Malaysian Federal Court Rules On The Evidence of Non-Use

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At the first instance of the delicious saga of Oishi Group Public Company Ltd v Liwayway Marketing Corporation [2015] 2 CLJ 1121, Oishi Group Public Company Ltd ("**Oishi**"), a manufacturer and producer of beverages bearing the OISHI mark, had successfully expunged Liwayway Marketing Corporation's ("**Liwayway**") OISHI mark in Class 30 and 43 from the Register of Trade Marks ("**Register**"). The order for expungement is premised on the following grounds:

i. non-use under Section 46 of the Malaysian Trade Marks Act 1976 ("**the Act**"); and

ii. that the entries were made without sufficient cause and wrongfully remained on the Register - the term OISHI relates to surnames of prominent Japanese, bears reference to the goods i.e. food and drinks, and has a well known dictionary meaning.

The High Court held that Oishi had established a *prima facie* case of non-use via the market survey report and Liwayway failed to prove use. The invoices provided by Liwayway in support of the use of the mark was rejected as it was outside the relevant period of three years up to one month before the filing of the application to expunge for non-use. The Court also held that the temporary cessation of use of the mark for the purposes of obtaining halal certification does not qualify as special circumstances, a defence against expungement based on non-use, but a 'personal' commercial choice.

On appeal, Liwayway failed to set aside the order and the Court of Appeal affirmed the decision of the High Court. However, the Court had found that the Judicial Commissioner of High Court had erred in her findings as the validity of a trade mark under section 37 of the Act does not constitute a defence against a cancellation for non-use.

In the Federal Court, the lower courts' findings on the conclusiveness of the market survey report was picked apart, crushing Oishi's *prima facie* case, resulting in the expungement order to be set aside. The key question of law raised by Liwayway was whether the 'continuous period of not less than three years' of Section 46(1)(b) may be truncated and computed segmentally which is answered negatively by the Court.

The report was held to be non-compliant with the Whitford guidelines for the conduct of surveys for trade mark matters laid down in the case of *Imperial Group Plc. v Philips Morris Ltd & Anor* [1984] RPC 293. Amongst the criticisms posed by the counsel for Liwayway, the key issues that render the report defective are that the report only covered Class 30 goods at random locations and for a period of 10 days within the relevant period of three years.

The decision is significant to future "aggrieved persons" who wishes to rely heavily on market survey report as the evidence of non-use by the registered proprietor. They must ensure that the report strictly complies the Whitford guidelines such that the survey covers all the goods of the impugned trade mark, the entire relevant period of non use and a relevant cross-section of the public, at the minimum. Even so, the Court would not automatically discharge the burden of proof for non-use and would go on to consider and evaluate the sufficiency and weight of such evidence. Further, if the burden of proving *prima facie* case of non-use has not been discharged, the registered proprietor would not be required to prove that it had used the trade mark.

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