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Court Rules in Favour of Winix America Inc in Cross-Border Transaction

On 12 February 2019, the High Court in two separate cases ruled in favour of Winix America Inc, a manufacturer of home appliances.

Sometime in March 2017, Winix America Inc sold a large quantity of home appliances to a local private label company, intended for the Malaysian market. The home appliances were shipped from Busan, South Korea to Port Klang, Malaysia. Although the local company proceeded to sell the home appliances, it alleged that the home appliances did not match their description.

Winix America Inc filed a civil suit against the local company for the value of the contract. The local company in turn filed a different suit against Winix America Inc, seeking to nullify part of the contract and to claim for special damages. Both suits were tried together.

One of the issues which arose for determination was whether Winix America Inc's logo should have been affixed on the home appliances. The local company argued that in the course of negotiations, parties agreed for the home appliances to have the logo of both Winix America Inc and the local company.

The High Court held that there was no evidence to support the local company's allegation on the issue of logo and ordered the local company to pay the value of the contract in full, together with interests and costs. The court also dismissed the local company's suit with costs.

The lesson that could be drawn from this case is the importance of proper documentation of agreements on matters as important as the use of logos on products.

Winix America Inc was represented by partner, SM Shanmugam, and senior associate, CK Lung, of Lee Hishammuddin Allen & Gledhill.

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