

IN THE JUDICIAL COMMITTEE OF THE
PRIVY COUNCIL

No. 26 of 1965

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 -

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

CASE FOR THE RESPONDENT

THE PROCEEDINGS

1. This is an Appeal by leave of the Federal Court of Malaysia dated the 15th July, 1965 from an Order of that Court, holden at Ipoh, (Thomson, Lord President, Malaysia; Syed Sheh Barakbah, Chief Justice, Malaya and Tan Ah Tah, Judge, Federal Court) which allowed an Appeal from the Order of the Honourable Mr. Justice Neal dated the 18th December, 1963.

2. The proceedings were commenced in the High Court at Ipoh of the Supreme Court of the Federation of Malaya by Writ of Summons dated the 29th September, 1961, issued on behalf of the Appellant Lee Kar Choo (otherwise known as Lee Kah Choo) trading as Ye'en Thye Company against the Respondent Lee Lian Choon trading as Chuan Lee Company whereby the Appellant claimed

30 against the Respondents.

(i) an Injunction to restrain the Respondent from infringing the Appellant's

PC 87073
GM 62

Registered Trade Mark Nos. M21085 and M31338

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(ii) an Injunction to restrain the Respondent from passing off goods not of the Appellant's manufacture as and for the goods of the Appellant

(iii) an account and damages

and ancillary relief

3. By his Judgment dated the 18th December, 1963 Neal J. held that there had been no infringement of either of the Appellant's Registered Trade Marks by the Respondent but that the Respondent had used his Trade Mark in a manner which had enabled retailers to practice a deceit on the public and he ordered 10

(i) that the Respondent be restrained from using by himself, his servants, workmen, agents or otherwise however, the labels complained of

(ii) that the Respondent deliver up for destruction all such existing labels and blocks from which they had been printed 20

(iii) that the Respondent pay to the Appellant his costs of the suit to be taxed.

4. By Notice of Appeal dated the 10th January 1964 the Respondent appealed from the Judgment of Neal J. on the grounds, as appears from the Memorandum of Appeal dated the 11th February, 1964, that the Learned Judge having found as a fact that there was no infringement, no passing off, no intent to deceive, and nothing in the goods themselves which were likely to cause confusion, was wrong in law and in fact in considering the Respondent had used his Trade Mark in a manner which enabled retailers to practice a deceit on members of the public. The Appellant entered no Cross Notice of Appeal on the ground that the learned Judge was wrong in holding that there was no infringement of the Appellant's Registered Trade Marks or either of them or in holding that there was no intention to deceive on the part of the Respondent and no 30 40

direct passing off by the Respondent.

10 5. The Appeal came on for Hearing in the Federal Court of Malaysia holden at Ipoh, (Appellate Jurisdiction) before Thomson Lord President, Malaysia; Barakbah Chief Justice, Malaya and Tan Ah Tah Judge, Federal Court and by the Judgment of the Lord President on behalf of the full Court of the 15th December the Court unanimously allowed the Appeal and set aside the Order made by Neal J. From this Order the Appellant now appeals to Her Majesty in Council.

HISTORY

20 6. The Appellant is the Registered Proprietor of two Trade Marks registered in Class 30. The first Mark, No. M21085, was registered on the 14th March 1952 in respect of "Tea and tea dust" subject to the Appellant's undertaking to use the Mark only in the colours yellow, red, blue, grey, green and white, exactly as shown on the form of application. The second Mark, No.M31338, was registered on the 23rd March, 1959 in respect of "Tea leaves and tea dust" but was not the subject of any undertaking. Each Mark consisted of a label, the latter being similar to the former save only that it embodied labels adapted to be used at the ends as well as the sides of the packets of tea.

30 7. The evidence established that the Appellant had sold tea and/or tea dust under the labels the subject of the two Registered Trade Marks for a period of twenty-two years before the commencement of the present proceedings. The colours of the labels had always been the same as those in Exhibits P.1 and P.2 included in the Exhibits hereto, that is, they had always been predominantly red and yellow. Such tea had been sold in five sizes of packets but it was established by the evidence that these five sizes were common to the trade and that labels of predominantly red and yellow colouring were also common to the trade.

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8. The Respondent was also a tea merchant

carrying on business in Ipoh and on the 22nd June 1960 registered a Trade Mark No.M33682 in Class 30 in respect of "Tea and tea dust" which Trade Mark is and has at all material times been valid and subsisting. The representation of the said Trade Mark appears in Exhibit P.4.

9. In or about 1961 the Respondent commenced to sell tea in five sizes of packets, similar to the sizes of the Appellant's packets which were common to the trade, under two labels which bore his said Trade Mark and additional matter represented respectively in the manner shown in Exhibit C.11 and C.12. In June 1961 the Appellant commenced proceedings (Civil Suit 1961 No. 136) against the Respondent to restrain the Respondent from infringing the two Trade Marks at present in suit and from passing off and by Consent Order dated the 26th July, 1961 the Respondent by his Counsel undertook that neither he nor his trustees servants or agents or any of them or otherwise would at any time thereafter infringe either of the Appellant's said Trade Marks or pass off goods not of the Appellant's manufacture as and for the goods of the Appellants.

10. Later in 1961 the Respondent commenced to sell his tea in packets of the same five sizes bearing labels which had been altered from the labels of which complaint had been made in the Action 1961 No. 136. Packets of such tea of which complaint is now made by the Appellant appear as Exhibits P.6A to P.6E inclusive but the representations of the labels borne by these Exhibits are not included in the Record. The labels forming Exhibit 6 may be described by reference to Exhibit C.12 as having the following differences from Exhibit C.12.

the floral device on each side of the pictorial panel had been removed and there had been substituted therefor on each side two large Chinese idiographs in red and a curved device which might represent a rice or wheat ear or a

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number of bay leaves

- (ii) the words "Fishing Nets Brand" at the top of the pictorial panel are represented in yellow instead of black
- (iii) the pictorial panel is no longer rectangular but an oval, to some extent overlaid by other devices
- (iv) the address "No. 9 Jalan Datch, Ipoh" appears at the bottom of the label upon a curved scroll
- (v) certain Chinese characters appear above this address.

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ISSUE OF INFRINGEMENT

11. In the submission of the Respondent the question of infringement of the Appellant's Registered Trade Marks cannot be raised by the Appellant on this Appeal in view of the fact that, as above stated, there was no cross appeal from the Decision of the Trial Judge on this issue. But since this issue was referred to in the Judgment of the Lord President the Respondent will contend, if the issue is held to be open to the Appellant, that neither of the Trade Marks was infringed by the Respondent since the Respondent's label is not deceptively similar to the Appellant's label, as was held by both the Trial Judge and the Appellate Court. The Respondent respectfully submits that these findings were correct. Discounting features that are common to the trade, the Respondent submits that the only similarity between the Appellant's Trade Marks and the Respondent's labels P.6 lies in the representation of red fish on each label. In the Appellant's Trade Marks, the red fish is virtually the sole feature of the pictorial panel, whereas the pictorial panel in the Respondent's label carries a representation of trawlers casting yellow nets in a sea in which swim a number of fish, two of which are red. The end panels of the

Appellant's Trade Mark No. M.31338 bears the representation of a red fish, and the end panels of the Respondent's label bears a representation of a red net and a red fish, but in each case these representations are overlaid and partially obscured by written matter.

12. The Respondent would further contend, if the issue of infringement is open to the Appellant, that this issue must be determined in favour of the Respondent by reason of the provisions of Section 52 (4) of the Trade Marks Ordinance 1950 which reads "The use of a Registered Trade Mark, being one of two or more Registered Trade Marks which are identical or nearly resemble each other, in exercise of the right of the use of that Trade Mark given by registration as aforesaid, shall not be deemed to be an infringement of the rights so given to the use of any other of those Trade Marks".

The pictorial panel of the Respondent's label is the subject of Respondent's Registration No. 33682 and by reason of Section 52 (4) of the Ordinance cannot itself constitute an infringement of either of the Appellant's Trade Marks. The matter external to the pictorial panel of the Respondent's label, being Exhibit P.6, is quite different from the matter external to the pictorial panel in the Appellant's registrations and would lead away from, rather than lead towards, any confusing similarity between the respective pictorial panels.

13. Further, the Respondent will contend that the Learned Trial Judge was correct when he stated that Section 22 of the Ordinance conferred no benefit upon the Appellant. That Section reads "A trade mark may be limited in whole or in part to one or more specified colours, and in such case the fact that it is so limited shall be taken into consideration by any Court having to decide on the distinctive character

of such Trade Mark. If and so far as a Trade Mark is registered without limitation of colour it shall be deemed to be registered for all colours". The question of limitation to colour arises only in the case of Appellant's Trade Mark No. 21085 and the Appellant contended before the Learned Judge that the Undertaking, above referred to, amounted to a limitation to the colours specified. If the Trade Mark were so limited, then the fact that the Respondent's label was represented in similar colours to those referred to in the Undertaking could admittedly be taken into account when considering the similarity between the respective Marks. The Learned Judge stated, however, and in the respectful submission of the Respondent stated correctly

"It is to be noted that even on the evidence produced by the Plaintiff the Registrar has not stated that it is limited but merely that the Applicant has undertaken to use only certain colours. The registration is in my opinion not limited".

ISSUE OF PASSING OFF

14. On the issue of passing off, it is very relevant to consider, in the Respondent's submission, that the Learned Judge who had the opportunity of observing the demeanour of the Respondent and his witnesses in the witness box stated in his Judgment

"I am not prepared to make a finding of anything in the nature of fraudulent intent or deliberate intent to deceive".

a finding that was confirmed by the Appellate Tribunal. It is of course conceded that fraudulent or dishonest intention is not a necessary ingredient in the tort of passing off but as was stated by Earl Loreburn in Claudius Ash v. Invicta Manufacturing (29 R.P.C. 465 at Page 475)

"No Court would be astute when they discovered an intention to deceive, in coming to the conclusion that a dishonest defendant had been unsuccessful in his fraudulent design. When once you establish the intent to deceive, it is only a short step to proving that the intent has been successful, but still it is a step even though a short step".

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The differences between the Appellant's and the Respondent's labels are analysed in Paragraphs 11 and 12 hereof and the Respondent respectfully submits that the differences between the labels are so great that no case of deceptive resemblance could be established in the absence of fraudulent intent. Both Neal J and the Lord President held that there was no deceptive resemblance.

15. The Judgments of both Neal J. and of the Lord President analysed the resemblances between the Appellant's and Respondent's labels and, despite the fact that they properly, as the Respondent concedes, took into account the fact that purchases will frequently be made by illiterate people in dark and crowded shops, all the Learned Judges were of unanimous conclusion that there was no deceptive resemblance between the labels. Mr. Justice Neal said on this issue

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"There was also the evidence of two retailers who both sold tea of the Plaintiff and that of the Defendant. They were, in my opinion, honest witnesses and disposed of the contention made on behalf of the Plaintiff that there was actual confusion by the respective labels in the minds of the public. It is true that there were discrepancies in their evidence as between the examination in chief and cross-examination but read as a whole they fail to support the Plaintiff's contention of the possibility of

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confusion".

The two witnesses referred to were called on behalf of the Appellant (Plaintiff). The Lord President, in the Judgment of the Appellate Tribunal, confirmed this finding. No cross appeal was entered by the Appellant, against this finding of the Trial Judge.

10 16. Despite this finding of fact, however, Neal J. took into account the evidence of the two Appellant's witnesses above referred to in which, quoting from the Judgment

20 "They both 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 Defendant's tea knowing that what they really wanted was that of the Plaintiff. It was clear from the evidence that these witnesses were led to take this dishonest course by the fact that the Respondent's tea was cheaper and represented a greater profit to them than that of the Appellants".

In coming to this conclusion, the Learned Judge referred to a number of authorities and in particular to that of Schweppes v. Gibbens (22 R.P.C. 113 and 601) which authority was also relied upon by the Lord President. In that case Warrington J. stated, at Page 118

30 "In my view the Defendant's label is not, as it stands, if fairly used, calculated to enable a barman to deceive the customer. He may deceive the customer, because he may himself fraudulently use it in such a way as to effect the deception as was pointed out by Lord McNaughton in the Coffee Tin case, Peyton v. Snelling (17 R.P.C. 635) he may
40 cover up everything that is material but if he fairly uses the label - fairly shows the label to the customer - in my opinion there is no reasonable probability of a customer being deceived".

In the Court of Appeal, Romer L.J. stated

"But even if I could assume as against the Defendant in this case a fraudulent intent in the design which she may have got on her label, that would not carry me the full length. In order to make the Defendant liable I should be obliged to come to the conclusion, as a matter of fact, that the label she has designed is calculated to mislead". 10

The Judgments of Lord Justice Warrington and of the Court of Appeal were affirmed by the House of Lords at Page 601.

17. In the present case, notwithstanding the fact that Neal J. held

"I have come to the conclusion that despite the similarity of colouring the get-up of the Defendant's goods would not lead to confusion especially when one considers the evidence as to the manner of purchase by the public", 20

he nevertheless held that

"Having come to the conclusion therefor that the Defendant has used his Trade Mark in a manner that has enabled retailers to practice a deceit on the public obviously asking for the Plaintiff's brands as opposed to the Defendant's brand and although I am not prepared to make a finding of anything in the nature of fraudulent intent or deliberate intent to deceive, I feel bound on the authorities to which I have referred to make an order restraining the Defendant from using the labels complained of". 30

It is to be noted that the Learned Judge refused to make any order as to an account or damages. In the respectful submission of the Respondents the Order 40

made by Neal J. was not in accordance with the authorities and in particular the authority of Schweppes v. Gibbens (Supra) and was contrary to the evidence. In the respectful submission of the Respondent the true facts were stated by the Lord President

10 "Now it is of course true that these wicked grocers were practising a deceit upon their more gullible or less discriminating customers. There is, however, nothing to show this was in any way facilitated by the get-up of the Appellant's (now Respondent) tea. There is no evidence that the customers upon whom the deceit was practised being given any opportunity of seeing the two brands of tea side by side or even that the shopkeepers had any other brand in stock. The evidence simply was that these unscrupulous grocers concealed the existence of what they thought was better quality so that they could sell at a greater profit to themselves. It is difficult to see any distinction between them and the hypothetical wicked barman who sought to dilute their customer's whisky with the soda water of Mrs. Gibbens rather than that of Messrs. Schweppes (a reference to Schweppes v. Gibbens). Their conduct may have been reprehensible; it may have been fraudulent; but as was said by Lord McNaughton in the case of Payton & Co. Ltd. v. Snelling, Lampard & Co. Limited, another case where the facts were similar to those of the present case except that what was involved was tins of coffee and not packets of tea:- 'for fraud of that kind the Defendants are not responsible'".

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18. The Respondent therefore humbly contends that the Judgment of the Lord President was correct and should be affirmed for the

following amongst other

R E A S O N S

1. Because the Respondent had not infringed the Appellant's Registered Trade Marks or either of them.
2. Because the Respondent had not passed off his goods as and for the Appellant's goods.
3. Because the labels under which the Respondent sold his tea were not confusingly similar with the labels of the Appellant. 10
4. Because the Respondent was not responsible for any fraud committed by grocers who sold the Respondent's tea instead of the Appellant's tea.
5. Because the Appellant had not entered Cross Notice of Appeal against the Judgment of Mr. Justice Neal.
6. Because the Judgment of the Lord President was correct and should be upheld. 20

P. STUART BEVAN

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(Respondent) Appellant

- and -

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

C A S E

FOR THE RESPONDENT

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