appeal in respect of the quantum awarded for loss of profits, and the defendant's appeal is concerned with the quantum awarded for loss of goodwill.

[37] The appeal is dismissed with costs of RM20,000-00 to the respondent/plaintiff, subject to allocatur. The deposit is refunded.

Dated: 29 AUGUST 2018

(NALLINI PATHMANATHAN)

Judge
Court of Appeal
Malaysia

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Case(s) referred to:

Tindok Besar Estate Sdn Bhd v. Tinjar Co [1979] 2 MLJ 229

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