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Charitable Non-Profit Organisation Can Be Compensated for Loss of Reputation and Goodwill in a Trade Mark Infringement Case

PJ Uniform Sdn Bhd v St John Ambulans Malaysia (Pertubuhan Statutori Yang Diperbadankan Dibawah Akta (Perbadanan) St John Ambulans Malaysia 1972) [2019] 1 AMR 32

| by Bahari Yeow Tien Hong and Sonali Nadkarni (Pupil-in-Chambers) |

A registered trade mark is infringed by a person who uses a mark that is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods or services in respect of which the trade mark is registered.^[1]

The term “in the course of trade” has a special meaning under the trade mark law, and has been given a very wide meaning to include, among others, “business conducted for profit, business of a specified nature, a transaction with a person for a thing”.^[2]

Facts

St John Ambulance of Malaysia (SJAM) initiated a claim against PJ Uniforms (PJU) for trade mark infringement. The High Court allowed the claim.

PJU, a business entity, was made to pay RM220,000 in damages to SJAM, a charitable non-profit organisation for having infringed SJAM’s trademarked emblem for over 30 years by selling clothing items bearing a highly similar and clearly deceptive emblem.

Issues

In respect of the assessment of damages, the issue raised by PJU was that since SJAM is a charitable non-profit organisation, it would not suffer any losses from the sale of T-shirts that infringed on its trade mark.

Court of Appeal

PJU appealed on the ground that the amount of money awarded by the High Court was excessive.

Recently, the Court of Appeal dismissed PJU's appeal on the ground that the award was fair considering SJAM's longstanding existence and reputation, as the organisation had been associated with its trademarked emblem for roughly 100 years before it registered the trade mark.

In delivering the judgment of the Court of Appeal, Nallini Pathmanathan JCA (now FCJ) held that:

- (a) PJU continued to appropriate SJAM's emblem even after it had received warnings from SJAM, and therefore deliberately harmed SJAM's reputation and goodwill. PJU further added to losses by directly competing for sales and by wrongfully selling clothing items bearing the emblem that were excessively priced and of poor quality.
- (b) While loss of goodwill may be determined by the loss of monetary profits resulting from PJU's unauthorised use of the logo, loss of reputation is less tangible. The court cannot limit a claim to only one of these losses.
- (c) SJAM's goodwill is understood to be greater than that of a regular commercial entity as it is a charitable organisation which has received global recognition.
- (d) The actions of PJU affirmed that PJU was driven by purely mercenary desires, and reiterated that the appeal lacked merit, and so, should not succeed.

The Court of Appeal also commented that the sum of RM11,798 awarded to SJAM separately for loss of profits was a fairly low interpretation of the deserved damages. However, it was not plainly wrong and so would not be reviewed.

Conclusion

Based on the judgment of the Court of Appeal, the following salient points serve as a useful guide:

- ☞ Assessment of damages in an intellectual property (IP) case may either be for an account of profits, or for assessment of damages.
- ☞ Damages may be assessed premised on loss of reputation and goodwill. Reputation and goodwill are intangible.
- ☞ Loss of goodwill may be assessed by, inter alia, loss of profit.
- ☞ Loss of reputation is less easily assessed.
- ☞ It is not for the court to specify or to circumscribe or limit the claim to only either one or the other.
- ☞ Goodwill generated by a non-profit organisation may be greater than that of a commercial business.

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[1]

Trade Marks Act 1976, s 38

[2]

See *Mesuma Sports Sdn Bhd v. Majlis Sukan Negara Malaysia; Pendaftar Cap Dagangan Malaysia (Interested Party)* [2015] 6 MLJ 465, per Azahar Mohamed FCJ at paras. 52, 53 and 66; *Philip Morris Brands SARL v Goodness for Import and Export & Ors* [2017] 10 CLJ 337, per Wong Kian Kheong J at para 34; and *St John Ambulans Malaysia v. PJ Uniform Sdn Bhd* [2014] 1 LNS 1534, per Lim Chong Fong J