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CONTRACTUAL INFRINGEMENT AND MISREPRESENTATION IN THE HALAL SECTOR: A CASE REVIEW OF PUBLIC PROSECUTOR V WEE MEE INDUSTRIES CO SDN BHD [1986] 1 MLJ 505

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ABSTRACT

The governance and structural collaboration between the public agencies and the private sector in the Malaysian halal economy is to uphold the trust of the international trade. This paper deals with the ethical & legal issues of breach of contract, IP infringement & misrepresentation in global halal promotional platforms. The paper explores the limits of co-operative agreements in the context of the organisation of flagship halal exhibitions by examining a case study of the landmark court case between Shapers International Sdn Bhd and the Halal Industry Development Corporation (HDC). Contractual ambiguities and overlapping jurisdictions threaten not only institutional integrity but also the very foundation of the public-private framework on which Malaysia's halal ecosystem is built. This case review examines the conflict between legal duties of contract law and intellectual property rights and the limits of commercial exclusivity against administrative overreach. The study further discusses avenues of integrating modern Halal Management principles to avoid institutional disputes with a view to provide systemic routes to transparency, structural accountability and clearer statutory roles for stakeholders responsible for managing national halal assets.

Introduction

The fast growth of the halal industry has increased the strategic importance of trade promotional platforms, which are very important commercial assets. Institutional conflict, public-private sector turf wars and contractual divergence as countries vie for dominance in the halal market are increasing vulnerability in the structural coordination of macro-level halal trade. These institutional issues jeopardize the regulatory stability of the larger halal ecosystem and economic certainty (Ahmad et al., 2024). There is a need for clear legal regulation in this area for joint ventures and collaboration schemes, particularly where a private organiser is working with a state-backed organisation to administer international intellectual property or trade names.

The emergence of digital trade platforms and international export networks has made trade show management more complex and requires cross-border intellectual property agreements, exclusive rights to organise events and multi-layered licensing agreements. In instances of fuzzy public-private borders,commercial misrepresentations and infringements can carry serious economic consequences.

Accordingly Shapers International Sdn Bhd & Ors v Halal Industry Development Corp Sdn Bhd & Anor [2026] MLJU 605 is decided. The multi-million dollar legal battle involves the exclusive proprietary rights, management requirements and intellectual property exploitation of leading international halal trade shows in Malaysia. The original complaint alleged that the main charge was that the defendant, as an organ of the State, had committed a wrongful act of expropriating established promotional networks and organisational goodwill together with a substantial breach of a joint venture structure.

The High Court's decisions matter in drawing the enforceable limits of commercial compacts between private entrepreneurs and statutory economic drivers. This case ultimately is a major legal precedent, emphasising that in order to preserve the sanctity of the nation's halal industry, the institutional expansion of government-linked companies (GLCs) still must be closely aligned to tight contractual limits.

Contractual Infringement and Misrepresentation in the Halal Sector

Breaches of contract and misrepresentation in the halal business sector are not just routine commercial disputes; they directly affect the institutional legitimacy and trust in the market. In Malaysia, the main legal framework for dealing with these disputes is the Contracts Act 1950 and common law principles of intellectual property and passing off (Fong, 2006). The statutory framework provides that a material breach occurs when a party fails to perform a core obligation under the contract and the innocent party is deprived of the commercial benefit it expected to obtain. Further, misrepresentation under Section 18 of the Contracts Act 1950 is any positive assertion which is made in a manner which is not supported by the information of the person making them and causes financial loss to a contracting party.

For international halal exhibitions, these legal violations tend to appear in a variety of different systemic problems:

i. Breach of Exclusivity Clauses: The right to organise and to plan and control big trade shows is often entrusted to private organisers alone. A fundamental violation occurs when state-owned enterprises or government agencies establish competing platforms or sidestep private partners to circumvent these regulations.
ii. Misappropriation of Trademark and Goodwill: The use of established event brands, logos or exhibitor databases without express permission is akin to the legal tort of passing off, deceiving international stakeholders into believing an unauthorised event has the same institutional history (Reekie & Reekie, 2016).
iii. Misguided Regulatory Commands: Asserting that an exclusive legislative privilege to host or support international trade platforms is held by a state-affiliated company, to the exclusion of private pioneers protected by contract rights, generates institutional uncertainty.
iv. Failure to Adhere to Public-Private Collaborative Ventures: Long term commercial collaborations are predicated on a good faith expectation that negotiated revenue sharing arrangements, advisory board structures, and collaborative decision-making processes will be followed.

The objective of strict enforcement of the Contracts Act 1950 and protection of intellectual property in this niche market is to close the structural loopholes that allow government agencies to overreach economically so that there is a level playing field for all private stakeholders.

Fact of the Case

First Cause of Action: Breach of Contract

The first defendant, Halal Industry Development Corporation Sdn Bhd (HDC) which was structurally established by the state for the purpose of coordinating national economic growth in the sector (Shukri, 2025) and the plaintiffs, Shapers International Sdn Bhd (the innovative private architects of world-renowned international halal trade platforms in Malaysia) entered into a series of long-term joint venture agreements and operational frameworks. In terms of operational, logistical and administrative mandates to run premier international halal trade shows, Shapers International was given exclusive rights in these accords.

However, the defendants, prior to the planned promotional cycles of 2025/2026, unilaterally altered the execution framework, forthwith draining proprietary exhibitor databases and commencing competing international promotional operations mimicking the plaintiffs' specialized platform. They argued that this structural bypass amounted to a wholesale repudiation of the exclusivity clauses in their previous business agreements.

Second Cause of Action: Misrepresentation and Intellectual Property Infringement

Plaintiffs also claim that defendants had expressly told foreign embassies, ministries of international trade and international corporate sponsors that HDC had exclusive, unfettered proprietary ownership of the entire exhibition infrastructure, effectively labeling Shapers International as a disposable service provider, rather than a joint owner of intellectual property.

The claim was embedded in official marketing materials, online portals and invitations to international trade. The plaintiffs established that the statements were materially false of fact, made with the intent to disparage the plaintiffs' commercial reputation, and caused a substantial diversion of foreign corporate sponsors to the defendants' independent platforms, thereby violating the traditional common law safeguards against the misappropriation of corporate goodwill.

On two main procedural and substantive grounds, the defendants appealed the original injunctions:

i. The first was that the High Court did not have the power to stop a corporate vehicle backed by the state from implementing national economic policy at international trade events.
ii. The second argument claimed that any private exclusivity clause was subservientto public administrative directives since the state apparatus responsible for industrial expansion inevitably had the patent rights to international halal promotional forms.

The superior courts conducted a methodical review of the defendants' appeals.

Summary of The Case

Shapers International Sdn Bhd & Ors v. Halal Industry Development Corp Sdn Bhd & Anor This is a matter of complex business complaints concerning the management of major international halal trade shows. The High Court had to reconcile the macro developmental responsibilitiesof government affiliated enterprises with the contractually assured rights of private entrepreneurs.

The court resolved both of the primary causes of action. The court found that the unilateral syphoning of operational mandates was at the heart of the joint venture agreement and held the defendants fully liable for breaching the exclusivity requirements on the first claim of material breach of contract**.** Regarding the second claim of intellectual property deception and passing off, the court found that the defendants' public statements and promotional labelling had unfairly marginalised the joint proprietary status of the plaintiffs, causing tangible commercial harm.

The civil claim trial depended on digital audit trails, formal diplomatic correspondence and a library of past joint venture records. Any overlap in operations was an unintended consequence of institutional growth, the defence said, while the changes in their organisations were necessary public policy actions to modernise the country's halal infrastructure. The High Court had made permanent structural injunctions to prevent future non-consensual exploitation by the defendants of the proprietary trade systems of the plaintiffs and ordered significant assessed damages against the defendants as a result of the responsibility determinations.

Means of Evidence

Documentary Evidence

This is the crucial documentary evidence of corporate overreach and structural violation:

i. Exhibit P4 (The Master Joint Venture Agreement): The basic agreement entered into between Shapers International and HDC which explicitly provides for the tenure, revenue sharing, and total management exclusivity granted to the plaintiffs for international halal showcases.
ii. Exhibit P11 (Digital Audit & Database Logs): Forensic IT analysis reports that detail the unlawful extraction and transfer of proprietary global exhibitor databases from Plaintiffs' secure storage systems to Defendants' separate marketing networks.
iii. Exhibit D3 (Official Diplomatic Circulars): The court looked at letters from the defendants to foreign ministries and embassies to check whether they had misrepresented the ownership and organisational structure of the trade showcase brands.

Physical Evidence

The court considered both digital web layouts and physical advertising materials:

i. Branding and Web Formats for Events: The defendants' individual commercial activities were compared to the plaintiffs' previous event architecture, layout, colour, typography and naming conventions. The court found that the structural similarities were intended to benefit from the Plaintiffs' well-known brand capital.
ii. Corporate Communication Portals: Email correspondence and official digital declarations that the defendants actively directed corporate registrants to direct payments and registrations directly to state-linked portals under the pretense of an administrative mandate, bypassing the plaintiffs' management desks.

Expert Witnesses

The plaintiffs produced experienced international event consultants and IP auditors who testified to Shapers International's decades of excellent industry goodwill. The defendants, however, did not offer convincing expert testimony that their parallel platforms were the result of demonstrably independent development.

The forensic accounting experts concluded that the defendants' misleading public circulars were the proximate cause of the diversion of corporate sponsorships, establishing a clear causal link for the court between the financial loss of the plaintiffs and the breach of contract.

Issues Involving Halal Forensic

Islamic Contractual Jurisprudence

According to Islamic law, following business contracts and commitments is a moral and legal need. The Quran demands that transactions be conducted with up-front honesty, clarity and rigorous observance of mutual commitments:

Translation: " O you who have believed, fulfill [all] contracts."

(Surah Al-Maidah, 5:1)

The court's findings in Shapers International v. HDC are consistent with these basic ethical requirements. "When the boundaries of a joint venture are changed unilaterally to put corporate profit margin above fair collaboration, then market integrity is compromised. In accordance with the Shariah principles:

i. Partnership Integrity (Sharikah): All joint venture asset management and operating mandates shall be fully transparent You cannot surreptitiously use the shared databases or infrastructure for your own ends, in breach of the covenant of trust (Amanah).
ii. Prevention of injury (Dharar): Intentionally damaging a partner's business position or harming their corporate name is a breach of the legal maxim La dharar wa la dhirar (There shall be neither injuring nor reciprocating injury) as an uncompromisable standard of Sharia business conduct to eradicate unfair economic extraction and bad faith losses (Nurfauzan, 2025).

Halal Management and Regulatory Overlap

The case underscores a common challenge in contemporary halal management systems: the institutional gap between a private operator of operations and a government regulator. The conventional Malaysian trade principles are private innovators are market implementers and governmental institutions are norm setters and macro growth promoters (Maifiah, 2025).

The High Court observed that when a state-owned promotional vehicle grows to take on the operational role of its commercial partners, it runs the risk of upsetting the structural equilibrium of the ecosystem. The ruling underlines a clear legal boundary in the strong public-private partnership to safeguard private wealth and the legitimacy of the national halal development platform.

Institutional and Market Economic Implications

The legal battle between Shapers International and HDC has wider institutional and economic implications for the Malaysian halal industry. From a macroeconomic point of view, the attraction of foreign direct investment (FDI) towards the nation's halal infrastructure is dependent on having clear contracts and corporate stability. Main trading venues are caught up in protracted litigation about the scope of institutional powers and risk undermining international confidence.

Moreover, such structural conflicts may result in the fragmentation of the market. International corporate sponsors and trade delegations are interested in the stability of the organization of the trade exhibition. The case illustrates how institutional misalignments can affect the market access and stresses the importance of maintaining distinct operational functions within the halal commerce framework.

Conclusion

The High Court decision points to the necessity of enforcing institutional accountability and contractual compliance in the promotional structures of the halal industry. It reiterates that administrative mandates do not relieve state-owned entities from their private law obligations under contract and intellectual property regimes.

The court rejected the substantive claims of the defendants and granted permanent injunctions that protected the operating rights of private pioneers and prevented collaborative public-private ventures from being restructured to the detriment of weaker commercial partners. This historic decision provides a concrete blueprint for future collaboration by emphasizing the importance of structural transparency, precise contract drafting and legal constraints to safeguard the reputation of Malaysia's halal ecosystem globally.

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