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Intellectual Property Case Updates - Malaysia

Apex Court Ruled That A Trade Description Order Premised On Trade Mark Infringement May Be Applied For And Granted On An *Ex Parte* Basis

Tan Kim Hock Product Centre Sdn Bhd & Anor -v- Tan Kim Hock Tong Seng Food Industry Sdn Bhd

Facts

Tan Kim Hock Tong Seng Food Industry Sdn Bhd (“**the Respondent**”) was established to manufacture, process, distribute and sell the Respondent’s products, which included ‘dodol’ products. The founder of the Respondent was one TKH who, together with his late wife, created the ‘dodol’ products. Prior to the establishment of the Respondent, they had been selling the ‘dodol’ products from house to house since the 1950s.

In 2001, Tan Kim Hock Product Centre Sdn Bhd (“**the 1st Appellant**”) was incorporated with TKH and one SSE (“**the 2nd Appellant**”) as directors and shareholders in order to sell and market the ‘dodol’ products manufactured by the Respondent. Subsequently TKH sold his interest in the 1st Appellant to the 2nd Appellant and her family.

The Respondent’s ‘dodol’ products continued to be sold by the 1st Appellant even after the said sale by TKH. However, in November 2013, the Respondent stopped distributing its ‘dodol’ products to the 1st Appellant. Subsequently the Respondent found that the ‘dodol’ products which were not its ‘dodol’ products but bearing similar trade marks were being sold by the 1st Appellant.



Premised on its Trade Mark Registration No. M/72924 (for the mark ^{CAP POKOK KELAPA} for “dodol being a sweet confection made of glutinous rice, kaya, coconut biscuit, coconut candy”), the Respondent applied, by way of an *ex parte* application, for a trade description order (“**TDO**”) under Section 9, Trade Descriptions Act 2011 (“**the Act**”)



for a declaration that ‘dodol’ products bearing the trade mark  in the shape of a ‘T’ containing a red and white coconut tree which is a stylised letter in the middle of the coconut tree consists of a logo ‘S’, on packaging, which was confusingly similar to the Respondent’s trade mark, to be declared as a false trade mark. The TDO was granted along with a declaration that ‘dodol’ products bearing infringing marks were considered imitation or counterfeit products.

Pursuant to the TDO a raid on the 1st Appellant’s premises was carried out by the Ministry of Domestic Trade, Cooperatives and Consumerism (“**the Ministry**”).

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Thereafter, the 1st and 2nd Appellants filed an application for leave to intervene and to set aside the TDO. The Respondent did not object to the leave application but resisted the attempt to set aside the TDO.

Brief Background On The Act and TDO

The Act provides for criminal enforcement which prevents trade marks from being misused as false trade descriptions.

Under Sections 5 and 8 of the Act, it is an offence to (a) apply a false trade description (including an infringing trade mark) to goods or (b) supply or offering to supply goods bearing such false trade description or (c) expose for supply or have in possession, custody or control for supply any goods bearing such false trade description.

Owner of a registered trade mark may apply to the High Court for a TDO declaring that a trade mark or get-up used by any other person which is not identical with his registered trade mark but can be passed off as his registered trade mark is a false trade description for the purpose of Section 8 of the Act. Upon obtaining a TDO the owner may request the Ministry to conduct raids and seize infringing goods and relevant documents. A TDO is valid for one (1) year and may be extended by the High Court upon application.

Decisions of the lower Courts

The High Court found in favour of the Respondent and refused to set aside the TDO.

The 1st and 2nd Appellants appealed against the decision. However, their appeal was dismissed by the Court of Appeal which affirmed the decision of the High Court.

Decision of the Federal Court

The 1st and 2nd Appellants succeeded in obtaining leave to appeal to the Federal Court (the apex Court in Malaysia).

The Federal Court was asked to answer, among others, the following legal questions :-

- (a) whether a TDO could be applied for on an *ex parte* basis under Section 9 of the Act, given the criminal consequences imposed by the order (“**the 1st Question**”); and
- (b) whether Section 9 of the Act empowers the High Court to determine and declare goods as imitation goods whether on an *ex parte* basis or at all (“**the 2nd Question**”).

The Federal Court answered the 1st Question in the affirmative. In essence, the Court held that :-

- (a) it was permissible in law to apply for a TDO on an *ex parte* basis and the High Court was empowered to grant a TDO on an *ex parte* basis;
- (b) a TDO was meant to protect not only the rightful trade mark owners but also the consumers at large and to combat the problem of imitation goods in the market. As such, swift action with some elements of surprise was an “*essential ingredient*”; and
- (c) although Section 9 of the Act does not explicitly state whether an application could be made on an *ex parte* basis, applying the purposive approach of interpretation (in line with Section 17A, Interpretation Acts 1948 /

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1967) it was appropriate for the Court to supplement the provision with the words “*ex parte*” so as to achieve the very purpose for the enactment of the provision and satisfy the mischief which the provision seeks to overcome.

The 2nd Question was also answered in the affirmative. In essence, the Federal Court held that the High Court was empowered to declare that goods using or bearing a false trade description which was declared as an infringing mark under Section 9 of the Act as “*imitation or counterfeit goods*”.

In fact, the Court went so far as to hold that such goods “*must ipso facto be imitation or counterfeit goods.*”

Conclusion

While the decision of the Federal Court may be a welcome development for trade mark owners who wish to explore obtaining a TDO as a means of enforcing their rights, it is clear from the decision that a Court hearing an *ex parte* application for a TDO will still retain a discretion in the matter.

In other words, a Court hearing an *ex parte* application for a TDO would, under certain circumstances, be entitled to, for instance, direct that the cause papers be served on any party which has been identified by the applicant as an alleged infringer of the applicant’s trade mark registration in question.

The Federal Court also made it clear that a TDO granted on an *ex parte* basis could always be set aside as the Court would retain the power to review the TDO after its grant.

On the issue of whether the High Court can declare goods as imitation or counterfeit goods under Section 9 of the Act, the authors are of the view that the Federal Court might have erred and gone too far in ruling that any goods using or bearing a false trade description which is declared as an infringing mark under Section 9 of the Act must necessarily constitute imitation or counterfeit goods.

It would appear that the Federal Court might have overlooked the fact that not all infringing goods are necessarily imitation or counterfeit goods.

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Apex Court Reaffirms Applicability of Windsurfing Test in Deciding Inventiveness of an Invention

Spind Malaysia Sdn Bhd -v- Justrade Marketing Sdn Bhd & Anor

Facts

The Appellant, Spind Malaysia Sdn Bhd (“**Spind**”), was a company in the business of designing and manufacturing plumbing products, including one known as the “SPIND Floor Gully/Trap”. Spind was also the registered proprietor of Malaysian Patent No. MY-125567-A (“**MY-567 patent**”) entitled “Improvement in and relating to floor traps” since 30.8.2006.

The 1st Respondent, Justrade Marketing Sdn Bhd (“**Justrade**”), was a company in the business of supplying construction materials and related products. The 2nd Respondent, Phang Cheng Hoong (“**Phang**”), was a shareholder and director of Justrade. On 12.5.2011, Justrade filed Malaysian patent application No. P12011002144 entitled “Top Accessible Drainage Floor Trap with built in control valve”. The invention as claimed in this patent application was commercially developed into a product sold by Justrade called “PAZTEE Floor Gully Trap”.

It was contended by Spind that Justrade’s “PAZTEE Floor Gully Trap” was similar to the latest developed version of its “SPIND Floor Gully/Trap”. Spind filed an action in the High Court against Justrade and Phang (who was named as the inventor of Justrade’s PASTEE Floor Gully Trap) for infringement of the MY-567 patent, infringement of industrial design, and breach of confidential information.

Findings of the High Court

At the High Court, the High Court considered the issue of validity of the MY-567 patent first. After considering evidence from all witnesses including experts, the learned trial judge distilled five essential features of the MY-567 patent, namely that the floor trap disclosed in the patent:

- (i) was embedded in the floor slab;
- (ii) allowed liquid to flow in a concentric S-flow manner;
- (iii) comprised of three parts which worked together to form a floor gully/trap;
- (iv) was designed to enable a built-in water seal to be formed, by way of a fluid tight seal between the inner and outer portions of the floor trap (“**fluid tight feature**”); and
- (v) was capable of being repaired in the event of damage to the internal parts by removing and replacing the damaged portion, due to the inter-working of the three separate parts of the floor trap (“**reparability feature**”).

The learned trial judge also observed that the experts of both sides were on common ground that features (i) to (iii) above were present in both the MY-567 patent and another prior art document, i.e. one US Patent No. 3,042,210 entitled “Drainage Trap” (“**US Drainage Trap Patent**”). However, the experts differed in their opinions in respect of features (iv) and (v).

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On the issue of novelty, the learned trial judge made a finding that:

- (i) in respect of the “fluid tight feature”, this was anticipated by the US Drainage Trap Patent; and
- (ii) in respect of the “reparability feature”, this feature was held to be not found in Claim 1 of the MY-567 patent, and thus Spind could not claim a monopoly over this feature.

Based on the above, the learned trial judge concluded that the fluid tight feature and reparability feature were both not inventive concept, and hence the invention did not involve inventive step. As such, this formed one of the grounds which supported the High Court’s decision to invalidate the MY-567 patent. In light of the invalidation of the MY-567 patent, the High Court dismissed Spind’s claim for patent infringement.

Findings of the Court of Appeal

Spind appealed to the Court of Appeal against the decision of the High Court. The Court of Appeal unanimously dismissed the appeal and upheld the High Court’s findings on novelty and inventive step. In particular, and in relation to the “reparability feature”, the Court of Appeal quoted the High Court’s reliance on the 4-steps test from the case of **Windsurfing International Inc v Tabur Marine (Great Britain) Ltd** [1985] RPC 59 (or more commonly known as the ‘Windsurfing Test’) and affirmed the High Court’s finding that the feature being disclaimed (i.e. not expressly claimed) could not be an inventive concept.

In addition, the Court of Appeal also rejected Spind’s contention that the High Court erred in relying substantially on the opinion of one of the Respondents’ expert witnesses, Phang (DW3), who Spind argued was not independent and not a person having ordinary skill in the art. In this regard, the Court of Appeal held that the trial judge could construe patent claims without the assistance of persons skilled in the art, and any expert providing such assistance need not approximate a skilled person. The Court of Appeal also pointed to the fact that the learned trial judge did not accept Phang/DW3’s opinion wholesale but considered the evidence of the experts for both parties.

Appeal to the Federal Court

Leave was granted to Spind to appeal to the Federal Court based on the following questions of law:

- (a) whether for the purpose of considering whether a patented invention is inventive (or not obvious), the court is required to apply and carry out the 4-steps test from the case of **Windsurfing International Inc v Tabur Marine (Great Britain) Ltd** [1985] RPC 59 (or more commonly known as the ‘Windsurfing Test’) - i.e.

“The first is to identify the inventive concept embodied in the patent in suit. Thereafter, the court has to assume the mantle of the normally skilled but unimaginative addressee in the art at the priority date and to impute to him what was, at that date, common general knowledge in the art in question. The third step is to identify what, if any, differences exist between the matter cited as being “known or used” and the alleged invention. Finally, the court has to ask itself whether, viewed without any knowledge of the alleged invention, those differences constitute steps which would have been obvious to the skilled man or whether they require any degree of invention”? (Question 1)

- (b) whether there is a distinction to be drawn between determining the “claimed features” of the claims of a patent (for the purposes of assessing novelty and infringement) and determining the “inventive concepts” of the invention in the patent (for the purpose of assessing inventiveness)? (Question 2)

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- (c) if the answer to Question 2 is in the affirmative, whether an assessment of the "inventive concepts" of the invention is to be confined to just the claims of the patent or should be construed from reading the patent specifications as a whole and with the common knowledge of the skilled person? (**Question 3**)

In answering **Question 1**, the Federal Court examined extensively the origin of the Windsurfing Test, as well as its applicability and judicial attitudes towards the test in other commonwealth jurisdictions such as the United Kingdom and Singapore.

In particular, the Federal Court considered in depth the analysis of the Singapore Court of Appeal in the case of **First Currency Choice Pte Ltd v Main-Line Corporate Holdings Ltd** [2008] 1 SLR 335 wherein the Singapore Court of Appeal discussed the advantages and disadvantages of the Windsurfing Test. After balancing all considerations, the Singapore Court of Appeal concluded that the test is "here to stay", although the Singapore Court of Appeal did caution that the Windsurfing Test should be regarded no more as a "useful guide" and that it "*should be borne in mind that the Windsurfing test is merely a manifestation of judicial inventiveness on how best to pragmatically interpret and elucidate the requirements of s 15 of the Act*".

The Federal Court also took notice that in the United Kingdom, the Windsurfing Test had undergone reformulation by the Court of Appeal in the case of **Pozzoli SPA v BDMO SA & Anor** [2007] EWCA Civ 588, wherein the reformulated test is as follows:

- (a) *identify the notional 'person skilled in the art';*
- (b) *identify the relevant common general knowledge of that person; (2) Identify the inventive concept of the claim in question or if that cannot readily be done, construe it;*
- (c) *identify what, if any, differences exist between the matter cited as forming part of the "state of the art" and the inventive concept of the claim or the claim as construed;*
- (d) *viewed without any knowledge of the alleged invention as claimed, do those differences constitute steps which would have been obvious to the person skilled in the art or do they require any degree of invention?*

After reviewing the case law and precedents and taking into consideration comments and approaches towards the test in other countries, the Federal Court answered **Question 1** in the affirmative, and concluded that:

- (a) there is merit in the Windsurfing Test as "*a good starting point for analysing the issue of inventive step*";
- (b) the structured approach as provided in the Windsurfing Test offers a useful framework for considering the various factors involved in the assessment, and provides some clarity of reasoning and consistency of approach;
- (c) it is not necessary to adopt the reformulated test (as adopted by some English Courts post – **Pozzoli** (*supra*));
- (d) Courts should be wary of over-elaborating the statutory requirement. The Federal Court commented that while the four-step test will be a helpful guide in most cases, "*the individual steps should not be taken as set in stone and mechanically applied, especially where the evaluation of a straightforward factual scenario may be derailed by ancillary debates on niceties*" and that the courts "*must always bear in mind that the ultimate question, expressed in section 15 of the Patents Act 1983 and contained in the fourth and final step, is simply whether the invention is obvious to a person having ordinary skill in the art, having regard to the prior art*";
- (e) Courts should be wary of danger of hindsight and should decide obviousness (inventive step) based on primary and secondary evidence, including expert evidence; and

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- (f) while the 2nd and 4th steps in the Windsurfing Test require the Court to assume the mantle of the notional person having ordinary skill in the art (which is akin to the concept of hypothetical skilled but unimaginative addressee in the United Kingdom), this does not mean that in order to establish these steps, an expert witness called by the parties needs to approximate a notional skilled person - for the simple reason that what is more important are the reasons for the expert's opinion that matter, and these reasons do not depend on how closely the expert resembles the skilled man. In this regard, the Federal Court upheld the decision of the Court of Appeal which had referred to the case of **SKB Shutters Manufacturing Sdn Bhd v Seng Kong Shutter Industries Sdn Bhd & Anor** [2015] 6 MLJ 293 where the Federal Court previously observed that : *"...the function of the expert is to educate the court in technology and that they come as teachers, as makers of the mantle for the court to don. For that purpose it does not matter if they do not approximate a person skilled in the art..."*. The Federal Court held that even though the issue in the **SKB** case involves construction of patent claims, the Court's observation of the general principles and roles played by an expert in the **SKB** case is applicable in the present case.

Question 2

In answering **Question 2**, the Federal Court held that in determining both the scope of the claims for assessing novelty and the inventive concept for assessing inventiveness, the Court must look at the claims in the patent. The Federal Court in this regard observed as follows:

- (a) the starting point in patent litigation, whether to determine novelty, obviousness, or infringement, is to ascertain the scope of the claims in a patent;
- (b) once the scope of the claims has been ascertained, the questions of whether the claims are obvious, whether a piece of prior art anticipated the claims and whether there has been an infringement of the patent can then be answered in concrete terms;
- (c) the inventive concept of a patent must necessarily be identified by reference to its claims. In other words, the inventive concept is not one and the same as the claims; it is the core or essence of the invention;
- (d) the inventive concept of a patent is the "essence of the idea that is important in a patent"; and the "skilled man's take-home message" from the claims;
- (e) technical advantages of an invention which the patentee aimed to achieve, but are not included in the scope of the claims, do not constitute an inventive concept of a patent; and
- (f) there is no rigid rule to state at what level of abstraction, or how broadly or narrowly, the inventive concept of an invention is to be identified, and this has to be decided on a case by case basis having regard to the factual matrix of a case.

Based on the above, the Federal Court answered **Question 2** as follows:

"In determining both the scope of the claims for assessing novelty and the inventive concept for assessing inventiveness, the court must look at the claims in the patent. However, the inventive concept is not one and the same as the claims; it is the core or essence of the invention."

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Question 3

Based on the above, the Federal Court answered **Question 3** in the negative and held that:

- (i) the inventive concept of an invention is to be assessed by reference to the claims; and
- (ii) the inventive concept of an invention cannot be a vague or generalised concept excluded from the claims, but is derived from the specification as a whole.

Obiter

Interestingly, the Federal Court made an observation that since Phang/DW3 admitted during cross examination in the High Court that he had no hands-on or practical experience in the design, handling and installation of plumbing and sanitary systems, this necessarily meant that DW3 could not be considered as an expert as defined by **Section 45 of the Evidence Act 1950**, and accordingly Phang/DW3's personal opinion on the inventiveness or otherwise of MY-567 patent should not have been admitted. However, the Federal Court held that on the facts, there was no evidence that the trial Judge had relied substantially on the evidence of Phang/DW3 on the issue of inventiveness, and that Spind had failed to show that the inadmissibility of Phang/DW3's opinion invalidated the learned trial judge's finding on inventiveness.

Conclusion

The Federal Court's decision is timely and reiterates that the structured approach as found in the Windsurfing Test is still very much relevant and helpful in assisting the Courts in determining the inventiveness of an invention. In addition, the Federal Court's observation (albeit *obiter*) on who can be considered as an "expert" to testify on inventiveness of an invention would provide useful guidance to Courts in future in determining admissibility of so-called "expert" witnesses called to testify on issue of inventiveness of an invention or patent.

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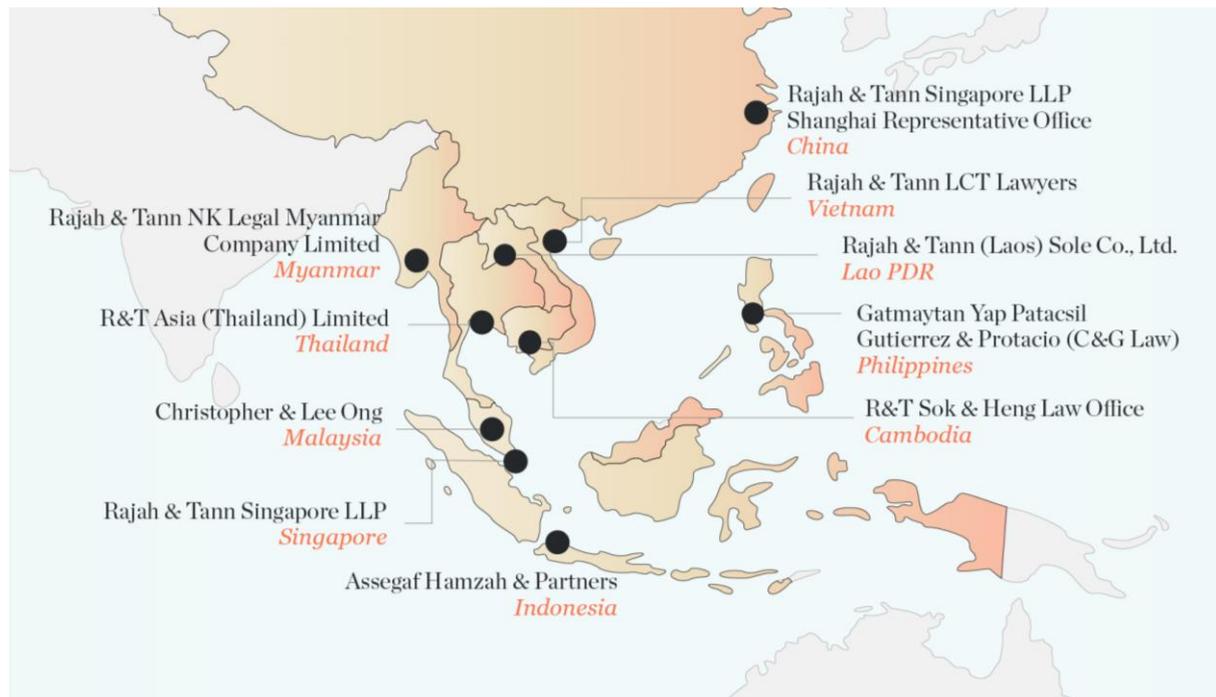
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