



# Trademark Organisation VEM e.V.

## VEM - an European Trade name with protection in all leading industrial countries

Because of the great number of sellers of similar products, it is a need of the market, to distinguish products and services by trademarks. Trademarks are the basic prerequisite for national and international performance competition. In an trademark, the comparable "name" of a good or a service is incorporated, i.e. it characterises a product among a lot of such ones with similar features, suitability and intended purpose, and it sets the product apart from them. The trademark enables the consumer to avoid confusions. Trademarks have the following objects:

- origin and distinguishing mark
- advertising function
- quality and warranty function
- protective function

Since the beginning of the fifties of the last century, in the industrial sector, the trademark VEM became a synonym for products of the German electrical engineering and, for a time, of the electrical power engineering. The VEM marked products and plants are spread over all continents and are internationally well reputed. VEM is well-known for high quality products and, at the same time, for favourable price-performance-ratio.

Always, the protection of the trademark rated high in the Company policy. Also today, the trademark policy, which is identical with trademark maintenance, is one of the main concerns of the management.

The trademark VEM is now, as a Registered Trademark of the European Union, protected by law in all member countries of the European Trademark Convention (at this time 19 member countries).

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The European Trademark Convention has the advantage, that, in case of joining of further member countries to the Convention, there is the option to extend the protection to these countries.

Furthermore, there are nowadays in total 89 applications for trademarks in altogether 68 leading industrial countries. Depending on the market potential and the sales potential in growing markets, the protection of the trademark will be extended with respect to economical considerations.

The importance of trademark protection and fight against piracy is shown by the repeated efforts, particularly on Asian markets, to sell other electrical machinery with the trademark of VEM. But, with the help of VEM trademark protection all over the world, all these attempts failed very quickly.

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# 1. Association Statute

On the basis of paragraphs 21 of the German Civil Code [BGB] and the then paragraphs 17 of the Trademark Act [WZG] and also the Act effective from 01.05.1992 on the scope of commercial industrial property right and the potential seamless continuance of the registered association trademark by a registered association in accordance with the BGB, the members of the Trademark Association [Warenzeichenverbandes VEM e.V.] decided on an association statute during their consultation on 17.10.1991 in Dresden

In accordance with the law on reform of trademarks and for conversion of the first Council Directive 89/104/EEC of 21.12.1988 to harmonise the legal provisions for member countries regarding trademarks (Trademark Reform Act) of 25.10.1994, this association statute was confirmed in the members' meeting held in Dresden on 30.09.1996 in the version of 11.09.1995.

## § 1 Name and headquarters

- (1) The association carries the name of "VEM Trademark Association" [Warenzeichenverband VEM]. It also carries the suffix "entered association", abbreviated to "e.V."
- (2) The association has its headquarters in Dresden.

## § 2 Purpose of the association

The object of the association is to encourage companies to manufacture or distribute electrotechnical products. The association achieves this purpose by registering, maintaining and defending trademarks for goods and services, which, in accordance with the trademark statute, serves to identify the goods and services in the members' business operations. The association is not a profit-making organisation.

## § 3 Entry in the associaton register

The association has been registered at the Dresden County Court since 3rd August 1992 under the number 1457 and the date of 12th July 1992.

## § 4 Membership

Association members can be persons, companies or legal entities with full contractual capacity. Membership is awarded on joining the association. Declaration of membership must be presented in writing. The member's meeting approves acceptance by simple majority. Joining becomes effective on presentation of a written acceptance declaration. There is no right to membership.

## § 5 Termination of membership

- (1) All members are entitled to leave the association. Leaving must be confirmed by a written declaration from the member. A four-week period of notice to the end of the respective calendar quarter must be observed.
  
- (2) Membership may also be terminated if mutually agreed by both the board and the leaving member. In this case, membership shall be terminated at the time indicated in the certificate.
  
- (3) Membership shall be terminated if the member loses its legal identity (liquidation, merging).

## § 6 Expulsion/cancellation of membership

- (1) The members' meeting may expel a member with immediate effect by way of a resolution. The resolution requires a 2/3 majority of the present members with voting rights. Expulsion must not prove unreasonable for the affected member. Application for expulsion of the member must be presented to the association at least two weeks prior to the members' meeting. The affected member may report on the application in writing or make comment in the members' meeting. If the member is absent when the resolution is passed, the expulsion must be notified in writing.
  
- (2) Members will also be withdrawn on cancellation of membership. Membership is cancelled under the following conditions:
  - (2.1) The member has not paid its membership fees;
  - (2.2) The board has sent a reminder of the outstanding fee by registered post to the members' last known address. The reminder contains a reference to potential expulsion;
  - (2.3) The member fails to pay the outstanding fees within three months of the reminder being issued; Membership is cancelled by way of a board resolution notified to the affected member in writing.

## § 7 Membership fees

- (1) The association levies a membership fee. The fee must be paid annually in advance (due 1st of January of the respective calendar year) and must be paid in full for the year of joining (due on joining).
  
- (2) The level of membership fee is unanimously determined by the board following consultation with the member to ascertain its financial situation. The ultimate decision is taken in the members' meeting.

## § 8 Bodies of the association

The association is made up of the board (§ 9 of the statute) and the members' meeting (§ 10 of the statute).

## § 9 Board

- (1) The board is made up of the chairman, the secretary and the treasurer. Every two board members represent the association jointly (board, i.e. number of board members with authority to represent within the meaning of § 26 of the BGB).
  
- (2) The board is appointed for a period of two years by way of a resolution passed in the members' meeting. It remains in office until the next board is appointed in accordance with the statute.
  
- (3) The board is responsible for concluding contracts of employment. Contracts of employment with a board member shall also be signed by the non-participating board members.

## § 10 Members' meetings

■ (1) Members' meetings are convened by the board in writing with a two-week period of notice. Notice of the meeting must indicate the object of the resolution (agenda). The period begins with the day on which the invitation is sent to the member's last known address.

■ (2) A members' meeting is convened as and when required in the interest of the association and at least once per calendar year. Should board members withdraw, the last remaining member is entitled and obliged to convene a members' meeting in which a new board will be elected.

■ (3) The members' meeting passes its resolutions by way of simple (and/or insofar as proposed with the qualified) majority of the present members. Abstained votes are treated as through the affected members were not present.

■ (4) Each member can be represented in the members' meeting by exercising its membership rights, specifically for the passing of resolutions. A member can be represented by another member or legal entity if proof of adequate authority can be furnished. Several members can appoint the same representative.

## § 11 Liquidation of the association

All members of the association must agree to it being liquidated. Members who are absent from the meeting shall present their agreement in writing.

## § 12 Place of business

The association has one place of business headed by a Managing Director. The Managing Director runs the day-to-day business of the association with authority derived from the board. The board may assume responsibility for the role of the Managing Director and the place of business.

## § 13 Recording of members' resolutions

The resolutions passed in the members' meetings are recorded in a written document. The document must be signed by the chairman of the meeting.

Dresden, 26th November 1999.

Signatures of the three boards

This statute was last changed in the members' meeting held in Dresden on 26th November 1999.

This association statute shall remain in force until changed by way of a members' resolution.

## 2. Trademark Statute

In accordance with § 18 WZG valid until 1994, the following statute was agreed for the VEM letter/symbol trademark in the consultation on 17th October 1991 in Dresden:

■ § 1 The VEM Trademark Association [Warenzeichenverband VEM e.V.] has its headquarters in Dresden.

■ § 2 The object of the VEM Trademark Association [Warenzeichenverband VEM e.V.] is to encourage companies to manufacture or distribute electrotechnical products. Its prime purpose is to register trademarks and brands for goods and services, which serve to identify the goods and services of the members' business operations in accordance with this statute.

■ § 3 The VEM Trademark Association [Warenzeichenverband VEM e.V.] is represented by its board. Two board members have authority for joint representation (§ 9 association statute).

■ § 4 (1) The association trademark is to be used in the members' business operations for product identification. The members may in particular use the trademark on their printed matter, business documents, letter heads, invoices and packaging. Use of the trademark is subject to approval.

■ § 4 (2) The board grants approval in accordance with clause 1 for products that conform to standard Trademark Association quality features. Individual requirements are defined in directives.

■ § 4 (3) The board may conduct random sample quality checks. The board will revoke approval if the quality requirements based on ISO 9000 cease to be satisfied.

■ § 4 (4) Approval expires automatically at the end of membership.

■ § 4 (5) Once approval has expired, the member must cease to use the trademark immediately.

■ § 5 The association shall use its discretion to pursue third-party infringements of the association trademark and hindrances posed by third parties to the members as a result of using the association trademark. The members shall notify the VEM Trademark Association [Warenzeichenverband VEM e.V.] immediately of trademark infringements and similar damage. The same applies for third-party claims brought against a member on account of using the trademark in accordance with company or trademark regulations. The members shall make every effort to support the VEM Trademark Association [Warenzeichenverband VEM e.V.] in defending rights to the trademark.

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- § 6 The authority of the members to use the trademark is not transferable. Members may not permit third parties to use the trademark.

Resolutions passed in the members' meeting on 17.19.1991 in Dresden, 17.10.1991 and amended on 04.12.1998.

Signatures of the three boards

This trademark statute is lodged with the German Patent and Trademark Office. The existing DD trademarks are entered into the trademark register.

This trademark statute remains valid till a change on account of a change in a members' meeting or of a change in legal regulations in accordance with § 10 of the association statute.

### 3. Guidelines on the use of trademarks

The products and services of the member companies and the holder of licenses to use the collective trademark VEM shall be identified with VEM as the collective trademark of the Trademark Association [Warenzeichenverband VEM e.V.].

Identification through the collective trademark is based on competitive and innovative products and services that satisfy market requirements and are supplied to the purchaser in a high quality.

The products are manufactured using stable, modern and environmentally-compatible processes. The services are launched onto the markets supported by many years of experience.

■ **1. The use of the collective trademark of the Trademark Association [Warenzeichenverbandes VEM e.V. ] is contingent upon the following conditions being fulfilled, which result in an increase in the level of trademark recognition and commercial validity of the VEM as a collective trademark.**

■ 1.1 Innovative products and services are developed on the basis of comprehensive market and needs research. The objectives are to be formulated in the result of the knowledge of the market and on the basis of comparisons.

■ 1.2 The results shall contribute to the development and stabilisation of sales markets while reducing cost expenditure.

■ 1.3 To secure sound and long-term sales relationships and also to sustain and increase market share, market preparation, market maintenance and market processing shall be guaranteed, especially through focussed customer-service, fast offer processing and maintaining or cutting standard delivery times.

■ 1.4 Products are manufactured and services provided on the basis of a quality assurance system in accordance with ISO 9000.

■ 1.5 For precise furnishing of proof of the quality parameters agreed in standards and contracts, documentary evidence must show concrete proof and be held over the long-term.

■ 1.6 The application behaviour of products is to be analysed through concrete field analyses up to and beyond the warranty period, in order to further increase the period of use limit.

■ 1.7 Complaints and warranty claims must be lodged immediately to ensure that the customer does not lose confidence in the quality of the products supplied.

■ 1.8 To prevent losses caused by sanctions, all aspects of the obligations arising from the contracts must be fulfilled.

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- 1.9 It must also be continuously ensured that no existing industrial property rights held by other competitors are infringed. A pro-active industrial property right strategy with own legally-valid industrial property rights, which serve both to market development and also to improve the achieved market positions.
  - 2. If the stated conditions for use of the collective VEM trademark are infringed, the board may impose sanctions. Rulings are made at a board meeting following a preceding examination and after comments by the relevant commercial and/or marketing management. Sanctions include:
    - 2.1 Conditional or complete withdrawal of the authority to use the collective trademark for one or several affected products and/or services.
    - 2.2 Temporary exclusion of a member company from the general right to use the collective VEM trademark.
    - 2.3 The obligation to pay compensation for damaged reputation of the collective VEM trademark up to DM 50,000.00 DM (Euro 25564.59).
  - 3. This directive was negotiated and decided in the members' meeting of the Trademark Association [Warenzeichenverband VEM e.v.] on 04.12.1998.

Sie tritt ab 01.01. 1999 in Kraft.



## 4. Identification Concept

Membership of the VEM Trademark Association [Warenzeichenverband VEM e.V.] (hereinafter referred to as the WZV) gives companies both the right and the obligation to identify their products and services with the collective trademark VEM.

The Board of WZV stipulates the following:

### 1. Aim of identification by the VEM trademark

Identification by VEM should help to:

- continuously increase the commercial acceptance of VEM
- improve the level of trademark recognition
- carry and enhance VEM as a quality trademark.
- expand sales markets and achieve higher market shares
- safeguard the protective right of the trademark

### 2. Measures required to use the VEM trademark

- 2.1 In accordance with the valid association and trademark statute, each member is obliged to identify its products and services covered by the association's product listing, as well as its business papers with the VEM trademark.
- 2.2 Existing individual trademarks can be used with agreement from the WZV although the priority application of VEM must not be affected in any way.
- 2.3 Besides the usual identification on the rating plate, the products shall be given in a suitable and cost-effective manner an additional VEM identification, appropriate to the size of the product, e.g. moulding or engraving in housing components, metal plate, label or painting. The regulation does not apply to products on which labelling would be impracticable or of no benefit, e.g. built-in or very small motors or similar.
- 2.4 Packaging such as boxes, cartons and other enclosures must be effectively identified with the VEM trademark. This can be done by printing, template, label or similar.
- 2.5 The VEM trademark must also be used for all company identifications. Insofar as a company belongs to several WZV, identification must take place through the addition "Member of Trademark Association VEM e.V".
- 2.6 In addition to the company identification, subsidiaries run by member companies in Germany and abroad, service facilities or temporarily-run assembly sites must be effectively identified with the VEM trademark.
- 2.7 In order to guarantee a representative image of the installation personnel on domestic and foreign sites, member companies are advised to provide corporate working clothing with the VEM trademark.
- 2.8 The VEM trademark should be used as an advertising tool in advertisements in daily newspapers and editorial articles in specialist publications. In principle, all application options of VEM must be exhausted in advertising.

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### 3. Measures required to acquire and protect industrial property rights

- 3.1 In the case of export contracts or long-term contracts with distribution companies, agreements must be concluded on use of the trademark, especially at trade fairs and exhibitions, creation of catalogue and advertising material, promotional appearances under the VEM trademark, incorporation into industrial property right monitoring. Agreements with WZV to be concluded beforehand if necessary.
- 3.2 The member companies are obliged to enable their employees travelling abroad on business to consider the industrial property right aspect and in particular to note industrial property right infringement during their period of activity.
- 3.3 The member companies are obliged to support on request the WZV in furnishing the necessary documentary evidence regarding use of the VEM trademark in certain countries.
- 3.4 Each member company is obliged to notify the WZV regarding any changes to the product range immediately on request so that the industrial property right protection can be stored according to international product categories.

### 4. Responsibility and monitoring

- 4.1 The marketing departments are responsible for fulfilling the tasks of the member companies arising from this concept.
- 4.2 Fulfilment of the aforementioned measures is monitored by the board and/or Managing Director of the WZV.

### 5. Scope of validity

- This concept applies to all members of the VEM Trademark Association [Warenzeichenverbandes VEM e.V.], and is based on § 4 of the trademark statute and was negotiated and concluded in the meeting of association members on 04.12.1998.

## 5. Product groups

### VEM Sachsenwerk GmbH, Dresden

- High-voltage asynchronous machines 140 to 28,000 kW
- High-voltage synchronous machines 400 to 35,500 kW
- Traction motors to 1,600 kW
- Traction generators to 3,000 kVA
- Auxiliary generators to 1,000 kVA
- High-voltage synchronous generators 250 to 45,000 kVA
- Wind power generators 1.5 to 5.4 MW

### VEM motors Thurm GmbH, Zwickau

### VEM motors GmbH, Wernigerode

- Three-phase motors to IEC/DIN, squirrel cage 0.06 – 500 kW
- Three-phase motors with slip ring rotor 2.2 – 250 kW
- Three-phase brake motors 0.12 – 500 kW
- Three-phase motors, forced-ventilated 0.25 – 500 kW
- Three-phase roller table motors 0.6 – 160 kW
- Three-phase marine motors acc. to the regulations of International classification societies 0.06 – 440 kW
- Three-phase motors in protection types
  - Increased safety 0.12 – 335 kW
  - Flameproof enclosure 0.12 – 630 kW
  - Non-sparking 0.06 – 450 kW
  - for use Zone 21 0.06 – 315 kW
  - for use Zone 22 0.06 – 315 kW
- Variable speed three-phase drives 0.75 – 430 kW
- Three-phase compact drives 0.55 – 22 kW
- Energy saving motors
  - Energy saving motors CEMEP 1.1 - 90 kW
  - Energy saving motors EPCA 1.0 – 500 HP
- Motors for powered fire gas and smoke exhaust fans 0.12 – 500 kW
- Three-phase asynchronous generators 2.2 – 355 kVA
- Build-in motors 0.06 – 355 kW
- Single-phase motors 0.06 – 2.2 kW

## 6. Survey of countries

(Status February 28th 2003)

Algeria · Argentina · Australia · Austria  
Belgium · Benin · Bolivia · Brazil · Bulgaria  
Cameroon · Canada · Central African Republic  
Chile · Peoples Rep. · Corea · Croatia · Cyprus  
Czech Republic · Danmark · Germany · Ecuador  
Egypt · European Union · Finland · France  
Gabun · Great Britain · Greece · Hong Kong  
Hungary · Iceland · India · Indonesia · Ireland  
Israel · Italy · Ivory Coast · Japan · Jordan  
Kenya · Kongo · Kuwait · Latvia · Lebanon  
Libya · Liechtenstein · Lithuania · Luxemburg  
Malaysia · Mauretania · Mexiko · Monaco  
Mongolia · Morocco · Netherlands · Niger  
Norway · Upper · Volta · Pakistan · Peru  
Poland · Portugal · Romania · Russia · Sambia  
Saudi Arabia · Senegal · Serbia (Remainder of  
Yugoslavia) · Singapoore · Slovakia · Slovenia  
Spain · South Africa · South Corea · Sweden  
Switzerland · Syria · Tchad · Thailand · Togo  
Tunesia · Turkey · Uruguay · USA · Venezuela  
Vietnam