

PC
~~GM 4.6-2~~

Judgment
21, 1966

No. 26 of 1965

IN THE JUDICIAL COMMITTEE OF THE PRIVY COUNCIL

ON APPEAL
FROM THE FEDERAL COURT OF MALAYSIA

B E T W E E N :

LEE KAR CHOO trading
as YEEN THYE COMPANY (Respondent) Appellant

- and -

LEE LIAN CHOON trading
as CHUAN LEE COMPANY (Appellant) Respondent

CASE FOR THE APPELLANT

Record

1. This is an appeal from a judgment and order of the Federal Court of Malaysia (Appellate Jurisdiction) dated the 15th day of December, 1964 allowing the appeal from the judgment and order of Mr. Justice M.G. Neal at the High Court, Ipoh, in the Supreme Court of the Federation of Malaya, dated the 18th day of December 1963. pp. 54, 62.
2. The question in issue in this case are whether the Respondent had passed off or caused to be passed off goods not of the Appellant's manufacture as and for the goods of the Appellant, and whether the Respondent had infringed the Appellant's registered trade marks. pp. 24, 33.
3. The Appellant carries on business as a manufacturer of and dealer in tea and tea dust under the name of Yeen Thye Company at 49 Market Street, Ipoh, and has carried on such business for 24 years. p. 8, 1.14
4. The Appellant is the registered proprietor of two trade marks which were registered in the Register of Trade Marks for the Federation of Malaya, namely Trade Mark No. M/21085 registered as from the 14th day of March 1952 in class 30 in respect of tea and pp.74, 83.

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pp.75, 85.

tea dust, and Trade Mark No. M/31338 registered as from the 23rd day of March 1959 in class 30 in respect of tea leaves and tea dust. The Appellant undertook to use the former mark only in the colours yellow, red, blue, grey, green and white exactly as shown on the form of application.

p. 8, 1.22.

5. The evidence established that the Appellant had sold tea and tea dust for as long as 22 years prior to November 1963 (when he gave evidence) in packets with labels in all material respects similar to the said trade marks, and that his products were commonly known, and frequently asked for by customers, as "fish" brand, "red fish" brand, or "gold fish" brand, the labels having as a prominent feature a relatively large fish coloured red on a yellowish background. By reason of the long user of such labels upon the Appellant's goods, the latter have become identified in the minds of members of the purchasing public with a red or gold fish, such being the "idea" conveyed by the said labels and left in the minds of those who buy the goods. It is for this reason that the goods are asked for as "fish" brand, "red fish" brand and "gold fish" brand teas.

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p.19.

6. The Respondent is a tea dealer carrying on business under the name of Chuan Lee Company at No. 9 Jalan Datoh, Ipoh. He is the registered proprietor of Trade Mark No. M/33682 registered as from the 22nd day of June 1960 in class 30 in respect of tea and tea dust. The Respondent claims the right to use the said trade mark by virtue of section 52 (4) of the Trade Marks Ordinance 1950 of the Federation of Malaya (No. 26 of 1950). In any event, the said Ordinance does not protect the Respondent in respect of passing off his goods as the goods of the Appellant (c.f. section 60 of the Ordinance).

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p.24, 1.16.
p.55, 1.1.

7. The present action is the second action between the parties. The first action, Civil Suit No. 136 of 1961, was commenced on the 20th June 1961 by the Appellant as Plaintiff against the Respondent as Defendant, the Appellant alleging infringement of his Trade Marks and passing off, and asking for the appropriate remedies. The labels complained of in that action are those which appear on the packets of tea which are Exhibits P.5A to P.5E in the present action. The first action came on for hearing before Mr. Justice Neal on the 26th day of July 1961.

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p.24, 1.25.

Towards the end of the opening address of counsel for the Appellant, counsel for the Respondent stated that his client had no desire to infringe the Appellant's

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- trade marks or to pass off his goods, and the learned judge suggested that the proceedings appeared to him to be proper for settlement. The parties agreed to an order dismissing the proceedings, the Respondent undertaking not to infringe the Appellant's two registered Trade Marks and not to pass off goods not of the Appellant's manufacture as and for the goods of the Appellant. p.89.
- 10 8. After the said Order, the Respondent modified his labels, and used labels examples of which are on the packets of tea which are Exhibits P. 6A to P. 6E.
9. The present action, Civil Suit No. 311 of 1961, was commenced on the 29th December 1961 by the Appellant as Plaintiff against the Respondent as Defendant, the Appellant again alleging infringement of his registered Trade Marks and passing off and claiming the appropriate remedies. The Respondent, by his Statement of Defence, 20 claimed the right to use his registered Trade Mark, and denied infringement of the Appellant's registered Trade Marks and passing off. p.1,p./3.
p.6.
10. The action came on for hearing in the Supreme Court of the Federation of Malaya in the High Court at Ipoh before Mr. Justice Neal on the 26th and 27th days of November 1963, and judgment was reserved. The Appellant's evidence consisted of the Appellant himself, the former Deputy Registrar of Trade Marks for Malaya (Wee Bee Lee), two shopkeepers (Teoh Eng Soon and Teoh Aw Keng), and a retail customer. The Respondent's evidence 30 consisted of the evidence of the Respondent himself and two shopkeepers (Lee Koh Lay and Chong Lim Chong). p.8.
p.8.
p.11, 1.30.
p.13, p.16.
p.18
p.19
p.20, p.21.
11. Mr. Justice Neal delivered judgment on the 18th day of December 1963. He held that there had been no infringement of the Appellant's Trade Marks by the Respondent. On the issue of passing off, he came to the conclusion that despite the similarity of colouring the get-up of the Respondent's goods would not lead to confusion, especially when one considered the evidence of the manner of purchase by the public, the type of person who bought the tea or tea dust and the trade usage so far as it concerned retail buying and selling. He also 40 concluded that the evidence of the two retailers p.24.
p.27, 1.27.
p.28, 1.2.
p.28, 1.11.
p.28, 1.17.
p.28, 1.25.

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p.28, 1.33.

called by the Appellant disposed of the contention that actual confusion had been caused by the labels themselves. As, however, both retailers stated that they themselves had been guilty of practising a deceit on customers by supplying the customers least likely to cause trouble to them with the Respondent's tea knowing that what they really wanted was that of the Appellant, the learned Judge went on to consider whether or not, having regard to the facts that the Respondent had emphasised in his trade mark an essential part of the Appellant's mark (namely the red fish), and that (as he said at page 28 line 41) there was no possibility of public confusion, the Respondent ought to be restrained.

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p.32, 1.30.

After considering the authorities, particularly *Schweppes Ltd. v. Gibbens* (1905) 22 R.P.C. 113, 601, and *Office Cleaning Services Ltd. v. Westminster Window and General Cleaners Limited* (1946) 63 R.P.C. 39, the learned Judge, having come to the conclusion that the Respondent had used his trade mark in a manner which had enabled retailers to practice a deceit on the public, obviously asking for the Appellant's brand as opposed to the Respondent's brand, although he was not prepared to make a finding of fraudulent intent or deliberate intent to deceive, felt on the authorities to which he had referred that he should make an Order restraining the Respondent from using the labels complained of. He refused to make an order as to accounts or damages, but ordered delivery up or destruction of offending labels and blocks, and ordered the Respondent to pay the Appellant's costs. He made an order accordingly.

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p.32, 1.46.

p.33, 1.1.

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p.33, 1.30.

p.35

12. On the 10th day of January, 1964, the Respondent gave Notice of Appeal to the Federal Court of Malaysia against the said decision of Mr. Justice Neal. In a Memorandum of Appeal dated the 11th day of February 1964, the Respondent gave the following grounds of appeal:-

p.37, 1.5.

"The Learned Trial Judge having found as a fact that there was no infringement, no passing-off, no intent to deceive, and thing in the goods themselves which were likely to cause confusion was wrong in law and in fact in considering the Defendant has used this trade mark in a manner which enabled retailers to practise a deceit on members of the public and was wrong in law and in fact making an injunction against the firm from using the trade mark and ordering the delivery up and destruction of the labels."

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The Appellant will contend that this Memorandum of Appeal was inaccurate in stating that the Learned Trial Judge found no passing-off.

10 13. The appeal was heard by the Federal Court of Malaysia held at Ipoh (Thomson, Lord President, Malaysia; Syed Sheh Barakbah, Chief Justice, Malaya; Tan Ah Tah, Judge, Federal Court) on the 24th and 25th days of September 1964 and judgment was reserved. p.37.

14. The judgment of the Federal Court of Malaysia was delivered on the 15th day of December 1964 by Thomson, Lord President, Malaysia. p.54.

20 He stated that the principal ground of appeal was that the trial Judge having found that there was no infringement of the Appellant's trade mark, that the get-up of the Respondent's goods would not lead to confusion with those of the Appellant and that there was nothing in the Respondent's conduct in the nature of fraudulent intent or "deliberate intent" to deceive, should have found not only as he did find that there was no infringement but also that there was no passing off, and should accordingly have dismissed the action. The Lord President said that to that argument as thus stated the Appellant had no convincing answer, and that indeed there was none, and referred to the case of Schweppes Ltd. v. Gibbens (ante). p.56, 1.16. p.56, 1.28.

30 The Lord President said that the technical question of infringement of the Appellant's trade mark by that of the Respondent had not been very strenuously argued, and indeed could not be taken very far in view of the fact that the Respondent's mark was registered before the commencement of litigation. The Appellant does not accept that, in the circumstances of the present case, the fact that the Respondent's mark was registered before the start of litigation assists the Respondent, since in the Appellant's submission the user by the Respondent relevant to this case is not user of his trade mark within the meaning of the said Trade Marks Ordinance 1950. 40

The Lord President went on to say that it had, however, been urged with considerable force that the Judge's findings that the get-up of the Respondent's goods would not lead to confusion with p.57, 1.24.

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- p.57, 1.31. those of the Appellant and that there was nothing in the nature of fraudulent intent or "deliberate intent" to deceive were against the weight of the evidence. The Lord President said this argument called for careful consideration, particularly as it was difficult to resist the impression that the Judge might have prepared his judgment in some haste and might not have expressed very happily just what he had in mind. The Lord President said that what was important was not so much the general get-up of the packages in which the parties sold their tea, but the labels used on those packages, and went on to consider in detail the Appellant's labels and the Respondent's labels. He came to the conclusion that there was no reason to dissent from the trial Judge's findings that the get-up of the Respondent's goods would not lead to confusion with those of the Appellant, and that there was nothing in the evidence which would lead him to doubt the validity of that conclusion. Dealing with the evidence of the two retailers called by the Appellant, he said it was true that "these wicked grocers" were practising a deceit upon their more gullible or less discerning customers, but there was nothing to show that this was in any way facilitated by the get-up of the Respondent's tea, and the Respondents were not responsible for fraud of that kind.
- p.57, 1.36. 10
- p.59, 1.33.
- p.59, 1.37. 20
- p.60, 1.18.
- p.60, 1.37.
- p.61, 1.16.
- p.63. The appeal was accordingly allowed, and the judgment of Mr. Justice Neal was set aside, and the Appellant was ordered to pay the Respondent's costs of that appeal and the court below. 30
- p.70. 15. On the 22nd day of March 1965 the Appellant was given conditional leave, and on the 15th day of July 1965 final leave, by the Federal Court of Malaysia to appeal to His Majesty the Yang di-Pertuan Agong from the judgment of the Federal Court given on the 15th day of December 1964.
16. By the Malaysia (Appeal to Privy Council) Orders in Council 1958 and 1963 (S.I. 1958 No. 426 and S.I. 1963 No. 2086), the Judicial Committee of the Privy Council has jurisdiction in respect of this appeal from the Federal Court of Malaysia to His Majesty the Yang di-Pertuan Agong. 40
17. The Appellant will contend that for the reasons given hereafter, the judgment of the Federal Court of Malaysia on the question of passing off was

10 based on a misunderstanding of Mr. Justice Neal's judgment and was misconceived and was against the weight of the evidence, and that the judgment of Mr. Justice Neal was right in deciding that the Respondent should be restrained from passing off, though the reasons given by the learned Judge for so deciding are perhaps not entirely clear and on one view as the Federal Court appears to have thought may be argued to be inconsistent with his finding that the get-up of the Respondent's goods would not lead to confusion with those of the Appellant.

20 In the Appellant's submission, however, Mr. Justice Neal should be understood as saying that though at first sight it looked as if the Respondent's labels would not be confused with those of the Appellant, yet the evidence showed that dishonest traders had in fact made use of them in passing off the Respondent's goods as the goods of the Appellant, and that the mere use of the labels had enabled the retailer to achieve his dishonest purpose. In such an event, it mattered not whether the Respondent had a deliberate intention to enable traders to pass off or not. If by the mere use of the labels themselves, retailers were enabled to and did pass off the Respondent's goods as those of the Appellant to unsuspecting and illiterate customers, then that in itself is enough to justify restraint of the Respondent, and the correct finding in such 30 circumstances is that the labels in question are in practice calculated to deceive.

In the Appellant's submission, the above is a correct statement of the law, and it is the view which it is believed Mr. Justice Neal acted upon in coming to the conclusion and making the order which he did.

40 18. The learned Judge applied the right test in considering this question, the test propounded by Warrington J. in Schweppes Ltd. v. Gibbens and approved in the Court of Appeal and House of Lords in that case, namely:-

p.29, l.31.

"it is sufficient to enable the plaintiff to succeed if he shows that the get-up, the label, or whatever it may be, is of such a nature as is calculated to enable the retail

p.30, l.19.

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vendor to deceive the ultimate customer, a principle which nobody doubts."

p.32, l.30.

The learned Judge came to the right conclusion in finding that the Respondent had used his trade mark in a manner which enabled retailers to practise a deceit on the public obviously asking for the Appellant's brand as opposed to the Respondent's brand.

p.32, l.35.

Having come to that conclusion, it was not necessary for the Judge to find anything in the nature of fraudulent intention or deliberate intent on the part of the Respondent.

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p.17, l.8.,
p.14, l.10.

19. There is, in the Appellant's submission, ample evidence to justify the learned Judge's finding, and his finding was correctly made. The Appellant's trade witnesses, Teoh Eng Soon and Teoh Aw Keng, made it clear that the Respondent's labels on the shelf looked like the Appellant's and that without careful consideration one could not see the difference. They also made it clear that when unsuspecting customers, asked for "fish" brand, "red fish" brand, or "gold fish" brand, all the retailer had to do was to hand over packets of the Respondent's tea and the customers were completely deceived at the time. Furthermore in several cases the customers after trying the tea complained that this tea was not as good as the Appellant's tea sold previously under the same name.

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p.14, l.13.
p.16, l.24
and 30.
p.18, l.10.

There was according to their evidence no question of their having, for example, to make any representations that they were selling the Appellant's tea or to cover up the Respondent's label. Successful deceit depended merely on handing over the Respondent's goods in response to the order which was understood by the retailer to be for the Appellant's goods.

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p.56, l33.

20. The Appellant will contend that the Court of Appeal in their judgment failed to appreciate the reasons underlying the trial Judge's finding that the get-up of the Respondent's goods would not lead to confusion. The Court of Appeal completely failed to have regard to the trial Judge's finding that the Respondent had used his trade mark in a way which enabled retailers to practise a deceit.

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21. The Court of Appeal wrongly applied the principles laid down in the case of Schweppes Ltd. v.

Gibbens (ante) and failed to distinguish that case from the present case. In that case, the Defendant's label as it stood, if fairly used, was not calculated to enable a barman to deceive the customer. In the present case, the Respondent's label, as found by the learned trial Judge, enabled the retailers to practise a deceit on the public.

10 22. The Appellant contends that in such circumstances it is clear that the only proper inference is that the Respondent has by the adoption of his label stolen the "idea", namely "red fish" or "gold fish", of the Appellant's mark, and that the facts show that the label itself is sufficient to enable deceit to be successfully practised without any fraudulent act on the part of the retailer, additional to that of handing over the wrong packet in silence. The label itself in fact represents that the Respondent's goods are those of the Appellant, and there are present all the ingredients
20 necessary for a finding of passing off.

23. The Appellant will however contend that the Respondent's labels is used in practice with the large fish coloured red on a yellow background so nearly resemble the Appellant's Trade Marks and labels that, apart altogether from the evidence of the Appellant's trade witnesses, the proper conclusion is and Mr. Justice Neal and the Federal Court ought to have found that they are calculated to deceive and to lead to passing off and the
30 Respondent should in any event be restrained from using them.

24. On the issue of infringement of the Appellant's registered trade marks, the Respondent claimed that he was using his own registered trade mark and was entitled to so do by virtue of section 52 of the Trade Marks Ordinance 1950. The Appellant contends that the Respondent, by colouring the large fish red and colouring the nets and the small fishes and the words "Fishing Nets Brand" pale yellow on his
40 label, completely altered the emphasis of his mark. As registered, the main theme of the Respondent's mark was fishing nets, and the words "Fishing Nets Brand" emphasised that theme. As used in Exhibits P.6, A to E, the most prominent feature is the large fish, which has been picked out and coloured red and this transforms the mark from a "fishing nets" mark to a "red fish" mark. The Deputy Registrar of Trade Marks gave evidence that he would have taken a preliminary objection if P.6 had

p.12, 1.12.

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p.12, l.18.

been presented for registration in its present form, and that the prominent part of P.6 is a fish, not a net.

The Appellant will therefore contend that in using the labels on Exhibits P.6, the Respondent is not merely using his registered grade mark, but is using it in a way which alters the whole idea of the mark, so that it becomes in substance a different mark from that which is registered, that this is not a fair and proper use of the Respondent's mark in all the circumstances, including the well known as established use of the Appellant's Marks that it is not such a use as is protected by section 52 (4) of the Trade Marks Ordinance 1950, and that therefor the Respondent's registration ought not to protect him if his label would otherwise be held to infringe the Appellant's registered trade marks, and the Appellant will contend that the Respondent's labels do so infringe. 10

25. The proper conclusions may, therefore, in the Appellant's submission, be shortly stated as follows:- 20

(a) That the evidence showed that the Appellant's tea had been, for many years prior to the use by the Respondent of the labels complained of, commonly known as "fish" brand, or "red fish" brand, or "gold fish" brand tea, and was asked for under these names by customers, many of whom were illiterate, because such was the idea of the mark.

(b) That it was a fair and proper inference from the evidence that the Respondent by using labels in colours similar to those of the Appellant's label and with a red fish as a prominent feature in them had taken the idea of the Appellant's mark. 30

(c) That by the use of such labels, the Respondent had in fact enabled retailers to practise a deceit on the public.

(d) Such deceit was successfully achieved by the mere supply of packets bearing the Respondent's labels in place of those bearing the Appellant's labels, the suppliers knowing that the customer in fact wanted the Appellant's tea and believed that he was getting it. 40

(e) Such deceit by mere supply could not have been successfully achieved unless the "idea" of the

Appellant's label and mark, namely "red fish" or "gold fish" brand, was suggested by the Respondent's labels.

(f) The use by the Respondent of his labels was calculated to lead to confusion between the Respondent's tea and the Appellant's tea, and in law constitutes passing off of the Respondent's tea as and for the Appellant's tea.

10 (g) The use of the Respondent's mark in its altered form, emphasising the red fish rather than the fishing nets, is not a use protected by section 52 (4) of the Trade Marks Ordinance 1950, and the Respondent has infringed the Appellant's registered Trade Marks.

20 26. The Appellant humbly submits that this Appeal be allowed and that the Judgment and Order of the Federal Court of Malaysia dated the 15th day of December 1964 be reversed and set aside, and that the Judgment and Order of Mr. Justice Neal dated the 18th day of December 1963 may be restored or varied for the following among other

R E A S O N S

1. BECAUSE the Respondent, as is shown by the evidence, has by adopting his label with a prominent red or gold fish thereby represented that his tea is the Appellant's tea and has passed off his goods as and for the goods of the Appellant.
- 30 2. BECAUSE the Respondent has enabled retailers to pass off his goods as and for the goods of the Appellant by means of his labels which tell a lie.
3. BECAUSE the Respondent has infringed the Appellant's registered Trade Marks Nos. M/21085 and M/31338.
4. BECAUSE the Respondent should be restrained from using the labels complained of, and the offending labels and blocks should be destroyed or delivered up to the Appellant.
- 40 5. BECAUSE the Respondent should be ordered to give an account of profits or to pay damages for his infringement of the Appellant's Trade

Marks and for passing off his goods as and for the goods of the Appellant.

6. BECAUSE Mr. Justice Neal's conclusion that the Respondent should be restrained was correct, and the conclusion of the Federal Court that there was no passing off was wrong.

PATRICK GRAHAM

G.D. EVERINGTON.

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