O-187-05

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION NO 2269222
OF THE TRADE MARK :

URAL

IN THE NAME OF
URALMOTO LTD

AND

AN APPLICATION FOR RECTIFICATION
UNDER NO 81615 BY
OTKRYTOE AKTSIONERNOE OBSCHESTVO “IMZ-URAL”

Trade Marks Act 1994

In the matter of registration no 2269222
in the name of Uralmoto Ltd
and an application for rectification
under no 81615
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 2269222 for the trade mark **URAL** (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 28 June 2002.

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 URAL in the Russian Federation, under Russian trade mark registration no 237167 (attached to the statement of grounds is a copy of a registration certificate and a translation thereof). It states that it has used the trade mark URAL in the Russian Federation continuously since 1954. Otkrytoe claims that, as a result of extensive use, the trade mark URAL has become widely known in Russia and abroad as its trade mark for motorcycles and spare parts therefor.

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 since it has not registered it widely elsewhere. UL states that this is presumably an indication of the extent to which Otkrytoe considers its products and name are known. 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 states that this lack of interest in the trade mark URAL is further supported by the fact that while Otkrytoe claims to have registered the trade mark in Russia it has not, as far as is known, registered the trade mark elsewhere. A separate company OOO Motoimpex (a Russian organisation also based in Irbit) owns the trade mark URAL under the Madrid Agreement, no 573072A. This registration is limited to Germany, Spain, France, Italy, Portugal, Austria and Benelux. UL claims that it is surely inconsistent that an organisation claiming to be internationally well-known and which considers its name to be of international value would only protect its trade marks in a limited number of countries. Yet it claims the rights to the United Kingdom trade mark. A further company, DNEPR-URAL GmbH (a Swiss company not known to be affiliated with Otkrytoe) has the trade mark registered in Liechtenstein under Madrid reference no 573072. UL claims that it is interesting to note that Otkrytoe has registered the trade mark DNEPR in a number of European markets (Madrid reference 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 the claim by Otkrytoe that the trade mark URAL in Roman letters has been used extensively in the Russian Federation continuously since 1954 must be questionable. UL states that use of the Cyrillic name УРАЛ in Russia would certainly not lead it to becoming widely known outside of the former Soviet Union. UL claims

that Otkrytoe has undertaken no advertising and has not promoted the trade mark in the United Kingdom. UL states that there can be no confusion between the trade mark URAL and the Russian trade mark УРАЛ. It states that outside the countries of Eastern Europe there are few people who speak Russian and the Cyrillic letters are not recognisable as URAL. It was partly due to the fact that, despite frequent requests, Otkrytoe had failed to provide any form of "branding marks" that UL developed, registered and produced its own logo and tank badges. Otkrytoe did subsequently develop its own logo and tank badge which were promised to be delivered in August 2001 but this did not happen. This Otkrytoe logo, featuring the Cyrillic word УРАЛ within a circle, was, however, used by Otkrytoe on publicity material, an example is exhibited to the counterstatement. UL did not believe that this was a suitable logo and tank badge and continued to use its own; this it considered an important part of its advertising, promotion and marketing, as well as protecting its own name and trade marks.

10) UL states that to suggest that the name URAL has become widely known is hardly credible, other than as the name of a range of mountains. 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 URAL. 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. Part of the attachment gives details of SOVIET KNIGHT and DNEPR motorcycles. The details of the SOVIET KNIGHT refer to URAL combination. At the bottom of the page the following appears:

"Both DNEPR and Soviet (Ural) motorcycles are developed ……"

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. The brand URAL was introduced in the United Kingdom by UL. 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 with the URAL name that this name has become recognised at all and associated with motorcycles 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 URAL and URALMOTO and developed its own tank badges; using the name of the company together with its United Kingdom registered trade mark logo.

13) UL states that it would seem unlikely that Otkrytoe has used the URAL trade mark, in the Roman alphabet, in Russia or abroad since 1954. UL claims that "this Irbit operation" was a state owned and run operation until it was privatised in the mid 1990s. UL claims that it was not in the nature of the former state run organisations to brand products in Russia. UL states that the documentation supporting the Russian trade mark registration appears to lack any authenticity as the relevant page included under annex 1 appears to show no reference.

14) 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 that part of the documentation purporting to be the Russian registration no 237167 does not appear to be a formal certificate and differs considerably from Russian registration no 242700 (submitted in relation to another of the rectification actions involving the UL and Otkrytoe). UL states that it would be beneficial if a reputable authority certify the certificates and English translations.

15) 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 URAL, to the extent that it has become known, is 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.

16) 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.

17) 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.

18) Only Otkrytoe filed evidence.

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

EVIDENCE

First witness statement of Sergey Verbitsky

20) Mr Verbitsky is a qualified translator and well acquainted with the English and Russian languages. He translates three documents. The first translation is of a Russian trade mark certificate of registration no 237167. The owner of the trade mark is Otkrytoe. The application was filed on 29 August 2000 and was recorded in the state register of trade marks on 30 January 2003. The trade mark registered is URAL and it is for the following goods and services:

vehicles, namely motorcycles and parts of motorcycles included in class 12;

repair of motorcycles and parts thereof.

The above services are in class 37 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.

21) 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.

22) 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.

23) 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.

Second witness statement of Sergey Verbitsky

24) 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 the trade mark URAL was introduced into the commerce of the USSR, the United Kingdom and other countries in 1954 by the Irbit Motorcycle Factory. Mr Ivanovich states that motorcycles and parts thereof were exported abroad from the 1990s, including the United Kingdom. They were always marked with the trade mark URAL. He states that the Irbit Motorcycle Factory deployed various efforts aimed at marketing of the trade mark (sic), including in the United Kingdom.

25) 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

26) 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.

27) Mr Turner exhibits at NCT2 copies of two pages from UL's website. There is no date upon the printouts. Inter alia the pages state the following:

> "There followed a discussion that, whilst his immediate interest was to ride a Ural outfit back to England together with 72 year old father and 8 year old son, he (Mr Burgess) should also consider becoming the UK concessionaire for the factory……
>
> The Ural outfit had proved it's ruggedness. Burgess considered the UK opportunity carefully and, taking into account his resources in Moscow, biking knowledge and interest decided to proceed……..
>
> Uralmoto motorcycles have been sold successfully for a number of years throughout the world where demand for the hard working sidecar outfits remains strong. The Dnepr factory located in the Ukraine also has a long history of producing heavy motorcycles and sidecar outfits, however, we are advised that the Dnepr factory is now only producing on a sporadic basis. The Dnepr factory lack the capital investment and technical support that has recently been injected into Russian factory and consequently are unlikely to compete long term with the Ural."

On the second page it is stated that URAL, URALMOTO and the IMZ logo are United Kingdom registered trade marks.

28) 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.

29) 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. The device reproduced immediately above appears at the front of the brochure.

Despite the numerous photographs shown in the various materials there is no clear picture of the badging of the motorcycles: although URAL can be seen on the number plate of the COSSACK branded motorcycle.

30) 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

31) 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

32) 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.

33) Mr Ballard states that URAL motorcycles have been available in the United Kingdom through recognised dealers since 1971 and were sold as URALs. He states that the trade mark URAL is associated with Otkrytoe. Mr Ballard exhibits at PJB2 copies of pages from COC's website, these pages form part of exhibit NCT3 to the statement of Mr Turner and are dealt with in paragraph 29. Mr Ballard states that the URAL M63 was the first URAL to be imported into the United Kingdom in any significant numbers. It was sold as a URAL by Mr Fred Wells of Manor Park, London. Mr Ballard exhibits a copy of a COSSACK poster from around 1975 at PJB3. He states that it should be noted that COSSACK was the name used in the United Kingdom by SATRA on all Soviet motorcycles it sold from 1974 to 1979. SATRA was at the time the company that imported and sold URAL motorcycles in the United Kingdom. He states that it will be noticed that the name URAL is used to advertised the URAL as a model in the COSSACK range. URAL appears on the number plate and at the bottom of the poster there is a reference to URAL 650 cc. He exhibits at PJB4 a blow up picture of the petrol tank which shows the word урал (УРАЛ in lower case) split in two by the device:

Mr Ballard states that УРАЛ is the "Cyrillic for URAL".

34) Mr Ballard states that all of the enthusiasts whom he knows associate the trade mark URAL with Otkrytoe and not UL. He concludes by stating that UL is recognised to be one in a series of importers and distributors of URAL motorcycles in the United Kingdom.

Witness statement of Simon Mark Bentley

35) Mr Bentley is a trade mark attorney and partner of the firm Abel & Imray, which is acting for Otkrytoe is 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

36) 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."

37) 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

38) Otkrytoe is the owner of the trade mark URAL in the Russian Federation. It was applied for on 29 August 2000 and registered on 30 January 2003. It is registered for the following goods and services:

vehicles, namely motorcycles and parts of motorcycles included in class 12;

repair of motorcycles and parts thereof.

The Russian Federation is a contracting party to the Paris Convention and so Otkrytoe is the owner of the trade mark URAL in a Convention country.

Time limit for application to be made

39) 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 28 June 2002 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)

40) 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.

41) The agreement is between OOO and UL, not Otkrytoe and UL. OOO is not the proprietor of the URAL 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.

42) I note that in it 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

43) 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. It also comments that URAL (in the Roman alphabet) has not been used by Otkrytoe but rather УРАЛ. 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 evidence from Mr Turner, who formed the precursor to UL with Mr Burgess. Mr Turner states that the products had been branded as URAL, IMZ or with the IMZ logo for many years before the involvement of ULUK. He states that UL and ULUK would have only been considered to have been distributors in the United Kingdom. The article from Mr Morrison makes clear reference to URAL and IMZ in April 2000 and states that the IMZ-8.103 can be purchased from FSU Connections Ltd. Mr Ballard states that URAL was used in the United Kingdom long before UL's involvement, he shows such use. He states, and it is unchallenged:

> "All of the enthusiasts I know associate the trade mark URAL with the Applicant for Rectification and not with the registered proprietor. The registered proprietor is recognised to be one in a series of importers and distributors of URAL motorcycles in the UK."

Mr Ballard' s statement was made on 12 October 2004, some time after the date of application for the registration of the trade mark. However, there is nothing to suggest that the position would have been any different at any earlier date. Mr Ballard has no axe to grind and speaks as an expert in relation to the subject. Again, there is nothing to challenge the evidence. Mr Ivanovich states that URAL was introduced into the USSR, the United Kingdom and other countries in 1954. He does not state how he knows this. He did not join the Irbit motorcycle factory until 1972. There are no exhibits to substantiate his claims. I admit to having difficulty envisaging use of URAL rather than УРАЛ in the USSR. I cannot dismiss Mr

Ivanovich's statement but I have certainly not given it a great deal of weight in my deliberations.

44) In its counterstatement UL refers to the use of УРАЛ rather than URAL. Of course this is unsubstantiated with evidence. However, it would seem unlikely that the Roman alphabet would be used in a country that uses Cyrillic. The brochure in Russian exhibited to Mr Turner's statement, as far as I can see, has no parts in the Roman alphabet. The corollary of this is that it is not surprising that Otkrytoe or its predecessors in business would use, in countries that use the Roman alphabet, a word in that alphabet rather than in Cyrillic script. I note that the copy of the poster exhibited by Mr Ballard shows the Cyrillic form on the petrol tank of the motorcycle but the Roman form on the number plate and at the bottom of the advertisement. The testimony of Messrs Turner and Ballard is that URAL was used. It is also something that is demonstrated in exhibited material. The evidence demonstrates, in my view, that in the United Kingdom URAL was used in relation to the motorcycles produced by Otkrytoe or its predecessors in business. The evidence clearly contradicts the claim of UL that URAL was never used in the United Kingdom prior to its use of it. Extracts from UL's own website clearly identify URAL with Otkrytoe. URAL was and is a trade mark associated with Otkrytoe or its predecessors in business (this case is at the opposite end of the spectrum to the parties in *MedGen Inc v Passion for Life Products Ltd* [2001] FSR 30). UL was simply the representative of Otkrytoe, through OOO.

Conclusion

45) The Russian trade mark registration encompasses most of the goods of the United Kingdom registration. The United Kingdom registration also includes *three wheeled vehicles*; which could be motorcycle and sidecar combinations. I consider that the goods of the United Kingdom registration are effectively encompassed by the business of Otkrytoe. The trade marks are identical. I have no doubt that Otkrytoe is entitled to the trade mark for the goods that it encompasses in the United Kingdom.

46) I find under section 60(3)(b) of the Act that the register should be rectified in respect of trade mark registration no 2269222 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

47) 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.)

48) 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