

**IN THE FEDERAL COURT OF MALAYSIA  
(APPELLATE JURISDICTION)  
APPEAL NO. 02(f) – 97 – 12/2012 (W)**

**BETWEEN**

- 1. MAESTRO SWISS CHOCOLATE SDN. BHD.  
(Company Reg. No. 497331-X)**
- 2. MAESTRO SWISS PRODUCTS SDN. BHD.  
(Company Reg. No. 493763-T)**
- 3. MAESTRO SWISS CORPORATION (M) SDN. BHD.  
(Company Reg. No. 494331-H)**
- 4. MAESTRO SWISS HOLDINGS (M) SDN. BHD.  
(Company Reg. No. 494334-W) ... APPELLANTS**

**AND**

- 1. CHOCOSUISSE UNION DES  
FABRICANTS SUISSES DE CHOCOLAT  
(a co-operative society formed under title  
XXIX of the Swiss Code of Obligations)**
- 2. KRAFT FOOD SCHWEIZ AG**
- 3. NESTLE SUISSE SA ... RESPONDENTS**

**CONSOLIDATED WITH  
IN THE FEDERAL COURT OF MALAYSIA  
(APPELLATE JURISDICTION)  
APPEAL NO. 02(f) – 42 – 04/2014 (W)**

**BETWEEN**

- 1. CHOCOSUISSE UNION DES  
FABRICANTS SUISSES DE CHOCOLAT  
(a co-operative society formed under title  
XXIX of the Swiss Code of Obligations)**
- 2. KRAFT FOOD SCHWEIZ AG**
- 3. NESTLE SUISSE SA ... APPELLANTS**

**AND**

- 1. MAESTRO SWISS CHOCOLATE SDN. BHD.  
(Company Reg. No. 497331-X)**
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(Company Reg. No. 494331-H)**
- 4. MAESTRO SWISS HOLDINGS (M) SDN. BHD.  
(Company Reg. No. 494334-W) ... RESPONDENTS**

[In The Matter Of Civil Appeal No. W – 02 – 602 – 2010  
In The Court Of Appeal Malaysia

**Between**

- 1. Chocosuisse Union des Fabricants  
SuisSES de Chocolat  
(a co-operative society formed under title  
XXIX of the Swiss Code of Obligations)**
- 2. Kraft Food Schweiz AG**
- 3. Nestle Suisse SA ... Appellants**

And

1. Maestro Swiss Chocolate Sdn Bhd  
(Company Reg. No. 497331-X)
2. Maestro Swiss Products Sdn Bhd  
(Company Reg. No. 493763-T)
3. Maestro Swiss Corporation (M) Sdn Bhd  
(Company Reg. No. 494331-H)
4. Maestro Swiss Holdings (M) Sdn Bhd  
(Company Reg. No. 494334-W) ... Respondents]

[In The High Court Of Malaya At Kuala Lumpur  
Commercial Division  
Suit No. D2 – 22 – 1475 - 2005

Between

1. Chocosuisse Union des Fabricants  
Suisses de Chocolat  
(a co-operative society formed under title  
XXIX of the Swiss Code of Obligations)
2. Kraft Food Schweiz AG
3. Nestle Suisse SA ... Plaintiffs

And

1. Maestro Swiss Chocolate Sdn Bhd  
(Company Reg. No. 497331-X)
2. Maestro Swiss Products Sdn Bhd  
(Company Reg. No. 493763-T)
3. Maestro Swiss Corporation (M) Sdn Bhd  
(Company Reg. No. 494331-H)
4. Maestro Swiss Holdings (M) Sdn Bhd  
(Company Reg. No. 494334-W) ... Defendants]

Coram: Richard Malanjum, CJSS  
Abdull Hamid Embong, FCJ  
Suriyadi Halim Omar, FCJ  
Ahmad Maarop, FCJ  
Abu Samah Nordin, FCJ

## **JUDGMENT OF THE COURT**

### **Preliminary**

1. There are two separate appeals before us but heard together. The first appeal is by the four Appellants (the 1<sup>st</sup> to 4<sup>th</sup> Defendants in the Action) while the second appeal is by the three Respondents (the 1<sup>st</sup> to 3<sup>rd</sup> Plaintiffs in the Action).
  
2. In this Judgment unless otherwise stated the four Appellants are collectively referred to as the Defendants and the three Respondents collectively referred to as the Plaintiffs.
  
3. On 21.11.2012 this Court granted leave to appeal to the Defendants ('the First Appeal') on the following two questions:
  - i. Whether there should be two separate and distinct misrepresentation and confusion tests for the classical

and the extended form of passing off, despite the both of them being of the same genre and emanating from the same rational and philosophy, i.e., them being torts against unlawful and unfair trading?

ii. Whether a trade association who does not itself manufacture and sell products of the trade mark in dispute has the locus standi to sue for common law tort in passing off, whether in its traditional or extended form?

4. Subsequently, on 03.04.2014 this Court also granted the Plaintiffs leave to appeal ('the Second Appeal') on two questions:

i. *'Whether a trade mark or indication which is used not in a bona fide way and/or which use causes or is likely to cause confusion or deception to the public is a "geographical indication" coming within the ambit of s. 27(2) of the Geographical Indications Act 2000 ("GIA")?'*

ii. *'Whether s. 27(2) GIA is the governing and/or applicable provision where it is claimed that rights to a trade mark*

*have been acquired through use in good faith before the commencement of the GIA and thereby, the right to use the trade mark shall not be prejudiced by the GIA?*

### **Background Facts**

5. The 1<sup>st</sup> Plaintiff is a cooperative society formed in Switzerland. Its responsibility is to protect the worldwide reputation and goodwill of its members who are chocolate manufacturers in Switzerland. The 2<sup>nd</sup> and 3<sup>rd</sup> Plaintiffs are chocolates manufacturers in Switzerland and also members of the 1<sup>st</sup> Plaintiff.
  
6. The 2<sup>nd</sup> and 3<sup>rd</sup> Plaintiffs are in the business of manufacturing, supplying, selling and exporting for sale Swiss chocolates to countries worldwide including Malaysia. Examples of Swiss chocolates exported by the 2<sup>nd</sup> and 3<sup>rd</sup> Plaintiffs are 'Toblerone' and 'Nestle' chocolates respectively. Both have been supplying chocolates to Malaysia for at least 10 years and they claim that they have substantial goodwill and considerable reputation in this country related to the chocolates industry.

7. The Plaintiffs premised their claim against the Defendants on the assertion that the Defendants had wrongfully used the mark “Maestro Swiss” (the Mark) in relation to their chocolate products. The Plaintiffs pleaded that the wrongful use of the Mark amounted to misrepresentation and led to tort of passing off in an extended form.
8. Basically therefore the Plaintiffs are not complaining that the Defendants have been misrepresenting to the public that their chocolate products are the products of the Plaintiffs, a traditional or classical form of passing off.
9. What is contended and objected to is that through the use of the Mark the Defendants have wrongfully misrepresented and thereby *‘likely to cause consumers and members of the public to be confused or deceived as to the true place of origin and character of the Defendants’ “Vochelle” chocolates’* and that their chocolate products are ‘connected’ or ‘associated’ with the chocolate products of the Plaintiffs which shared the goodwill and reputation of being known as or under the trade name of ‘Swiss chocolate’. It is asserted that the words ‘Swiss chocolate’ carry the distinctive meaning and reputation as

belonging to a class of chocolates manufactured entirely in Switzerland and recognized as high quality and premium chocolates and are also taken by a significant members of the chocolate buying public in Malaysia to be so.

10. The Plaintiffs are also relying on the statutory protection against unlawful use of a geographical indication under the Geographical Indications Act 2000 (GIA). The Plaintiffs assert that they are 'interested persons' in respect of the geographical indication "Swiss" when used in relation to chocolates or chocolates products. As such the Plaintiffs alleged that the Defendants had used such indication unauthorized and wrongfully. The Plaintiffs contended that the words "Swiss chocolate" enjoyed distinguishing factors that the chocolate is made entirely in Switzerland and recognized as high quality and premium chocolates.

11. In their defence the Defendants argued that the Plaintiffs did not have any goodwill or reputation associated to their business activities in Malaysia. In addition, the Defendants averred that they never represented their chocolates products have connections with Switzerland. Indeed the Mark has been used

by the Defendants since the year 2000 and formed part of the Defendants' companies name or logo. As such the use of the Mark could not be regarded as having the effect of misrepresentation to the members of the public in Malaysia.

### **Before The High Court**

12. After a full trial the learned trial Judge dismissed the claim of the Plaintiffs. As against the 1<sup>st</sup> Plaintiff the learned trial Judge held that it had no locus standi to be a party in claim. It is not a chocolate manufacturer similar to the 2<sup>nd</sup> and 3<sup>rd</sup> Plaintiffs. As such it has 'no business interest or goodwill to protect' in Malaysia. The learned trial Judge substantially followed the reasoning of the English Court of Appeal in **Chocosuisse Union Des Fabricants Suisse De Chocolat and Others v Cadbury Limited [1999] RPC 826 ('Chocosuisse v Cadbury [1999]')**.
  
13. The claim by the 2<sup>nd</sup> and 3<sup>rd</sup> Plaintiffs was dismissed. The learned trial Judge held that the Defendants did not misrepresent that their chocolate products are in some way connected or associated with the Plaintiffs' chocolate products.

14. The claim of the Plaintiffs under GIA was also dismissed. The learned trial Judge was *'unable to accept that the designation or presentation of words "Maestro Swiss" on the packaging indicates or suggests in a manner, which would invariably mislead and deceive the Malaysian public that the chocolate originates from Switzerland for which the Plaintiffs can take a cause of action under section 5 of the' GIA.*

### **Before The Court Of Appeal**

15. The Court of Appeal allowed the appeal by the Plaintiffs against the dismissal of their claim. The Court held that the 1<sup>st</sup> Plaintiff *'has the requisite locus standi to initiate the action under common law as well as under the GIA'.*

16. The Court of Appeal also allowed the claim of the Plaintiffs against the Defendants for passing off in extended form.

### **Before This Court**

#### **Contentions Of Parties**

##### **For The Defendants**

##### **A. First Appeal**

##### **Question 1**

17. On the issue of passing off in extended form learned counsel for the Defendants submitted:

- a. that the High Court was not wrong in '*the application of the misrepresentation (confusion and deception test)*'. The High Court '*had rightly asked whether the disputed mark by the Defendants, Maestro Swiss, in the actual manner of use with all other elements found in their chocolate products and chocolate-related products, would be taken as Swiss chocolate*';
- b. that indeed the High Court '*adopted those "principles of comparison" solely for the purpose of assessing how the Defendants' chocolate products and chocolate-related products had been used in the course of trade in the open market. However, the Plaintiffs took out of context the mere use of the term 'comparison test' by the High Court. Accordingly the Plaintiffs submitted before the Court of Appeal that the High Court misapplied the misrepresentation test*';

- c. that as a result the Court of Appeal in its decision considered the facts of the case and placed undue weight on the market survey;
- d. that the Court of Appeal had not truly appreciated that while the different nature of activities indulged by the 1<sup>st</sup> Plaintiff might unavoidably give rise to goodwill, such *'goodwill was different from the goodwill that would have emanated from the manufacture and sales of chocolate products'*;
- e. that in fact *'there were never two separate misrepresentation/confusion tests, as the Plaintiffs would have'* the Court of Appeal believe';
- f. that *'misrepresentation/confusion test for extended form of passing off, i.e. whether the SWISS CHOCOLATE and the MAESTRO SWISS chocolates must be looked at together with the Plaintiffs and the Defendants' packaging for their respective chocolate products and or chocolate-related products in determining whether MAESTRO*

*SWISS chocolates are being misrepresented as SWISS CHOCOLATE products*’;

- g. that *‘the test is subsumed and formed part of the misrepresentation/confusion test for passing-off in general*’;
- h. that it *‘must follow thus that the tests for misrepresentation and confusion must be one and the same. There is no reason for them to be different*’;
- i. that *‘there are only two points of distinctions between the traditional and extended forms of passing off that the learned Judges are prepared to concede, namely, extended form of passing off protects traders as a class, rather than individuals; and extended form of passing off only protects descriptive terms;*’ and
- j. that in view of the Court of Appeal having been misguided due to the approach adopted by the Plaintiffs, the Federal Court should therefore be entitled to reconsider the facts of this case particularly in relation to

the market survey that did not specifically address the purported features of Swiss chocolate’.

### **Question 2**

18. In respect of Question 2 learned counsel for the Defendants submitted:

- a. that the Plaintiffs have no case in relation to the second question posed by the Defendant to this Court. The 1<sup>st</sup> Plaintiff, being a mere cooperative society and not involved in the manufacture or sales of chocolate products, did not have the locus standi to commence the Action.

### **B. Second Appeal**

#### **Questions 1 and 2**

19. As regards the Second Appeal, learned counsel for the Defendants submitted:

- i. that the leave questions of the Plaintiffs were granted due to the *‘misconceived premise that the Court of Appeal judges had considered section 27 (2)’* of the GIA when in

fact such section was inadvertently referred to instead of section 28(2) of GIA;

- ii. that this Court should correct the error since it would not occasion any miscarriage of justice. Section 27 (2) of GIA was never argued before the High Court and Court of Appeal'; and
- iii. that it was the finding of the High Court that the disputed mark MAESTRO SWISS & DEVICE was acquired by the Defendants through honest bona fide use before the commencement of the GIA on 15.8.2001. As such the *'packaging of the Defendants' product bears distinguishing word, which tells both the Defendants as Malaysian manufacturers and their chocolate products'*.

**For The Plaintiffs**

**A. First Appeal**

**Question 1**

20. In response learned counsel for the Plaintiffs argued:

- a. that the *'crux of the contention is whether the Defendants' use of the "Maestro SWISS" mark is likely to cause consumers and members of the public to be confused or deceived as to the true place of origin and character of the Defendants' "Vochelle" chocolates, to mistakenly think that the Defendants' chocolates are Swiss chocolates or are somehow associated or connected with Swiss chocolates or Switzerland, when this is not true'*;
- b. that *'what is misrepresentation in extended passing-off would also be based on the same fundamental principle underlying all actions in passing-off that nobody may represent his goods as the goods of someone else, with only the modification necessary to cater to the specific factual situation in extended passing-off arising from the descriptiveness of the term or name to be protected'*; and
- c. that in this case the Court of Appeal had correctly concluded that the Defendants by their use of the Maestro SWISS mark misrepresented their chocolate products to be Swiss chocolates. As such the Court had answered Question 1 of the Defendants' appeal.

## Question 2

21. In respect of Question 2 in the First Appeal learned counsel for the Plaintiffs submitted:

- a. that to '*have a valid action in passing-off (whether classic or extended form), an essential requirement is that the claimant's goodwill in his business will be or is likely to be damaged by the defendant's misrepresentation*';
  
- b. that in Malaysia a trade association would be entitled to an action in passing-off if it would suffer damage by a defendant's misrepresentation. The case of **The Scotch Whiskey Association v. Ewein Winery (M) Sdn Bhd [1999] 6 MLJ 280** is relied upon as the authority for the proposition and accepted by the Court of Appeal. The English case of **Chocosuisse Union Des Fabricants Suisse De Chocolat and Others, v. Cadbury Limited [1999] RPC 826** was not followed by the Court of Appeal; and

- c. that as such the 1<sup>st</sup> Plaintiff had the locus standi as a party to this Action. Question 2 of the Defendants' appeal has therefore been answered in the affirmative.

## **B. Second Appeal**

### **Question 1**

- 22. In respect of Question 1 in the Second Appeal learned counsel for the Plaintiffs submitted:

- i. that in order to *'be consistent with TRIPS and the Paris Convention and to give effect to Malaysia's obligations thereunder, the answer to the Plaintiffs' Question (1) would have to be "No", in that, a trade mark or indication which is used not in a bona fide way and/or which use causes or is likely to cause confusion or deception to the public is not a protectable geographical indication coming within the GIA or s. 27(2) GIA'*;
- ii. that *'where a geographical indication was in existence pre-GIA (the Defendants claim that "Maestro SWISS" was already used pre-GIA), s. 27(2) says that it is only in respect of things done before the GIA came into force on*

*15.8.2001 that may not be the subject of any legal proceedings. Things done after 15.8.2001 may still be the subject of legal proceedings. The Plaintiffs' Statement of Claim was filed on 10.10.2005 well after the GIA came into force. This is another obvious reason why s. 27(2) does not apply to the present case.'*

## **Question 2**

23. As for Question 2 in the Second Appeal learned counsel for the Plaintiffs contended:

- i. *that 's. 27(2) does not refer to nor stipulate on any matters concerning use, whether it be pre- or post-GIA use. This is itself sufficient basis to answer the Plaintiffs' Question (2) in the negative, that, s. 27(2) is not the governing provision when it is claimed that rights to a trade mark have been acquired through pre-GIA use in good faith;'*
- ii. that as such the High Court and the Court of Appeal erred in concluding that that s. 27(2) applied to defeat the Plaintiffs' GIA action';

- iii. that for 's. 28(2) to apply, it unambiguously requires the rights to a trade mark to have been acquired through pre-GIA use in good faith. Applying s. 27(2) in place of s. 28(2) to govern situations dealing with use pre-GIA will not only be unjustifiably broadening the scope of s. 27(2) beyond what s. 27(2) unambiguously provides but will also permit the requirement of s. 28(2), for rights to have been acquired through use in good faith, to be side-stepped;' and
- iv. that in 'any event, the Court of Appeal earlier found on established evidence that the Defendants' use of their "Maestro SWISS" mark was not bona fide use but was misleading and deceptive use giving rise to a false impression of a link with Switzerland and/or Swiss chocolates. Thus, no rights to the "Maestro SWISS" mark could have been acquired by the Defendants to invoke s. 28(2). The requirement that the pre-GIA use must be in use good faith is not satisfied here for s. 28(2) to apply.'

24. Thus, learned counsel for the Plaintiffs submitted that for Question 2 in the Second Appeal the answer must also be in the negative and that the appeal should be allowed.

### **Findings Of This Court**

25. We have noted the approach adopted by the Courts below. For the sake of consistency we propose to take the same approach. We will therefore consider first the issue of locus standi of the 1<sup>st</sup> Plaintiff contained in Question 2 of the First Appeal.

26. The learned trial Judge relied on decision of the English Court of Appeal in **Chocosuisse v Cadbury [1999]** (supra) which made reference to an earlier case of **The Scotch Whisky Association and others v JD Vintners Ltd (1997) Eur. L.R. 446** while the Court of Appeal adopted and approved the decision in **The Scotch Whiskey Association v Ewein Winery (M) Sdn. Bhd. [1999] 6 MLJ 280** as the exposition of the common law position.

27. Unfortunately, in **Scotch Whiskey Association v Ewein Winery** (supra) the High Court Judge did not mention or refer to **Chocosuisse v Cadbury [1999]** (supra). There was no discussion

on that case or any reason for not considering it. In fact there was no reference to any authority decided by the courts in Malaysia or elsewhere when the learned High Court Judge made this pronouncement at page 286:

*'The first plaintiffs have both pecuniary and other interests in preventing damage to the goodwill of their members, all of whom are distillers and/or blenders and/or exporters of Scotch Whisky. The first plaintiffs collect subscriptions from their members to enable them to carry out their objects, which include the protection of the interests of the Scotch Whisky trade by means of legal proceedings. One of the principal interests of the Scotch Whisky trade is the goodwill in Scotch Whisky worldwide. If the goodwill in Scotch Whisky in Malaysia is being damaged by unlawful acts, it is the first plaintiffs' duty to take legal proceedings to protect the said goodwill. Furthermore, if such action is not taken and the goodwill in Scotch Whisky is damaged, the members of the first plaintiffs will be less willing and less able to pay subscriptions to the first plaintiffs.'*

28. We recognize the logic in what was said by the learned High Court Judge in the **Scotch Whiskey Association v Ewein Winery** (supra). But, with respect, we are unable to find in the judgment whether he was merely regurgitating an established common law principle on locus standi of trade association in passing off action or making a pronouncement of the common law principle for Malaysia on the subject. Most likely the judgment of the English Court of Appeal was not available at that point in time. But surprisingly even the Court of Appeal in this instant case chose to ignore **Chocosuisse v Cadbury [1999]** (supra) preferring to cite the first instant decision in **Chocosuisse Union des Fabricants Suisse de Chocolat and Others v Cadbury [1998] R.P.C. 117** in which Laddie J. briefly quoted Lord Diplock's speech in the **Erven Warnink Besloten Vennootschap and Another v J. Townend & Sons (Hull) Ltd. and Another [1979] AC 731** ('the Advocaat' case) to substantiate his reasoning.

29. Meanwhile, as said above the claim of the Plaintiffs including the 1<sup>st</sup> Plaintiff is for passing off in the extended form. As such it is necessary for the Plaintiffs including the 1<sup>st</sup> Plaintiff to show that it too has 'any business interest or goodwill' which it is

entitled to protect in an action in Malaysia for passing off against the Defendants.

30. In this instant case the learned trial Judge found as a fact that the 1<sup>st</sup> Plaintiff failed to show that it had satisfied the requirement while the Court of Appeal did not deal with the issue preferring only to rely on **Scotch Whiskey Association v Ewein Winery** (supra).

31. The English Court of Appeal in **Chocosuisse v Cadbury [1999]** (supra) clearly ruled that a mere trade association does not have the locus standi to sue whether in its own right or in a representative capacity under Order 15, rule 12(1) of the former English Rules of the Supreme Court 1965. There is an equivalent Order under our former Rules of the High Court 1980 which is the relevant Rules for this instant case. But the 1<sup>st</sup> Plaintiff is not acting in a representative capacity. As such it is an academic point.

32. And Professor Christopher Wadlow in his book '**The Law of Passing-off Unfair Competition by Misrepresentation 4<sup>th</sup> Edition**' wrote this at page 135 (3-043):

*'...It is more than arguable that Chocosuisse provided its services wherever Swiss chocolate was eaten or counterfeited, and that its goodwill extended correspondingly widely. However, such goodwill as it may have had in England was of a very narrow character and was not at risk of being damaged by what Cadbury were doing.'*

33. Accordingly and with respect we are therefore of the view that the learned trial Judge was correct in holding that the 1<sup>st</sup> Plaintiff did not have 'any business interest or goodwill' which it is entitled to protect in an action in Malaysia for passing off against the Defendants. As such in this instant case the decision of the Court of Appeal on this issue cannot be sustained. Henceforth, our reference to the Plaintiffs in relation to the claim for passing off in extended form is therefore confined to the 2<sup>nd</sup> and 3<sup>rd</sup> Plaintiffs.
  
34. Our answer to **Question 2** in the First Appeal is therefore in the negative.

35. As to whether the 1<sup>st</sup> Plaintiff has the locus standi under GIA as held by the Court of Appeal this is not within the ambit of Question 2 in the First Appeal.
36. However, for completeness and not in relation to Question 2 we are inclined to agree with the Court of Appeal that the 1<sup>st</sup> Plaintiff comes within the definition of "interested person" in section 2, read together with section 11 and section 5 of GIA *'the cumulative effect of which empowers' the 1<sup>st</sup> Plaintiff 'to commence this action'*.
37. In respect of Question 1 in the First Appeal, learned counsel for the parties are in fact on common ground. Sieved from their submissions it is clear that both sides are on the same page in relation to the test applicable for classical or traditional form of passing off and passing off in extended form. Both agreed, albeit differing in their wordings, that in fact for classical or traditional passing off as well as passing off in extended form, the test is premised generally on the same principle in that, as submitted by learned counsel for the Plaintiffs, *'nobody may represent his goods as the goods of someone else'*. However, for passing off in extended form there is the need for

*'modification necessary to cater for the specific factual situation arising from the descriptiveness of the term or name to be protected'*. Or as learned counsel for the Defendants submitted, in fact *'there were never two separate misrepresentation/confusion tests'*.

38. As such in answer to Question 1 in the First Appeal there is no issue of having *'two separate and distinct misrepresentation and confusion tests for the classical and the extended form of passing off'*.
39. Indeed it should be noted that basically there is only one tort of passing off based on the recognition that misrepresenting one's own goods as the goods of someone else is not a separate genus of actionable wrong but a particular species of wrong included in a wider genus. In fact long before the concept of passing off in extended form was fully recognized Lord Herschell in **Reddaway v. Banham [1896] A.C. 199** at page 211 when, in speaking of the deceptive use of a descriptive term, said this:

*"I am unable to see why a man should be allowed in this way more than in any other to deceive purchasers into the belief that they are getting what they are not, and thus to filch the business of a rival."*

40. And in **A. G. Spalding & Bros. v. A. W. Gamage Ltd. (1915) 84 L.J. Ch. 449** the 'right the invasion of which is the subject of passing off actions as being the property in the business or goodwill likely to be injured by the misrepresentation' was identified. (See also: **Bollinger & Ors v Costa Brave Wine Co Ltd [1960] 1 RPC** ('the Spanish Champagne case'). These cases confirmed the concept of passing off in extended form.
41. Subsequently, the House of Lords in **Advocaat case** (supra) eruditely discussed the concept and the test applicable.
42. Lord Diplock in his leading speech in **Advocaat case** (supra) began by stating that the cause of action of the plaintiffs was not the classic form of passing off but in an extended form. The House of Lords was therefore invited to consider whether it should give its seal of approval to the concept.

43. His Lordship went on to list five characteristics which must be present in order to create a valid cause of action for passing off namely:

*'(1) a misrepresentation;*

*(2) made by a trader in the course of trade;*

*(3) to prospective customers of his or ultimate consumers of goods or services supplied by him;*

*(4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence); and*

*(5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so.'*

44. However, a caution given by Lord Diplock must not be overlooked. He said this at page 742-743:

*“In seeking to formulate general propositions of English law, however, one must be particularly careful to beware of the logical fallacy of the undistributed middle. It does not follow that because all passing off actions can be shown to present these characteristics, all factual situations which present these characteristics give rise to a cause of action for passing off.” ...in an economic system which has relied on competition to keep down prices and to improve products there may be practical reasons why it should have been the policy of the common law not to run the risk of hampering competition..”... The market in which the action for passing off originated was no place for the mealy mouthed; advertisements are not on affidavit; exaggerated claims by a trader about the quality of his wares, assertions that they are better than those of his rivals even though he knows this to be untrue, have been permitted by the common law as venial "puffing" which gives no cause of action to a competitor even though he can show that he has suffered actual damage in his business as a result.”*

45. Meanwhile, Lord Frazer of Tullybelton in the same case said this at pages 755 -756:

*'... the plaintiff is entitled to protect his right of property in the goodwill attached to a name which is distinctive of a product or class of products sold by him in the course of his business. It is essential for the plaintiff in a passing off action to show at least the following facts:-*

- (1) that his business consists of, or includes, selling in England a class of goods to which the particular trade name applies;*
- (2) that the class of goods is clearly defined, and that in the minds of the public, or a section of the public, in England, the trade name distinguishes that class from other similar goods;*
- (3) that because of the reputation of the goods, there is goodwill attached to the name;*

(4) *that he, the plaintiff, as a member of the class of those who sell the goods, is the owner of goodwill in England which is of substantial value; (5) that he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill by reason of the defendants selling goods which are falsely described by the trade name to which the goodwill is attached.'*

.....

*'...it is not every falsehood told by a competitor that will give him a right of action. But where the falsehood is a misrepresentation that the competitor's goods are goods of definite class with a valuable reputation, and where the misrepresentation is likely to cause damage to established traders who own goodwill in relation to that class of goods, business morality seems to require that they should be entitled to protect their goodwill. The name of the tort committed by the party making the misrepresentation is not important, but in my opinion the*

*tort is the same in kind as that which has hitherto been known as passing off.'*

46. In this instant case the learned trial Judge on the evidence before him said this:

*'...the class of goods to which the trade name "Swiss chocolates" applies is the class of chocolates, which meet the distinguishing factors as pleaded by the Plaintiffs where they are manufactured entirely in Switzerland and recognized as high quality and premium chocolate.'*

47. In other words the learned trial Judge accepted that the trade name 'Swiss chocolates', to the chocolate buying public in Malaysia, has the goodwill and reputation of being high quality and premium chocolates manufactured entirely in Switzerland. And that the 2<sup>nd</sup> and 3<sup>rd</sup> Plaintiffs are entitled to protect by way of an action for passing off in extended form the 'right of property in the goodwill attached' to the trade name 'Swiss chocolates' which is distinctive' of the chocolate products supplied or sold by them in Malaysia.

48. Having made those findings the learned trial Judge asked himself *'whether the use of the words Maestro SWISS by the Defendants on their chocolate product, in the circumstances of the present case, has led or is likely to lead ordinary members of the chocolate-buying public in Malaysia to believe that the chocolate is a Swiss chocolate.'*
49. The learned trial Judge also observed that the word 'Swiss chocolates' was never on the packaging of the Defendants' products and emphasized that the use of the Mark on their chocolate products was not in any way connected or associated to the use of the word "SWISS" alone.
50. Hence, upon seeing and examining the Defendants' VOCHELLE get up and packaging, taking into account other factors such as the printed words on packaging of the Defendants' products expressing that the Defendants were Malaysian manufacturer, the learned trial Judge concluded that:

*“... Any suggestion of a possibility of a damaging association or deception and confusion capable of giving rise to a cause for complaint founded in passing off or unfair trade competition is negated.”*

.....

*“...the use of the words “Maestro Swiss” by the Defendants on their chocolate product, in the circumstances of the present case is unlikely to lead members of the chocolate-buying ordinary public in Malaysia to believe that the chocolate is a high quality and premium Swiss chocolate.”*

51. Before us as alluded above learned counsel for the Defendants submitted that the Court of Appeal was misled by the Plaintiffs that the learned trial Judge had applied the ‘comparison test’ when in fact he did not. Accordingly we will proceed to examine if there is any merit in the submission by learned counsel for the Defendants.

52. Having carefully read the Judgments of the learned trial Judge and the Court of Appeal, we do not think there is any merit in the submission of learned counsel for the Defendants.

53. Indeed on one hand this is what the learned trial Judge said:

*'Now, the principles of comparison, as can be seen from decided cases such as the Supreme Court in Tohtonku Sdn Bhd v Superace (M) Sdn Bhd [1992] 1 CLJ (Rep) 344, Elba Group Sdn Bhd v Pendaftar Cap Dagangan dan Paten Malaysia & Anor [1998] 4 CLJ Supp 24, and McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation (supra) dictate that marks must be compared in their entireties set against circumstances of each mark's respective uses in the course of trade before any determination of likelihood of confusion or deception may be arrived at. Consideration must therefore be given to the other words, marks and devices as a whole and not merely one element in it.'*

54. On the other hand the Court of Appeal said, inter alia:

*'.... that in an action for passing off such as the one before us, which has been termed as "an extended passing off', the grievance is not that the use by the alleged infringer of such mark, name, description or other indication on his goods may induce members of the buying public to believe that the goods are manufactured by the complainant, but that such use has the likelihood of inducing the members of the buying public to believe that the goods bearing the impugned mark, name, description or other indication belong to a distinctive group of goods with recognisable and distinctive qualities that has acquired a certain goodwill and reputation.'*

.....

*'.... that in an "extended" passing off action such as this, the damage or likelihood of damage to be proved is to the reputation and goodwill that have been acquired by goods belonging to that distinctive group.'*

55. The Court of Appeal accepted the finding of the learned trial Judge that the description 'Swiss chocolate' connotes 'a class of chocolates which "meet the distinguishing factors as pleaded

*by the Plaintiffs where they are manufactured entirely in Switzerland and recognized as high quality and premium chocolate”*.

56. And the Court of Appeal proceeded to consider the issue of ‘likelihood of confusion’ and hence the use of the Mark by the Defendants.

57. Briefly we would say that the Court of Appeal was more concerned and rightly so whether the use of the Mark could misrepresent and *‘has the likelihood of inducing the members of the buying public to believe that the goods bearing’* the Mark, name, description or other indication belong to ‘the distinctive group of goods’ under the trade name ‘Swiss chocolate’ with the *‘recognisable and distinctive qualities that has acquired a certain goodwill and reputation’*.

58. As such we do not think there is any basis to say that the Court of Appeal was misled. At any rate it would appear from his Judgment that the ‘comparison test’ was very much in the mind of the learned trial Judge.

59. Anyway, the Court of Appeal reviewed the evidence adduced including results of the public survey (Exh. P.106) conducted by the Plaintiffs which was casually dismissed by the learned trial Judge as unreliable for three reasons, namely,

- i. that *'the survey does not represent a true cross section of the chocolate-buying public in Malaysia. The methodology adopted by PW5 when conducting the survey was by approaching passers-by near offices and supermarkets within Kuala Lumpur and Klang Valley only'*;
- ii. that *'the questions asked in the survey form were leading questions. The question presupposes that SWISS chocolates concept existed'*; and
- iii. that *'the surveys were conducted from 6-9 October 2009, four years after the filing of the present action'*.

60. Despite the reservations made by the learned trial Judge, the Court of Appeal said this:

*'We agree that the court must be cautious in considering and accepting a survey conducted by or on behalf of only one party in a dispute. However, being cautious is not equivalent to total disregard of such surveys. In our view the learned High Court Judge erred in not giving any consideration at all to the results of the random survey conducted by PW5.'*

61. And having dealt with each of the reasons given by the learned trial Judge in not relying on the public survey results the Court of Appeal said this:

*'The result of the survey indicate that some members of the public are likely to be confused into believing that the Vochelle brand of chocolates produced and marketed by the Respondents originated from Switzerland or are Swiss chocolates.'*

*'It is true that the result of the survey cannot be the basis for concluding that such likelihood of confusion existed, but they do support the evidence of PW6 and PW7, both*

*of whose evidence shows the existence of such likelihood.'*

62. We fully endorse what the Court of Appeal said on the acceptability of the results of the public survey conducted by the Plaintiffs.

63. We are also of the view that the Court of Appeal was correct in its conclusion on the issue of 'likelihood of confusion' when it said this:

*'In our view, had the learned High Court Judge given due consideration to all the evidence before him, he would have come to the conclusion, as we have, that there is a likelihood of confusion in the minds of some members of the public that the chocolate products manufactured and marketed by the Respondents come from that distinctive group of "Swiss chocolates".'*

64. Accordingly, we find no reason to disagree with the above findings and conclusions of the Court of Appeal. And as

indicated above the issue of different tests having been considered by the Court of Appeal did not arise.

65. Our answer to **Question 1** in the First Appeal is therefore in the negative.

66. We now come to the Second Appeal. From the submissions of learned counsel for the parties the preliminary dispute is whether section 27(2) or 28(2) of GIA was before the Courts below. In our view it is a matter of reading the respective Judgments. Meanwhile, in view of our concurrence with the Court of Appeal on the locus standi of the 1<sup>st</sup> Plaintiff under GIA, our reference to Plaintiffs in this Second Appeal would include the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Plaintiffs.

67. The learned trial Judge after having considered whether there was any basis for the Plaintiffs to claim under GIA proceeded to dismiss it. He said this, inter alia:

*‘Geographical indication is an indication of source; the indication connects a product to a particular geographical location. It is used to describe goods that originate from*

*particular geographic area. For instance, "Sarawak Pepper" is a geographical indication for pepper, which is produced in Sarawak, and "Sabah Tea" is an indication for tea from Sabah.'*

.....

*'The question now arises is whether Maestro SWISS as used on the Defendants packaging get up denote geographical indication within the GI Act. In my opinion, Maestro SWISS logo is not used on the Defendants' packaging to denote geographical indication. It is not a geographic indicator, unlike "Sarawak Pepper" or "Sabah Tea". I am unable to accept the proposition that the words "Maestro Swiss" inform consumers that the chocolate comes from Switzerland and that it possesses the qualities or characteristics for which that place is known. The packaging of the Defendants' product bears distinguishing word, which tells both the Defendants as Malaysian manufacturers and their chocolates products... I am unable to accept that the designation or presentation of words "Maestro Swiss" on the packaging indicates or suggests in a manner, which would invariably mislead*

*and deceive the Malaysian public that the chocolate originates from Switzerland for which the Plaintiffs can take a cause of action under section 5 of the GI Act.'*

.....

*'... the manner Maestro SWISS and device logo is presented and stylized is intended to be a corporate logo; it is used as part of the corporate image of the Defendant group of companies as the words. "Maestro Swiss" form part of the names of the Defendants.'*

68. In view of his finding the learned trial Judge did not have to deal with either section 27(2) or 28(2) of GIA.

69. The Court of Appeal disagreed with the learned trial Judge and said this:

*'The learned High Court Judge was of the view that the words "Maestro swiss" do not constitute a geographical indication. The Appellants contention however was that the word "Swiss" in "Maestro Swiss" - was sufficient to*

*indicate that the products to which the word was applied come from Switzerland.'*

*'We have carefully perused the grounds of judgment of the learned High Court Judge and found that the learned High Court Judge had dismissed the Appellants' claim under the GIA solely on the ground that the impugned words are not a geographical indication.'*

*'We are of the view that in the light of the definition of the term "geographical indication" in section 2 of the GIA and the evidence before the High Court, the learned High Court Judge erred in coming to that conclusion.'*

*'However, we took note of the fact that the learned High Court Judge had accepted the evidence of DW3 that the use of the geographical indication being challenged in this case pre-dated the date of commencement of the GIA. In those circumstances, we agree with the Respondents that subsection 27(2) of the GIA applies and thus the Appellants claim under the GIA must fail.'*

70. The meaning of 'geographical indication' in GIA is provided for under section 2. It reads:

*'In this Act, unless the context otherwise requires —*

*“geographical indication” means an indication which identifies any goods as originating in a country or territory, or a region or locality in that country or territory, where a given quality, reputation or other characteristic of the goods is essentially attributable to their geographical origin'*

71. And section 5 of GIA reads:

*'(1) Any interested person may institute proceedings in the Court to prevent, in respect of geographical indications —*

*(a) the use in the course of trade of any means in the designation or presentation of any goods that indicates or suggests, in a manner which misleads the public as to the geographical*

*origin of the goods, that the goods in question originate in a geographical area other than the true place of origin;*

*(b) any use in the course of trade which constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention as set out in the Schedule;*

*(c) any use in the course of trade of a geographical indication which, although literally true as to the country, territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another country, territory, region or locality; or*

*(d) any use in the course of trade of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question or a geographical indication identifying spirits for*

*spirits not originating in the place indicated by the geographical indication in question, even where the true origin of the wines or spirits is indicated or the geographical indication is used in translation or accompanied by expressions such as “kind”, “type”, “style” or “imitation”.*

*(2) The Court may grant an injunction to prevent any unlawful use of the geographical indication and award any damages and any other legal remedy or relief as it deems fit.’*

72. Meanwhile, it is important to note that the Court of Appeal after reviewing the evidence before it came to these findings:

*‘We have carefully examined the evidence adduced before the High Court. We found that the learned High Court Judge had, unfortunately, not given due consideration to the evidence before the Court which on the balance of probability shows a conscious use of “Maestro swiss” on the front part of the packaging so as*

*to give the impression of a link with Switzerland or a Swiss company.*

*PW2 was in fact part of the team that created the "Vochelle" brand name/trade mark. The history of the development of that brand shows that there was a conscious effort to create the impression of a link to Switzerland for marketing purposes.*

*.....*

*The evidence of PW2 was that the brand name "Vochelle" was created to compensate for the loss of Chocolate Products (M) Bhd's contract to manufacture and market the "Van Houten" brand of Dutch chocolates.*

*To overcome the possible non-acceptance of locally-manufactured chocolates amongst the local consumers, the company took the move of registering a company in Switzerland, calling it "Chocolate Vochelle S.A, which was a subsidiary of Chocolate Products (M) Bhd. The choice of Switzerland was deliberate, in view of the reputation of Swiss made chocolates.*

*The management then marketed "Vochelle", giving the impression of the existence of a Swiss connection by giving the impression that the chocolates were manufactured under licence from a Swiss company. "Vochelle", which was manufactured at Chocolate Product (M) Bhd's factory in Mak Mandin Industrial Estate in Penang, in reality had no Swiss origin nor connection.*

*It is quite significant that the manufacturer's details state that the chocolates are manufactured "UNDER LICENCE AND AUTHORITY OF THE TRADE MARK OWNER", who is not named, although evidence shows that the trade mark owner is Maestro Suisse Holdings (HK) Ltd.*

*Thus, the original impressions sought to be created starting from the incorporation of Chocolate Vochelle S.A (which has been renamed and is now in liquidation, according to PWI), were being continued and perpetuated by the Respondents in double measure by the use of the device "Maestro swiss - on the front part of the packaging.*

*That they have apparently succeeded in creating and maintaining that impression can be seen from the evidence of PW6 as shown in answer 25 in her witness statement (for which she was not cross-examined), and from the various online shopping sites (relevant of pages of which were adduced and admitted in evidence but not addressed at all by the learned High Court Judge).*

*'Had the learned High Court Judge given due consideration to the evidence before the Court we believe he would have concluded, as we have, that the use of the device "Maestro swiss" in the circumstances of this case was not a bona fide use of the Respondents' corporate name and/or logo.'*

73. Hence, in view of the findings of the Court of Appeal which are quite contrary to that of the learned trial Judge, it is therefore clear that the Court of Appeal found the use of the Mark by the Defendants did not come within the requirements of section 28(2) of GIA which reads:

*'28 (2) Where a trade mark has been applied for or registered in good faith, or where rights to a trade mark have been acquired through use in good faith either —*

*(a) before the commencement of this Act; or*

*(b) before the geographical indication is protected in its country of origin,*

*this Act shall not prejudice the registrability or the validity of the registration of the trade mark, or the right to use the trade mark, on the basis that such a trade mark is identical with or similar to a geographical indication.'*

74. We are therefore inclined to agree with the submission of learned counsel for the Plaintiffs that *'no rights to the "Maestro Swiss" mark could have been acquired by the Defendants as to invoke s. 28(2). The requirement that the pre-GIA use must be in use good faith is not satisfied here for s. 28(2) to apply.'* Thus, we find no merit in the submission of learned counsel for the Defendants that section 28(2) of GIA should be read into the Judgment of the Court of Appeal instead of section 27(2).

75. Next, we now deal with whether or not the Court of Appeal was correct when it said that *'the use of the geographical indication being challenged in this case pre-dated the date of commencement of the GIA. In those circumstances, we agree with the Respondents that subsection 27(2) of the GIA applies and thus the Appellants claim under the GIA must fail.'*

76. Section 27(2) reads:

*'In respect of a geographical indication in existence before the commencement of this Act, no suit or proceedings shall be brought under this Act for anything done before the commencement of this Act.'*

77. With due respect we are of the view that the Court of Appeal failed to appreciate that the claim of the Plaintiffs was filed after the commencement of GIA. Basically the purpose is to prevent the Defendants from continuing to use the Mark post GIA and not so much for *'anything done before the commencement of the Act'*.

78. In his submission learned counsel for the Defendants did not rely on section 27(2). According to him the Court of Appeal inadvertently referred to it. With respect we disagree. It is patently clear that the Court of Appeal, albeit erroneously and not inadvertently, was consciously referring to section 27(2) of GIA.
79. If the decision of the Court of Appeal in allowing the application of section 27(2) is upheld it would mean that the Defendants could continue to use the Mark despite the findings of the Court of Appeal that *'on the balance of probability shows a conscious use of "Maestro Swiss" on the front part of the packaging so as to give the impression of a link with Switzerland or a Swiss company'* and that the *'use of the device "Maestro Swiss" in the circumstances of this case was not a bona fide use of the Respondents' corporate name and/or logo.'* That would make section 28 (2) otiose.
80. Hence, for the above reasons we are inclined to agree with learned counsel for the Plaintiffs *'that, a trade mark or indication which is used not in a bona fide way and/or which use causes or is likely to cause confusion or deception to the*

*public is not a protectable geographical indication coming within the GIA or s. 27(2) GIA' and it 'is only in respect of things done before the GIA came into force on 15.8.2001 that may not be the subject of any legal proceedings. Things done after 15.8.2001 may still be the subject of legal proceedings.'* With respect the Court of Appeal therefore erred in relying on section 27(2) of GIA to dismiss the claim of the Plaintiffs under GIA.

### **Conclusion**

81. Accordingly, our answers to the Questions 1 and 2 in the First Appeal are in the negative. As for the Second Appeal our answers to Questions 1 and 2 are also in the negative.
  
82. In the upshot we dismiss the appeal with costs by the Defendants in the First Appeal in relation to the 2<sup>nd</sup> and 3<sup>rd</sup> Plaintiffs and allow the appeal with costs by the Plaintiffs in the Second Appeal.

83. We hereby allow the Orders as prayed for in paragraphs 40 (1) (a), (b), (c); 40 (3), (4), (5), (7), (8) and (9) of the Amended Statement of Claim.

Signed.  
**(RICHARD MALANJUM)**  
**Chief Judge Of Sabah And Sarawak**

Date: 3<sup>rd</sup> February, 2016

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