

O/1024/24

TRADE MARKS ACT 1994

**TRADE MARK REGISTRATION No. 916849291 IN THE NAME OF
ULUGBEKHON MAKSUMOV**

AND

**APPLICATION 504356 BY '1141931 ONTARIO LTD' FOR THE ABOVE TRADE
MARK TO BE DECLARED INVALID AND CANCELLED**

AND

**DESIGNATIONS OF THE UK FOR PROTECTION OF INTERNATIONAL
REGISTRATION NOS. 1572655 & 1573693 BY '1141931 ONTARIO LTD'**

AND

OPPOSITIONS 426256 & 427371 BY ULUGBEKHON MAKSUMOV

BACKGROUND AND PLEADINGS

1. Trade Mark Registration No. 916849291 (“291 mark”) is a ‘comparable trade mark’ created on 31st December 2020 when the UK left the EU. This is in accordance with Part 1 of Schedule 2A to the Trade Marks Act 1994 (“the Act”) which states that:

“(1) A trade mark which is registered in the EUTM Register immediately before IP completion day (an “existing EUTM”) is to be treated on and after IP completion day as if an application had been made, and the trade mark had been registered, under this Act in respect of the same goods or services as the existing EUTM is registered in the EUTM Register.

(2) A registered trade mark which comes into being by virtue of sub-paragraph (1) is referred to in this Act as a comparable trade mark (EU).

(3) This Act applies to a comparable trade mark (EU) as it applies to other registered trade marks except as otherwise provided in this Schedule.”

2. Accordingly, the 291 mark is treated as though it was applied for and registered in the UK on the corresponding dates of the EU trade mark from which it was cloned (16849291), i.e., 13th June 2017 and 10th August 2018, respectively.

3. The application to register the EU mark was filed by Ulugbekhon Maksumov. He automatically became the proprietor of the comparable mark.

4. The 291 mark consists of the words **Inkas Vehicles**. The mark is registered in relation to armoured and military vehicles in class 12, parts of such vehicles in classes 6, 13 and 19, and related transport services in class 39.

5. On 23rd and 24th December 2020, respectively, the holder of International Registration Nos. 1572655 and 1573693 (“the IRs”) - 1141931 ONTARIO LTD (“Ontario”) – designated the marks for protection in the UK under the terms of the Madrid Protocol. The marks consist of the word **INKAS** (“655 mark”) and the device shown below (“693 mark”):



6. The IRs are registered in class 12 in relation to, inter alia, armoured vehicles and parts of such vehicles.

7. On 19th August and 7th October 2021, respectively, Mr Maksumov opposed the protection of IRs 655 and 693 in the UK. His opposition was based on sections 5(1) and 5(2) of the Trade Marks Act 1994 (“the Act”). In this connection, he relied on his earlier 291 mark, claiming there was a likelihood of confusion on the part of the public. For the same purpose, he also relied on another comparable mark registered in his name under no. 916256091 (“the 091 mark”), which is shown below:



8. The (EU) application to register this trade mark was filed on 17 January 2017 and the mark was registered on 1st May 2017. The registration covers similar goods/services to the 291 mark.

9. On 17th November 2021, Ontario filed an application with this Office to invalidate the 291 mark. Ontario claimed that:

- (1) It had an unregistered right in INKAS from using that name in the UK since at least September 2010 in relation to “*armoured vehicles, retrofitting of armoury to vehicles, and the marketing and sale of armoured vehicles and retrofitted armoured vehicles.*”

(2) The INKAS Trade Mark is well known in a substantial part of the UK to the relevant consumer of armoured vehicles as belonging to Ontario. The mark is therefore entitled to protection as an earlier trade mark (compared to Mr Maksumov's comparable marks) in accordance with section 6(1)(c) of the Act.

(3) The 291 mark was applied for in bad faith because:

"The Registered Proprietor was a customer of the Applicant. The Registered Proprietor then reached out to the Applicant in relation to a potential joint venture in Dubai. Based on the Registered Proprietor's promise of mutual involvement in the project, and in order to evaluate the feasibility of a Joint Venture, it was decided to commence a business relationship/partnership with the Registered Proprietor to manufacture armoured vehicles in Dubai.

The relationship between the Registered Proprietor broke down in or around 2013/2014. The Applicant has continually disputed the Registered Proprietor's use of the INKAS Trade Marks following the breakdown of the relationship. Due to the various dealings and close relationship between the Registered Proprietor and the Applicant dating back to at least 2011, the Registered Proprietor was aware:

- a. of the Applicant's INKAS Trade Marks, business and trade names;*
- b. the field and the regions of worldwide business of the Applicant; and*
- c. the fact that the Registered Proprietor was not allowed to use or register the word "INKAS" or mark containing the word INKAS anywhere in the world.*

In full knowledge of the above, the Registered Proprietor applied, without the Applicant's knowledge or consent, for the UKTM on 31 [sic] June 2017, for a virtually identical mark to that used by the Applicant and covering the exact same goods and services that comprise of the Applicant's INKAS brand and any and all likely expansion activities.

The Registered Proprietor registered the UKTM as a weapon against the Applicant in order to prevent the Applicant from entering into the UK market and/or from registering its existing unregistered rights in the UK market, and/or to take advantage of and in effect to steal the Applicant's existing business and reputation in the UK.

The Registered Proprietor has also registered the Applicant's INKAS Trade Marks without the Applicant's consent and in bad faith in other territories including, but not limited to the EU, the United Arab Emirates, Kazakhstan, Oman, Jordan and Ukraine.

This falls short of the standards of acceptable commercial behaviour observed by reasonable and experienced people.”

10. A counterstatement was filed on behalf of Mr Maksumov. Ontario's bad faith claim was the subject of blanket denials and associated requests for proof of all the alleged facts.

11. On 9th June 2022, Ontario filed application 504959 to invalidate the 091 mark on similar grounds to the 291 mark. In addition, it claimed that Mr Maksumov was an agent of Ontario when he filed the 091 mark and registration was, therefore, contrary to section 5(6) of the Act. Further, Ontario claimed to own the copyright in an original work corresponding to the 091 mark. Consequently, it claimed that registration of the 091 mark by Mr Maksumov was also contrary to section 5(4)(b) of the Act.

12. A counterstatement was filed on behalf of Mr Maksumov. Ontario's claims were the subject of blanket denials and associated requests for proof of all the alleged facts.

13. Ontario filed counterstatements denying the grounds of Mr Maksumov's oppositions to the protection of its IRs in the UK on the sole ground that his earlier registered marks were invalid.

14. Prior to the UK leaving the EU, Ontario applied to the EUIPO for the EU mark from which the comparable 091 mark was subsequently cloned (EU16256091) to be declared invalid. The EUIPO upheld Ontario's case that the EU trade mark had been applied for in bad faith. The Cancellation Division's decision was upheld by the

EUIPO's Board of Appeal in September 2022. Ontario notified the UKIPO on 31st March 2023 (at the same time as filing its evidence in reply in these proceedings) that the decision had become final. It asked for the 091 comparable mark to be cancelled in accordance with the transitional provisions in the Act governing the effects of Brexit on comparable marks. Paragraph 21A of Schedule 2A to the Act states:

“Existing EUTM: effect of invalidity or revocation

21A. (1) This paragraph applies where, on IP completion day, an existing EUTM is the subject of proceedings under Article 58 (Grounds for revocation), 59 (Absolute grounds for invalidity) or 60 (Relative grounds for invalidity) which have been instituted but not finally determined before IP completion day (“cancellation proceedings”).

(2) Subject to sub-paragraph (4), where—

(a) the existing EUTM is revoked or declared invalid (whether wholly or partially) pursuant to a decision in the cancellation proceedings which is finally determined, and

(b) the registrar has—

(i) received notice of the situation referred to in paragraph (a) (“a cancellation notice”), or

(ii) otherwise become aware of the situation referred to in paragraph (a),

the registration of the comparable trade mark (EU) which derives from the existing EUTM must be revoked or declared invalid to the same extent as the existing EUTM.”

(4) The registration of a comparable trade mark (EU) must not be revoked or declared invalid under sub-paragraph (2) where the grounds on which the existing EUTM was revoked or declared invalid (whether wholly or partially) would not apply or would not have been satisfied in relation to the comparable trade mark (EU)—

(a) if the comparable trade mark (EU) had existed as at the date the cancellation proceedings were instituted, and

(b) an application for the revocation or a declaration of invalidity of the comparable trade mark (EU) based on those grounds had been made on that date under section 46 or 47 (as the case may be).”

15. There being no suggestion that sub-paragraph 4 applied in this case, the 091 mark was struck out of Mr Maksumov’s oppositions, and Ontario’s application 504959 to invalidate the 091 mark was closed, both in July 2023.

16. In April 2021 (i.e., post-Brexit), Ontario applied to the EUIPO to invalidate Mr Maksumov’s EU trade mark 16849291 (INKAS VEHICLES) on similar grounds to those subsequently relied on in UK application 504356 to invalidate the 291 comparable mark. The EUIPO upheld Ontario’s case that the EU trade mark had been applied for in bad faith. That decision was entered in the EU register on 9th June 2023. However, unlike the EUIPO’s decision in relation to EU16256091, the decision to invalidate EU16849291 did not automatically result in the cancellation of the cloned 291 comparable mark. This is because the application to invalidate the EU trade mark was filed post Brexit. Thus, there were no outstanding cancellation proceedings at the EUIPO when the 291 comparable mark was created. This meant that subject to the outcome of UK invalidation application 504356, the 291-mark remained validly registered in the UK.

THE CONDUCT OF THE UK PROCEEDINGS

17. The proceedings listed on the cover page of this decision and Ontario’s application 504959 to invalidate the 091 mark, were consolidated.

18. The parties filed evidence consisting of:

Ontario’s evidence in chief

Witness Statement of David Khazanski and exhibits DK01 – DK22

Mr Maksumov’s evidence in response

Witness Statement of Ulugbekhon Maksumov and exhibits UM1 – UM10

Ontario's evidence in reply

Witness Statement of Dmitri Khazanski

Second witness Statement David Khazanski and exhibits DK23-DK31

Witness statement of Anil Bhole and exhibits AB01-AB02

Mr Maksumov's evidence in reply

None filed.

19. On 19th July 2023, Ontario requested a hearing. A hearing was appointed for 5th December 2023. However, on 10th October 2023, Ontario requested a postponement of the hearing to a later date to fit in with the availability of its chosen counsel. Mr Maksumov's representatives agreed to the postponement and, at the same time, provided details of its chosen counsel. The hearing was re-scheduled for 30th January 2024.

20. On 19th January 2024, Mr Maksumov's representatives sent a letter withdrawing his oppositions 426256 & 427371. The letter also purported to 'withdraw' the registration of the 291 comparable mark. When asked if this meant that Mr Maksumov had, or immediately planned to, voluntarily surrender the registration, his representatives immediately filed a Form TM22 requesting the surrender of the 291 mark. It was made clear that Mr Maksumov saw no continuing need for the hearing scheduled for 30th January.

21. Ontario's representatives expressed concern about vacating the hearing because as it correctly pointed out *"the invalidation of a trade mark takes place from the date on which it was registered, whereas the surrender of a trade mark only takes place from the day on which it was surrendered."*

22. Mr Maksumov's representatives replied that:

“We confirm that [he] does not contest [Ontario’s] point that [his] UK trade mark registration no. 916849291 (INKAS VEHICLES) should be invalidated from the date on which it is registered.

In any case, the point (the date from which the registration is invalidated) is academic and has no consequences for either party. There is therefore no proper reason for there to be a hearing on this matter.

Should Party B persist with its request for a hearing, we submit that it should not be entitled to make any claim for its further costs for doing so from this point on.”

23. The registrar responded to this on 24th January stating:

“In the light of Taylor Wessing’s email of 22nd January, the Hearing Officer intends to treat [Mr Maksumov] as having effectively withdrawn its counterstatement to application for invalidation 504356.

The consequences of this are that [Ontario’s] grounds are no longer denied. This means that the application for invalidation succeeds, as it would have done if no counterstatement had ever been filed. The registrar will issue a short formal decision to this effect and the trade mark registration will be declared invalid.

This means that the only outstanding issue is costs. The Hearing Officer is minded to invite written submissions on costs. However, the parties are entitled to be heard.”

24. Neither party opted to be heard on the issue of costs. Ontario was given 28 days to provide written submissions on costs. Mr Maksumov was given 28 days from the receipt of Ontario’s submissions to file submissions in reply.

DECISION IN INVALIDATION APPLICATION 504356 AGAINST THE 291 MARK

25. The matters and facts set out in the application for invalidation, and summarised in paragraph 9 above, are no longer denied. Subject to one proviso, those facts

provide the necessary factual basis for legal findings that registration of the 291 mark was contrary to sections 3(6), 5(2) and 5(4)(a) of the Act.

26. The proviso is that it is necessary to keep in mind that Mr Maksumov did not apply to register the 291 mark in the UK: he applied for registration in the EU. Section 47 must be applied “*as if an application [for registration] had been made under the Act.*” However, in order to avoid unfairly attributing improper or dishonest behaviour to the proprietor of a comparable mark who may have had due cause to apply for registration at EU level, but not in the UK specifically (perhaps because of concurrent rights in the EU or the terms of a co-existence agreement), the fact that the application was actually filed in the EU must not be completely excluded from consideration in deciding whether the deemed filing in the UK was made in bad faith.¹ There is nothing to suggest that Mr Maksumov had a stronger case for filing at EU level than he would have had for filing the application at UK level. Consequently, in accordance with section 47(1) and 47(2) of the Act, I declare the 291 mark invalid. This means the comparable mark is deemed never to have been registered.

COSTS

27. Ontario filed written submissions in which it requested an award of ‘off scale’ costs. According to Ontario:

“...Mr Maksumov acted in bad faith and dishonestly in registering both Mr Maksumov’s UK Logo TM and Mr Maksumov’s UK Inkas Vehicles Word TM, on which the Oppositions [to the protection of Ontario’s IRs] were solely based.

Further and in the alternative, Ontario also submits that Mr Maksumov has acted unreasonably throughout the Consolidated Matter.”

28. Ontario particularised its allegations of unreasonable behaviour as follows:

¹ The converse would not apply, i.e., the fact that the EU application may have been filed in bad faith having regard to rights and interests that existed in other parts of the EU at the time, is not relevant if the applicant could have filed a UK application in good faith.

(a) Mr Maksumov was fully aware of the history between the parties and indeed.... Mr Maksumov does not dispute much of the evidence filed in relation to this history.

(b) He relied on trade marks that should never have been registered and the Oppositions were improperly brought and prosecuted. The Oppositions should never have been brought in the first place. They certainly should not have been litigated over many years.

(c) There was no commercial rationale for pursuing the proceedings.... and Mr Maksumov was fully aware of the facts of history between the two parties.

(d) Mr Maksumov surrendered Mr Maksumov's UK Inkas Vehicles Word TM and withdrew both Oppositions only 11 days before the Consolidated Matter was due to be heard at the oral hearing listed for 30 January 2024 (despite having had Ontario's evidence since 31 March 2023). He only withdrew his Defence to Ontario's invalidation attack CA504356 on Mr Maksumov's UK Inkas Vehicles Word TM once prompted to do so by the UKIPO (on 22 January 2024). By this stage, Ontario had nearly finalised its skeleton argument due to be filed on 26 January 2024 and was preparing for the hearing. If Mr Maksumov had simply surrendered Mr Maksumov's UK Inkas Vehicles Word TM from the start, this entire Consolidated Matter would have been avoided. If Mr Maksumov had at least withdrawn his Oppositions earlier, the majority of Ontario's costs would have been avoided.

(e) Mr Maksumov's Oppositions were (originally) based on both Mr Maksumov's UK Inkas Vehicles Word TM and Mr Maksumov's UK Logo TM. It was unreasonable to rely on Mr Maksumov's UK Logo TM in circumstances where Mr Maksumov knew it was to be invalidated and removed from the UK register, following first the decision of the EUIPO cancellation division (28 October 2021), and then the decision of the EU Board of Appeal to uphold the invalidation of the underlying Mr Maksumov's EU Logo TM at the EUIPO on 23 September 2022. Mr Maksumov did not withdraw his reliance on Mr Maksumov's UK Logo TM. It only fell away by virtue of that mark being cancelled due to the Board of Appeal's decision. Mr Maksumov did not notify

the UKIPO of the decision. Instead, Ontario did so, writing to the UKIPO on 4 May 2023 – Mr Maksumov’s UK Logo TM was then cancelled, as Ontario was notified by the UK on 5 July 2023. By refusing to withdraw his reliance on Mr Maksumov’s UK Logo TM, Ontario was forced to put in additional evidence (in relation to Ontario’s ownership of copyright in Mr Maksumov’s UK Logo TM....) which was not needed following the invalidation of the Mr Maksumov’s INKAS Logo.

(f) On 9 March 2021, on behalf of Ontario, this firm wrote to Mr Maksumov to notify him of its intention to apply to invalidate a trade mark registered by his company Inkas Vehicles LLC, Inkas Vehicles LLC’s Logo TM, and referred to the wider dispute between Mr Maksumov and Ontario..... The registered mark is identical to Mr Maksumov’s UK Logo TM. Our letter offered Mr Maksumov the opportunity to voluntarily surrender. Mr Maksumov refused and indicated he would rigorously contest any cancellation application. Ontario was forced to commence invalidation (and revocation) proceedings against the registration which ultimately were not defended.

(g) Additionally, by the time Mr Maksumov filed the Oppositions, Ontario had filed EUCA43494 (on 5 May 2020) and Ontario had received a decision that Mr Maksumov’s EU Logo TM was registered in bad faith. Furthermore, Ontario had filed an invalidation (EUCA49669, on April 2021) against Mr Maksumov’s EU Inkas Vehicles Word TM.

(h) As a result, Mr Maksumov was on notice by Ontario position that Mr Maksumov’s UK Inkas Vehicles Word TM and Mr Maksumov’s UK Logo TM were invalidly registered. He had the opportunity to surrender the marks. Instead, he instructed his UK solicitors to respond by way of letter dated 28 April 2021, stating that Mr Maksumov disagreed with our client’s position that Mr Maksumov had acted in bad faith in registering his trade marks and “any attempt to invalidate our client’s registration will be misconceived and without merit”. It stated that “if your client does proceed with an action for the invalidity of our client’s registration, this will be vigorously contested by our client, who will seek recovery of its costs from your client”. As the Hearing Officer is aware, Mr Maksumov never surrendered the Mr Maksumov’s INKAS Logo and only

surrendered the Inkas Vehicles TM much later, and after considerable time and expense.

(i) Mr Maksumov has pushed Ontario to defend itself and to challenge Mr Maksumov's UK trade mark rights to the fullest extent, despite his company, Inkas Vehicles LLC failing to defend Ontario's CA504391 against Inkas Vehicles LLC's Logo TM, an identical trade mark to Mr Maksumov's UK Logo TM, or denying the bad faith and other grounds relied upon – the same grounds relied upon in CA504959 and, except for section 5(4), the same grounds as for CA504356. That is an inconsistent and unreasonable position to take.”

29. The registered mark referred in paragraph 28(f) above was a UK trade mark registered on 8th March 2016 under 1573673 in the name of Mr Maksumov's company, Inkas Vehicles LLC. The mark at issue was the same as the 091 comparable mark shown at paragraph 6 above and was registered in relation to similar goods. Ontario applied to invalidate the registration of trade mark 1573673 on 30th November 2021 citing, essentially, the same grounds it subsequently relied on to invalidate the 091 comparable mark. The application was not defended. The application was deemed successful by a decision dated 30th March 2022. This invalidation application was not consolidated into the proceedings covered by this decision. It follows that I cannot award costs in relation to those proceedings.² Consequently, the facts surrounding those proceedings are relevant only as far as they provide context for the costs claimed in these proceedings.

30. So far as these proceedings are concerned, Ontario requests an award of £59,964.27, including £400 in official fees.

31. Section 68 of the Act and Rule 67 of the Trade Mark Rules 2008 give the registrar a wide discretion to award costs. As Anthony Watson Q.C. stated in *Rizla Ltd.'s Application*³ when considering a very similar provision under the Patents Act 1977:

² It is open to Ontario to apply for a separate award of costs in relation to cancellation applications 504391/2.

³ [1993] RPC 365 at 377

“The wording of section 107 could not in my view be clearer and confers on the Comptroller a very wide discretion with no fetter other than the overriding one that he must act judicially.”

32. The registrar normally awards costs based on a published scale. The aim is to award costs on a contributory rather than a compensatory basis. This is because the registrar operates an accessible low-cost tribunal with predictable costs. However, the registrar’s practice makes it clear that costs may be awarded on a different basis if a party behaves unreasonably. Ontario’s case is essentially that Mr Maksumov has acted unreasonably in the ways described above.

33. Although the courts have endorsed the registrar’s power to award compensatory costs in cases of unreasonable behaviour, it does not follow that compensatory costs must be awarded whenever there is any unreasonable behaviour. Rather, as stated in *Rizla’s Application*, the question is whether *“the behaviour in question constituted such exceptional circumstances that a standard award of costs would be unreasonable.”*

34. As noted above, the registrar decided to invalidate the 291 mark on the basis that Ontario’s grounds for invalidation are no longer denied. This includes the allegation that the trade mark was applied for in bad faith. However, although non-denials are relevant to the determination of the substantive issue, they do not constitute an actual admission of having acted in bad faith, or of unreasonable behaviour, for the purpose of assessing whether ‘off scale’ costs are justified. It is therefore necessary to examine the facts to see to what extent they support Ontario’s claim of unreasonable behaviour.

35. The following extracts are from David Khazanski’s first witness statement dated 26th July 2022. They give the gist of Ontario’s case:

“16. On June 16 2000, I incorporated a further company within the INKAS Group in Canada, 2000007 Ontario Inc. doing business as INKAS Armored Vehicle Manufacturing (referred to in this witness statement as "INKAS Armored Vehicle Manufacturing"). This company manufactures armored vehicles including luxury sedans and SUVs, personnel carriers, cash in transit vehicles, law enforcement vehicles and other special purpose armored vehicles. It does this by either retrofitting an existing car like a Bentley

Bentayga, Land Rover Ranger Rover L or Mercedes-Benz AMG or we have designed, developed and built our own vehicles like the Inkas Sentry (see Exhibit DK03, pages 35-42 for examples). Indeed, we purchase some of our cars from UK manufacturers like Land Rover Defenders which I recall we have purchased quite a few of.

17. The fitting of armor to vehicles and their sale is an absolute niche market, with a very limited number of potential customers. Our clients are NGOs, federal governments such as Bangladesh, US, Haiti, law enforcement agencies, ultra-high net worth VIPs, police forces, justice authorities and financial institutions around the world. Our larger markets tend to be countries with civil unrest or where there is access to guns or other explosive devices.”

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“40. The armored vehicles market in the UK is not very big as compared to other countries around this world, especially so pre-2017. This is because guns are not legal, violence is relatively low and it is a politically stable country. Our customers in the UK tend to be commercial organisations and government organizations channels. We often have to tender for such work which may or may not be ultimately successful.”

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“42. As a result, whilst our UK sales (detailed below) may seem small, for the size of the market I would say they are significant, and we are a significant player on the UK market for armored vehicles.”

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“44. The first sale of armored vehicles by INKAS to UK customers was in 2012. At Exhibit DK15(01), I have provided spreadsheets showing INKAS's sales around the world from 2012 to 2015. You can see from that spreadsheet that, for example, we made sales of almost USD 5,000,000 in Great Britain in 2012, and just under USD 3,000,000 in mainland UK in 2015.”

“49. At some point before March 2012, I was approached by Mr Ulugebekhon Maksumov, a United Arab Emirates resident who is Party A in this case. He is the owner of Gulf Auto Trade FZE ("Gulf Auto Trading"), a Dubai company. Mr Maksumov used to work with my brother, Dmitri Khazanski in the UAE at Steit Armored Vehicle Manufacturing. He wanted to discuss commencing a joint venture with INKAS Armored Vehicle Manufacturing in the UAE and my brother and I duly met with Mr Maksumov.

50. Mr Maksumov told us his local expertise, his connections and his Dubai citizenship would assist us and this included assisting us to get a licence to operate. We therefore sought to negotiate a joint venture business relationship, so we could manufacture and sell products in the UAE.

51. For the purposes of fostering this relationship, my brother visited the UAE to conduct negotiations with Mr Maksumov in March 2012. Based on Mr Maksumov's promise of mutual involvement in the project, and in order to evaluate the feasibility of a joint venture, it was decided to commence initial operations in conjunction with Mr Maksumov to manufacture armored vehicles in Dubai. It was agreed and understood with Mr Maksumov that the joint venture would be based on the INKAS Group's technology and the INKAS name and INKAS Logos which were well known and appreciated by various customers in UAE and neighbouring countries.

52. We had many conversations with Mr Maksumov, these included discussions on present and future target markets. I recall that at that time, while the Middle East and Africa were target markets, Europe (including UK) was a market we wanted to develop in the future. It is likely that either myself or my brother would have discussed this with Mr Maksumov.” (Emphasis added)

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“55. In May 2012, we transferred equipment, cars, and a number of workers from Inkas Armored Vehicle Manufacturing to the UAE to train local personnel in accordance with INKAS's drawings, specifications and quality standards. This included a [Mr SL]. [Mr SL] worked as a Production Manager at the INKAS

branch located in the UAE from May 2012 until October 2014. One of his main responsibilities was to set up and oversee the manufacturing process within the new branch and to ensure production lines ran without any problems and minimum downtime and also to ensure that products were manufactured to a certain quality standard and adhered to certain requirements.

56. We also transferred technical and non-technical information for the setup of operations in Dubai. For example, drawings, processes, customer lists and merchandising.”

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“74. In September or October 2013, Mr Maksumov was arrested in Dubai, allegedly for illegally exporting the armored vehicles outside the UAE using his free zone company, Gulf Auto Trading.

75. During Mr Maksumov's time in custody, Dmitri became aware of the INKAS Dubai as discussed above. While he had day-to-day control of INKAS Dubai, Dmitri confronted Mr Maksumov, demanding an explanation for Mr Maksumov's illegal exportation activities, and requesting to be appointed as a director of INKAS Dubai. Mr Maksumov refused Dmitri's request and terminated all communication with him.

76. We finally realised that Mr Maksumov was not actually cooperating with us to create mutually beneficial and efficient business relationship. In fact, he had just wanted our company to provide him with the technology, marketing materials, lists of customers and other intellectual property in order to exploit them for his own personal gain alone. We were shocked that Mr Maksumov was effectively trying to steal our business in the UAE.”

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79. On August 24th, 2014, I email Mr Maksumov following a telephone I had with him in which I summarise my understanding of the points discussed and agreed in order to resolve the matter including (ii) he would remove the INKAS name from the UAE operation. As you will see I seek confirmation on

when Mr Maksumov will action these points (see Exhibit DK19, page 382). Mr Maksumov did not respond.

80. Neither Mr Maksumov nor his companies have been granted any right to use any of the INKAS trade marks, trade names or business names in Dubai or anywhere else by any of the INKAS Group companies.

81. Given Mr Maksumov's failure to comply with our requests to.... cease using our name and logo, we

(a) after sending further correspondence (without reply) to Mr Maksumov (see for example a letter sent by our representative to Mr Maksumov on January 29th, 2015, at Exhibit DK19, pages 384-385), we served a cease and desist letter on Mr Maksumov on February 10 2015 (see screenshot of the email attaching the letter at Exhibit DK19, page 386, and the letter itself at Exhibit DK19, pages 387-388), and tried to begin legal proceedings in Dubai. Unfortunately, owing to local politics in the UAE, we have not been able to secure legal representation willing to represent us there..... .”

36. Mr Maksumov’s witness statement in response, dated 4th November 2022, included the following:

“13. Inkas Vehicles offers different types of armoured vehicles which can be viewed both on the company's website as well as on-site.”

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“15. Since 2013, Inkas Vehicles has sold over 1,300 vehicles under the INKAS brand and generated over \$62 million USD in sales revenue.”

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“18. My intention when filing the EU applications was to expand the use of the brand for armoured vehicles which my company had already been using in the UAE for many years to Europe, where I had plans to manufacture and sell the

products in question. This is still the plan and there are ongoing negotiations about opening facilities in Europe. However, the trade mark dispute with Party B has become a distraction and has delayed our plans.

19. At the time of filing the EU trade marks, Party B did not own any prior trade mark registrations in the EU or UK. This is clear from a review of the UK and EU trade mark registers.”

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“21. I understand Party B to be active in the field of armoured vehicles in Canada and the USA. In 2012 and 2013, I was in negotiations with Party B about a possible joint venture in Dubai. However, the cooperation concerning the possible collaboration for the production of armoured vehicles did not go as planned. The Parties decided not to pursue the unsuccessful attempt of the joint venture. Consequently, I went on to manufacture and sell armoured vehicles in Dubai serving mainly the UAE, while Party B served its clients from its production sites outside the UAE and outside the EU and UK.

22. I used to work with Dimitri Khazanski who is the brother of David Khazanski, the founder and CEO of Party B. We worked together at Streit Group, another armoured vehicle manufacturer based in the UAE. In 2011 I left the Streit Group and began manufacturing and selling armoured vehicles through a company I controlled called Gulf Auto Trading LLC (a UAE company).

23. Shortly thereafter discussions took place concerning a joint venture between David and Dimitri (acting for Party B) and myself to manufacture vehicles in the UAE. Party B wanted to start selling vehicles in the Middle East region but didn't know how to go about it. I had an extensive client list as I was selling and reselling various kinds of vehicles through my company Gulf Auto Trading.

24. \$600,000 USD was required to equip and staff a production facility, to set up the company and to buy materials. David and Dimitri persuaded me to

proceed and indicated that they would send their contribution of \$300,000. There was no formal agreement. Inkas Vehicles LLC was incorporated.

25. David and Dimitri did not make their capital contribution. On the other hand, I invested between \$1.5-1.8M.

26. David and Dimitri agreed that Inkas Vehicles LLC could continue to use the INKAS name and logo indefinitely. In addition, they acknowledged that Party B and its related entities would not set up any operations in the Middle East.

27. We had some preliminary discussions about drafting an agreement to formalise our understanding but no agreement or draft was ever prepared or signed.”

37. David and Dimitri Khazanski filed evidence in reply dated 31st March 2023. This included the following statement from Dimitri Khazanski:

“6. At paragraphs 24-25 of Mr. Maksumov's Witness Statement, Mr. Maksumov writes that my brother and I persuaded Mr. Maksumov to equip and staff a production facility to set up an INKAS company in Dubai, and that we "indicated that [we] would send their contribution of \$300,000", but that we "did not make [our] capital contribution". There was never an indication that we would pay \$300,000. At paragraph 55 of my brother's First Witness Statement, he explains that we transferred equipment, cars, and workers from Inkas Armored Manufacturing to the UAE to train local personnel in accordance with INKAS's drawings, specifications and quality standards. This disclosure of INKAS's know-how, as well as our years of industry expertise and the potential for Mr. Maksumov - whilst working as our partner and only then - to do business under the well-known INKAS brand, was our contribution to the venture.

7. “..... As set out in my brother's Witness Statement we never gave Mr. Maksumov permission to use our trade marks outside of the joint venture. Since the failure of the joint venture, we have made clear to Mr. Maksumov we object to his use and registration of INKAS..... .”

38. The evidence establishes the following:

- (1) Ontario had an established business selling armoured vehicles prior to the dealings with Mr Maksumov which began in or around March 2012;
- (2) The business appears to have been conducted mainly in North America, but the products and services concerned are very niche and appeal to those anywhere in the world with a need for armoured vehicles;
- (3) Mr Maksumov approached the directors of Ontario about a possible joint venture in Dubai/UAE;
- (4) There were pre-contractual relations between the parties about setting up a joint venture and the parties worked together while these discussions were going on;
- (5) Ontario helped Mr Maksumov to set up a production facility in Dubai;
- (6) The joint venture was never formalised and relations broke down completely in 2014;
- (7) Ontario never gave Mr Maksumov permission to use or register the INKAS trade marks outside the scope of the proposed joint venture, and made it clear to him that they opposed any other use;
- (8) Ontario had a small business in the UK at the time Mr Maksumov applied to register the EU trade marks on which the 091 and 291 marks were based;
- (9) The evidence is too weak to establish that Mr Maksumov knew about this, or that he knew Ontario had specific plans to develop a market in Europe, when he filed his EU trade mark applications (and is deemed to have filed his UK comparable marks);
- (10) However, Mr Maksumov was well aware of the international nature of the market for armoured vehicles, and he knew from first-hand experience that Ontario was interested in developing export markets for the INKAS marks;

(11) Mr Maksumov filed his applications with the intention of securing exclusive rights in the 091 and 291 marks in the EU, including the UK, to develop a market for armoured vehicles under those marks for himself.

39. In my view, in the circumstances outlined above, it was unreasonable and commercially dishonest for Mr Maksumov to apply to register the 091 and 291 marks in the EU in 2017 and would have been unreasonable and commercially dishonest for Mr Maksumov to apply to register the 091 and 291 marks in the UK. This is made worse by the fact that not only did he apply to register the name INKAS VEHICLES, but also a copy of the logo used by Ontario in clear breach of the copyright in that work.

40. Mr Maksumov has not explained his reasons for adopting the specific marks registered in the UK under the 091 and 291 marks. The obvious reason for registering them is that he wanted to exploit the reputation associated with those marks. His claim that the Khazanski brothers agreed that his company could use the name and logo used by Ontario indefinitely is:

(1) Incredible (why would anyone agree to that outside the scope of a joint venture?).

(2) Contradicted by Ontario's evidence, including contemporaneous email communications.

41. The proposition that consent was given is even more preposterous if it is taken to mean that Ontario agreed to Mr Maksumov independently exporting armoured vehicles and related products/services under their trade marks from Dubai to other parts of the world, including the UK. It is absurd because all these places were actual or potential markets for Ontario.

42. I therefore accept Ontario's primary submission that Mr Maksumov acted unreasonably and commercially dishonestly by:

(a) registering trade marks corresponding to the marks under which he knew Ontario had traded for years and established a reputation wide enough to come to his attention in Dubai.

(b) defending the comparable trade marks cloned from those EU registrations.

43. I see no reason such behaviour should be substantially shielded from the costs consequences by applying the usual scale of costs. I consider the behaviour sufficiently exceptional to justify off scale costs.

44. I am less persuaded by Ontario's alternative argument that Mr Maksumov behaved unreasonably in the way he conducted the proceedings (i.e., aside from the fact that his actions were the reason the proceedings were necessary and continued as long as they did).

45. As regards the specifics, Ontario submits that it was unreasonable to rely on the 091 mark in circumstances where Mr Maksumov knew it was to be invalidated and removed from the UK register, following first the decision of the EUIPO cancellation division (28 October 2021), and then the decision of the EU Board of Appeal to uphold the invalidation of the underlying EU Logo TM at the EUIPO on 23 September 2022. Further, Mr Maksumov failed to notify the registrar about the outcome of the EUIPO proceedings.

46. I agree that Mr Maksumov should have notified the registrar, but it was open to either side to do so. Ontario's representatives did on 31st March 2023. Ontario argues that Mr Maksumov's failure to notify the registrar about the EUIPO's decision meant that it was forced to file unnecessary evidence supporting Ontario's copyright claim in the 091-logo mark. I do not accept this. Ontario was aware of the EUIPO's decision to invalidate the underlying EU trade mark in September 2022. Therefore, it should have been aware that the 091 comparable mark would be cancelled well before it filed its evidence supporting the copyright claim on 31st March 2023. I do not accept that Mr Maksumov's failure to notify the registrar about the EUIPO's decision was unreasonable behaviour.

47. The only other specific complaint about Mr Maksumov's conduct of the proceedings (as opposed to the need or continuing need for such proceedings), is that he surrendered the 291 mark and withdrew the oppositions only 11 days before the oral hearing listed for 30 January 2024 (despite having had Ontario's evidence since 31 March 2023). And he only withdrew his defence to Ontario's invalidation attack on

the 291 mark once prompted to do so by the UKIPO on 22 January 2024. By this stage Ontario had nearly finalised its skeleton argument due to be filed on 26 January 2024 and was preparing for the hearing. Consequently, the late decisions wasted costs.

48. It will be recalled that the hearing was originally scheduled for October 2023. It was postponed until January 2024 at Ontario's request and with the agreement of Mr Maksumov. The registrar was given the details of Mr Maksumov's counsel for the rescheduled hearing. Therefore, it appears that Mr Maksumov still intended to pursue his case at that point in time. He was entitled to do so. At some time prior to 19th January 2024 Mr Maksumov decided to abandon his case. I agree with Ontario that the factual position had not changed since March 2013. Therefore, it was unreasonable for Mr Maksumov to leave it until 11 days before the rescheduled hearing to notify the registrar and Ontario that he was abandoning his case. This was compounded by the fact that the letter sent on that date purported to 'withdraw' the 291 mark, when there is no such procedure. By the time this procedural matter was resolved, Ontario had wasted costs preparing a skeleton argument for the hearing. By contrast, Mr Maksumov had avoided the cost of preparing for the hearing. I will take this into account.

Assessment of Costs

49. It is important that any costs awarded do not exceed the actual costs reasonably incurred in these proceedings.

50. Mr Maksumov has not commented on Ontario's application for off-scale costs. Nor has he disputed any of the costs attributable to these proceedings identified in Ontario's detailed schedule of costs. However, I have critically examined the breakdown of costs myself to ensure that the costs claimed were necessarily incurred and not obviously disproportionate to the work required.

51. Having done so I find that, with two exceptions, Ontario's claimed costs of £59,964 are reasonable and the work was necessary. The exceptions relate to the £12,420 claimed for work invoiced on 31st March 2023 under invoice 7515. This covered work undertaken between 15th September 2022 and the date of the invoice. It included work associated with opposing a request from Mr Maksumov for a short extension of time

in which to file his evidence, and investigating, helping to draft, and file a witness statement from Anil Bhole dated 29th March 2023 relating to Canadian copyright law.

52. Mr Maksumov request for an extension of time was accepted, despite Ontario's initial opposition. The objection was not justified. Ontario should not be recompensed for the work involved in objecting.

53. For the reasons explained in paragraph 46 above, once Mr Maksumov failed to appeal the EUIPO's Board of Appeal decision dated 23rd September 2022, it should have been clear to Ontario that the 091 comparable mark would be cancelled. Therefore, there was no need to file additional evidence on 31st March 2023 supporting the copyright ground raised against the registration of that mark. Consequently, I will not award costs for doing so. These costs are not separately identified. I will reduce the sum claimed by £3k to ensure that I do not award compensation for costs incurred unnecessarily.

54. The second exception relates to the estimate provided for preparing the claim for off-scale costs - £5k. I acknowledge the claim is well explained and documented. However, the work claimed still appears to me to be excessive in relation to what was produced. I will reduce the amount awarded to £2k to reflect this.

55. The rest of invoice 7515 related to reviewing Mr Maksumov's evidence, filing (other) evidence in reply, and preparing for the hearing. This work was necessary.

56. The net effect of the above is Ontario is entitled to costs in the sum of £53,964.

OVERALL CONCLUSION

57. Trade Mark Registration No. 916849291 is invalid and will be cancelled accordingly.

58. Mr Ulugbekhon Maksumov should pay 1141931 Ontario Ltd the sum of £53,964 to cover the costs reasonably incurred by Ontario in these consolidated proceedings. This sum should be paid within 21 days of the end of the period allowed for appeal.

Dated this day 29th October 2024

**Allan James
For the Registrar**