

RESOLUTION

IN THE NAME OF THE PEOPLE

City of Sofia, 21 July 2006

THE SOFIA CITY COURT, Trade Department, VI-7 members, at a public sitting of the Court, held on ninth of May in the year of two thousand and six, having the following membership:

CHAIRMAN: ANNA BAEVA

In the presence of the Secretary S Velinova, having considered the reported by judge Baeva civil case No.66 of the inventory of Sofia City Court of 2005 and in order to pass a judgment, took into consideration the following:

Claims have been lodged on a legal basis of Art.76, Par.1, It.1, 2 and 3 of the Trade marks and Geographical Designations Act (TMGDA) as well as claims under art.76, Par.2, Item 1 of the TMGDA.

The Plaintiffs Jim Beam Brands Co., company with main office in Delaware and “Maxium Bulgaria” Single Member Ltd. claim that the former owns the verbal trademark Reg. No. 31279 “Jim Beam” with a protection term 25.11.2006, combined trademark Reg. No.45518 “Jim Beam” and combined trademark with Reg. No.32034 “Jim Beam B” with protection term 06.01.2007, registered in the Patent Office of the Republic of Bulgaria. With contracts, entered on 23.04.2002 in the National Trademark Register in the Patent Office, license agreements for the permission for usage of trademarks Reg. No.31279 “Jim Beam” and combined trademark Reg No.32034 “Jim Beam B” are recorded for exclusive licenses on the territory of the Republic of Bulgaria for undefined period, concluded with the latter plaintiff in his capacity of licensee. They claim that on December 30th,2004 the owner of rights has received notification from the Chief of Customs Varna and Chief of the customs office “Varna Port”, that on December 23rd 2004 on customs office “Varna Port” 2005 a detainment of 2400 one-liter

bottles with labels with the following inscription “Whiskey Jim Beam” of the specified trademarks of whiskey according to art.79 and art.78 of the TMGDA has been implemented in a bonded warehouse with warehouse keeper – the company-defendant. The plaintiffs claim that with these actions the defendant has violated their rights on the registered trademarks through their usage in trade activity without the consent of its owner in the meaning of art.73, par.1 of the TMGDA. With these actions, the defendant has caused damages to both companies to the amount of the license remuneration, due under a license agreement, concluded with the defendant. With ensuing requests in response to instructions, given by the court for circumstance specification, on the grounds of which the claims are filed, the plaintiffs maintain that they cannot set forth any assumptions whether the goods, imported by the defendant are original (produced by or with the consent of the owner of the rights), since the former company is not the producer of the goods, on which it places its mark. They maintain that the claims are based on assumptions of import of commodities with such marks, done by the defendant without the consent of the owner of the rights or the exclusive licensee for Bulgaria, which constitutes a violation under art.73 of the TMGDA, even if is the commodities are “original”. With a written request, dated 20.01.2005 they specify that the measure of the damages, caused to each of the plaintiffs amounts to 1500 BGN for the violation of all marks /since according to the contract, concluded between both of the plaintiffs, a license remuneration shall be paid in total for all marks/. In view of this fact, they request that

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a judgment is passed with which the factual violation is verified, the defendant is sentenced to terminate the violation in the future and each of the plaintiffs is paid the specified indemnity, as well as destruction of the subject of the violation is enacted. They also claim that the expenses, made on the case shall be adjudged to them.

The defendant BE GE IN challenge the laid claims. Firstly, BE GE IN consider that the laid claims are unwarranted. The company object that the right to a claim of the first plaintiff is not properly exercised, since the bill of complaint is signed by a person without representative authority and does not comply with the requirements of art.20 of the Civil Proceedings Code and the ensuing confirmations of the bill of complaint and the authorization of adv. Paskalev, who represented the plaintiff on the present proceedings, also originate of persons, who do not have independent representative authority in relation to the plaintiff. BE GE IN consider that the second plaintiff can be a plaintiff on the claims only upon the presence of the prerequisites of art.75, par.2 of the TMGDA – prerequisites, the presence of which has not been proven during the course of the proceedings. BE GE IN further object that the imperative order of art.75 of the TMGDA does not allow both the owner of the mark and the exclusive licensee to sue simultaneously. In view of the latter, the company request that the proceedings on the laid claims be terminated. The company request, in case that the present objection is not taken into consideration, the laid claims to be denied as unfounded. It maintain that there is no violation of the rights on the trademark, since the processed commodities are original. It point out that on the combined interpretation of art.13 and art.73 of the TMGDA the following conclusion shall be reached: in order for a trademark usage in the trade activity to be present according to art.13, par.2 of the TMGDA, including import and export of commodities with that mark under par.2, item 3, the principal norm shall be present – art.13, par.2 of the same Act, determining the content of the right over a mark, which is commonly reduced to the mark owner's right to forbid third persons to use, without his consent, the sign, identical with the mark he/she has registered or due to similarity with the mark or identity of the commodities and services, a possibility for confusion exists on the part of the consumers, who associate the offered sign with the mark, registered by the plaintiff. Consequently the defendant would commit a violation if they mislead the customers that they buy original whisky

bearing the plaintiff's trademark but the import of whisky bearing the original trade mark is not violation under art.73, par.1 of TMGDA, because activity carried out without the plaintiff's consent, presenting illegal usage of the registered mark is not at hand. With a view to that they consider that no violation is committed and the lodged claims are ungrounded. They sustain further that the request for payment of compensation for damages is ungrounded, because such damages are not suffered – in the procedure case the merchandise has not been a subject of commercial turnover in the country because it has been distressed in customs warehouses and it cannot be claimed a damage for one uncertain event in the future – eventual execution of licensing agreement. Because of that they request that the lodged claims be repudiated.

The court having considered the arguments of the parties and evidenced collected on the case in compliance with the regulation of art.188 of Civil Proceedings Code, finds it proved from factual aspect the following:

Accepted as evidence are: certificates No 10360 dated 2.07.2004 issued by Patent Office of the Republic of Bulgaria, accompanied by bibliographical references establishing that

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there are combined trade mark registered under number 32034 “JIM BEAM B” with protection term until 06.01.2007 on behalf of JIM BEAM BRANDS CO and word trade mark registered under number 31 279 “Jim Beam” with protection term until 25.11.2006 concerning commodities of class 33 at the Patent Office. It has been found out further on that on 23.04.2002 licensing agreement for exclusive license between the trademark owner and licensee “Maxiam Bulgaria “ Single Member Ltd has been entered in the Trademark State Register for the period of their appointment as distributor.

Specific certificates, issued by the Patent Office were presented, stating that on 23.04.2002 a licensing agreement for allowing the

usage of the above stated trademarks was entered in the National Trademark Register.

A letter with reference No.9100-0032 dated 27.12.2004 by Regional Customs Agency – Varna, Territorial Customs Agency – Varna, Customs Office 2005 “Port Varna” was accepted as evidence, stating that on 23.12.2004 at Customs Office “Port Varna” 2005 bourbon whisky “Jim Beam”-1l. was detained at customs bond No. A/2999/00264 with warehouse owner “Be Ge In” Single Member Ltd. – Varna in the following quantity: 2400 bottles. Therefore a customs regime “Customs Bond” with SAD No.2005/7-2454/23.12.2004 was initiated. Merchandise receiver was “BeGeIn” Single Member Ltd.

The declaration SAD No.2005/7-2454/23.12.2004, described in the claim and in which “BeGeIn” Single Member Ltd. was entered as the receiver of the commodities, was presented as evidence.

According to the conclusion of the legal trade mark expert-evaluation, accepted per the case and not litigated by the parties, it was established that there is identity concerning process trademarks and signs, indicated on the detained merchandises. The conclusion of the expert appraiser was made after an inspection of the detained merchandises made at Varna Customs. The just market price for the remised exclusive rights for using the trademark, subject of the infringement in the territory of the Republic of Bulgaria is to the amount of BGN 3560.

The defendant states that the merchandise imported by them are original but the plaintiffs do not admit or deny the fact, maintaining the view that they are irrelevant to the subject in dispute.

On the grounds of the established actual situation, the Court reached to the following legal conclusions:

On the admissibility of the advanced claims:

The first of the plaintiffs – JIM BEAM BRANDS CO. is a company, established in compliance with the laws of Delaware, therefore its existence as a legal entity and the representative power of its management body is ascertained according to the law of the country,

where it was registered. The Judges, upon assessment of the proofs presented by the plaintiff concerning its duly exercise the right of claiming, namely: Minutes of the meeting of the board of Directors for the decision taken that is to enter into legal force from May 25th 1999 and an excerpt from the Delaware General Corporation Law, together with translation into Bulgarian and certified by the representative of the plaintiff, which proofs have not been questioned by the defendant, find that with the presented declaration dated 18 July 2005 issued by David S. Wagner in his capacity of a Vice President of the plaintiff company, a due affirmation has been made of the acts performed on behalf of this Company, including the filing of the claim and authorizing of the Attorney Paskalev by a person, disposing with representative power regarding the plaintiff.

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In view of that the Court finds that the claims lodged by the first plaintiff are admissible.

Considering the provision of Art.75 Para.2 of TMGDA the Court finds that the second plaintiff is not actively legitimated on the laid claims. According to this provision the Company disposes with the right of legal action only in case the owner of the trademarks, subject of the violation, does not exercise this right within a month from receiving the notice for the violation from the licensee. Given that in this case the owner of the trade marks has exercised alone his right of legal action, the second plaintiff – “Maxiam Bulgaria” Single Member Ltd. is not entitled to such a right. Therefore the Court considers that the demurrer made by the defendant concerning the inadmissibility of the claims, made by this plaintiff shall be honoured and the proceedings on this claims shall be terminated.

On the reasonableness of the claims:

The right over the trademark according to Art.13 Par.1 of TMGDA includes the right of its owner to use it, dispose with it and forbid third parties to use, without his/her permission, in their commercial activity any sign, which is at least similar to or identical

with the trademark, for indicating commodities and services, similar to or identical with those for which the trade mark was registered, or for different and dissimilar goods and services, when there is any possibility the similarity of the signs to lead to customer confusion, as well as for any commodities and services, when the earlier trademark has popularity on the territory of the Republic of Bulgaria and the usage of the trademark unfoundedly derives benefits from its distinctive characteristics or its popularity, respectively impairing its owner /Art.13 Par.1 it.1 – it.3 of TMGDA/. The forms of “usage” of the trademark as specified in Art.13 Par.1 of TMGDA are indicated in Par.2 of the same provision and the import of merchandise with the same sign is listed among them. The usage of any sign related to Art.13, Par. 2 of TMGDA of the class specified in Art.13, Par. 1 of the before said law without the agreement of the trade mark owner is proclaimed by Art. 73 of TMGDA for infringement the prerogative right of the trade mark. At the presence of such infringement, the trade mark owner has the right of action for the protection on Art.75 in relation with Art.76 of TMGDA.

In the present case, by the evidences collected in the lawsuit it was found out that the plaintiff JIM BEAM BEANDS CO. possesses the combined trade mark Reg. No 32034 “JIM BEAM B” with a protection term till January 01, 2007 and word trade mark Reg. No. 31279 “JIM BEAM” with a protection term till November 25, 2006, as registered in the Patent Office of Republic of Bulgaria for class 33 goods. The plaintiff do not engage evidence that he was in possession of the third, described in the claim request trade mark – combined trade mark Reg. No. 45518 “JIM BEAM”.

Through the supplied evidence it was found out that and it is not contested by the defendant that on December 23, 2004 the latter has imported on the territory of Republic of Bulgaria 2400 bottles whiskey “JIM BEAM” – marked with signs identical to the above mentioned trade marks.

Based on the contentions of the parties, the present the court committee assumes that the dispute in this law suit concerns whether the defendant has infringed the ownership rights over the trade marks of the plaintiff by importing goods in the country, which bear the trade marks of the latter, without their consent.

Considering the described in Art.13, Par. 1 of TMGDA content of the ownership rights over the trade marks and the provided in Par.2 of the same Art. 13 hypotheses of using a trade mark in the trade activity in the meaning of Par.1,

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the present committee assumes that these decrees warrant the protection of the trade mark owner against its imitation – i.e for the cases, when **the trade mark is used by a third person** for designation of goods identical or similar to these trade marks, that are trade mark registered /Art.13, Par. 2, item 1 in connection with Art.13, Para. 1 of TMGDA/. Therefore, in order to be indisputably ascertained that an infringement was made of the rights of the plaintiff over his trade marks, the before said has to make also a statement that the goods, designated with the trade marks, are not “original” /produced by or with the consent of the owner of the rights/ and that the designation of the goods with the processed trade marks was made namely by the defendant through setting signs, similar of identical with the mark /in this sense Resolution No. 1071 dated December 3, 2004 on civil case 158/ 2004 of the Supreme Cassation Court, Trade Division, II Department and Resolution No. 249 dated March 22, 2006 on civil case No. 813/ 2005 of the Supreme Cassation Court, Trade Division, II Department/. The plaintiff lays down such contentions and therefore, as long as they are not included in the proceedings or in the dispute, these cannot be substantiated or refuted by the defendant. In view of that, the present Court accepts that the plaintiff’s contention has not been proved that a violation of his right over the described in the present plea trade mark, for reason that by themselves the

circumstances, foregrounding the claims made, even if attested, could not substantiate such a conclusion.

Considering the presented arguments, the present Court accepts that the claims, made for the establishment of the fact of the violation of his right over the processed marks committed by the defendant, are not proved and ungrounded, and are to be rejected.

In view of the resolution of the dispute on these claims, all other claims and demands are ungrounded, the honoring thereof is contingent upon the establishment of the fact of the violation committed by the defendant.

On the liability of the parties for expenses:

In view of this resolution of the dispute, no expenses should be adjudicated to the plaintiffs. No expenses are adjudicated to the defendant, because such a demand has not been made.

In view of these arguments, the Court:

DECIDED:

REJECTS the pleas of **JIM BEAM BRANDS CO./ JIM BEAM BRANDS CO./**, company with head office in Delaware, with court address: the city of Sofia, 40 Brothers Buckstone, through Slavdimir Stoyanov Todorov, against **“BE GE IN” SINGLE MEMBER LTD.** with head office and address of management in the city of Varna, r.a. “Troshevo” bl. 82, fl. 3, apt.15, the legal grounds of which pleas is **Art. 76, Par. 1, item 1, item 2, item 3 of TMGDA in relation with Art. 73, Par. 1 of TMGDA** for the establishment of the fact of the violation of his right over trade marks: owned by **JIM BEAM BRANDS CO.** – trade mark /word trade mark/ reg. no. 31279 “Jim Beam” with term of protection till November 25, 2006; combined mark reg. no. 45518 “Jim Beam” and combined mark reg. no. 32034 “Jim Beam B” with term of protection till January 6, 2007, registered at the Patent Office of the Republic of Bulgaria as commodities, category 33, which violation is expressed in the import of 2400 bottles, labeled with the same marks without the

consent of the owners of the trade mark, and for sentencing the defendant to cease the violation and to pay indemnity in the amount of BGN 1500, as well as the demands on Art. 76 Par. 2 item 1 of TMGDA.

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TERMINATES the proceedings in the part on the pleas with legal grounds **Art. 76, Par. 1, item 1, item 2, item 3 of TMGDA in relation with Art. 73, Par. 1 of TMGDA** and the demands on Art. 76 Par. 2 item 1 of TMGDA, filed by “Maxium Bulgaria” Single Member Ltd. with head office and address of management in the city of Sofia, “Ovcha Kupel” region, r.a. “Ovcha Kupel”, bl. 25, entr. 4, fl. 5, apt. 93, against “BE GE IN” Single Member Ltd.

THE RESOLUTION is subject to appeal before the Sofia Appellate Court within fourteen days from its announcement to the parties, while in its part which is ruling for the termination of the proceedings – with private plea before the Sofia Appellate Court within 7 days from its announcement to the parties.