

O-186-05

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NO 2269219
OF THE TRADE MARK :**

IMZ

**IN THE NAME OF
URALMOTO LTD**

AND

**AN APPLICATION FOR RECTIFICATION
UNDER NO 81614 BY
OTKRYTOE AKTSIONERNOE OBSHESTVO "IMZ-URAL"**

Trade Marks Act 1994

**In the matter of registration no 2269219
in the name of Uralmoto Ltd
and an application for rectification
under no 81614
by Otkrytoe Aktsionernoe Obschestvo “IMZ-Ural”**

BACKGROUND

1) Uralmoto Ltd, which I will refer to as UL, is the registered proprietor of United Kingdom trade mark registration no 2269219 for the trade mark **IMZ** (the trade mark). It is registered for the following goods:

motorcycles, including solo motorcycles and motorcycle sidecar combinations, three wheeled vehicles; parts and fittings for all the aforesaid.

The above goods are in class 12 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

The application for registration was made on 3 May 2001, the trade mark was registered on 30 November 2001.

2) On 5 February 2004 Otkrytoe Aktsionernoe Obschestvo “IMZ-Ural” of Irbit, Russia, which I will refer to as Otkrytoe, filed an application to have the registration rectified so that it stands in its name. This application is one of four rectification actions filed by Otkrytoe in relation to registrations in the name of UL.

3) Otkrytoe claims that at the date of application it was the owner of the trade mark IMZ (stylised in Cyrillic) in the Russian Federation, under Russian trade mark registration no 21457 (attached to the statement of grounds is a copy of a registration certificate and a translation thereof). Otkrytoe states that while the Russian trade mark is not identical to the registration it is merely a stylised Cyrillic version of the Roman letters IMZ (which are derived from the Russian company name Irbitsky Mototsikletny Zavod – Irbit Motorcycle Factory – which is owned by Otkrytoe). It states that the respective trade marks can, therefore, be said to be “equivalent”. Otkrytoe states that it has used the trade mark in the Russian Federation continuously since 1957. Otkrytoe claims that, as a result of extensive use, the trade mark has become widely known in Russia and abroad as its trade mark for motorcycles and spare parts therefor. Otkrytoe states that it has used the trade mark IMZ in correspondence with foreign dealers for many years and can, therefore, be considered to be the owner at common-law of the trade mark IMZ in many countries, including the United States of America.

4) Otkrytoe claims that at the date of application UL was its agent and representative in the United Kingdom by virtue of various agreements between UL and a related company Obschestvo s Ogranichennoi Otvetstvennostiu “Moto-Ural”, which I will refer to as OOO. Otkrytoe states that the function of OOO is, for and on behalf of

Otkrytoe, to sell motorcycles and spare parts manufactured by Obschestvo s Ogranichennoi Otvetstvennostiu “Irbitsky Mototsikletny Zavod”, which I will refer to as Zavod, which is a wholly owned subsidiary of Otkrytoe. Attached to the statement of grounds is a copy and translation of an agreement between OOO, Zavod and Otkrytoe. Under the terms of an agreement between OOO and UL, signed on 24 April 2001, (which is attached to the statement of grounds) UL was granted the exclusive right of sale in the United Kingdom of Otkrytoe’s motorcycles and spare parts.

5) Otkrytoe states that, accordingly, it is entitled under section 60(3)(b) of the Trade Marks Act 1994 (the Act) to have the register rectified so that the registration stands in its name. Otkrytoe did not consent to the registration of the trade mark by UL and considers that UL acted in bad faith. Otkrytoe has written to UL to request voluntary assignment of the registration but UL has failed to comply with that request.

6) Otkrytoe seeks an award of costs.

7) UL filed a counterstatement. UL states that this application appears to be an attempt by a large Russian organisation, which can afford trade mark agents and attorneys in Russia and the United Kingdom, to use its financial resources to force a very small United Kingdom company to pass over its trade marks. This application for rectification is one of four that have been submitted by Otkrytoe in an attempt to obtain the trade marks owned by UL. It is not clear why Otkrytoe should want the trade mark as it appears not to have registered the trade mark elsewhere, not even in Russia. UL states that it is inconceivable that any combination of three Cyrillic letters should give grounds for objection to any trade mark which consists of three Roman letters. The letters in Cyrillic are ЁМЗ, there can be no possible confusion with the Roman letters IMZ. UL states that these letters are pronounced ‘ee ehm zeh’, which is completely different from IMZ. It would appear to be a case of Otkrytoe not wanting the trade mark itself but not wanting anyone else to own it. UL claims that, as is frequently the case with Russian businesses, the ownership of Otkrytoe appears to be clouded in mystery but it would appear to be owned by the large conglomerate Uralmashzovody. UL states that Otkrytoe has been aware of the registration for some time and showed no interest in it. (A letter dated 20 January 2003, addressed to a Dimitry Lebedinsky of Motoimpex Ltd/TC Motoimpex is attached to the counterstatement.) UL denies that it received the letter referred to by Otkrytoe requesting voluntary assignment of the trade mark. UL states that Otkrytoe has made no enquiry as to whether it would be possible to purchase the trade mark.

8) UL claims that it is surely inconsistent that an organisation claiming to be internationally well-known and which considers the letters IMZ to be of international value would not protect them; especially since these Roman letters are already in at least two trade marks registered under the Madrid system (593988 and 429728). Yet it claims the rights to the United Kingdom trade mark. UL claims that it is interesting to note that Otkrytoe has registered the trade mark DNEPR in a number of European markets (no 573071A). UL states that this would appear to be inconsistent with Otkrytoe’s views on the ownership of trade marks as DNEPR is a brand of motorcycle similar in style and construction to those of Otkrytoe but manufactured by an entirely different and competing company located in Kiev, Ukraine.

9) UL states that there can surely be no confusion between the trade mark IMZ and the Russian trade mark of a stylised ИМЗ. UL claims that outside of Eastern Europe that there are very few people who speak Russian and the Cyrillic letters are not recognisable as IMZ. UL states that Otkrytoe has taken no advertising and has not promoted the trade mark in the United Kingdom.

10) UL states that to suggest the Cyrillic letters ИМЗ have become widely known is hardly credible; the number of countries into which the motorcycles have been imported is small. It was estimated that the plant only produced a total of 1,800 motorcycles in 2000, when it was also reported that the company anticipated a downward shift in production. UL claims that total export sales over the five years to 2002 average less than 1,000 units per annum. The largest western markets for Otkrytoe are Germany and the United States of America, where the annual sales have averaged at most 300 units per annum. Other European markets (Italy and Greece) were selling on average less than a total of 75 motorcycle units per annum. Annual sales in the United Kingdom were less than 75 units. UL states that there were effectively no sales in other western European markets other than those which may have been sold through the four countries mentioned. The motorcycles were essentially only known in the former Soviet Union and primarily used by the state and military authorities. As far as is known, the only other country which has imported these motorcycles in quantity (ie 500 + units in any year) is Egypt; where they were imported for military or state use. There were, in addition, a quantity imported into Iraq in 2002/3, again believed to be for military purposes. UL claims that being state and military equipment that there would have been no branding.

11) UL states that motorcycles from this former state owned business had been imported previously into the United Kingdom, most recently in the late 1980s and early 1990s. They were, however, never known as ИМЗ or IMZ. These motorcycles, along with other motorcycles from “various Soviet countries”, were branded under the COSSACK name, as well as SOVIET KNIGHT or NEVAL. Attached to the counterstatement is material showing motorcycles bearing the SOVIET KNIGHT brand. UL states that in the mid 1970s these motorcycles were exported from the Soviet Union by SATRA, and before that by AVTOEXPORT, both Soviet state export agencies and quite separate from “this Irbit business”. UL states that it is extremely unlikely the “Irbit organisation” would have been communicating directly with customers and therefore would not have been using the trade mark. UL states that the trade mark IMZ was only introduced into the United Kingdom by the “UK Uralmoto company”. UL states that such was the failure of the Otkrytoe business to brand its products that a large proportion of the very few consumers in the United Kingdom who were aware of the products thought them to be DNEPR motorcycles. It is only since UL has been importing and promoting the motorcycles that the IMZ trade mark has become at all recognised in the United Kingdom.

12) UL states that Otkrytoe appears to make no attempt to brand its products. It states that when they are imported they bear no brand name. Conventionally, motorcycles bear their name on the petrol tank, Otkrytoe’s motorcycles come in with nothing. Customers would invariably ask why these motorcycles had no name. Partly out of sheer frustration from the failure of Otkrytoe to brand its motorcycles, UL branded the products and developed its own tank badges; using the name of the company together with its United Kingdom registered trade mark logo. UL states that it is extremely

unlikely that the Roman letters IMZ would have been used by Otkrytoe in Russia since consumers in Russia would only recognise the Cyrillic letters ИМЗ. UL states that Otkrytoe did subsequently develop its own “branding” logo and tank badge which were promised to be delivered from August 2001, but like so many promises, this never materialised. UL states a logo which features the Cyrillic word УРАЛ within a circle was used by Otkrytoe on publicity material. It attaches to its counterstatement examples of this use. UL did not believe that this was a suitable logo and tank badge and continued to use its own; this it considered to be an important part of its advertising, promotion and marketing, “as well as protecting its own Name and Trade Marks”.

13) UL expresses concern that none of the English translations furnished with the statement of grounds of Otkrytoe include any identification of the translator or where they were translated. UL states that part of the documentation, relating to the Russian registration of the trade mark, appears to have the same signature under two different names on the certificate. UL states that it would be beneficial if a reputable authority certify the certificates and English translations.

14) UL states that Mr C Burgess, part owner and director of UL, approached Otkrytoe in 1998 to discuss the possibility of importing its Russian motorcycles into the United Kingdom. During the next five years UL developed its brand names and trade marks, devoting a considerable amount of its human resources and financial resources to advertising and promoting its brand names and trade marks. These activities included appointing an advertising agency, undertaking advertising in motorcycle magazines, arranging for the national and motorcycle press to ride and write about the machines, attending motorcycle shows and activities, developing and printing promotional literature and brochures, branding and badging the motorcycles and appointing dealers; all at UL’s expense. The trade mark, to the extent that it has become known, was synonymous with UL. UL states that this was virtually all done without any aid or assistance from Otkrytoe. UL states that in normal motorcycle distribution much or most of the costs are borne by the manufacturer.

15) UL states that it does not understand the significance of the agreement attached to the statement of grounds of Otkrytoe. UL states that UL did not sell 150 motorcycles during the period from 1 April 2001 to 30 April 2002. UL states that this was due to a number of factors, including late deliveries by OOO, unacceptably poor quality and reliability of the motorcycles and a lack of marketing and promotional support by OOO.

16) UL states that the agreement purports to be an agreement signed on 1 March 2001 by three parties; the first party of which is T A Novgorodova for OOO. However, the signature is almost certainly not that of T A Novgorodova but that of a Mr Dimitry Yurievich Lebedinsky, stated to be the general director of OOO. UL states that the latter’s signature can also be seen in the contract attached to Otkrytoe’s statement of grounds. UL states that this severely questions the validity and authenticity of the agreement.

17) Only Otkrytoe filed evidence.

18) Neither side requested a hearing. Otkrytoe furnished written submissions in support of its case.

EVIDENCE

First witness statement of Sergey Verbitsky

19) Mr Verbitsky is a qualified translator and well acquainted with the English and Russian languages. He translates various documents. The first translation is of USSR trade mark certificate of registration no 21457. The trade mark was assigned to Otkrytoe on 14 December 2001. The application was filed on 25 January 1962 and it has been renewed until 25 January 2012. The specification was amended on 28 June 1971 so that it covers:

motorcycles; motors with forced cooling, spare parts of motorcycles

The above services are in class 12 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

The trade mark protected is:



20) The second translation concerns a document entitled “General Agreement”. The agreement is between OOO, Zavod and Otkrytoe. According to the agreement Otkrytoe will provide Zavod with all production facilities necessary for the manufacture of URAL motorcycles and parts thereto. Zavod undertakes to manufacture the motorcycles as well as spare parts therefor by order of Otkrytoe, with the use of trade marks either owned by or applied for by Otkrytoe; in particular the IMZ logo (registration no 21457 of 25 January 1962), URAL (application no 2000722057 of 29 August 2000), and URALMOTO (application no 2000722015 of 29 August 2000), in the amount and within the period agreed upon by and between the three parties, and furthermore undertakes to transfer property in said products to OOO. Otkrytoe grants to OOO the right to sell the motorcycles and spare parts thereto (the ones which shall be introduced in the market by Zavod with the use of the trade marks) in the territory of the Russian Federation and abroad. OOO shall sell the corresponding products introduced into the market with the consent of the owner of the trade marks, with the use of the trade marks, trade names and other designations individualising the parties hereof (sic) for the confirmation of the products’ origin and authenticity. OOO and Zavod agree to assist Otkrytoe in protection and enforcement of the trade marks in Russia and abroad.

21) The agreement runs from the date of its signature until 31 January 2010. However, there is no indication in the translation as to the date upon which the

agreement was signed. The Russian version does have a date at the top of it, it would seem to be 1 March 2001.

22) The third translation is of a contract between UL and OOO. UL was represented by Chris Burgess. The contract has a heading of Irbit, April 2001. The contract is to establish the conditions of co-operation between OOO and UL. Inter alia the contract states that UL shall buy from OOO 150 motorcycles within the period from 1 April 2001 to 30 April 2002. OOO grants to UL exclusive right of sale in the United Kingdom. The contract states that it shall become effective from the date of signing and be valid until 30 April 2005. The translation indicates that the contract was signed in Moscow on “24/04/2003-12-23”. However, the signatures upon the copy of the original indicate that it was signed on 24 April 2001.

23) There follow reproductions of three pennants and two calendars. They all show use of USSR trade mark registration no 21457, one of the pennants and the two calendars show use of that trade mark in 1991 and 1992.

24) The next document is an instruction on the placement of USSR trade mark registration no 21457 upon parts for motorcycles. One of the general provisions states that that trade mark must be placed on spare parts used in public commerce. The final documents relate to the status of Zavod. The documents show that the founder of Zavod was Obschestvo s Ogranichennoi Otvetstvennostiu “IMZ-Ural”. The final document, dated 31 May 2000, identifies Otkrytoe as being the legal successor to Obschestvo s Ogranichennoi Otvetstvennostiu “IMZ-Ural”.

Second witness statement of Sergey Verbitsky

25) Mr Verbitsky translates a further two documents. The first document is a statement by Mr Volozhanin Nickolay Ivanovich. Mr Ivanovich was a director of the Irbit Motorcycle Factory from 1979 to 1995. Mr Ivanovich states that Uralmoto (UK) Ltd, the predecessor of UL, became a representative of the Irbit Motorcycle Factory and Otkrytoe in 1999. He states that USSR trade mark registration no 21457 was introduced into the commerce of the USSR, the United Kingdom and other countries in 1957 by the Irbit Motorcycle Factory.

26) Mr Ivanovich states that the designation IMZ has been an alternative trade name of the Irbit Motorcycle Factory since approximately 1957. He states that this “designation” has been used by the Irbit Motorcycle Factory in relationship with foreign contractors as well as in promotional and marketing materials devoted to the products of the factory. Mr Ivanovich states that motorcycles and parts therefor were exported abroad from the 1990s, including the United Kingdom. They were always marked with USSR trade mark registration no 21457; whilst the details of motorcycles in accompanying technical specifications were “indicated” as IMZ. Mr Ivanovich states that the Irbit Motorcycle Factory deployed various efforts aimed at marketing of the trade mark (sic), including in the United Kingdom.

27) The second document is a “work book” which gives the employment history of Mr Ivanovich. The work book indicates that Mr Ivanovich joined the Irbit motorcycle factory on 12 January 1972.

Witness statement of Neil Charles Turner

28) Mr Turner was a director of the now dissolved company Uralmoto (UK) Limited, which I will refer to as ULUK. Mr Turner states that ULUK was formed on 30 June 1998 and struck off at Companies House in April 2001 for the non-filing of accounts. A printout from Companies House shows that ULUK was dissolved on 2 July 2002. ULUK was formed by Mr Turner and Mr Christopher Stephen Burgess, who is now a director of UL. ULUK was formed with the purpose of importing, distributing, marketing and promoting sales of solo motorcycles and sidecar combinations produced by the group of companies to which Otkrytoe belongs and in particular a company called Uralmoto Zavod. Mr Turner states the ULUK had “support” from Uralmoto Zavod, Otkrytoe and the IMZ-Ural group of companies for exclusive rights to market their products in the United Kingdom (sic). The first motorcycles were imported in September 1998 and ULUK’s first promotion of the brands was made by means of an exhibition stand at The International Motorcycle Show held at The National Exhibition Centre, Birmingham in November 1998.

29) Mr Turner exhibits at NCT2 copies of two pages from UL’s website. There is no date upon the printouts. On the second page it is stated that URAL, URALMOTO and the IMZ logo are United Kingdom registered trade marks. Other than the reference to the IMZ logo there is no reference in the material to IMZ.

30) Mr Turner states that in order to pursue the opportunity of becoming the United Kingdom concessionaire for the motorcycles, Mr Burgess needed assistance, physical and financial, and he and Mr Burgess formed ULUK. Mr Burgess was managing director and Mr Turner chairman. In April 2001, around the time of the dissolution of ULUK, Mr Turner and Mr Burgess parted company and the latter secured the agreement of Otkrytoe to give sole rights of distribution for the United Kingdom market to his new company, UL.

31) Mr Turner states that the range of motorcycles known as URAL or IMZ and bearing the IMZ logo has been produced since around the time of the beginning of the Second World War. He states that it is true that, manufactured for the Soviet military and satellite Soviet countries, these vehicles were initially meant for the principal market of the military and were not branded at that time. However, they had been branded in the United Kingdom and elsewhere as URAL, IMZ or with the IMZ logo for many years before the involvement of ULUK. Mr Turner exhibits copies of various documents at NCT3.

- Seven pages which indicate that they were created by a PJ Ballard in February 2002 (these are from The Cossack Owners Club website – see below). The first page has a heading of “UralMoto Factory Year 2000 approx”. There are two photographs, of poor quality, of a factory with motorcycles in it. Underneath the photographs can just be seen IMZ Ural and the following device:



A page which shows a chart of model developments of civilian/military 750 cc side valve M72 to K-750M. The models are identified by letter and number eg M-72 and K-750. The only reference to IMZ is as the factory of manufacture for the M-72, M-72M and M-72K. It is indicated that the production of these three models did not go beyond 1960. The majority of the models on the chart were made by the Kiev (Dnieper) factory. A page giving a table of the development of sports machines. They are all referred to by combination of letter and number. A page giving a table for model developments of civilian 500 and 650cc URAL motorcycles up to IMZ 8-XXX series. From the 1950s to 1968 three URAL models are referred to, the M61, M62 and M63. There is a reference to the IMZ 8 series which the table indicates has been manufactured from 1995 to date. A page headed “Ural 500cc and 650cc Models”. This page shows five pictures of motorcycles. One picture is described as showing the URAL M63, “the first Ural to be imported commercially into England”. A picture of a URAL M66 has the following written in relation to it: “Note this picture from UK Cossack brochure, hence the Cossack sticker on tank”. The word URAL appears upon the number plate. From the quality of the pictures it is not possible to tell what trade mark(s) the motorcycles are bearing. A page showing “Ural Utilitarian Sidecars”. Inter alia the following is written: “Note dates, M66 Urals were still being imported and sold as Cossacks.....Soon Ural factory rejuvenated with new series named IMZ 8.xxx series”. This page also shows an illustration of a URAL IMZ-8.123 from a Russian brochure, above the picture is written “URAL IMZ-8.123 (no sidecar)”. The final page relates to water cooled URALS. It shows two pictures of motorcycles. It is not possible to see the nature of the badging on any of the illustrations, owing to the quality of the photographs.

- Two pages headed “Uralmoto Ltd. Presspack”. There is a sub-heading of “Combat and Survival”, there follows an article dated April 2000 by Bob Morrison. Mr Morrison’s article is about the URAL IMZ-8.103. He gives details of the motorcycle and advises that the IMZ-8.103 is available for the United Kingdom civil market. He states that the model is known as the GEAR-UP in English speaking countries. At the end of the article Mr Morrison advises that the motorcycle can be obtained from FSU Connections Ltd.
- Two pages headed “URAL. The Genuine Alternative”. These are from the UL website and were downloaded on 12 August 2004. The pages deal with the “Gear-Up” model. The following is written inter alia: “When Uralmoto

Russia exhibited two variants of their military GEAR-UP motorcycle at the recent DSEi exhibition they caused much interest.....So who are Uralmoto and what is their experience in the production of military vehicles? AO Uralmoto has been a manufacturer of military specification motorcycles for 50 years.....Regular exports of civilian models now take place to the USA, Germany, the UK, Finland, Greece and Italy.....Ural combinations equipped with mounted Knonkurs anti-tank rockets....The Egyptian army knows very well the capabilities of the Ural combination..” On the second page it is stated that URAL, URALMOTO and the IMZ logo are United Kingdom registered trade marks.

- Four illustrations of the GEAR-UP without provenance. They appear to be for advertising purposes and there are references to IMZ motorcycles, IMZ – 8.103 GEAR UP, and URAL IMZ – 8.103 GEAR-UP. A page that describes the specification of the IMZ-8.103, this appears to come from a brochure with a copyright date of 1999 and which bears the name of IMZ-URAL. The following device appears upon the brochure:



- A brochure all written in Russian. I cannot see that the trade mark IMZ appears anywhere in the brochure.

Despite the numerous photographs shown in the various materials there is no clear picture of the badging of the motorcycles.

32) Mr Turner states that from his experience enthusiasts for “these rather special bikes” are fully aware that the motorcycles and the brands URAL, IMZ and IMZ logo belong to Otkrytoe and the URALMOTO is the name of a manufacturing company in its group. He states that many enthusiasts would be unaware of ULUK or UL. Mr Turner states that this is because enthusiasts buy their motorcycles from end dealers such as F2 Motorcycles and not from middle-men companies such as ULUK or UL. He states that to the extent that ULUK and UL are known at all to customers, they would be known for what they are or were, United Kingdom distributors.

Witness statement of Elena A Ermakova

33) Ms Ermakova is president of the firm of Ermakova, Stoliarova & Partners, which acts in trade mark matters for the IMZ-Ural group of companies. Ms Ermakova notes that UL in its counterstatement denies that it received a written request for voluntary assignment of the registration. She states that this is simply untrue. She exhibits at EAE2 a copy of a letter dated 18 July 2003 from her firm to UL which, inter alia, requests voluntary assignment of the registration. The letter was sent by courier. Ms Ermakova states that on 7 August 2003 Mr Burgess paid a surprise visit to her firm’s offices in Moscow. He confirmed receipt of the letter of 18 July 2003 by returning the original with his signature. The date and place of signature and the comment “Received with pleasure” are handwritten on the front of the letter. The copy of the letter exhibited shows these details.

Witness statement of Peter John Ballard

34) Mr Ballard is president and technical adviser of The Cossack Owners Club, which I will refer to as COC. Mr Ballard states that COC is an independent and well established United Kingdom based motorcycle club financed entirely by its members. COC represents owners and enthusiasts for motorcycles and sidecars made in the Soviet Union or the former Soviet states. Mr Ballard is making his statement as an individual and not as an official of COC.

35) Mr Ballard states that the trade mark IMZ is not currently used on the body of motorcycles produced by Otkrytoe but is used in advertisements as it is the Roman alphabet version of the Cyrillic letters in USSR trade mark registration no 21457. Mr Ballard exhibits at PJB2 a copy of an advertisement feature produced by AvtoExport, which was the export company for the motorcycles under the Soviet regime. The advertisement feature dates from January 1985. The feature is headed:

“URAL IMZ-8.103....”

In the rest of the feature IMZ-8.103 or URAL IMZ-8.103 is mentioned on seven occasions. The feature states that the headlight meets European standards.

36) Mr Ballard states he does not believe that the enthusiasts of the motorcycles associate the trade mark IMZ with UL but rather with Otkrytoe.

Witness statement of Simon Mark Bentley

37) Mr Bentley is a trade mark attorney and partner of the firm Abel & Imray, which is acting for Otkrytoe in this case. Mr Bentley exhibits copies of pages downloaded from the website of Companies House:

- SMB1 downloaded on 12 November 2004 – shows that UL was incorporated on 7 September 2000. There is a proposal to strike UL off. The nature of its business is given as sale of motor vehicles.
- SMB2 – Directors’ Report and Financial Statements for UL for the year ended 30 September 2001. The principal activity of UL is described as being that of importing and distributing motorcycles.
- SMB3 – a list of all the documents filed by UL since its incorporation.

DECISION

38) Section 60 of the Trade Marks Act 1994 (the Act) states:

“60.-(1) The following provisions apply where an application for registration of a trade mark is made by a person who is an agent or representative of a person who is the proprietor of the mark in a Convention country.

(2) If the proprietor opposes the application, registration shall be refused.

(3) If the application (not being so opposed) is granted, the proprietor may -

- (a) apply for a declaration of the invalidity of the registration, or
- (b) apply for the rectification of the register so as to substitute his name as the proprietor of the registered trade mark.

(4) The proprietor may (notwithstanding the rights conferred by this Act in relation to a registered trade mark) by injunction restrain any use of the trade mark in the United Kingdom which is not authorised by him.

(5) Subsections (2), (3) and (4) do not apply if, or to the extent that, the agent or representative justifies his action.

(6) An application under subsection (3)(a) or (b) must be made within three years of the proprietor becoming aware of the registration; and no injunction shall be granted under subsection (4) in respect of a use in which the proprietor has acquiesced for a continuous period of three years or more.”

39) Section 55(1) of the Act states:

“55. - (1) In this Act-

- (a) “the Paris Convention” means the Paris Convention for the Protection of Industrial Property of March 20th 1883, as revised or amended from time to time,
- (aa) “the WTO agreement” means the Agreement establishing the World Trade Organisation signed at Marrakesh on 15th April 1994, and
- (b) a “Convention country” means a country, other than the United Kingdom, which is a party to that Convention.”

Proprietor of the trade mark in a Convention country

40) The trade mark upon which Otkrytoe relies was registered in the Soviet Union. The Soviet Union became a contracting party to the Paris Convention on 1 July 1965. This adherence to the Convention was continued by the Russian Federation as from December 25, 1991. The trade mark has been renewed since the creation of the Russian Federation. Consequently, Otkrytoe is the proprietor of the trade mark upon which it relies in this case in a Convention country.

41) Otkrytoe is the owner of the trade mark:



The United Kingdom registration is for the trade mark IMZ. Otkrytoe in its statement of grounds states that the respective trade marks are “equivalent”. I can only guess at what “equivalent” means from the context of the case. It seems to mean that the extreme stylisation of Otkrytoe’s trade mark should be ignored and that the stylised

Cyrillic letters should be effectively taken as their Roman equivalent. Far from finding the respective trade marks “equivalent”, I find that they are very different and one would not give rise even to association with the other. Owing to the divergence in the trade marks I consider that Otkrytoe’s application for rectification on the basis of USSR trade mark registration no 21457 must fail.

42) However, that does not end the matter. There is nothing in the Act nor in Article 6 septies of the Paris Convention for the Protection of Industrial Property that requires that the trade mark is a registered trade mark or a trade mark application. The requirement is simply that of being the owner of the trade mark in a Convention country. Otkrytoe also relies upon its ownership of the trade mark IMZ through the fact of use. Under the terms of the Act the United Kingdom does not count as a Convention country. Consequently, Otkrytoe needs to show that it is the owner of the trade mark IMZ in a contracting country other than the United Kingdom. On the evidence submitted there can only be a realistic claim in respect of the Russian Federation, which is a contracting party to the Convention. Section 46(2) of the Act states that use of a trade mark in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes. This, of course, deals with use of a registered trade mark under the law of the United Kingdom. However, it seems to me that the proposition behind the law will equally reasonably apply to use for export purposes only in the Russian Federation. In any case as Professor Annand, sitting as the appointed person in BL 0/111/03 stated:

“In any event, where no or insufficient particulars of foreign law are given, the tribunal presumes that it is the same as English law unless the defendant (here, JS) proves otherwise (*University of Glasgow v. The Economist Limited* [1997] EMLR 495, *World Wide Fund for Nature v. World Wrestling Federation Entertainment* [2003] EWCA Civ 401, 27 March 2003 (CA)).”

Professor Annand goes on to state:

“The common law rules as to proprietorship of an unregistered trade mark were shortly stated by Morritt L.J. in *AL BASSAM Trade Mark* [1995] RPC 511 (CA) at page 523:

“First the owner of a mark which had been used in conjunction with goods was he who first used it. Thus in *Nicholson & Sons Ltd.’s Application* (1931) 48 RPC 227 at page 253 Lawrence L.J. said

“The cases to which I have referred (and there are others to like effect) show that it was firmly established at the time when the Act of 1875 was passed that a trader acquired a right of property in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and of the extent of his trade and that such right of property would be protected by an injunction restraining any other person from using the mark.”

Second the right to the used mark as an indication of origin could not be assigned separately from the goodwill of the business in which it had been used for that would have been to assign the right to commit a fraud on the public. cf. *Pinto v. Badman* (1891) 8 RPC 181,194. Third, in the case of an unused mark the person with the best right to use it was the designer or the inventor. cf. *Hudson's Trade Marks* (1886) 3 RPC 155 at pages 160 and 163.”

Likewise, in *Sprints Ltd v. Comptroller of Customs (Mauritius)* [2000] FSR 814 at page 818, the Privy Council adopted as an accurate statement of the common law position, the following observation by Lord Morris of Borth-y-Gest in *BALI Trade Mark* [1969] RPC 472 at 489:

“Before 1875, when registration of trade marks began, there could be property in a trade mark: the right of property in a distinctive mark was acquired by a trader merely by using it upon or in connection with his goods irrespective of the length of such user and without proof of recognition by the public as a mark distinctive of the user’s goods: that right of property would be protected by an injunction restraining any other person from using the mark.””

As Russian uses the Cyrillic alphabet it seems highly likely that Russian undertakings would produce goods or matter relating to goods in the Roman alphabet where the goods are for export to countries that use the Roman alphabet. That use is very likely to be only for export purposes. However, to get off the ground Otkrytoe has to show use in the Russian Federation, or previously in the USSR. The requirement of the Act and the Convention is that the proprietor is the owner of the trade mark in a Convention country, not that the proprietor is from a Convention country. The feature advertisement exhibited by Mr Ballard certainly shows use of IMZ, however, it does not show use of IMZ in a Convention country. It may be that the feature advertisement was produced in the former Soviet Union but there is no evidence to that effect. It may be that the feature advertisement circulated in other Convention countries, again there is no evidence to this point. The lack of provenance of the feature advertisement means that of itself it testifies to little. Most of the exhibits to the statement of Mr Turner do not assist as they do not clearly show use of IMZ in a Convention country. Under this section of the Act the first issue is about ownership in a Convention country. Otkrytoe might from its evidence be able to establish ownership of the trade mark IMZ in the United Kingdom but that serves no purpose under section 60 of the Act; although it clearly could have effect in an application for invalidation. Otkrytoe has not sought, as far as I am aware, invalidation as an alternative remedy.

43) Mr Ivanovich states that Otkrytoe’s predecessors in business used IMZ in relationship with foreign contractors. It is difficult to envisage how such use could not originate from the USSR/Russian Federation. Mr Ivanovich does not advise how he knows that IMZ was used from 1957 onward, his work book shows that he joined the Irbit Motorcycle Factory in 1972. However, this most certainly does not gainsay his statement of such use from at least from when he was working at the Irbit Motorcycle Factory. Other parts of Mr Ivanovich’s statement add little to Otkrytoe’s case, as they are more indicative of use in the United Kingdom rather than in a

Convention country. I note that the Russian version of the general agreement refers to “IMZ-logo”. The logo itself cannot, as I have decided, assist Otkrytoe, however, the use of IMZ in a document in Russian between parties from the Russian Federation would seem to imply that IMZ has been used in the USSR/Russian Federation. Various of the exhibits to the statement of Mr Turner show use of IMZ. However, for the most part they do not establish use within a Convention country. The page showing two pictures of the motorcycle factory shows use of IMZ/Ural. What appears to be the final page of a brochure (from 1999) shows the Irbit postal address as starting IMZ-Ural and the website address as being imz-ural.com. So any letters or faxes sent to Otkrytoe in Irbit from outside the Russian Federation would be likely to use IMZ-Ural. These examples may not be use of IMZ on its own, however, it is certainly use of IMZ. As many of the motorcycles are identified as being IMZ, the foreigner purchaser in communication with Otkrytoe will inevitably, in my view, refer to them by way of reference to IMZ.

44) The evidence in support of Otkrytoe’s use of IMZ in the USSR/Russian Federation is not enormous but it does not need to be. In BL 0/111/03 (referred to above) the evidence was very limited and indicative of far lesser use. I conclude, therefore, that Otkrytoe has established that it is the owner of the trade mark IMZ in a Convention country.

Time limit for application to be made

45) Section 60(3)(b) can only come into play if the application is made within three years of the proprietor becoming aware of the registration. As the trade mark was registered on 30 November 2001 and the application for rectification was made on 5 February 2004, a period of more than three years had not passed between the date of registration and the date of application. Consequently, Otkrytoe can seek redress under section 60(3)(b) of the Act.

Agent or representative of applicant (Otkrytoe)

46) Exhibited at annex 5 and 6 to the first witness statement of Mr Verbitsky are copies of the contract of co-operation between OOO and UL. This would appear to have been signed on 24 April 2001. In the contract OOO grants exclusive rights for the sale of motorcycles and spare parts thereof to UL. The general agreement exhibited at annex 3 and 4 to the first witness statement of Mr Verbitsky explains the relationship between Otkrytoe, OOO and Zavod. Otkrytoe supplies to Zavod the facilities for the manufacture of URAL motorcycles and spare parts therefor. Zavod will manufacture the motorcycles and spare parts therefor as required by Otkrytoe and will use the trade marks of Otkrytoe for the products it manufactures. Specific mention is made of the IMZ logo trade mark, the trade mark URAL and the trade mark URALMOTO. OOO markets the motorcycles and parts therefor in the Russian Federation and abroad. Parts of the translation of the agreement are not particularly clear and so I will quote directly from part of it. (Party 3 is Otkrytoe, Party 2 is Zavod and Party 1 is OOO.)

“Party 1 shall sell the corresponding products introduced into the market with the consent of the Trademarks owner – with the use of Trademarks, trade names and other designations individualizing the Parties hereof, for the

purposes of confirmation of the products' origin and authenticity, advertisement of all motorcycles and spare parts thereto and in the interest of the Parties only, provided such rights shall be granted strictly for the term of the present General Agreement. Party 1 and Party 2 shall assist Party 3 in protection and enforcement of the Trademarks in Russia and abroad, and coordinate their efforts with respect to enforcement of the Trademarks and protection thereof from infringement by third parties.”

From my reading of the agreement, OOO is effectively the marketing arm of Otkrytoe, which is the owner of the trade mark rights and the supplier of the facilities for the manufacture of the goods, which are manufactured by Zavod. The final documents attached to the statement of Mr Verbitsky show that Zavod was founded by Otkrytoe's predecessor.

47) The agreement is between OOO and UL, not Otkrytoe and UL. OOO is not the proprietor of the trade mark in the Russian Federation. In her statement Ms Ermakova refers to the IMZ-URAL group of companies, however, she submits no evidence to show which companies are part of this group and their relationship. As Otkrytoe comments in its submission the three parties to the general agreement have the same address. (However, this does not make the three undertakings one and the same.) In the letter from Ermakova, Stoliarova & Partners it can be seen that OOO, Zavod, Otkrytoe and two other undertakings were acting in concert in relation to the contract with UL. OOO is acting for Otkrytoe in the marketing of the goods. According to the general agreement the goods are produced using Otkrytoe's facilities and Otkrytoe instructs Zavod to produce the goods. On the basis of the general agreement Otkrytoe is the controlling mind behind the production of the motorcycles and parts thereof and the use of its trade marks in relation to them. OOO is effectively acting as the marketing arm of Otkrytoe, OOO is *in loco* of Otkrytoe in relation to the contact with UL. Taking account the nature of the relationship between OOO and Otkrytoe, I am of the view that it would be captious, to the extreme, to decide that the provisions of section 60 of the Act do not apply. I, therefore, consider that UL was acting as the representative of Otkrytoe in the United Kingdom.

48) I note that in its counterstatement UL has cast doubt upon the validity of the general agreement between Zavod, OOO and Otkrytoe, however, it has put in no evidence to substantiate the claims that it has made. In the absence of any contrary evidence I accept the general agreement at its face value.

Justification of UL's action

49) UL has put no evidence in to justify its action. It has made various claims in its counterstatement as to its development of the trade mark and the absence of any badging upon the motorcycles. Again the absence of evidence from UL means that it has not substantiated its claims. Claims that on the face of it could easily and readily have been supported by evidence. On the other hand Otkrytoe has put in evidence. There is no doubt in my mind that IMZ has been used by Otkrytoe or its predecessors in business in the United Kingdom in relation to its products. There is also no doubt in my mind that its predecessors in business were the originators of the use of the Roman letters IMZ in relation to its goods. The demonstration of use in a Convention country is limited, however, it is sufficient to establish Otkrytoe's credentials as to

ownership of the trade mark IMZ in a Convention country. On the basis of the evidence before me, all I can see that UL has done is use Otkrytoe's existing trade marks in distributing Otkrytoe's products.

Conclusion

50) The use of IMZ by Otkrytoe or its predecessors in title in the USSR/Russian Federation has been in relation to motorcycles and parts therefor. The United Kingdom registration also includes *three wheeled vehicles*; which could be motorcycles. I consider that the goods of the United Kingdom registration are effectively encompassed by the business of Otkrytoe. The trade marks are identical. I consider that Otkrytoe is entitled to the trade mark for the goods that it encompasses in the United Kingdom.

51) I find under section 60(3)(b) of the Act that the register should be rectified in respect of trade mark registration no 2269219 so that it stands in the name of Otkrytoe Aktsionernoe Obschestvo "IMZ-Ural" of ul. Sovetskaya, d.100, RU-623800 Sverdlovskaya obl., Irbit, Russia. The trade mark should have been in the name of Otkrytoe at all times and so I direct that Otkrytoe should be recorded as the registered proprietor as of the date of application, 3 May 2001.

COSTS

52) Otkrytoe has submitted that it should receive full costs for each of the four rectification applications. It has also submitted that an award of costs above the scale should be made to reflect UL's poor conduct in the four cases and that UL knew that it could not claim to the proprietor of the trade marks. As the same submissions were made and virtually the same evidence and statements of case were filed in each of the four cases, it seems inappropriate to me that Otkrytoe should receive compensation for effectively the same work four times. It seems much more appropriate that the costs should be divided by four rather than multiplied by four. Costs are a compensation not a punishment. In relation to an award of costs above the scale effectively Otkrytoe is seeking a punishment rather than a compensation for the work involved. It is not asking for costs to reflect its costs but to reflect the behaviour of UL. Otkrytoe does not even give an indication of what those costs above the scale should be. I am not convinced that the award of costs should be above the scale. (Otkrytoe has some additional compensation in that the trade mark will stand in its name without any of the costs involved in the application procedure.)

53) I order Uralmoto Ltd to pay Otkrytoe Aktsionernoe Obschestvo "IMZ-Ural" the sum of £550. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 30th day of June 2005

**David Landau
For the Registrar
the Comptroller-General**