

IN THE HIGH COURT OF JUSTICE

HC10C03151

19

CHANCERY DIVISION

MASTER BRAGGE

TUESDAY the 10th day of NOVEMBER 2010

BETWEEN

GROUP LOTUS PLC

Claimant

and

- (1) 1 MALAYSIA RACING TEAM SDN BHD
- (2) Team Lotus Ventures Limited
- (3) Tune Group SDN BHD
- (4) Anthony Francis Fernandes
- (5) 1 Malaysia Racing Team (UK) Limited



Defendants

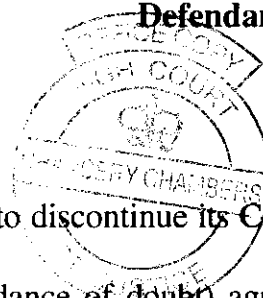
UPON THE APPLICATION of the Parties

AND UPON the Second Defendant agreeing to discontinue its Claim No HC10C03074 made against the Claimant and (for the avoidance of doubt) agreeing to bear its own costs of issuing preparing and discontinuing this Claim

AND UPON the Solicitors for the Claimant and the Solicitors for the Defendant agreeing in writing to the terms of this Order

IT IS BY CONSENT ORDERED

- (1) that the Defendants agree to the Claimant transferring its UK Intellectual Property Office revocation proceedings numbered 83660 83661 and 83780 (the Revocation Proceedings) in the High Court to be dealt with under this Claim
- (2) that any existing deadlines set by the UK Intellectual Property Office in relation



to the Revocation Proceedings ceases to apply and any evidence on which the parties seek to rely in this Claim in relation to the issue of revocation be served again at the same time as all other evidence in this Claim

- (3) that the costs of the Revocation Proceedings be costs in the case
- (4) that the Defendants agree to the Claimant amending its Particulars of Claim in the form annexed to this Order

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

BETWEEN:

GROUP LOTUS PLC

Claimant

- and -

CHANCERY CHAMBERS

08 NOV 2010

RECEIVED

- (1) 1MALAYSIA RACING TEAM SDN BHD**
- (2) TEAM LOTUS VENTURES LIMITED**
- (3) TUNE GROUP SDN BHD**
- (4) TONY FERNANDES**
- (5) 1MALAYSIA RACING TEAM (UK) LIMITED**

Defendants

AMENDED PARTICULARS OF CLAIM

1. The Claimant is a company incorporated under the laws of England and Wales which carries on the businesses of sports car manufacture and vehicle engineering consultancy, through its wholly-owned subsidiary Lotus Cars Limited.
2. The First Defendant is a company incorporated under the laws of Malaysia which carries on the business of Formula 1 car racing in the 2010 Formula 1 racing season. The First Defendant owns and/or operates the internet website <http://www.lotusracing.my>. The First Defendant is part-owned by the Fourth Defendant who is a director of the First Defendant, and Team Principal of its racing team.
3. The Second Defendant is a company incorporated under the laws of England and Wales, owned and controlled by the Third Defendant.
4. The Third Defendant is a company incorporated under the laws of Malaysia, part owned and/or controlled by the Fourth Defendant, its co-founder and Executive Chairman.
5. The Fourth Defendant is an individual who owns and/or controls in whole or in part the First Defendant and the Third Defendant, and by the Third Defendant controls in whole or in part the Second Defendant.

6. The Fifth Defendant is a company incorporated under the laws of England and Wales which carries on the business of Formula 1 car racing in the 2010 Formula 1 racing season. The Fifth Defendant is the operating company for the First Defendant, and carries out its commercial activities. It is owned by the First Defendant.

Background

7. After completing his national service in the late 1940s Anthony Colin Bruce Chapman ("Mr Chapman"), a graduate in engineering from UCL, set up a business tuning and racing motor vehicles under the name Lotus. Mr Chapman was a highly talented engineer and racing driver and achieved considerable success in both fields. He began to produce Lotus branded vehicles (such as the Lotus 7, Lotus 11 and Lotus Elite) and increasingly provided racing cars for others to drive in his team. The business was first incorporated on 1 January 1952 as the Lotus Engineering Company Limited.
8. The Claimant was formed on 12 June 1958 as Lotus Cars Limited to carry on that part of the business concerned with making and selling sports motor vehicles. Mr Chapman's racing activities operated through a company then known as Team Lotus Limited.
9. By the mid 1960s Lotus Cars Limited was a thriving business making and selling iconic sports cars including the Lotus Elan and the Lotus Europa, the first affordable mid-engined sports car. In or about 1967 Mr Chapman's Lotus racing team was transferred to a company then called Team Lotus Limited ("TL"). Thereafter, the businesses of the Lotus Cars Limited and TL were separately organised and administered. However, they continued to work in close co-operation exchanging technical information and expertise for their mutual benefit and engaging in mutual promotion of each others' activities. The management of the two businesses had numbers of common personnel which helped to ensure that they worked in unison. The Lotus organisation, comprising the Lotus Cars Limited and TL, was presented to the public and perceived thereby as being intimately and inextricably interconnected.
10. On 1 January 1967 the Claimant changed its name from Lotus Cars Limited to Group Lotus Car Companies Limited, and also on this date a separate Lotus Cars Limited was formed which became a subsidiary of the Claimant. Further, on 5 March 1982 the Claimant was floated on the London Stock Exchange. TL was not part of the floated business. In or about 1975 the business of TL was transferred to a new company, Team Lotus International Limited ("TLI").

11. Both before and after 1967, the Lotus racing team was extremely successful in Formula 1. Equally, Lotus sports cars were highly successful in the marketplace. Mr Chapman and the Lotus organisation became internationally famous for engineering excellence through the Lotus racing team, the provision of automotive engineering expertise to third parties and the production of Lotus cars. This continued unabated until Mr Chapman died suddenly in 1982.

12. Until 1985, the Claimant was responsible for registering, maintaining and enforcing all trade marks used by the Lotus organisation in the course of its business. Both before and after its stock market flotation, the Claimant applied for and obtained various trade mark registrations, particulars of some of which appear below, to protect the name and mark LOTUS and TEAM LOTUS (the details of which are attached as **Annex A** with an accompanying Schedule). The marks the subject of those registrations were used by TLI for the purposes of the Lotus racing team with the permission of the Claimant and accordingly under licence therefrom. Such licensing was not formalised, there being no practical need to do so in view of the close relationship between the parties and the common management thereof.

13. By reason of its extensive trading activities, the Claimant's Trade Marks and its licensing of the use of the name LOTUS and TEAM LOTUS to TLI, the Claimant was the owner of a valuable goodwill in and relating to the name and trade mark LOTUS when used upon and in relation to motor vehicles and motor racing and associated activities. Further or alternatively, the Claimant and TLI were the joint owners of such goodwill. In either event, the goodwill was indivisible, representing as it did the public face of the Lotus organisation. Consequently, each of the parties was entitled to exploit such goodwill only in conjunction with and with the agreement and consent of the other.

14. In 1985 the successor management of the Claimant and TLI decided to formalise the foregoing arrangements between them. An Agreement dated 17 May 1985 ("the 1985 Agreement") was made between the parties governing those arrangements. A copy of the 1985 Agreement is contained in **Annex B** hereto. The 1985 Agreement was expressly premised upon the previous close connection and co-operation between the parties and recognised that the goodwill generated by their activities up to then was single and indivisible. It provided inter alia that:

14.1 each of the Claimant and TLI was to continue to operate within the commercial and technical area of operation as it had hitherto;

14.2 that technical co-operation between the parties would continue as before with each sharing the benefits of technical innovations with the other as required;

14.3 the Claimant was entitled to use the name LOTUS and TLI to use the name TEAM LOTUS within their respective spheres of operation;

14.4 the Claimant would continue to be registered as the proprietor of trade marks for the mark LOTUS, would surrender its subsisting registrations for the mark TEAM LOTUS and would consent to the registration by TLI of the mark TEAM LOTUS;

14.5 TLI would co-operate with the Claimant in enabling the Claimant to use racing trophies and success to promote the sale of motor cars made by the Claimant and, in particular, would make trophies and memorabilia available for the Claimant to use for such purposes;

14.6 the rights and obligations thereunder were personal to the parties and could be assigned only with the consent of the other; and

14.7 TLI's rights and obligations thereunder could only be assigned upon the execution by the assignee of a deed in favour of the Claimant binding the assignee to provisions in like form to those contained in the 1985 Agreement.

15. The purpose and effect of the 1985 Agreement was to ensure that the parties continued to operate in a manner which preserved the unitary nature of the goodwill which subsisted in the name and mark LOTUS and that neither party could exploit such goodwill without the licence or consent of the other. Consequent upon the provisions set out in paragraphs 14.4 above, the Claimant surrendered its registrations for the mark TEAM LOTUS and consented to the obtaining by TLI of registrations for that mark to cover its commercial activities. Those registrations were numbers 1 337 455 and 1 338 435 ("the TLI Registrations").

16. TLI was able to use the name TEAM LOTUS only with the consent of the Claimant by reason of the Claimant's subsisting goodwill in the name LOTUS and its trade mark registrations for that name. Further or alternatively TLI was able to do so only by virtue of its right to exploit in conjunction with the Claimant their joint and indivisible goodwill therein. Consequently, any exploitation of the TLI Registrations without the Claimant's consent would have been unlawful and a deception on the public. Equally, any attempt

to transfer the TLI Registrations to a third party would have been ineffective to entitle such third party to exploit them without the Claimant's consent.

17. In the premises, the TLI Registrations were personal to TLI and/or any successor in title thereto registered with the consent of the Claimant. Further in the premises, any transfer thereof to a third party made without the consent of the Claimant is void and/or voidable and liable to be set aside at the suit of the Claimant.
18. In 1991, following the insolvency of TLI, the TLI Registrations were transferred with the Claimant's consent to Infiniti Developments Limited which took over the Lotus racing operations. Infiniti Developments Limited was renamed Team Lotus Limited ("TLL") (TL by this time having been dissolved and struck off the Companies Register). The Claimant licensed TLL to use the name and mark LOTUS on and in relation to Formula 1 racing cars and TLL agreed to enter into a registered user agreement with the Claimant in relation to such licence if so required. No registered user agreement was ultimately executed but it is to be inferred that the parties recognised and agreed that the nature of the user permitted by the said licence was such as to comply with the statutory requirement for user registration under the Trade Marks Act 1938. TLL entered into a deed with Group Lotus in the form required by the 1985 Agreement governing its use of the Lotus name, and the 1985 Agreement was terminated. Copies of the documents relating to this transaction are attached as **Annex C** hereto. TLL continued to race in Formula 1 under the Lotus name with the Claimant's consent and the goodwill arising from such activities accordingly accrued to the Claimant. Further or alternatively the goodwill arising from such activities became part of an indivisible goodwill owned jointly by the Claimant and TLL.
19. In 1994 TLL became insolvent and went into administration. The administrators of TLL sold the assets (but not the liabilities) of its business (including the TLI Registrations) to a company called Investfirm Limited, controlled by Mr David Hunt. That sale was made without the Claimant's consent and in the face of objections thereto from the Claimant. In the premises, such sale was ineffective to transfer to Investfirm any goodwill under and in the name and mark TEAM LOTUS arising from TLL's previous activities or a right to exploit the mark TEAM LOTUS without the Claimant's consent. Further in the premises, any such remaining subsisting goodwill either devolved by operation of law to the Claimant or ceased to exist upon the subsequent dissolution of TLL. Further in the premises the TLI Registrations thereupon became subject to a constructive trust under which the Claimant is entitled to call for their surrender or transfer to it.

20. Mr Hunt has subsequently claimed that the business and assets of Investfirm Limited have been transferred again to the Second Defendant. No documentation to support that claim has been produced to the Claimant but the TLI Registrations were on 9 May 1995 recorded in the Register of Trade Marks as having been transferred to the Second Defendant.
21. Neither Mr Hunt, nor Investfirm Limited nor the Second Defendant has ever raced motor cars under the Lotus name. In consequence any goodwill which may, contrary to the Claimant's contentions above, have subsisted in TLL at the date of its insolvency and been capable of assignment to a third party has dissipated with the passage of time and/or been overtaken and/or subsumed into the goodwill generated by the Claimant's continuing subsequent commercial activities (including the licensing of the First Defendant referred to below). In the premises any attempt now by the Defendants or any of them to use or licence others to use the name and mark TEAM LOTUS in motor racing would be misleading and a deception on the public.
22. On 9 April 2002 the Second Defendant applied to register as a trade mark the name TEAM LOTUS and was granted a registration pursuant to such application on 20 May 2005 under number 2 297 413B. By virtue of the fact that such registration was applied for and obtained without the consent of the Claimant, it is liable to be revoked at the suit of the Claimant as set out below. The Second Defendant has also recently applied to register as a UK trade mark the name TEAM LOTUS (application number 2542735), as a UK trade mark a Team Lotus ACBC roundel (application number 2560767), as a UK trade mark the name TEAM LOTUS (application number 2560775), as a UK trade mark the Lotus green/yellow colours (application number 2561143), as a UK trade mark the Lotus green/yellow colours applied to the body and/or chassis of a racing car (application number 2561144), as a Community trade mark the name TEAM LOTUS (application number 9289737), as a Community trade mark the Team Lotus ACBC roundel (application number 9289761), as a Community trade mark an image of a roundel with the Lotus green/yellow colours without any wording (application number 9410689), as a Community trade mark the Lotus green/yellow colours (application number 9414301), as a Community trade mark the name TEAM LOTUS (application number 9428525), and as a Community trade mark the Lotus green/yellow colours applied in a specific colour combination to the body and/or chassis of a racing car (application number 9439951) ("the Second Defendant's Applications"). Copies of the Second Defendant's trade mark registrations (including the TLI Registrations) and the Second Defendant's Applications are contained in **Annex D**.
23. Since the 1950s the Claimant, through its predecessors in business and its subsidiary Lotus Cars Limited, has never stopped manufacturing and selling sports road cars and

providing automotive engineering services to others on a very substantial scale both in the UK and elsewhere. The Claimant currently has 1160 employees (and 200 contractors in the UK on fixed term contracts), a turnover of £139 million and manufactures over 2,750 cars per annum. It is extremely well known and a household name. Any use of the name and mark LOTUS upon or in relation to motor vehicles, motor racing, automotive engineering services and related services made without the Claimant's licence and consent would be deceptive to the public and damaging to the reputation and goodwill in the Lotus brand belonging to the Claimant.

24. By virtue of its extensive goodwill and recognition the Claimant has a valuable reputation to exploit in Formula 1 motor racing. That reputation was the basis for the trade mark licence set out below between the Claimant and the First Defendant. Pursuant to that licence the Claimant has accrued further valuable reputation and goodwill under and in relation to the name and mark LOTUS when used in relation to Formula 1 motor racing.
25. Throughout the history of Lotus it has used on and in relation to its racing cars a livery consisting of a combination of the colours British racing green and yellow. The livery was used from the 1950s and has been used under the licence from the Claimant to the First Defendant referred to below. That colour combination has accordingly become distinctive in the public mind as denoting cars associated or connected with the Claimant. Any use of such livery without the Claimant's licence and consent (either in combination with the name and mark LOTUS or otherwise) upon or in relation to racing cars and associated goods and services including merchandised goods associated with a racing team would be calculated to cause confusion amongst members of the public in the sense that such confusion is likely to arise therefrom.
26. Further throughout its history the Claimant has used a roundel ("the Lotus Roundel") in the form the subject of the trade mark registrations particulars of which appear in paragraphs 38.3 and 38.6 below in the colours green and yellow. Such roundel in the said colours is accordingly distinctive of the Claimant and any use thereof without its licence or consent would constitute a deception on the public. Further, any registration thereof as a trade mark without the Claimant's licence and consent would be deceptive and consequently unlawful.

The breach of contract by the First Defendant

27. By a trade mark licence agreement between the Claimant and the First Defendant dated 1 October 2009 ("the 2009 Agreement"), a copy of which is contained in **Annex E**, the First Defendant recognised the following facts and matters:

27.1 the Claimant "is the owner of various trade marks including LOTUS, LOTUS RACING and the LOTUS ROUNDEL (a combination of the trade mark LOTUS with a stylised combination of the letters ACBC...)(the "Marks") for automobiles, in particular sports cars...and merchandising activities related to its automobiles and of registrations of the Marks ("the Registrations")... "(Clause 1.1); and

27.2 the First Defendant wished "to use the trade mark consisting of a stylised representation of LOTUS RACING...hereto on the nose of the Team Cars used in Formula One racing and in the name of the Formula One team name comprising both LOTUS and RACING as agreed in writing by [the Claimant] ("the Trade Marks") in the Territory in relation to the Licensed Products (as those expressions are defined in the Agreement)" (Clause 1.2).

28. By clause 3.1 of the 2009 Agreement, the Claimant granted to the First Defendant a licence to use the Trade Marks defined in clause 1.2 of the 2009 Agreement in relation to the "Licensed Products" (defined in clause 2.1 of the 2009 Agreement as "the Team Cars, Licensed Services and Licensed Merchandise").
29. By clause 4.2 of the 2009 Agreement, the First Defendant was expressly prohibited from using "the LOTUS roundel or the word LOTUS on its own and/or in combination with the word TEAM in connection with the Licensed Products or otherwise".
30. By clauses 4.3, 4.5, 4.6 and 4.7 of the 2009 Agreement, the First Defendant was required to submit any merchandise branded with the said Trade Marks for approval by the Claimant.
31. By clause 6.4 of the 2009 Agreement, the First Defendant was obliged not to do anything which might impair the Claimant's rights in the said Trade Marks or call into question the validity of the Claimant's Trade Mark registrations.
32. In breach of clauses 4.3, 4.5, 4.6 and 4.7 of the 2009 Agreement, the First Defendant has made or authorised the manufacture of a range of merchandise bearing the said Trade Marks which merchandise has not been submitted to the Claimant for approval. By letter dated 21 May 2010, the Claimant informed the First Defendant of the said breaches but the First Defendant persisted in authorising the manufacture of the said merchandise including but not limited to caps, lanyards, ear plugs, umbrellas, flags, key rings, 500th GP Collection items and shoes, holdalls and brooches.

33. As a result of the First Defendant's breaches of the 2009 Agreement, by letter dated 31 August 2010 the Claimant terminated the 2009 Agreement pursuant to clause 7 thereof. By letter dated 23 September 2010, the First Defendant acknowledged that the 2009 Agreement had been terminated. Copies of the said letters are attached as **Annex F** hereto.

34. Clause 8.1 of the 2009 Agreement provides for the First Defendant's obligations following the termination of the 2009 Agreement. Clause 8.1(e) provides as follows:

"1 Malaysia shall not at any time after termination use as part of its corporate or business name or in relation to any goods or services any of the Trade Marks or any other mark including the word LOTUS or any word which is confusingly or deceptively similar with LOTUS, or which suggests or indicates a connection in the course of trade with Group Lotus".

35. In breach of clause 8.1.(e) of the 2009 Agreement, the First Defendant by itself and/or by the Fourth Defendant has, in relation to goods and services, purported to use the LOTUS roundel and the word LOTUS:

35.1 by an announcement on 25 September 2010 on the internet web site <http://www.lotusracing.my> (which, according to paragraph 1.1 of the terms and conditions of the web site, is owned and operated by the First Defendant), the First and/or the Fourth Defendant made the following statements:

35.1.1 *"Lotus Racing has today confirmed that the team will be known as Team Lotus from 2011";*

35.1.2 *"the migration from Lotus Racing to Team Lotus will take place over the coming months and the renamed team will be the direct successor to the iconic previous incarnation of Team Lotus when they take to the track in the 2011 FIA Formula One™ World Championship and beyond";*

35.1.3 *"Tony Fernandes and Kamarudin Meranun's Tune Group has acquired Team Lotus Ventures Ltd...and through that agreement now has all ownership of the historic rights and goodwill of the Team Lotus brand and heritage;*

35.1.4 *"It's difficult to express just what it means to us to now be able to say we are Team Lotus...it was always important to us that Lotus Racing and Team Lotus could be brought together to unite the past and the present,*

and now we have done so... and as Team Lotus we will be an even more potent force, both on and off track... A new dream starts today - Team Lotus is back".

- 35.2 by a press release dated 25 September 2010 in substantially the same terms as the said announcement on the website <http://www.lotusracing.my>;
- 35.3 by the Fourth Defendant appearing at a press conference on 25 September 2010 at Kuala Lumpur, Malaysia, for the purposes of the said announcement and press release beneath a large sign containing the LOTUS Roundel;
- 35.4 by continuing to publish on the website <http://www.lotusracing.my>, from 25 September 2010 to date, the said announcement and press release in combination with the image of the Fourth Defendant beneath the LOTUS Roundel;
- 35.5 by representing to the Federation Internationale de l'Automobile ("the FIA"), the governing body for the sport of Formula 1 motor racing, that the entry currently held by the First Defendant for the 2010 season may be used by a team named "Team Lotus" for the 2011 season;
- 35.6 by an announcement dated 28 September 2010, published on the website <http://www.lotusracing.my> which stated, among other things, as follows:
- 35.6.1 *"Last week we brought Team Lotus back to the Formula One grid when we announced that we...would be racing as the successor to one of the most iconic names in world motorsport".*
- 35.6.2 *[this] "means we can now use the Team Lotus name for 2011 and beyond";* and
- 35.6.3 *"In one year we have made huge strides in the growth of Lotus Racing, and now it's all about Team Lotus";*
- 35.7 by continuing to publish on the website <http://www.lotusracing.my>, from 28 September 2010 to date, the said announcement; and

35.8 by offering for sale, through its website <http://www.lotusracing.my> a range of merchandise which has not been approved by the Claimant; copies of the relevant pages of the said website taken on Friday 1 October 2010 are attached hereto as **Annex G**. Further or alternatively such activities are in breach of clauses 4.3, 4.6 and 4.7 of the 2009 Agreement.

36. As a result of the said breaches, the Claimant has suffered loss and damage including the cost of resolving the confusion caused by the misrepresentation to the public and to the FIA that the First Defendant may operate a team named "Team Lotus" in the Formula 1 2011 season.

37. Unless restrained, the First Defendant by itself or by the Fourth Defendant threatens and intends to continue such acts, whereby the Claimant will suffer further loss and damage.

The trade mark claim

38. The Claimant is and at all material times was the registered proprietor of:

38.1 United Kingdom registered trade mark "LOTUS" registered under no. 771745 in class 12 in respect of motor land vehicles filed on 30 November 1957 (this registration was applied for and granted to The Lotus Engineering Company Limited; it was assigned to the Claimant on or before 6 January 1971, the change of proprietorship being recorded in the Trade Marks Journal of that date); and

38.2 United Kingdom registered trade mark "LOTUS" registered under no. 891 196 in (among other things) class 12 in respect of motor land vehicles, and class 16 in respect of printed matter filed on 24 February 1966; and

38.3 The LOTUS Roundel, a United Kingdom registered trade mark registered under no. 942138 in (among other things) class 12 and class 16 as aforesaid filed on 3 May 1969; and

38.4 United Kingdom registered trade mark "LOTUS" registered under no. 1237061 in class 12 as aforesaid filed on 5 March 1985; and

38.5 United Kingdom registered trade mark "LOTUS" registered under no. 1282004 in class 42 in respect of engineering services (other than construction) design services for vehicles or engines filed on 1 October 1986; and

- 38.6 The LOTUS Roundel, a Community trade mark registered under no. 53926 in (among other things) classes 12 and 16 as aforesaid, class 37 in respect of repair and maintenance of vehicles; custom built construction of vehicles and class 42 in respect of engineering services; vehicle and engine design, filed on 1 April 1996; and
- 38.7 Community trade mark "LOTUS" registered under no. 53884 in (among other things) classes 12, 16, 37 and 42 as aforesaid in respect of the Community trade mark registered under no. 53926, filed on 1 April 1996; and
- 38.8 United Kingdom registered trade mark "LOTUS" registered under no. 2153278 in (among other things) classes 12, 37 and 42 as aforesaid filed on 11 December 1997; and
- 38.9 Community trade mark "LOTUS" registered under no. 2708196 in (among other things) class 35 in respect of advertising services, in particular the service of renting advertising space on the exterior surface of racing vehicles, filed on 15 May 2002; and
- 38.10 Community trade mark "LOTUS" registered under no. 7389471 in (among other things) class 35 as aforesaid and class 41 in respect of (among other things) motor racing and vehicle engineering, filed on 13 November 2008.
39. At all material times, the said registered trade marks have been subsisting. Copies of the registration certificates are annexed in Annex A.
40. On or before 25 September 2010, the First and/or Second and/or Third and/or Fourth and/or Fifth Defendants commenced using the name "TEAM LOTUS" and/or the word "LOTUS" and/or the LOTUS Roundel in relation to a Formula 1 motor racing team which has no connection with the Claimant and was neither authorised nor endorsed by the Claimant.
41. The name TEAM LOTUS is or includes a mark identical to the word LOTUS which is the subject of the foregoing trade mark registrations. The goods and services in relation to which the Defendants are using the name TEAM LOTUS include goods and services which are identical or similar to those falling within the specifications of the foregoing trade mark registrations. In particular the goods and services on or in relation to which the Defendants are using the name TEAM LOTUS include motor vehicles,

engineering and design services for vehicles, advertising services, paper articles including magazines, clothing and the like.

42. In the premises the Defendants' acts constitute an infringement of the foregoing trade mark registrations and each of them. In particular:

42.1 the Defendants' acts of using in the course of trade a sign which is identical with the Claimant's registered trade marks in relation to identical goods or services for which those trade marks are registered infringes section 10(1) of the Trade Marks Act 1994 (in respect of the UK registrations) and Article 9(1)(a) of Council Regulation 207/2009/EC (in respect of the Community Trade Mark registrations);

42.2 the Defendants' acts of using in the course of trade a sign where, because the sign is identical or similar with the Claimant's registered trade marks in relation to identical or similar goods or services for which those trade marks are registered, there exists a likelihood of confusion on the part of the public infringes section 10(2) of the Trade Marks Act 1994 (in respect of the UK registrations) and Article 9(1)(b) of Council Regulation 207/2009/EC (in respect of the Community Trade Mark registrations); and

42.3 the Defendants' acts of using in the course of trade a sign which is identical or similar to the Claimant's registered trade marks, where the trade marks have the requisite reputation required by law, and the use is without due cause and take unfair advantage of or is detrimental to the distinctive character or repute of the Claimant's registered trade marks, infringes section 10(3) of the Trade Marks Act 1994 (in respect of the UK registrations) and Article 9(1)(c) of Council Regulation 207/2009/EC (in respect of the Community Trade Mark registrations).

43. The Claimant is unable to give particulars of each such act of infringement but at trial shall seek a remedy in respect of each such act.

44. By reason of the acts aforesaid, the Claimant has suffered loss and damage including the cost of resolving the confusion caused by the misrepresentation to the public and to the FIA that the First Defendant may operate a team named "Team Lotus" and/or under the LOTUS Roundel in the Formula 1 2011 season.

45. Unless restrained, the First and/or Second and/or Third and/or Fourth Defendant and/or Fifth Defendant threatens and intends to continue such acts, whereby the Claimant will suffer further loss and damage.

Passing off

46. The Claimant has for many years developed the Lotus business of sports car development and manufacture and vehicle engineering. In support of this allegation the Claimant relies upon the facts and matters set out in paragraphs 7 to 25 above.
47. Further, the Claimant has expended significant time and money in advertising, promoting and marketing its "LOTUS" brand, on a very wide range of motor sport-related goods and services.
48. By reason of the aforesaid, the Claimant has built up and owns valuable goodwill in the name "LOTUS" whether or not combined with the word "TEAM" and/or in the LOTUS Roundel. Accordingly, whenever members of the public see a Formula 1 motor racing team marked or promoted under or by reference to the name "LOTUS" whether or not combined with the word "TEAM" and/or the LOTUS roundel, or anything colourably similar thereto, they take the same to be a Formula 1 motor racing team authorised and/or endorsed by and/or connected with the Claimant.
49. On or before 25 September 2010, the First and/or Second and/or Third and/or Fourth and/or Fifth Defendants commenced using the name "TEAM LOTUS" and/or the word "LOTUS" and/or the LOTUS Roundel in relation to a Formula 1 motor racing team which had no connection with the Claimant and was neither authorised nor endorsed by the Claimant.

PARTICULARS OF DEFENDANTS' USE

50. Pending disclosure and/or further information, the Claimant will rely upon the acts of the First and/or Second and/or Third and/or Fourth and/or Fifth Defendants particularised in paragraph 45 to 48 above. The Claimant also relies upon the fact that the First Defendant acting through the Fourth Defendant has sought to promote the use of the name TEAM LOTUS in 2011 by the Lotus Racing Formula 1 team as a continuation of its activities in 2010 under the name Lotus Racing thereby associating its proposed deceptive activities with those previously carried out with the licence and consent of the Claimant and which have been done for the benefit and goodwill of the Claimant.
51. The aforesaid acts of the First and/or Second and/or Third and/or Fourth and/or Fifth Defendants were calculated to lead and are likely to lead members of the public to

believe, contrary to the fact, that the motor racing team which the First and/or Second and/or Third and/or Fourth and/or Fifth Defendants seeks to promote is connected with the Claimant and/or was authorised or endorsed by the Claimant.

52. At trial, the Claimant will rely on all instances of actual deception.
53. In the premises, the First and/or Second and/or Third and/or Fourth and/or Fifth Defendant has passed off and/or attempted to pass off and/or enabled, assisted, caused or procured others to pass off a proposed Formula 1 motor racing team as being connected with and/or authorised or endorsed by the Claimant, when this was not the case.
54. In support of the aforesaid, and in particular the allegation that the use of the name "TEAM LOTUS" and the LOTUS roundel is calculated to deceive, the Claimant will rely on the fact that that the name "TEAM LOTUS" and the LOTUS Roundel were used by the First and/or Second and/or Third and/or Fourth and/or Fifth Defendant with the deliberate object of causing deception as aforesaid, it being obvious that such deception would result from the manner of the said use of the names and LOTUS Roundel.
55. As a result of the said breaches, the Claimant has suffered loss and damage including the cost of resolving the confusion caused by the misrepresentation to the public and to the FIA that the First Defendant may operate a team named "Team Lotus" in the Formula 1 2011 season.
56. Unless restrained, the First Defendant by itself or by the Fourth Defendant threatens and intends to continue such acts, whereby the Claimant will suffer further loss and damage.
57. In respect of each claim pleaded above, the Claimant is entitled to and claims interest on all sums due to it from the First and/or Second and/or Third and/or Fourth and/or Fifth Defendant pursuant to section 35A of the Senior Courts Act 1981 and/or the equitable jurisdiction of the Court.

The TLI Registrations, registration 2 297 413B and the Second Defendant's Applications

58. By reason of the facts and matters set out in paragraphs 7 to 19 above, the TLI Registrations when applied for were held by TLI on terms that they would only be used

in the business of motor racing with the consent of the Claimant. Further, any transfer thereof could only be made with the consent of the Claimant and upon the execution by the transferee of a deed in favour of the Claimant binding it to the terms of the 1985 Agreement governing the use thereof. In the premises, either at the date of application for registration or alternatively at the date of any transfer of the TLI Registrations other than in accordance with such restrictions or alternatively upon the cessation of trading by or dissolution of TLI they became subject to a constructive trust under which they were held thereafter for the benefit of the Claimant. The Claimant is accordingly entitled to have the TLI Registrations transferred into its name.

59. Further or alternatively in the premises, any such transfer was void and/or liable to be set aside at the suit of the Claimant and the marks registered in the name of the Claimant.
60. Further or alternatively in the premises any use or attempt now to use the marks the subject of the TLI Registrations by the proprietor thereof following such transfer renders them liable to mislead the public as to the nature and origin of the goods or services supplied thereunder such use being use not connected with the Claimant and made without its licence or consent. In the premises the TLI Registrations should be revoked pursuant to the provisions of section 46(1)(d) of the Trade Marks Act 1994 and/or declared invalid pursuant to the provisions of section 47(2) thereof. Further or in the alternative, by reason of the fact that the Second Defendant has never used the TLI Registrations they are liable to be revoked for non-use under section 46(1)(ab) of the Trade Marks Act 1994. Revocation proceedings for non-use of the TLI Registrations have previously been filed by the Claimant at the UK Intellectual Property Office (proceedings numbers 83660 and 83661), and are being transferred to be dealt with by the Court in this action pursuant to section 46(4) of the Trade Marks Act 1994.
61. Registration 2 297 413B, and the Second Defendant's Applications, were made without the Claimant's consent by a person, the Second Defendant, not entitled to apply therefor. In the premises they were when applied for subject to a constructive trust under which they were held for the benefit of the Claimant. The Claimant is accordingly entitled to have registration 2 297 413B transferred into its name, and the Second Defendant's Applications either transferred into its name or withdrawn.
62. Further or alternatively, registration 2 297 413B is deceptive and liable to mislead the public as to the nature or origin of the goods and services supplied thereunder and should be revoked pursuant to the provisions of section 46(1)(d) of the Trade Marks Act 1994 and/or be declared invalid pursuant to the provisions of section 47(2) thereof. Further or in the alternative, by reason of the fact that the Second Defendant has never

used registration 2 297 413B it is liable to be revoked for non-use under section 46(1)(a) of the Trade Marks Act 1994. Revocation proceedings for non-use of registration 2 297 413B have previously been filed by the Claimant at the UK Intellectual Property Office (proceedings number 83780), and are being transferred to be dealt with by the Court in this action pursuant to section 46(4) of the Trade Marks Act 1994.

63. Further or in the alternative, in the premises, the application for registration 2 297 413B was made in bad faith and should be declared invalid pursuant to the provisions of section 47(1) of the Trade Marks Act 1994. Equally, the Second Defendant's Applications were made in bad faith contrary to the provisions of section 3(6) of the Trade Marks Act 1994 and should be transferred into the Claimant's name, or withdrawn.

AND the Claimant claims:

In respect of the claim against the First Defendant for breach of contract

- (1) An injunction to restrain the First Defendant from continuing to breach clause 8.1(e) of the 2009 Agreement
- (2) Damages
- (3) Costs
- (4) Further and other relief

In respect of the trade mark claims

- (5) An injunction to restrain the First and/or Second and/or Third and/or Fourth and/or Fifth Defendant (whether acting by itself, its servants, agents or otherwise howsoever) from infringing the Claimant's registered trade marks contained in Annex A.
- (6) Delivery up to the Claimant or destruction upon oath or all printed or written matter, labels, merchandise or other articles in the possession of the First and/or Second and/or Third and/or Fourth and/or Fifth Defendant, the use of which would be a breach of the foregoing injunction.

- (7) An inquiry as to damages, or at the election of the Claimant an account of profits, for infringement of registered trade mark, together with an order for payment of all sums found due to the Claimant with interest thereon pursuant to section 35A of the Senior Courts Act 1981 and/or the equitable jurisdiction of the Court.
- (8) An order for appropriate measures for the dissemination and publication of the judgment to be taken at the Defendants' expense in accordance with paragraph 29.2 of the Practice Direction that supplements Civil Procedure Rules Part 63.
- (9) Costs
- (10) Further or other relief

In respect of the passing off claims

- (11) An injunction to restrain the First and/or Second and/or Third and/or Fourth and/or Fifth Defendant (whether acting by itself, its servants, agents or otherwise howsoever) from doing any of the following acts:
 - (a) passing off a Formula 1 racing team and/or any goods or services connected with a Formula 1 racing team, as being connected with and/or authorised or endorsed by the Claimant, whether by use of the name "TEAM LOTUS" and/or the word "LOTUS" and/or the LOTUS Roundel or otherwise howsoever; or
 - (b) enabling, assisting, causing or procuring or authorising others to do any of the acts aforesaid.
- (12) Delivery up to the Claimant or destruction upon oath or all printed or written matter, labels, merchandise or other articles in the possession of the First and/or Second and/or Third and/or Fourth and/or Fifth Defendant, the use of which would be a breach of the foregoing injunction.
- (13) An inquiry as to damages, or at the election of the Claimant, an account of profits, for infringement of registered trade mark, together with an order for payment of all sums found due to the Claimant with interest thereon pursuant to section 35A of the Senior Courts Act 1981 and/or the equitable jurisdiction of the Court.

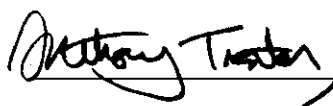
In respect of the TLI Registrations, registration 2 297 413B and the Second Defendant's Applications

- (14) An order that Trade Mark Registrations numbers 1 337 455, 1 338 435 and 2 297 413B be transferred to the Claimant.
- (15) Alternatively to the foregoing, an order that the said trade mark registrations and each of them be revoked and/or declared invalid and removed from the Register of Trade Marks.
- (16) An order that the Second Defendant's Applications be transferred to the Claimant.
- (17) Alternatively to the foregoing, an order that the Second Defendant be directed to withdraw the Second Defendant's Applications.
- (18) An order for appropriate measures for the dissemination and publication of the judgment to be taken at the Defendants' expense in accordance with paragraph 29.2 of the Practice Direction that supplements Civil Procedure Rules Part 63.
- (19) Costs.
- (20) Further or other relief.

MICHAEL SILVERLEAF Q.C.
BRIAN KENNELLY

Statement of Truth

The Claimant believes that the facts stated in these Amended Particulars of Claim are true. I am duly authorised by the Claimant to sign this statement.

 SNR Denton UK LLP

Anthony Trenton, Partner, SNR Denton UK LLP

Dated: 8 November 2010

RE-SERVED this 8th day of November 2010 by SNR Denton UK LLP of One Fleet Place, London, EC4M 7WS. Solicitors for the Claimant.

Claim No: HC10C03151

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

BETWEEN

GROUP LOTUS PLC

Claimant

-and-

**(1) 1MALAYSIA RACING TEAM SDN
BHD**

(2) TEAM LOTUS VENTURES LIMITED

(3) TUNE GROUP SDN BDN

(4) TONY FERNANDES

**(5) 1MALAYSIA RACING TEAM (UK)
LIMITED**

Defendants

AMENDED PARTICULARS OF CLAIM

SNR Denton UK LLP
One Fleet Place
London EC4M 7WS
Tel No: 020 7242 1212
Ref: JSL/ALC/93370.1

IN THE HIGH COURT OF JUSTICE

HC10C03151

CHANCERY DIVISION

MASTER BRAGGE

10TH NOVEMBER 2010

GROUP LOTUS PLC -v- 1 MAYLAYSIA RACING TEAM SDN BHD

ORDER

The Court has sent sealed copies of this Order to: -

Claimant's Solicitor

SNR Denton UK LLP
One Fleet Place
London EC4M 7WS
Ref: JSL/ALC/93370.1

Defendant's Solicitor

MacFarlanes LLP
20 Cursitor Street
London EC4A 1LT
DX 138 Chancery Lane
Ref: GXS/EJJ/618785

This Order was drafted by D Butchers, Associate (Tel: 020 7947 6179) to whom all enquiries regarding this Order should be made between the hours 9.00 am - 10.15 am and after 4.15 pm. When corresponding with the Court please address forms or letters to The Court Manager, Chancery Chambers Thomas More Building Royal Courts of Justice Strand London WC2A 2LL (DX 44450 Strand) and quote the case number