

**FORENSIC ANALYSIS OF HALAL LOGISTICS NON-COMPLIANCE: INVESTIGATING
CROSS-CONTAMINATION RISKS IN *HORECA FOODS (M) SDN BHD V MUHAMMAD
MAHFUZ BIN MOHAMAD YASSIM & ANOR***

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Article history:

Submission date: 1 September 2022
Received in revised form: 30 October 2022
Acceptance date: 7 November 2022
Available online: 10 December 2022

Keywords:

False Trade Description, Label, Trust, Halal Forensic

Funding:

This research did not receive any specific grant from funding agencies in the public, commercial, or non-profit sectors.

Competing interest:

The author(s) have declared that no competing interests exist.

Cite as:

Mohamad Dom, M. H. H. (2022). Forensic analysis of halal logistics non-compliance: Investigating cross-contamination risks in Horeca Foods (M) Sdn Bhd v Muhammad Mahfuz bin Mohamad Yassim & Anor. *INSLA E-Proceedings*, 5(1), 55-60.



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ABSTRACT

This paper examines the Malaysian civil case of Horeca Foods (M) Sdn Bhd v Muhammad Mahfuz bin Mohamad Yassim & Anor [2023] MLJU 2378, which addresses critical issues surrounding halal logistics non-compliance, cross-contamination risks, and regulatory enforcement within the supply chain. The dispute arose following the total commercial rejection of 112 bags of Parmesan Cheese Powder due to transit negligence, where food cargo was co-mingled with industrial chemical adhesives and exposed to rainwater. Employing a qualitative legal research method, this paper analyzes the facts of the case, the judicial reasoning regarding bailment and contractual duties under the Contracts Act 1950, and the implications of the decision from the lens of halalan-thayyiban principles and Malaysian logistics standards (MS 2400:2019). The court's landmark acceptance of visual forensic evidence—such as waterlogging, mold growth, and pest infestation without requiring a chemical laboratory report establishes a pragmatic evidentiary standard for food safety and security. The paper concludes that robust halal governance demands strict adherence to physical segregation and transport protocols to safeguard halal integrity and public health.

Introduction

The halal food industry's integrity does not only depend on sourcing halal ingredients at the production stage. It also requires sustaining safety, hygiene, and quality throughout the entire supply chain. Halalan-thayyiban refers to the lawful (halal) and wholesome (thayyiban) food product as defined by Islamic Jurisprudence. Thayyiban emphasizes food safety, guaranteeing the prevention of cross-contamination in transit and protection against foodborne and health hazards (Abdul Rahman et al., 2024). Nonetheless, it is a logistical phase in the food supply chain that is one of its weak links. Perishable goods undergoing this phase often suffer from physical, chemical, and biological contamination due to negligence of logistics operators.

The legal framework regarding food safety and food logistics in Malaysia is stringently enforced by legislation such as the Food Act 1983 and the Contracts Act 1950. When a logistics provider is acting as a legal bailee, the failure to take reasonable care over food cargo constitutes a breach of civil duties and food safety legislation. Mainstream courts explore these failures through a legal lens of negligent contract and financial liability. However, the science of Halal Forensic takes a broader approach by examining scientific, visual, and documentary evidence of contamination to demonstrate that the food was injured.

This case study reviews the court decision in *Horeca Foods (M) Sdn Bhd v Muhammad Mahfuz bin Mohamad Yassim & Anor* [2023] MLJU 2378, the contamination of 112 bags of Parmesan Cheese Powder during transit from Shah Alam to Malacca. The contamination of the cheese powder resulted from the carrier's failure to protect the cargo from rainwater and from mixing food products with industrial glue. This paper, titled *Forensic Analysis of Halal Logistics Non-Compliance: Investigating Cross-Contamination Risks in Horeca Foods (M) Sdn Bhd v Muhammad Mahfuz bin Mohamad Yassim & Anor* [2023] MLJU 2378, employs a qualitative legal research method. By reviewing court records and regulatory standards such as (MS 2400:2019), the case study reviews how visual forensic evidence is used in court to demonstrate food contamination, evaluates the standard, and assesses the care required to maintain Thayyiban quality in contemporary logistics.

Background of Halal Certification and Legal Framework in Malaysia

In modern supply chain management, halal logistics refers to the movement, storage, and handling of halal food products in a manner that strictly ensures halal and thayyiban integrity (Zulfakar et al., 2014). Jaafar et al. (2014) state that the notion of halal is not limited to the factory floor and non-halal materials, filth (najs), and hazardous elements need to be separated throughout the distribution process. Logistical issues are usually worsened when transportation companies fail to practice physical segregation. Transporting dairy products and other perishable foods in a sealed vehicle poses high risks if there is no temperature control, or if they are mixed with toxic chemicals like adhesives. (Zulfakar et al., 2014).

Cross-contamination during transit from biological or chemical directly threatens food safety and consumer health, resulting important need for strict physical segregation in supply chains (Jaafar et al., 2014). Biological contamination could be due to the rapid growth and proliferation of microorganisms such as mold and fungal colonies in cargo under high humidity or rainwater conditions due to insufficient canvas protection. Food safety and distribution in Malaysia is governed by the Food Act 1983. In Sections 13 and 13A of the Act prohibit the preparation and sale of poisonous, harmful, or otherwise unfit food items. This law makes it clear that any food package damaged to the extent that it cannot protect from outside contamination is a breach of national food hygiene standards.

In terms of commercial civil obligations, the business relationship between a food manufacturer and a logistics operator is essentially determined by bailment law under the Contracts Act 1950. If a carrier takes physical possession of commercial goods for transport, the carrier is also a bailee in the sense that he or she is to be rewarded for the service of the goods. Under Section 104 of the Contracts Act 1950, a bailee should consider the safety of the bailed goods and act with equal care to the prudent owner of similar bulk and value assets. As a result, an operational error, including failure to do so with canvas barriers or the use of unauthorized hazardous chemicals in transport, which is a failure to comply with transport conditions, is a breach of contract and the cargo is rejected.

Fact of the Case

Horeca Foods (M) Sdn Bhd, the plaintiff, is a commercial enterprise specializing in food products. Muhammad Mahfuz bin Mohamad Yassim, the first defendant, served as a lorry driver employed the second defendant, O&G Transport (Klang), a commercial transportation and logistics provider. Since February 2019, the plaintiff had engaged the second defendant as its third-party logistics provider. To meet the stringent cleanliness and hygiene standards required by the plaintiff's food manufacturing clients, the second defendant executed formal transport declarations and written guarantees (Exhibits D15 and D16). These contractual guarantees require that all vehicles used for transporting the plaintiff's food cargo remain clean, dry, free from toxic chemicals, and properly always covered with protective canvas.

The dispute arose on November 5, 2019, when the plaintiff engaged the defendants to transport 112 bags of Parmesan Cheese Powder from Shah Alam, Selangor, to the factory of Julie's Manufacturing Sdn Bhd in Alor Gajah, Malacca. The first defendant loaded the perishable goods at approximately 11:00 AM but departed without securing the cargo with the required protective canvas. During transit, the first defendant followed his employer's instructions to collect an additional commercial consignment from another industrial company in Klang. This secondary cargo comprised several industrial drums containing chemical adhesives and glues. As a result, the food products were transported alongside hazardous non-food chemical materials in the same vehicle.

During the joint delivery, the vehicle was exposed to a heavy rainstorm. Because the protective canvas was left partially open and not fully secured, rainwater entered the cargo compartment. The first defendant stopped on the highway to adjust the canvas only after the rain had begun. Rather than delivering the cargo immediately or taking steps to dry the wet goods, the first defendant returned to his residence and left the combined food and chemical consignment in the vehicle overnight. The goods were delivered to Julie's Manufacturing the following day, November 6, 2019, at approximately 3:00 PM.

Upon arrival, a quality-control inspection revealed significant physical and biological damage to the cargo. The inspection report explicitly stated that all transport pallets were waterlogged, moisture and vapor had penetrated, mold had seeped through the wrap film, mold had developed on the paper packaging, and a bottom layer of a live colony of ants was on the pallets. Due to the risk of imminent chemical cross-contamination and biological food safety hazards, Julie's Manufacturing Sdn Bhd issued a Non-Conformance Report (Exhibit P3), placed the entire batch on hold, and issued a Supplier Return Note (Exhibit D19) rejecting all 112 bags. As a result of this complete commercial rejection, the plaintiff commenced civil proceedings against both defendants on two primary causes of action:

First cause of action: breach of contractual guaranteed terms

The plaintiff alleged that the defendants breached the contract by not complying with the written transport declarations (Exhibits D15 and D16). The contract prohibited commingling food with toxic chemicals and required continuous, full-canvas coverage during transit to protect the food cargo. The driver's actions violated these essential terms.

Second cause of action: operational negligence and breach of bailment duty

The plaintiff argued that, under tort and bailment principles, the defendants breached their duty of care. Sections 101 and 104 of the Contracts Act 1950 require a private carrier, as a legal bailee for reward, to exercise ordinary prudence to protect the bailed goods. The driver's failure to deploy the full canvas before the rain, the exposure of dairy powder to chemical fumes, and the delivery delay constituted actionable professional negligence.

Analysis of the case and judicial findings

The fundamental legal issue in Horeca Foods (M) Sdn Bhd v Muhammad Mahfuz bin Mohamad Yassim & Anor [2023] MLJU 2378 was the court's view on visual forensic evidence and the liability of commercial carriers during cargo transport. Based on the evidence, the court found on behalf of the plaintiff by holding both defendants jointly and severally liable for the loss and destruction of the perishable food cargo. The second defendant breached the contract by failing to comply with the protection rules in Transport Declaration Letters (Exhibits D15 and D16), which required full canvas

cover and dry vehicle, as well as separation of food from hazardous non-food items. The first defendant also violated these terms by leaving the canvas unprotected, and by bringing industrial chemical drums with the food cargo.

Additionally, under the principles of negligence and bailment in Sections 101 and 104 of the Contracts Act 1950, the first defendant did not meet the required standard of care. The driver left the cargo unprotected in heavy rain and stored the damp food products in his home overnight, exposed to chemical fumes and the environment at large. The defense claimed that the plaintiff failed to prove actual contamination in the absence of a chemical laboratory report. The court rejected this argument, which set a good precedent for food safety cases in Malaysia. This case was thoroughly proven to the verdict as the cargo was visually and structurally destroyed (Non-Conformance Report (Exhibit P3) and Supplier Return Note (Exhibit D19) provided clear evidence of total cargo compromise).

The court relied on the oral testimony of the plaintiff's technical witness (SP3), a Quality Assurance Executive from Julie's Manufacturing Sdn Bhd, to promote the need for visual forensic assessment in food supply chains. According to SP3's inspection, the pallets were waterlogged, condensation was present in the stretch wraps, mold was on the packaging, and ants had infested the pallets. The court recognized that in line with industry standards, visible pest infestation and biological growth render raw ingredients unfit for manufacture or consumption. Requiring chemical laboratory examination in such clear cases would not meet the civil standard of proof. The defendants were subsequently ordered to pay RM 119,491.06, as visual forensic evidence is enough to prove a serious breach of food safety and contractual obligations.

Means of Evidence

To determine liability and verify cargo contamination in Horeca Foods, the court evaluated documentary, physical, and technical oral evidence. Under Malaysian civil procedure, the plaintiff must prove their claims on a balance of probabilities. To meet this standard, legal exhibits and professional testimony were submitted to reconstruct the environmental and operational conditions during transit.

Documentary Evidence

There were three documents that confirmed the contractual obligations and the operational breach. First, the Transport Declaration Letters (Exhibits D15 and D16) were reviewed, and the carrier was ordered to provide a clean, dry vehicle with a canvas cover and not to transport toxic chemicals during the same trip. Second, the Non-Conformance Report (Exhibit P3) was produced by Julie's Manufacturing Sdn Bhd's Quality Assurance team, to show that the cargo was rejected because of water in the container. Finally, the Supplier Return Note (Exhibit D19) was commercial proof that total economic loss was in fact incurred by the seller and that all 112 bags of Parmesan cheese powder were returned and rejected.

Physical Evidence

The physical evidence clearly highlighted biological and chemical cross-contamination risks. The main exhibit was the compromised consignment of 112 bags of Parmesan cheese powder. It was found that the pallets were waterlogged, there was a lot of condensation and moisture in the stretch wrap. Mold and fungal growth on the packaging as well as a live ant colony on the pallet base confirmed that biological deterioration had occurred. There were also industrial chemical drums full of adhesives and glues stored next to the food items, demonstrating a complete failure of halal segregation protocols.

Expert Witnesses

In order to determine whether the physical and visual condition of the food cargo justified total rejection without a chemical laboratory test, the court relied on technical oral testimony by the plaintiff. SP3, the Quality Assurance Executive at Julie's Manufacturing Sdn Bhd, who conducted the initial inspection, said liquid damage, live insect infestation and fungal growth on the food-grade paper bags violated the food safety rules and regulations required for commercial food production and processing. SP3 also said that clear visual evidence of biological damage in the raw ingredients is a good indication that raw food is unsuitable for human consumption and the laboratory was not needed to do the second laboratory test.

Discussion

The Horeca Foods decision provides an important framework for tackling current issues in halal logistics and sustaining Thayyiban values across the supply chain. From a halal forensic perspective, the failure to comply in transit in this case is more than just commercial negligence. It is a direct violation of the segregation rules set by Islamic law and Malaysian standards.

Thayyiban principles require that food stays clean, safe, and wholesome, protected from contamination from start to finish. Placing industrial toxic-chemical glues in the same compartment as food-grade Parmesan cheese powder immediately violated these Thayyiban standards. This is an operational non-compliance.

This failure to follow procedures violates Malaysian Standard MS 2400:2019 (Halal Supply Chain Management System Transportation Requirements), which requires that food be kept separate from hazardous non-food items to prevent chemical contamination. The risk of cross-contamination in Horeca Foods is similar to what happened in *Amalina Holdings Sdn Bhd v Mirha Exports Pvt Ltd* [2021], where poor quality control caused major supply chain problems. Malaysian civil law holds carriers strictly responsible for food-grade distribution.

As shown in *Lay Hong Food Corp Sdn Bhd v Tiong Nam Logistics* [2018], carriers must stop perishable goods from spoiling. At Horeca Foods, the driver did not secure the protective canvas during heavy rain, which is the kind of mistake that was punished at Lay Hong Food. This shows that transport providers cannot escape responsibility by blaming unanticipated weather.

A forensic inspection beyond extended laboratory analysis denotes a major shift in food security evidence standards. Sections 13, 13A(2), and 13A(3) of the Food Act 1983 criminalize the delivery and sale of food packages that are physically compromised, waterlogged, or infested, as these conditions cause the food not suitable for consumption. In Horeca Foods, visible mold and a live ant colony on the pallets provided immediate evidence of a bio-security breach.

This trust in visual indicators is consistent with the approach in *Chuang Hock Meng & Chung Hock Meng v Pegawai Kesihatan Daerah Hulu Langat* [2002], where clear visual signs of contamination were deemed sufficient to establish food safety violations without the requirement for thorough laboratory testing. Even though Horeca Foods was a civil case about contract damages, its influence goes beyond that, affecting buyer confidence and trade descriptions in the halal industry. Abdul Rahman et al. (2024) point out in their review of *Public Prosecutor v Wee Mee Industries Co Sdn Bhd* [1986] that misrepresenting food ingredients, such as using animal fats instead of vegetable-based ones, is a dishonest act that damages buyers' trust.

In the same way, the strict approach in *Mondelez Malaysia Sdn Bhd v Public Prosecutor* [2020] and *Nam Leong Department Store (Miri) Sdn Bhd v Public Prosecutor* [2013] under the Trade Descriptions Act shows that any mistake or omission that misleads consumers about a product's quality, safety, or nature will be strongly opposed by the courts. Horeca Foods is a clear reminder to the logistics sector that compliance with MS 2400:2019 is a legal requirement that protects public health and the integrity of the halal market.

Conclusion

We can see from the forensic analysis in *Horeca Foods (M) Sdn Bhd v Muhammad Mahfuz bin Mohamad Yassim & Anor* [2023] MLJU 2378 that halalan-thayyiban standards must be strictly maintained throughout transit. The court considered technical and visual forensic evidence (e.g. water ingress, rapid mold growth, pest infestation) as evidence of food safety contamination, and rejected the defense's request for chemical laboratory examination to prove damage and established a practical evidentiary standard to protect the food supply chain. Logistics service providers now need to be made accountable for transit and as bailees to be rewarded under the Contracts Act 1950 and consumer protection requirements of the Food Act 1983.

To prevent such supply chain failures and improve forensic standards in the industry, there are several recommendations for the industry at large. First, transportation companies should implement the MS

2400:2019 rules in day-to-day operations and make halal segregation a contractual obligation, not a marketing goal. Lorry drivers and warehouse staff should be trained to understand that mixing food-grade products with hazardous materials such as industrial adhesives creates a high risk of contamination.

Second, third-party logistics providers are required to implement smart tracking technology (like IoT devices in cargo areas) for real-time monitoring of moisture, canvas movement, and unauthorized route changes. The Horeca Foods case proves that maintaining thayyiban is an ongoing legal obligation that will guarantee that food delivered to consumers is clean, safe and wholesome.

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