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Reclaiming the Lambretta

Decaying models can fetch Rs75,000, yet the cult brand remains stuck in a legal tangle

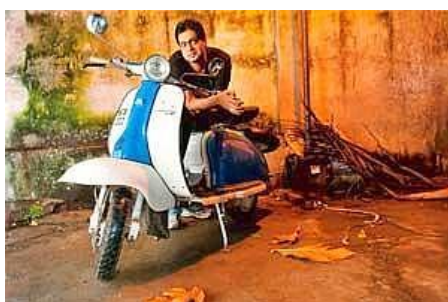
David Shaftel



Like many teenagers, when it was time for Siddharth Naidu to graduate from a bicycle to a scooter, he was concerned with how cool he would look. He was therefore disappointed when his parents, apprehensive about the speed of the popular Japanese bikes, gave him a hand-me-down Indian-made Lambretta, which was slower, but steadier.

He eventually moved on to a Japanese rocket bike, but in adulthood, Naidu, a founder of the Bangalore Classic Scooter Club, found himself yearning for "a slice of the past". In 2008, Naidu bought a 1970 Italian Lambretta, Li 150, which was assembled in India, for Rs8,000 and put in another Rs25,000 to restore it to mint condition. His wife later gifted him a Vijai Super Mark II, made by Lambretta in 1985, by which time the iconic Italian scooter brand was fully Indian-owned.

"We all remember our dads riding them and we all learnt to ride on them," Naidu, 33, says of the Lambrettas—and Vijais, as the locally sold ones were called. Their stability, durable frames and long bodies, which could accommodate three riders, made them popular in India.



Old faithful: Siddharth Naidu with his 1970 Lambretta in Bangalore. Aniruddha Chowdhury/Mint

Today, the Lambretta is riding a wave of nostalgia, with even decaying models fetching up to Rs75,000. It has, in fact, captured the imagination of scooter enthusiasts worldwide, with vintage "Lambys" fetching top dollar among collectors. However, Scooters India Ltd (SIL), the government enterprise that bought Lambretta in 1972 from its Italian founders, is not in a position to capitalize on this

End game for SIL

nostalgia. It is facing an uphill legal battle to retain ownership of the Lambretta brand, the result of a lackadaisical defence of the trademark at home and abroad. Complicating matters is the fact that SIL was declared a sick company in 2009, and the government has announced plans to divest its 95.38% stake in it.

The saga of the Lambretta trademark is a tangled web. In 2006, the UK company Fine White Line Ltd entered into a licensing agreement with SIL that allowed it to sub-licence the brand for use on clothing, vehicles and other paraphernalia bearing the Lambretta logo. Not long after, another company, the Netherlands-based Lambretta SRL, as it is now called, began what some view as a hostile takeover of it by registering new Lambretta trademarks in numerous countries, on the grounds that SIL, which stopped producing scooters in 1997,



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had lost ownership of the trademark due to non-use (the owner of a trademark must produce products bearing its name, or risk losing it to a usurper).

Fine White Line shareholders then formed another company, Lambretta Licensing Ltd (LLL), and entered into a licensing agreement with Lambretta SRL (the two companies now release statements under the name Lambretta Consortium, a non-legally binding alliance of companies with shared business interests). Both agreements are valid, LLL executives say, only the one with SIL is no longer of any commercial use.

Harry Willits, a spokesman at LLL, says the Indian government's dominion over the Lambretta trademark is all but lost. "We're pretty much in the end game now," says Willits, also the in-house lawyer for LLL. "Meanwhile, (we've) paid £750,000 (around Rs5.7 crore) in defence of SIL's trademark. SIL, as a sick company, has done absolutely not a jot to support (us) in their effort. All that time Lambretta SRL has been gaining more and more ground in the legal battle because of a long period of non-use (by SIL), who I'm assuming has no capacity, no money and no interest in a brand that is clearly valuable."



The iconic Italian scooter brand later became fully Indian-owned. Express Newspapers/Getty Images

SIL chairman, chief executive officer and managing director Ajai Kumar says SIL still owns the Lambretta trademark in India and abroad, and maintains that it is defending it—and has been doing so. He says that though SIL does not manufacture Lambretta scooters any more, it does make replacement parts bearing the brand's name. He acknowledges a dispute with LLL, which, he says, owes royalties, but adds that they are in "dialogue" with the company and the issue will soon be "resolved".

Steven Wilch, the managing director of LLL, says the company stopped paying royalties last year because it was spending so much money defending SIL's trademark.

"We call SIL once a week and we get zero response. One meeting would resolve all of this," he says.

Lambretta SRL declined to comment, but a company official noted, by SMS, that most of SIL's scooters bore the Vijai, not Lambretta, name.

According to the Indian office of the Registrar of Trademarks, SIL is still the owner of the Lambretta trademark, but records show that this has been contested by the parent company of Lambretta SRL.

"If a company is not spending any money to police the trademark, and other companies pick it up, your case will be weakened," says Shamnad Basheer, a professor of intellectual property law at the National University of Juridical Sciences in Kolkata. "The onus is on the owner of the trademark to protect it, because if other companies use the trademark, it will lose its distinctiveness and its value." Intellectual property courts look on non-defence of trademarks unfavourably, he says.

Furthermore, standard "quality control" clauses, which stipulate that the owner will police the trademark, were left out of the agreement with Fine White Line, which will weaken SIL's legal standing, says Basheer, who has reviewed a copy of the contract available on Lambretta Consortium's website. "With the clause, the onus is on the challenger to prove the trademark wasn't used properly. Without it, the tables are turned," says Basheer, who calls the clause's omission "a very serious mistake" on the part of SIL.

G.S. Davar, SIL's long-time legal adviser, declined to comment.

Meanwhile, LLL is anticipating Lambretta SRL's unchallenged ownership of the brand. "Because of the ongoing legal battles and because of the uncertainty, it became difficult for us to license out the Lambretta name. Our business became unviable," says Willits. "We'll end up licensing from Lambretta SRL."

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New garb: A variant of the Lambretta. Courtesy Motolife Italia

Another layer in the Lambretta onion is the fact that Fine White Line granted sub-licences to two companies to produce Lambretta scooters in Europe and Asia. Already they are on sale in Europe under the banner of Lambretta Motolife Italia.

Motolife has also come under pressure from Lambretta Consortium, which says that

Motolife scooters, being of sub-par quality, represent a breach of their sub-licence contract. Motolife is now mounting a legal challenge, but if the Indian government loses the trademark, their argument will be irrelevant. Thus, they too are appealing to SIL to defend the trademark, and to license it directly to them, says Nicola Gurrado, the lawyer for Motolife. Gurrado says he made his case to SIL's Kumar at the company's Lucknow headquarters last year, but was frustrated by the slow pace of talks.

Muddle in the marketplace

The story of Lambretta has always been complicated, says Paul Moylan, 47, who is a member of the committee that runs the 4,000-member Lambretta Club of Great Britain, which he says is the largest of its kind.

Lambretta was founded in Italy by Ferdinando Innocenti in 1922 and sold at various times under licence in Europe and South America before the company was sold to the Indian government 50 years later, says Moylan, who owns two Indian-made Lambrettas and two Italian-made ones.

Moylan says India didn't export Lambrettas to the UK until 1978, a year before they became popular again after being featured in *Quadrophenia*, a 1979 film credited for the revival of Mods, the so-called "modern" youths in 1960s England who were characterized by sharp suits, countercultural music and, of course, scooters. Moylan got his first Lambretta a year after the film's release.

Moylan says the nearly 50,000 Lambretta enthusiasts in the UK know there is a tussle over the trademark, but would only be interested in new bikes and parts that were up to snuff. "The new Lambretta is a poor copy of the iconic Lambretta," he says, so there is no interest among purists. (The new scooter has been reviewed positively by non-purists.) As for the spare parts made by SIL, "they are hit and miss and I know that dealers in the UK can wait months and months for orders to be shipped," he says.

Complicating matters is the fact that SIL is now on the block. Minister for heavy industries and public enterprises Praful Patel said in September that the government would go ahead with the planned divestment of the company, which still makes a line of three-wheelers (though of the 77,252 three-wheelers produced in India in August, only 1,400 were made by SIL, according to the Society of Indian Automobile Manufacturers).

Analysts say that despite the fact that the two- and three-wheeler market is growing at a robust clip, SIL will be a tough sell. "They don't have any two-wheeler products at all. They have no products in development and no product development capability. There's no value in buying the company," says V.G, Ramakrishnan, a senior director with the consultancy Frost & Sullivan. "Probably Lambretta has an element of value in European markets and that might make it valuable to some buyers, but I don't see too many companies lining up to show interest. It's a difficult organization with no element of talent pool to defend the assets of the company."

Regardless of how things work out for SIL, Willets says the consortium "very much" plans to produce Lambretta scooters again, but must first settle the lawsuits and end the confusion over who actually owns the name. "The idea is to clean up the market first," he says.

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