

Is my name truly mine? - *Mohammad Hafiz bin Hamidun v. Kamdar Sdn Berhad*

Last Thursday, 20 May 2021, the Federal Court in *Mohammad Hafiz bin Hamidun v. Kamdar Sdn Berhad*¹ was invited to answer the following question of law:

“In a common law claim for passing off where two (2) entities may be entitled to claim goodwill, who has the locus standi to commence an action in passing off as the owner of such goodwill?” (“Question”)

Brief Facts

Mohammad Hafiz bin Hamidun (“**Hafiz**”) is no stranger to the Malaysian public. He is known as a popular *Nasyid*² singer and song composer.

Much like other celebrities, Hafiz has also ventured in other businesses, including the fashion and apparel industry. To this end, Hafiz incorporated the company, Haje Sdn Bhd (“**HSB**”) (formerly known as Mikraj Concept Sdn Bhd (“**MCSB**”) that trades in *Baju Melayu* and *Kurtas*.

Kamdar Sdn Berhad (“**Kamdar**”) is primarily engaged in the business of selling fabrics with 29 stores located throughout Malaysia.

On or about February 2017, Hafiz received queries from his fans and/or social media followers whether the products sold by Kamdar bearing the label ‘Hafiz Hamidun’ was actually his. Alerted by this, Hafiz initiated an action against Kamdar for the tort of passing off on the premise that ‘Hafiz Hamidun’ is his unregistered trademark used for this fashion and apparel line.

The Bone of Contention

The crucial question that fell for consideration is simply ‘*Who owns the goodwill in the label ‘Hafiz Hamidun’? Was it Hafiz himself or his company, HSB?*’

The primary argument advanced by Kamdar in defence of the suit was a technical one – that the goodwill in the label ‘Hafiz Hamidun’ belonged to the company, HSB instead of Hafiz. Thus, Hafiz lacked the *locus standi* to commence the suit. In other words, Hafiz was not the proper plaintiff to initiate the suit (and it should have been HSB).

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¹ *Mohammad Hafiz bin Hamidun v. Kamdar Sdn Berhad* (Civil Appeal No. 02(f)-64-10/2020(W))

² *Nasyid* is a genre of traditional music incorporating Islamic elements and notions.

The High Court allowed Hafiz's claim against Kamdar for passing off and in so doing held, among others, that Hafiz was clothed with the requisite *locus standi* as the label 'Hafiz Hamidun' was so inextricably linked and instrumental to Hafiz's business that Hafiz had personally established goodwill in the label. In more colloquial terms, the learned High Court Judge was convinced that Hafiz had direct ownership and interest in the goodwill of the label 'Hafiz Hamidun'.

The Court of Appeal reversed the decision of the High Court on the technical point of law – that Hafiz did not have the *locus standi* to maintain his claim against Kamdar as the Court of Appeal opined that the goodwill was actually established in HSB (and not Hafiz).

Key Findings of the Federal Court

In setting aside the judgment of the Court of Appeal and restoring the judgment of the High Court, the Federal Court gave some much needed clarity on what is 'goodwill' and to whom does the 'goodwill' reside in:

- (a) 'Goodwill' may be defined as 'the attractive force which brings in custom';
- (b) Goodwill is different from 'reputation'. Something that is reputable and popular may not necessarily have goodwill. Goodwill is proprietary whereas reputation is not;
- (c) Goodwill, if it exist, is always attached to a business or trade;
- (d) Goodwill by its definition and in a business **may not necessarily be attached so strictly to any particular individual or group of persons**. Goodwill resides in the trade or in the goods or in the service or in the name, description or any other insignia, mark or distinguishing feature relevant to those goods or services;
- (e) Goodwill is a flexible and malleable asset in that it can manifest and be generated in a myriad of ways depending on the nature of the trade or business;
- (f) The unregistered trademark 'Hafiz Hamidun' is identified with Hafiz as he uses it and he has accumulated goodwill in it;
- (g) It is quite common commercial practice that celebrities might engage other corporations or establish corporation of his/her own to advance other business ventures, but that does not itself make the goodwill of said celebrity in those businesses any less their own;
- (h) In an event, there was an implied license between Hafiz and HSB for the latter to use the label 'Hafiz Hamidun' pursuant to their business arrangements; and

- (i) It was not for Kamdar, a mere outsider or third party to attempt to make a technical distinction to absolve itself of liability when it has no business using the unregistered trademark 'Hafiz Hamidun' without the consent of Hafiz.

In a lucid and illuminating Grounds of Judgment, including considering authorities from foreign jurisdictions, the Federal Court answered the Question as follows:

“In a common law claim of passing off involving the business indicium of a celebrity (whether his/her actual name, stage name, moniker or image of the person in question, etc.), and provided that goodwill is factually established, either the celebrity in question or any of his licensees (or any such related entity) has the locus standi to commence an action in passing off against the misappropriating third party.”

Conclusion

This case is a testament of growth and advancement in the intellectual property law regime in Malaysia. The Malaysian Courts are receptive towards foreign authorities when there are no local cases on a particular point.

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