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CLARIFICATION OF THE SUPREME COURT

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ON RESOLUTION OF THE SUPREME COURT

On April 23, 2019, the Plenum
of the Supreme Court

of the Russian Federation rendered Resolution
No. 10 'On Application of Part Four of the Civil
Code of the Russian Federation' (hereinafter
referred to as the "Resolution").

The previous similar broad-scale document was adopted 10 years ago. It was a joint resolution of the Plenum of the Supreme Court and the Plenum of the Supreme Commercial Court No. 5/29 dated March 26, 2009 'On Certain Issues Arisen Due to Implementation of Part Four of the Civil Code of the Russian Federation', many provisions of which have been reproduced or developed in the new Resolution.

Over the past ten years since the adoption of the previous resolution, a large number of amendments have been made to the law on intellectual rights, of which the most far-reaching ones were introduced in 2014. For the same period, the courts have considered enormous number of cases and specific practice of applying the legal norms in this area has been tried and tested.

The adoption of such documents is of harmonizing nature, since they, on the one hand, are adopted based on the existing court practice and, on the other hand, they serve as a guide for courts and interested parties, when applying the relevant provisions of the law. In the Resolution No. 10 dated April 23, 2019 the Court's positions on many provisions of the intellectual property law are collected, which indeed often raise disputes

and require developing of their correct and uniform application.

The Resolution explains application of both general provisions of Part Four of the Civil Code and of its individual chapters dealing with particular types of intellectual property.

We will highlight only some of them.

PROCEDURAL MATTERS

1. The Plenum noted that the following disputes, *inter alia*, are under the jurisdiction of the Intellectual Property Rights Court as a court of first instance:

- disputes on inventorship (inventions, utility models, industrial designs, plant varieties and animal breeds, know how - clause 3 of the Resolution);
- disputes on recognition of the right holder's actions related to granting legal protection to a trade mark as an act of unfair competition (clause 8 of the Resolution);
- disputes on reimbursement of the damage caused by unlawful decisions and actions (or omissions) of Rospatent as well as by its non-regulatory legal acts recognized as invalid (clause 9 of the Resolution).

2. If a bankruptcy case is initiated against the trademark holder, then, a non-use cancellation action against the trademark shall not be considered by the Intellectual Property Rights Court, which usually considers such actions, but by the court considering the bankruptcy case (clause 12 of the Resolution).

ISSUES CONCERNING DISPOSAL OF THE EXCLUSIVE RIGHT

1. In case of a license agreement, which determines the license fee as a royalty depending on the scope of use, the licensor may demand compensation for losses caused by the non-use of the result of intellectual

activity or means of individualization, and may terminate the license agreement as well (clause 40 of the Resolution).

2. The subject matter of an assignment, a license, or a pledge agreement may be the rights to intellectual property that will be created (arise) in the future (in clause 47 of the Resolution). At the same time, the Resolution explains in detail what requirements such agreements shall meet.

3. In the Resolution, the Supreme Court clarified the application of law when implementing fiduciary management of an exclusive right and emphasised distinction between this agreement and a license agreement or an agreement for delegation of authority in collective rights management (in clauses 48 and 49 of the Resolution).

GENERAL ISSUES OF INTELLECTUAL PROPERTY RIGHTS PROTECTION

1. Any use of the results of intellectual activity and means of individualization as instructed or ordered by the right holder (for example, publication of copies of works by the printing office as assigned by the publishing company, production of goods applying a trademark under an agreement with the right holder) does not require entering into a license agreement (clause 73 of the Resolution).

2. As to registration of a copyright-protected item without the author's consent as an industrial design, the position of the Supreme Court consists in that the author of a work may protect his/her/its copyright regardless of whether a claim for invalidation of a patent for the industrial design has been filed. However, satisfaction of the relevant claims of the author of the work does not result itself in cancellation of the patent.

A similar approach is also applied if a copyright-protected item is registered as a trademark (clause 74 of the Resolution).

3. The Supreme Court clarified the issues of liability of the domain name administrator and the website's owner.

Since the website's owner independently determines the procedure for using his website, it is he, who bears the burden of proving that the material comprising the results of intellectual activity or means of individualization is posted on the website by third parties and that the website's owner is only an information intermediary. If there is no such proof, it is presumed that the website's owner is the person directly using the relevant results of intellectual activity or means of individualization.

Resolving of the issue whether to classify the website's owner as an information intermediary or not depends on how active he has been in shaping the material being posted and (or) whether he has received any income from illegal posting of the material. Considerable modification of the material and (or) receipt of income by the website's owner may evidence that he is not the information intermediary, but the person who directly uses the relevant results of intellectual activity or means of individualization. It is also presumed that the website's owner is the administrator of the relevant domain name, unless otherwise follows from the facts of the case and the evidence submitted, in particular, from the information posted on the website (clause 78 of the Resolution).

4. Elaborating the position on protection of the licensee's rights as provided in clause 27 of the Joint Resolution No. 5/29 (dated 2009), the Supreme Court pointed out in the new Resolution that the ground for filing a claim by the licensee for recovery of a compensation for infringement of the exclusive right shall be infringement of the rights of the licensee proper, obtained by him under a license agreement, but not of the exclusive right of the right holder. Taking this into account, licensees holding exclusive licenses may protect their rights by any means provided for by Articles 1250 and 1252 of the Civil Code and only if the infringement concerned their rights obtained for the use of the result of intellectual activity or

means of individualization (clause 79 of the Resolution).

COPYRIGHT LAW

Exhaustion of the exclusive right to a work represents a case of free use of the work — an exception to the general rule that any actions to use the work may be performed only by the right holder or with his consent.

Exhaustion of the right does not cover the cases of making the work available to the public using the Internet (clause 96 of the Resolution).

PATENT LAW

1. The person indicated as the inventor in the relevant patent application shall be deemed the inventor of an invention, utility model, or industrial design, until proven otherwise. In this regard, the inventorship cases may be considered by a court before issuing the patent as well. The filing of such claim for inventorship with a court shall not suspend the procedure for issuing a patent (clause 121 of the Resolution). At the same time, the Resolution states that any disputes on determination of the patent holder (on recognition of the patent holder's right) shall be considered by courts only after issuing the patent (clause 122 of the Resolution).

2. An unauthorized use of an invention, a utility model, or design directly in a product, method, or article shall be deemed an infringement of the patent. The use of the invention, utility model, or design in the documents (including project documentation) for manufacturing a product or article, or in the documents for implementation of the method shall not be deemed an infringement of the exclusive right of the patent owner. The use of the description of an invention, utility model, or industrial design in a work of science, literature, and art shall not be deemed an infringement of the exclusive right of a patent owner either (clause 123 of the Resolution).

3. If the claimant has reasonable grounds to believe that the defendant uses an invention, utility model, or industrial design, the exclusive right to which is vested in the claimant, the evidence may be claimed from

the defendant or the evidence may be inspected and examined at its location (clause 124 of the Resolution).

4. The approach stated as early as in 2007 by the Supreme Commercial Court is maintained in the Resolution, according to which if there are two patents with different priority dates issued for the identical items (inventions, utility models, and industrial designs), or for the inventions differing in the equivalent features only, the use of the patented subject matter by the holder of the patent having the later priority date cannot be considered as infringement of the earlier patent until the former is invalidated according to the set procedure. At the same time, if there are other features in the independent claim of the second patent (the defendant's patent), aside from those in the independent claim of the claimant's patents, the defendant's invention, utility model, or industrial design shall be a dependent one. In this case, the defendant's use of the invention, utility model, or industrial design under his patent may be recognized as infringement of the claimant's exclusive right, regardless of whether the defendant's patent has been invalidated according to the prescribed procedure.

5. A remuneration to an employee-inventor for a service invention, utility model, or industrial design shall be paid during the validity term of the patent. In case of early termination of the patent, the payment of the remuneration shall be discontinued. At the same time, it is noted in the Resolution that if the patent is early terminated on purpose in order not to pay the remuneration (while, for example, the invention is still being used by the employer), the employee-inventor may claim that the employer should reimburse losses (clause 133 of the Resolution).

6. The limitation periods provided for by chapter 12 of the Civil Code (namely, a three-year limitation period) shall not apply to the patent invalidation actions filed within the lifetime of the patent (clause 140 of the Resolution).

TRADEMARKS

1. The filing date of the trademark application serves only as a starting point for calculation of the validity

term and determines the priority date for establishing whether there are third parties' rights to similar designations.

Any use by third parties of the designation identical or similar to the trademark during the period between the filing date of the trademark application (priority date) and the registration date of this trademark cannot be deemed as infringement of the exclusive right to the trademark (clause 155 of the Resolution).

2. The proper use of a trademark is its use for individualization of goods or services. Any use of words (including common nouns) registered as word trademarks in a plain meaning, for example, in written publications or oral speech, i.e. not for individualization of particular goods or service, shall not be the use of a trademark (clause 157 of the Resolution).

3. A claim to suppress the actions infringing the right to a trademark and consisting in illegal use of a domain name may be filed against the administrator of the domain name. Upon the claimant's motion, a court may compel the domain name registrar to provide the data on the domain name administrator (clause 159 of the Resolution).

4. When deciding on early termination of the trademark registration due to its non-use, the evidence that the trademark has not been used due to the circumstances beyond the trademark owner's control may be taken into account.

The bankruptcy of the trademark owner shall not be such circumstance (clause 170 of the Resolution).

5. When considering the appeal against granting of legal protection to a trademark, the law provision on necessity to take into account the circumstances existing on the filing date of the appeal shall apply to prevent revocation of the registration of the trademark that did not meet the protectability criteria at the moment of its registration, but which further has begun to meet such protectability criteria (clause 173 of the Resolution).

In general, the Resolution will certainly become a suitable and effective instrument for harmonization of the court practice related to intellectual property.

QUARTERLY REVIEW OF NEWS IN LEGISLATION, ROSPATENT PRACTICE, AND COURT PRACTICE RELATED TO INTELLECTUAL PROPERTY

(January to March 2019)

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NEWS AND EVENTS

SEARCH FOR RUSSIAN PATENTS AND INVENTION CERTIFICATES IS NOW AVAILABLE IN RUSSIAN SEARCH ENGINE YANDEX

Since March 5, 2019, everyone interested has the opportunity to search for patents for free not only in Rospatent's databases, but using a popular search web service. The information on patents will be available both on a new service Yandex.Patents and in the yandex.ru search engine itself. Now the Yandex's database has over 2.5 million patent documents.

The new service presents Russian patents for utility models and inventions, patent applications and invention certificates of the USSR from 1924 to the present day, which actually means one of the largest free arrays of patent information in the Russian Internet segment. The documents may be searched by keyword, number, title, full text of the patent, inventor, applicant, or patent holder. For each document found, a list of patents, where it is mentioned and to which it has

references, and a list of similar documents so that the information on similar inventions may be read are given.

Yandex searches for similar patents not only by keyword, but by the meaning too. It means that the service will find patents on one topic even if inventions are described in different words. For this purpose, a neural network able to determine the semantic proximity of documents is used. Data on patents for inventions and utility models will be provided for Yandex.Patents service by the Federal Institute of Industrial Property (FIPS), with which a cooperation agreement is concluded, which means regular, most accurate, and prompt update of the array of patent information. In future, the service will also include documents for other types of intellectual property.

ROSPATENT PRACTICE

1. PATENTS

AN APPEAL AND AN APPLICATION MAY NOW BE FILED ONLINE WITH THE ROSPATENT'S CHAMBER OF PATENT DISPUTES

A new option – electronic filing of appeals and applications with the Rospatent's Chamber of Patent Disputes – was launched on the website of the Federal Institute of Industrial Property (Rospatent's FIPS) from February 07, 2019. In order to perform the relevant procedure, it is necessary to fill out the information on the person filing an application, specify the correspondence address, the information on the IP item, and attach the documents of the appeal or application.

<http://new.fips.ru/news/v-palatu-po-patentnym-sporam-teper-mozhno-obratitsya-onlayn/>

2. TRADE MARKS

PANEL OF THE CHAMBER OF PATENT DISPUTES DECIDED THAT THE “KVN” ABBREVIATION WAS NOT A RESULT OF THE AUTHORS' CREATIVE WORK (ROSPATENT'S DECISIONS DATED JANUARY 16, 2019 UNDER APPLICATIONS 2006737556, 2012715958, 2006737558, AND 2012719253) (1).

GROUP 7 LLC filed appeals with the Chamber of Patent Disputes against the grant of legal protection to trade marks Nos. 345642, 479120, 345643, and 479121 owned by Television Artistic Association AMIK LLC.

The arguments of the appeal consist in the following:

- The challenged trade mark comprises the “KVN” key element – the name of the protectable copyright item, the right to which was accrued with a person other than the right holder of the challenged mark before the filing date of the application for registration of the challenged trade mark. “KVN” is abbreviation of a popular Russian TV game “Club of Cheerful and Sharp Witted”.



TM №345642



TM №479120



TM №345643



TM №479121

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- In the challenged trade mark, the name of a number of original literary works – the book entitled “KVN. THE CLUB OF CHEERFUL AND SHARP-WITTED” (created in 1965) and the scripts of the KVN show (the first program was aired on November 08, 1961) – is reproduced. After the death of each co-author, the exclusive right to these results of intellectual activity jointly created by such co-authors were transferred to the heirs and were purchased by Group 7 LLC in 2017. The scope of those rights include, among other things, the exclusive right to the names of scripts and the abbreviation of the KVN name, the exclusive right to the name of the contests of the KVN (The Club of Cheerful and Sharp-Witted) shows presented

in the scripts; and the exclusive right to the characters used in the scripts;

- Neither the authors of the original literary work nor their successor granted their consent to registration of the “KVN” designation as a trade mark in the name of TTO AMIK LLC.

The panel rejected the filed appeals and noted that, in the eyes of an ordinary consumer, it was the television program that was associated with the “KVN” name, but not the above-mentioned book and scripts.

The panel also noted that the documents of the appeal did not prove that the “KVN” element was the result of the authors' creative work, taking into account that the element was an abbreviation – the initial letters of three words (club of cheerful and sharp-witted) and was a common method to form abbreviations. Therefore, the argument that the “KVN” abbreviation referred to the copyright item was unconvincing. On this basis, the Panel detected no infringement of the exclusive rights of GROUP 7 LLC.

ARINA FURS vs ELENA FURS

Rospatent refused to register “Arina Furs Арина Фурс” Trade Mark under Application No. 2017701667 (2).



Арина Фурс

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Pursuant to the opinion based on the expert examination results, the claimed designation is confusingly similar to “ELENA FURS” trade marks under certificates Nos. 631453 (3) and 466303 (4) registered for the homogeneous goods and services of classes 25 and 35 according to ICGS.



TM № 631453



TM № 466303

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The applicant disagreed with the refusal to register and filed an appeal with the Chamber of Patent Disputes.

By its decision dated January 16, 2019, the Chamber of Patent Disputes upheld the decision of the Examiner on the refusal to register the claimed designation and noted, in particular, the following.

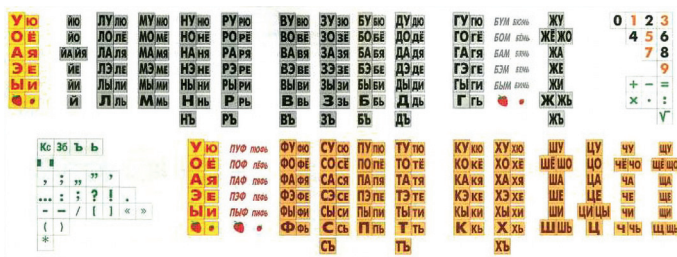
Phonetic similarity of the word elements of the compared designations is conditioned by inclusion of the identical “Фурс/FURS” word element in both designations.

The semantic similarity of the compared “Arina Furs Арина Фурс” and “ELENA FURS” word elements is established due to matching with the word “FURS” which has an independent semantic meaning. At the same time, the said “Furs/Фурс/FURS” element following the name may be perceived as a surname, all the more so that this word is capitalized in the claimed designation, which is typical for proper names. In addition, as noted above, the word “Фурс” is a surname, for which reason its transliteration “Furs” in the Latin letters may also be perceived as a surname. The applicant's argument that the “Arina Furs” and “ELENA FURS” designations in English mean “Arina's furs” and “Elena's furs” is not convincing due to the fact that a different grammatical structure is typical for English (Arina's furs or furs of Arina and, accordingly, Elena's furs/furs of Elena).

Thus, the claimed designation and the opposed marks are most likely to be perceived as designations consisting of the identical surname (“Фурс”, “Furs”) and the female names “Arina” and “Elena”. One should agree with the applicant that Elena and Arina are different female names; however, their addition to the same surname may misinform the consumer, for which reason he/she may get a wrong idea about the single source of origin of the goods and services. Summarizing the foregoing and taking into account the fame of the right holder of “ELENA FURS” trade marks on the Russian market, the panel concluded that the claimed designation did not meet the requirements of Clause 6 of Article 1483 of the Civil Code and, therefore, Rospatent’s decision on refusal to register that designation should be acknowledged as lawful.

ROSPATENT REFUSED TO REGISTER A TABLE AS A TRADEMARK (ROSPATENT’S DECISION DATED JANUARY 31, 2019)

The Chamber of Patent Disputes considered an appeal against Rospatent’s refusal to register the designation under application No. 2016741993 as a trade mark (5). The refusal was due to the fact that the claimed designation was a poorly recognizable composition overloaded with rectangular figures as well as numeric and alphabetic elements that have no verbal meaning and no distinctiveness and, thus, was unprotectable.



The arguments of the appeal consist in that the claimed designation is a composition of elements that are not arranged in a chaotic manner, but create a strict system designed for teaching children to read and count. Having considered this appeal, the Panel came to the following conclusion. The claimed designation was actually a figurative designation consisting of simple geometric rectangular figures, numbers, letters, and combinations of letters that have no verbal meaning and are not perceived as words, in consequence of which the proposed composition cannot be remembered in any way. The designations that do not have any additional original content that allows the consumer to remember them and further recognize the goods and services of a particular person are classified as the designations that actually have no distinctiveness. These circumstances made it possible to conclude that the claimed designation could not perform the function of a trade mark – to individualize goods and services, for which reason it was unprotectable for all goods and services listed in the application.

ASSIGNMENT OF AN APPLICATION FOR A TRADE MARK MAY BE USED TO OVERCOME THE REFUSAL TO REGISTER (ROSPATENT’S DECISION DATED

Rospatent refused Kwak2 LLC to register “KWAK” trade mark under application No. 2016732142 (6).



The decision of the Examiner is reasoned by the fact that, pursuant to the information obtained from the Internet, the claimed designation is used by BROUWERIJ BOSTEELS, Belgium, to individualize the goods manufactured and services and is also confusingly similar to “KWAK” mark under international registration No. 597995, for which reason registration of this designation as a trade mark in the name of a Russian company may be regarded as use of another person’s commercial reputation and may mislead the consumer with regard to the manufacturer of goods and (or) the service provider.

In its appeal filed with the Chamber of Patent Disputes, Kwak2 LLC disagreed with the conclusion contained in the opinion based on the results of examination. During consideration of the appeal, application No. 2016732142 was amended so that BROUWERIJ BOSTEELS, Belgium, which owns the opposed mark under international registration No. 597995, became the applicant. Taking into account this amendment, the Panel concluded that, since the applicant and the right holder of the opposed mark became the same person, there were no grounds for misleading the consumer with regard to the person manufacturing the goods and providing services and there were no obstacles for registration of the claimed designation as a trade mark.

ANY POSSIBLE ADDITIONAL ASSOCIATIONS CAN DESTROY DISTINCTIVENESS OF A MARK (DECISION OF THE ROSPATENT’S CHAMBER OF PATENT DISPUTES DATED FEBRUARY 28, 2019 UNDER APPLICATION No. 2017707816)

Rospatent refused registration of the trade mark under application No. 2017707816 (7). The refusal is grounded on the fact that the designation has no distinctiveness, since it consists of unprotectable elements only: “COM” is the top-level domain in the system of domain names in the Internet; “PACT” means “an agreement, treaty”, when translated from English; “TOOL” means “a tool, instrument”, when translated from English.



The applicant filed an appeal against Rospatent’s decision arguing that the claimed designation was fanciful for the services in Class 35

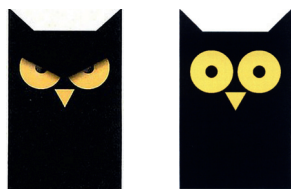
according to ICGS as listed in the application, besides, the applicant already had the exclusive right to a similar word trade mark “Compactool” with regard to the services of Class 35 according to ICGS under Certificate No. 651536. Having considered the applicant’s appeal, the panel of the Chamber of Patent Disputes agreed with that argument and noted that the phrase could elicit various associations, for example, with convenient tools (tooling) for provision of services or with tooling (“TOOL”) for concluding agreements (“PACT”) via the Internet (“COM”), etc. However, as follows from Clause 2.2 of the Guidelines for Expert Examination of the Claimed Designations, any

possible additional reasoning, second-guessing, and associations, on the contrary, create distinction and awareness of the designation, i.e. its distinctiveness – the ability to perform the function of a trade mark.

On this basis, the Panel of the Chamber of Patent Disputes rendered a decision in favour of the applicant.

PANEL TOOK INTO ACCOUNT THE CONSENT OF THE RIGHT HOLDER OF THE PRIOR MARK AND GRANTED PROTECTION TO AN INTERNATIONAL TRADE MARK (ROSPATENT’S DECISION DATED FEBRUARY 28, 2019 UNDER INTERNATIONAL REGISTRATION NO. 1303293)

Rospatent refused to grant legal protection in Russia to the trademark under International Registration No. 1303293 (8) with regard to the goods of classes 32 and 33 according to ICGS. It was due to the fact that it was confusingly similar to the trade mark under Certificate No. 387147 (9) previously registered in the name of another person with regard to the goods of Class 32 according to ICGS, which were similar to the claimed goods in Classes 32 and 33 according to ICGS.



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Having disagreed with this decision, Knjaz Miloš a.d., Republic of Serbia, filed an appeal with the Chamber of Patent Disputes and stated that the applicant had concluded a settlement agreement with the right holder

of the opposed trade mark under certificate No. 387147, pursuant to which the right holder provided an irrevocable consent to granting legal protection in the Russian Federation to the mark under international registration No. 1303293 with regard to certain goods in Classes 32 and 33 according to ICGS in the name of the applicant. Moreover, the right holder of the opposed trade mark filed an application requesting to exclude certain goods if Class 32 according to ICGS from the list of protectable goods under its registration, having actually reduced such list to the goods “mineral and sparkling waters”.

The panel of the Chamber of Patent Disputes took into account the settlement agreement and the fact that the claimed mark and the opposed mark were not identical, while the opposed mark was not a collective trade mark, and there was no information on its famous character to the Russian consumer, which did not make it possible to suggest misleading of the consumer.

On this basis, the Panel reversed Rospatent’s decisions and granted legal protection in the Russian Federation to the mark under International Registration No. 1303293 with regard to the above goods in Classes 32 and 33 according to ICGS.

RUSSIAN REGISTRATIONS OF SIMILAR MARKS DO NOT EXCLUDE SIMILARITY OF THE CLAIMED DESIGNATION AND PREVIOUSLY REGISTERED MARK (ROSPATENT’S DECISION DATED MARCH 12, 2019 UNDER APPLICATION NO. 2017729562)

MNOGO MYASA LLC, (much meat) Krasnoyarsk, filed application No. 2017729562 (10) to register its designation as a trade mark, but it was refused because of prior

trade marks No. 630494 (11) and No. 463307 (12) registered in the name of Buryatmyasprom LLC, Ulan-Ude, with regard to similar goods. Having disagreed with the refusal, the applicant filed an appeal with the Chamber of Patent Disputes.



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The Chamber noted that, according to the comparative analysis of the claimed designation and the trade marks opposed to it, they produced identical visual impression: there was a stylized picture of a cow, which was highly similar, in their central part, and the lower part of both designations included a hexagon, a geometric figure, which enhanced similarity of their visual perception. The insignificant distinctions consisting in the turn of the cow’s head and in the fact that its picture was inserted in a pentagon and square frames did not make the compared designations look different, which would make it possible to distinguish them.

The applicant argued that there were no “ВЫСШИЙ СОРТ” (“superior quality”) and “ГОСТ” (State Standard) elements on its designation, but the Chamber noted that they were not able, in principle, to individualize any products, since they were often used by different persons, when labelling products. The “БМК” element included in the claimed designation had no verbal meaning, was difficult to remember, and hardly had any distinctiveness. On this basis, these word elements had no significant impact on different perception of the marks.

Besides, the applicant argued that there were other registrations including pictures of cows in the Russian Federation (trade mark under Certificate No. 317905, mark under International Registration No. 893106, etc.— 13). In this regard, the panel noted that the said registrations did not exclude a high degree of similarity of the claimed designation and the opposed marks.



TM № 317905



TM № 893106

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Summarizing the foregoing, the Chamber concluded that the claimed designation and the opposed marks were similar, which had been established on the basis of their similar general visual perception due to their identical graphic design as a composition of a stylized picture of an animal inserted in a frame, and, therefore, the refusal to register such designation should be upheld.

ROSPATENT RENDERED ANOTHER DECISION AFTER THE PRESIDUM OF THE IP COURT HAD RENDERED A RESOLUTION TO REVERSE THE DECISION OF THE IP COURT AND TO REMAND

**THE CASE FOR A NEW CONSIDERATION.
(ROSPATENT'S DECISION DATED MARCH
12, 2019 UNDER APPLICATION NO.
2015719739)**

An individual entrepreneur filed an appeal against the registration of trade mark No. 606235 "The 1920 Legend" (14) in the name of Moscow Jewellery Factory OJSC,

*The 1920
Legend*

14

The entrepreneur stated in the appeal that the challenged trade mark was confusingly similar to his series of trade marks having the earlier priority date (15):

Легенда

№ 413209

Легенда
Legenda

№ 362781

Легенда

№ 443091



№ 602450

Легенда

№ 458013

15

The similarity of the challenged trade mark and the opposed trade marks was caused by their common word elements united by the word "Legend" having the general meaning, while, in the opinion of the entrepreneur who filed the appeal, the goods and services, with regard to which the challenged trade mark was registered, were similar to the goods and services, with regard to which the opposed trade marks were registered. In this case, the story of the dispute is interesting. Initially, based on the results of consideration of the appeal by Rospatent on September 18, 2017, it was decided to dismiss the appeal and uphold legal protection of the trade mark. Having disagreed with the said decision, the entrepreneur filed a claim with the IP Court to invalidate the above Rospatent's decision. By the decision of the IP Court dated March 12, 2018, on case No. SIP-710/2017, his claims were dismissed.

Then, the entrepreneur filed a cassation appeal against the decision of the IP Court dated March 12, 2018. Having considered the cassation appeal, the Presidium of the IP Court rendered a resolution dated March 29, 2018 to reverse the decision of the IP Court dated March 12, 2018 on case No. SIP-710/2017 and to remand the case for a new proceeding. As a result of the new proceeding, the IP Court rendered a decision dated October 05, 2018 on case No. SIP-710/2017 upheld by the resolution of the Presidium of the IP Court dated January 28, 2019 to invalidate Rospatent's decision dated September 18, 2017 and to compel Rospatent to re-consider the entrepreneur's appeal. When re-considering the case, the Panel of the Chamber for Patent Disputes decided to invalidate the granting of legal protection to the trade mark under certificate No. 606235 with regard to the goods in Classes 14, 16, the services in Class 35, and a part of the services in Class 42 according to ICGS (a list is provided in the decision).

**RECOGNITION OF THE RIGHT HOLDER'S
ACTIONS AS AN ACT OF UNFAIR COM-**

**PETITION IS THE GROUND FOR INVALIDATION OF THE TRADE MARK
(ROSPATENT'S DECISION DATED JANUARY 16, 2019)**

Rospatent considered the appeal against the grant of legal protection of the trade mark under certificate No. 501319 in the name of Invivo LLC (now the mark is owned by BioTA LLC). The challenged trade mark represents "ЛЕПТОЦИД" (LEPTOTSID) word mark in standard font in the capitalized Russian letters.

The appeal is based on fact that the right holder's actions related to purchase and use of the exclusive right to the trade mark under Certificate No. 501319 were recognized as an act of unfair competition by the decision of the Federal Anti-Monopoly Service dated March 28, 2018 on case No. 1-14-172/00-08-17. Having considered the appeal, the Chamber of Patent Disputes concluded that there were grounds to satisfy the appeal and invalidated the grant of legal protection of the trade mark under Certificate No. 501319 in full.

3. WELL-KNOWN TRADE MARKS

IN 2019, DESIGNATIONS USHASTYY NYAN /LONG-EARED NANNY (16), PROSVESHCHENIYE PUBLISHING COMPANY (17), AND PIK (18) HAVE BEEN RECOGNIZED AS WELL-KNOWN TRADE MARKS.

Well-known trade mark No. 202 Well-known trade mark No. 203 Well-known trade mark No. 204



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COURT PRACTICE

1. PATENTS

DEFENDANT SUCCEEDED IN PROVING THAT THE SOLUTION DELIVERED AS A RESULT OF THE WORKS UNDER THE GOVERNMENT CONTRACT WAS DEVELOPED BY HIM INDEPENDENTLY AND AT HIS OWN EXPENSE (IP COURT, DECISION DATED JANUARY 17, 2019 ON CASE No. SIP-229/2018)

The deputy prosecutor of the Republic of Tatarstan filed a claim against the Research Institute of Steel (NII Stali) for invalidation of patent of the Russian Federation No. 136150 for the Protection Armour Element utility model (wrong indication of the patent holder). From the deputy prosecutor's point of view, the right holder of that patent should be the Russian Federation represented by the Ministry of Defence of Russia, since the utility model had been developed under the government contract between Kamaz (the Contractor) and the Ministry of Defence of Russia (the Customer). NII Stali acted as a subcontractor.

The point of the claims consisted in the fact that during performance of the development work under that government contract, NII Stali developed an engineering solution – a protection armour element, which was subsequently registered as utility model No. 136150 in its own name, although, under the terms and conditions of the government contract, it should have transferred all rights to the results of intellectual activity created during performance of the works to the customer.

NII Stali objected that although that engineering solution was used within the design and development work for the Ministry of Defence, it had been originally developed under another investment project entitled “Vehicle Armouring of TOYOTA Land Cruiser-100” implemented outside the government order and at the own expense of NII Stali; accordingly, there were no grounds to transfer the rights to that result of intellectual activity to the Ministry.

It is worth noting that, at a certain stage NII Stali intended to discuss conditions for the transfer of the exclusive right to the Russian Federation to that utility model, explaining that it wanted to keep good partnership relations with the government customer; however, after the customer began to disseminate information that the research institute had misappropriated the rights to the utility model in the mass media, the defendant abandoned its attempts to settle the issue amicably and began to stand up for its rights. In fact, the dispute centred around at whose expense the challenged engineering solution was created:

At the expense of the Russian Federation under the government contracts or at the expense of NII Stali within its initiative investment project.

As a result of the court proceedings, the Panel of Judges of IP Court concluded that, since the contrary was not proven, the utility model protected by the challenged patent had been developed by the defendant at its own expense during the development works within the investment project entitled “Vehicle Armouring of TOYOTA Land Cruiser-100” and, with the consent of KAMAZ, had been used, when implementing a component of the development works for the Ministry of Defence. Thus, the court concluded that there were no sufficient grounds to satisfy the prosecutor’s claim and rendered a decision in favour of NII Stali.

SIMULTANEOUS STATE REGISTRATION OF MEDICINE AND ITS MAXIMUM SALE PRICE POSES A THREAT OF INFRINGEMENT OF THE PATENT RIGHTS (IP COURT, RESOLUTION OF THE COURT OF CASSATION DATED FEBRUARY 28, 2019 ON CASE No. A40-106405/2018)

AstraZeneca UK LIMITED became aware that Jodas Expoin had registered the Gefitinib medicine with the Ministry of Health and its maximum sale prices, which, from the company’s point of view, was evidently preparatory actions aimed at commercialization of that medicine in the Russian Federation. However, the active ingredient of this medicinal drug is Gefitinib – a chemical compound protected by patent of the Russian Federation for invention No. 2153495, owned by AstraZeneca.

Considering that these actions of the Russian Company pose a threat of infringement of the exclusive rights to the said patent, AstraZeneca filed a claim with the Commercial Court of Moscow requesting, in particular, to compel the Ministry of Health to exclude the Gefitinib medicine from the State Register of Medicines, to exclude the information on state registration of the producer’s maximum

sale price for the medicine from the State Register of Maximum Sale Prices, and prohibit the Russian Company from taking any actions in registration of that medicine and its maximum sale prices in Russia before the expiration date of the validity period of the Foreign Company’s patent.

By the decision of the Commercial Court of Moscow dated August 07, 2018, the stated claims were dismissed. The Foreign Company filed an appeal and the case was considered by the Ninth Commercial Court of Appeal.

The court of appeal acknowledged that the Russian Company’s actions in registration of the medicine and its maximum sale prices with the Ministry of Health by the Russian Company evidenced that the Russian Company was preparing an offer for sale and sale of the medicine, where the Gefitinib substance patented by the claimant had been used, on which basis it partially satisfied the stated claims of the Foreign Company: compelled the Russian Company to submit to the Ministry of Health an application for cancellation of state registration of the medicine and to submit to the Ministry of Health an application for exclusion of the maximum sale price for the Gefitinib medicine from the State Register of Producers’ Maximum Sale Prices for Medicines, and prohibited the Russian Company from taking any actions aimed at registration in the Russian Federation of the medicine containing Gefitinib and the maximum sale prices for the medicine containing Gefitinib before the expiration date of patent of the Russian Federation for invention No. 2153495.

The IP Court deemed that the conclusions of the court of appeal were based on the evidence submitted to the files of the case and satisfied the rules of substantive and procedural law and upheld the resolution of the Ninth Commercial Court of Appeal.

A TRADEMARK AND AN INDUSTRIAL DESIGN MAY BE RECOGNIZED DISSIMILAR IF THEY CONTAIN DIFFERENT CONCEPTS AND IDEAS (IP COURT, DECISION DATED JANUARY 21, 2019 ON CASE No. SIP-585/2018.)

A company filed a claim with the IP Court against issuance of patent of the Russian Federation No. 68407 (19) for a label as an industrial design. The ground for the claim was that trade mark of the Russian Federation No. 275208 (20) with an earlier priority had been already registered in the Company’s name for the same goods; thus, the challenged industrial design and trade mark of the Company are confusingly similar and may confuse the consumer.



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Rospatent insisted that there was no confusing similarity between the challenged industrial design and the opposed trade mark due to a different visual impression as a whole. The court conducted a comparative analysis of the opposed industrial design and the trade mark, examined the submitted public polls and opinions of the Association of Designers, and concluded that the industrial design and the trade mark differed in their dominant elements, and other elements, for example, landscape image and common



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colour scheme (filling colour), due to their size and spatial arrangement were abstract and did not affect the general visual impression of the compared industrial design and trade mark.

In the court's opinion, the compared designations contain different concepts and ideas, which evidences that there is no semantic similarity between them either. Thus, since the challenged industrial design and trade mark under certificate of the Russian Federation No. 275208 form a different visual impression, the court rendered a decision that the said industrial design was not confusingly similar to the opposed trade mark.

2. TRADE MARKS

COURT CANNOT, AT ITS INITIATIVE, DECREASE COMPENSATION FOR INFRINGEMENT OF THE RIGHTS TO THE TRADEMARKS BELOW THE MINIMUM LEVEL (SUPREME COURT OF THE RUSSIAN FEDERATION, RULING No. 310-ES18-16787 DATED JANUARY 10, 2019).

Rikor Electronics discovered that Forsazh Co. was selling the goods under the trade mark registered in the name of Rikor Electronics. In this regard, Rikor Electronics filed a statement of claim with the Commercial Court of Lipetsk Region against Forsazh claiming compensation for the infringement of the exclusive right to trade mark No. 289416 at a double rate of the value of the right to use the trade mark as determined by the licence agreement. The Commercial Court of Lipetsk Region satisfied the stated claims in part, having decreased the compensation twofold. When decreasing the compensation the court proceeded from the reasonableness and justice requirements, the nature and the single act of the infringement, the lack of evidence of any adverse consequences for the claimant.

The Nineteenth Commercial Court of Appeal upheld that decision. The claimant appealed to the Supreme Court of Russia.

The Supreme Court pointed out that, when rendering a decision on the case, the commercial court may award a smaller compensation than stated in the claims, but not below the minimum limit set forth by law, and the Court may not decrease the compensation at its own initiative. In this case, the ground for decreasing the compensation below the minimum limit is simultaneous infringement of the exclusive rights to several intellectual property items, while the claimant filed a claim for protection of the exclusive right to only one trade mark. Besides that, the defendant did not claim that the compensation was unreasonably large and did not request to decrease it. Thus, the Judicial Chamber of the Supreme Court of the Russian Federation concluded that, in violation of the parties' equality and adversarial principle when determining the compensation, the inferior courts had decreased the compensation claimed below the double value of the right to use the trade mark based on the price that was usually charged for the legal use of the trade mark under comparable circumstances. Under such circumstances, the challenged judicial acts shall be reversed as rendered with material violations of the provisions of substantive and procedural law, which influenced the outcome of the case, and the case shall be remanded for a new proceeding to the court of first instance.

PRESENCE OF A SIMILAR ELEMENT IN THE COMPARED TRADEMARKS IS NOT THE GROUND FOR RECOGNIZING THE DESIGNATION AS CONFUSINGLY SIMILAR (PRESIDIUM OF THE IP COURT, RESOLUTION DATED JANUARY 17, 2019 ON CASE No. SIP-145/2018).

Individual entrepreneur S. F. Khusnutdinova filed a claim with the IP Court for early termination of legal protection of the "Grinn Liniya" service mark under certificate of the Russian Federation No. 304293 (21) registered in the name of Grinn Corporation with regard to the services in Class 35 according to ICGS. The reason for the claim was the fact that the entrepreneur had her own "Liniya" service mark No. 621780 (22) registered with regard to the services in Class 35 according to ICGS as well, which, from the entrepreneur's point of view, was confusingly similar to the Company's service mark.



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The court of first instance concluded that the presence of a common "Liniya" word element in the compared designations could not clearly evidence their confusing similarity, since those designations made a different impression. Due to different vowels and consonants, their composition, order and number, it is impossible to establish the degree of phonetic similarity, which could result in a conclusion on probable confusion of the opposed designations. Different font size and colour style of the designations cannot actually be of paramount importance, when determining the similarity of the designations under comparison, but, when there is no similarity or there is a low degree of similarity based on any other criteria (phonetic or semantic), these differences should be also taken into account. The Court also pointed out that the probability of confusion depended not only on the degree of similarity of designations and the degree of homogeneity of goods/services for average consumers of the relevant goods/services, but also on other factors, including whether the trade mark was used by the right holder with regard to particular goods, on duration and scope of use of the trade mark by the right holder; at the same time, the court found no evidence of the use of service mark No. 621780 with regard to the services in Class 35 according to ICGS in the files of the case. On this basis, the IP Court decided that there was no probability of confusion between service marks No. 304293 and No. 621780, which means that the claimant had no interest in early termination of the legal protection of the challenged service mark either. Presidium of the IP Court upheld that decision.

DEFENDANT SUCCEEDED IN RESERVING THE RIGHT TO USE THE CHALLENGED DESIGNATION HAVING REGISTERED IT AS HIS OWN TRADEMARK (IP COURT, RESOLUTION DATED JANUARY 15, 2019, CASE No. A40-2123/2018).

Individual Entrepreneur B. filed a statement of claim with the Commercial Court of Moscow against Individual Entrepreneur L., where she requested to prohibit the use of her trade marks of the Russian Federation Nos. 620474 (23) and 577731 (24) and the confusingly similar designations,

including in the *omatras.ru* domain name and on the website and to charge a compensation for unlawful use of trade mark No. 620474 from individual Entrepreneur L.

MATRAS.RU MATRASRU

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By its decision, the Commercial Court of Moscow dismissed the claim; the Ninth Commercial Court of Appeal reversed the decision of the court of first instance and partially satisfied the claimant's claims, in particular, it prohibited Individual Entrepreneur L. from using the said trade marks and similar designations in the *omatras.ru* domain name and awarded part of the compensation requested by the claimant.

Having disagreed with the resolution of the court of appeal, Individual Entrepreneur L. filed a cassation appeal with the IP Court.

The IP Court noted that the defendant had registered the website *omatras.ru* before the priority date of the claimant's trade mark, however, it did not exclude the fact of infringement, since the domain name was not a legally protected result of intellectual activity and means of individualization and such registration did not grant the defendant the right to use the relevant designation for similar services after obtaining the rights to the protected trade marks by the claimant.

Besides, the defendant argued that he had registered his own trade marks, i.e. No. 654337 (25) and No. 680148 for "O, matras!" (26). However the court found that one of these marks had been filed for registration after rendering the decision by the court of appeal; and the priority date of the second mark was much later than the date of the infringement recorded by the inspection report of the website. Hence, these registrations could not affect the conclusions of the court of appeal on the offence committed by the defendant.

O,matras! O,matras!

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However, taking into account that, at the time of consideration of the case by the court of appeal, the defendant's "O, matras!" trade mark No. 654337 had been already registered and not challenged, the IP Court concluded that the court of appeal should not have prohibited the defendant from the use of his trademark.

On this basis, the IP Court cancelled the prohibition on the use of the trade mark under certificate No. 620474 and the designations confusingly similar to it, including in the *omatras.ru* domain name and on the relevant website by Individual Entrepreneur L..

"KREPKOE I SLABOE" ADVERTISING SLOGAN ON THE SIGNBOARD WAS RECOGNIZED AS INFRINGING THE "KRASNOE & BELOE" TRADEMARK. (IP COURT, RESOLUTION DATED JANUARY 23, 2019 ON CASE NO. A70-5480/2018.)

The Directorate of the Federal Anti-Monopoly Service for Tyumen Region rendered a decision and a resolution that, in its signboard, Minvody LLC used the "Krepkoe I Slaboe" (Strong & Weak) designation (28) confusingly

similar to the "Krasnoe & Beloe" (Red & White) trademark under Certificate No. 560042 (27), which was a violation of the Federal Law On Protection of Competition.

Minvody LLC filed a suit with the Commercial Court of Tyumen Region for invalidation and reversal of the decision of the Federal Anti-Monopoly Service; however, both the Commercial Court of Tyumen Region and the Eighth Commercial Court of Appeal dismissed the Minvody's claims.

After that, Minvody filed a cassation appeal, noting that, when comparing the "Krepkoe I Slaboe" and "Krasnoe & Beloe", there is no similarity according to the graphic, phonetic, and semantic criteria, in general. In particular, Minvody pointed out that there was no similarity between the compared word elements.

Красное & Белое



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The court of first instance noted that the threat of confusion of the designations was enhanced by the fact that the consumer identified the goods and services chiefly by the designation's elements familiar to him/her and, as a rule, was guided by the general impression of the mark previously seen, he has no opportunity to compare the marks, and uses less caution. On this basis, the court of first instance concluded that the Minvody's actions were aimed at obtaining advantages over other business entities, when carrying out entrepreneurial activities on the same market, which was correctly classified by the anti-monopoly authority as unfair competition.

The IP Court upheld the decisions of the inferior courts and noted that the Minvody's argument that there was no similarity in the designations under comparison could not be accepted by the court, since that issue was the issue of statement of fact and had been resolved by the inferior courts.

At the same time, the panel of judges considers that, in this case, most of the attributes, which determine the similarity of figurative designations dominating in the compared designations match. These are: similar exterior form; white and red colour combination; composition structure expressed in the identical arrangement of the core elements. The IP Court also takes into consideration that an ordinary consumer identifies the goods and services mainly by serial elements of the trade marks familiar to him/her; as a rule, he/she is guided by the general (often unclear) impression of the mark previously seen and has no opportunity to compare the marks.

On this basis, the Intellectual Property Rights Court concluded that the decisions of the inferior courts and the anti-monopoly authority were correct and that the designation in dispute used by the claimant is generally associated with the opposed trade mark, despite their individual distinctions.

THE COURT CONFIRMED THAT THE CHANGE FROM "BUSINESS OPERATIONS" TO "COMMERCIAL DEALS RELATED TO THE SALE OF GOODS" WHICH BELONG TO DIFFERENT TYPE OF SERVICES IN CLASS 35 "SALE

OF GOODS” WILL RESULT IN A WIDER SCOPE OF PROTECTION OF THE TRADE MARK NO. 145324. (IP COURT DECISION DATED FEBRUARY 6, 2019 ON CASE NO. SIP-752/2018)

Technoservice LLC, owner of trade mark No. 145324 (29), filed a request to Rospatent for amendments to the registration of that mark, namely, for reduction of the list of services in Class 35 “advertising and business operations” for which the trade mark is registered, by changing the wording from “business operations” to “commercial deals related to the sale of goods”



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Rospatent refused the request and informed that addition to the list of services of the said wording would widen the scope of the exclusive right to that trade mark. Having disagreed with this Rospatent’s

decision, the Company turned to the IP Court. The court opined that Rospatent reasonably decided that changing “business operations” to “commercial deals related to the sale of goods” term, which belonged to another type of services in Class 35 “sale of goods” would widen the scope of legal protection of trade mark No. 145324 and that such amendments were unacceptable, since this would result in the fact that the legal protection would be provided to the trade mark with regard to an independent service in class 35 “commercial deals related to sale of goods” according to ICGS.

The Judicial Chamber also noted that, as at the priority date of trade mark under certificate of the Russian Federation No. 145324 (February 21, 1994), the 6th edition of ICGS was in effect, which explicitly stated that the activities of companies selling goods were not classified as the services of class 35 according to ICGS.

On this basis, the court concluded that Rospatent lawfully rendered the decision refusing the requested amendment since such amendment would not result in a reduction in the list of goods and (or) services.

A WELL-KNOWN TRADEMARK MAY BE AN OBSTACLE TO PROVISION OF LEGAL PROTECTION EVEN FOR THOSE TRADEMARKS THAT ARE CLAIMED FOR THE GOODS AND SERVICES THAT DO NOT MATCH (IP COURT, DECISION DATED FEBRUARY 15, 2019 ON CASE NO. SIP-736/2018).

Bullson, Ltd., South Korea, filed a request with the IP Court to reverse Rospatent’s decision, which revoked the legal protection of international trade mark No. 1100687 (30), owned by the company, in Russia. The reason for revocation was the similarity of the company’s trade mark and well-known trade mark No. 169 (31).



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In its demand, the company insisted that the compared designations were not confusingly similar, since the word

element dominates in the well-known trademark under Certificate of the Russian Federation No. 169, and its figurative element was not similar to the challenged trade mark. The outer boundaries of the compared designations have nothing in common either; the challenged decision of the patent office does not analyse the semantic similarity of the compared designations, and the description of the designations does not correspond to the composition and the semantic content of the compared designations. The IP Court however disagreed with these arguments and noted that the high similarity of the compared trademarks was determined by similar exterior form and composition (side-face images of red bulls in a similar position (jumping), close colour layout of background elements (shield and circle) made in yellow and brown colours). At the same time, the word element of the “Red Bull” well-known trade mark meaning “Red Bull” describes the figurative element depicted in the trade mark and does not result in a totally different perception of the mark. In this case, the dominant elements in the compared trademarks are precisely the figurative elements, since they are located in the central part of the designations, from which a consumer begins watching. Individual distinctions in the figurative elements (different colour and form of the bull’s outline) do not change the general visual impression of the compared trademarks, since these distinctions do not change the perception of the designations as a whole. The company also argued that the right holder of the well-known mark financed only the sporting events to promote his products in Class 32 while the international mark was claimed for the goods in Classes 01, 03, 04, and 05 according to ICGS; therefore, the challenged trademark could not mislead consumers of the relevant products.

The judicial chamber, however, disagreed with that argument and noted that the legal protection of the well-known trade mark also extended to the goods dissimilar to those, for which it was recognized as well-known, if any use of that trademark by any other person for dissimilar goods was associated by the consumers with the holder of the well-known trademark and might impinge upon the rights and interests of such holder.

Another applicant’s argument was that the well-known trademark and the trade mark IR No. 467055 also containing the image of a bull were registered and coexisted with regard to similar goods in Class 32 but the court did not accept that argument, since those registrations themselves did not evidence the unlawfulness of the challenged Rospatent’s decision, since certain practice of registration of trade marks was not the subject matter of the dispute and the circumstances of their registration should be considered separately.

On this basis, the Intellectual Property Rights Court refused the South Korean company and upheld the Rospatent’s decision.

CUSTOMS OFFICE ERRONEOUSLY CLAIMED ILLEGAL USE OF A TRADEMARK ON IMPORTED GOODS (COMMERCIAL COURT OF CASSATION OF THE FAR EASTERN CIRCUIT, RESOLUTION DATED MARCH 4, 2019 No. F03-162/2019)

In February 2016, Trans Holding DV company imported dry blends for beverages designated “KHAN CHAY” into the Customs Union. The customs office deemed that the designation was confusingly similar to the “KHAANCHAY” trademark owned by Bimex LLC entered into the customs register of intellectual property, refused

Red Bull



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to release the goods, sent them to a temporary storage warehouse, and sent a complaint to the commercial court for bringing the company to administrative liability. The Company, in its turn, filed claims with the court with a request to recognize the customs office's actions as unlawful and reimburse the losses caused by those actions. When considering the case, the court took into consideration the Company's arguments, which consisted in the fact that the "KHAN" trademark was used on the packages of the imported goods, moreover, it was used upon the authorization of PROFIT-S, the right holder of that trademark. Besides that, the images on the face of the packages of goods, which the customs office deemed to be confusingly similar to the trademarks of Bimex LLC were used upon consent of the owner of the design. The court concluded that the company showed its good faith and took all steps to timely release the goods and lawfully used the trademarks and similar designations, while, at the suspension stage the customs office did not fully and comprehensively assess the evidence of lawful use of these marks and designations submitted by the company. On this basis, the Commercial Court of Primorsky Territory refused the customs' claims and found that the company had suffered losses due to the customs office's unlawful actions. This decision was upheld by the decision of the Fifth Commercial Court of Appeal and by the resolution of the Commercial Court of Cassation of the Far Eastern Circuit.

3. APPELLATIONS OF ORIGIN

DETERMINANT FOR DECIDING WHETHER IT IS POSSIBLE TO PERFORM STATE REGISTRATION AS AN APPELLATION OF ORIGIN OF THE GOODS IS THE SUBSTANCE OF THE SUBJECT MATTER (PRESIDIUM OF THE IP COURT, RESOLUTION DATED JANUARY 25, 2019 ON CASE No. SIP-185/2018).

Rospatent refused Tutela Vini Emilia to register the "EMILIA" word designation as an appellation of origin for "white wines, including sparkling ones; red wines, including sparkling and new ones; rose wines, including sparkling ones" in its name and in the name of another 24 companies. The company, in its turn, filed a claim with the IP Court to cancel the Rospatent's decision. In particular, the company pointed out that the designation had been granted legal protection with regard to wine in Italy. The IP Court satisfied the company's claims and compelled Rospatent to re-consider the said appeal. Having disagreed with this decision, Rospatent filed a cassation appeal to the Presidium of the IP Court, where it requested to reverse the appealed judicial act and to remand the case for a new examination. The Presidium of the IP Court supported the conclusions of the court of first instance and pointed out that the determinant for deciding whether it was possible to perform state registration of the name of a geographical area, which was situated in a foreign country as an appellation of origin of the goods is not the exact consistency of the legal framework existing in a foreign country with the national legal framework which might differ in different countries, including by the subject matter to be protected (and much less the "appellation of origin", which might differ depending on a particular language or legal traditions), but the substance of the protection item.

Accordingly, when comparing the substance of the item to be protected, it should be ascertained that, in a foreign country, legal protection is granted to the item which is:

- A designation being or containing a modern or historical, official or unofficial, full or abbreviated name of the country, urban or rural settlement, locality or any other geographical area, or a designation derived from such name;
- A designation that became known as a result of its use with regard to the product, the specific properties of which are exclusively or mainly determined by the environmental conditions and (or) human factors typical for this geographical area.

On this basis, the Presidium of the IP Court dismissed the cassation appeal and decided that the court of first instance lawfully concluded that it was necessary to compel Rospatent to re-consider the said appeal.

4. COPYRIGHT AND NEIGHBORING RIGHTS

COMPENSATION SHALL BE PAID FOR EACH EPISODE OF THE ANIMATED SERIES, SINCE EACH EPISODE HAS DIFFERENT AUTHORS, ITS DISTRIBUTION CERTIFICATE, AND ITS OWN PLOT, WHICH DOES NOT APPEAR FROM OTHER EPISODES (IP COURT, RESOLUTION DATED JANUARY 14, 2019, CASE No. A40-6428/2016)

"Masha and the Bear" company, filed a claim with the commercial court against the individual entrepreneur who sold the goods having visual attributes similar to the trademarks and images included in the shots from several episodes of the "Masha and the Bear" animated series. Since, from the company's point of view, the entrepreneur infringed the exclusive rights to several episodes, the company requested a compensation in the relevant amount. Considering the case, the IP Court supported the conclusions of the court of appeal and stated that each audio-visual work had been created as a creative work of different authors, had its own plot that did not ensue from the plot of another work, each audio-visual work in dispute might be seen by the audience in any order and it would not affect general perception by the audience of the audio-visual works in dispute as randomly seen, losing the narrative thread of events. The plot of each subsequent episode did not follow from the previous one, the common name "Masha and the Bear" in each audio-visual work in dispute was just the brand of the audio-visual work and was aimed at individualizing the right holder, the presence of "Masha" and the "Bear" characters in each audio-visual work in dispute was just an internal condition of the right holder set before the authors of the audio-visual works in dispute and was aimed at maximizing the market value of the right to use each audio-visual work in dispute due to the fame of the characters. At the same time, the court took into consideration the fact that at the end of the episode in each audio-visual work there was a specific copyright protection symbol, "copyright", specifying the right holder, each episode had its own individual distribution certificate and the team of authors; thus, each episode was an independent audio-visual work. On this basis, the IP Court upheld the decision of the court of appeal, pursuant to which the defendant was compelled to pay the compensation for the infringement of the rights to several episodes of the "Masha and the Bear" animated series as independent works.

NEWS

at the Exhibition of technologies in the Internet trading and retail ECOM Expo'19, where the informational booth devoted to the Gorodissky IP Security project was held. The booth presented online and offline solutions for IP protection.

ECOM Expo'19 is the largest exhibition of technologies, services and innovations in Russia and Europe.

18-22 MAY 2019 // BOSTON

The team of 14 attorneys and lawyers from Moscow and Kiev offices of Gorodissky & Partners attended the 141st INTA Annual Meeting, held in Boston. During 3 days from May 19 to May 21 over 100 business meetings took place in the firm hospitality suite. Attorneys and lawyers discussed ongoing client matters and presented new services. On May 20 the Table Topic "Trademark Licensing: Practical Tips and Best Practices" moderated by Sergey Medvedev,

26-28 MAY 2019 // YOKOHAMA

Yuri Kuznetsov, Partner, Russian & Eurasian Patent Attorney, Ilya Goryachev, Senior Lawyer, Sergey Dorofeev, Partner, Russian & Eurasian Patent Attorney (all from Gorodissky & Partners, Moscow) took part at the LESI 2019 Annual Conference, organized in Yokohama, Japan, where Ilya Goryachev made a presentation on "How big data, IoT and AI Impact Consumer Products".



PHOTO: SERGEY MEDVEDEV

oment of the Russian Federation and other authorities and public organizations. Gorodissky & Partners was the general legal partner of this event. At the forum, Sergey Medvedev spoke on "How to get ready for franchising, to protect IP and trademarks?", "Legal aspects and its peculiarities in franchising". In addition, Sergey Medvedev moderated session "Business culture of franchising network. Mission and values. Ethics Code. How to achieve a consistent level of service in the whole network. Geographical differences and thought unity", where he spoke on basic principles of Ethics Code of Russian Franchising Association (RAF), in the creation of which he was directly involved. Furthermore, Sergey Medvedev took part in the business intensive for franchisors and spoke about the practical, legal aspects and tools for business individualization and business development according to the franchise model. The forum discussed various issues of legal, financial and operational nature related to franchising.

3-4 JUNE 2019 // MOSCOW

Valery Narezhny, Ph.D, Counsel, and Sergey Medvedev, Ph.D, LL.M, Partner (both from Gorodissky & Partners, Moscow) spoke on "The tax aspects of IP transactions. New in IP taxation (including R&D)", "Unfair competition rights in the sphere of IP objects turnover: practical aspects", "Trademark protection: pre-trial and judicial measures", "Features of legal protection and enforcement of computer programs and databases", "Protection of copyright and related rights on the Internet" at the Seminar "Intellectual Property Subjects: Legal Protection and Turnover", organized by the Institute for Development of Modern Educational Technology.



PHOTO: GORODISSKY TEAM

Ph.D, LL.M., Partner, Russian Trademark Attorney was held. For the third year in a row, the exhibition booth of Gorodissky & Partners, devoted to traditional and new services and products of the firm, such as Gorodissky IP Security – online monitoring and IP enforcement services, Gorodissky IP Management – on-line IP maintenance worldwide and other services, worked.

On May 19 Gorodissky & Partners Reception devoted to the 60th anniversary of the practice was held and gathered over 500 guests. The INTA Annual Meeting is one of the most significant events for professionals from the field of IP. This year, more than 11,000 delegates from over 150 countries attended the conference.

22-23 MAY 2019 // MOSCOW

Dmitry Rusakov, Lawyer (Gorodissky & Partners, Moscow), took part

The conference was devoted to current issues of the enforcement, use and protection of intellectual property and trends in the field of licensing. During the conference issues of patents and trademarks commercialization, features of licensing and use of software products in modern conditions were considered, the most interesting cases from judicial practice were analyzed. Over 800 participants attended the event.

28-29 MAY 2019 // MOSCOW

Sergey Medvedev, Ph.D., LL.M., Partner (Gorodissky & Partners, Moscow), took part in the Moscow International Franchise Forum & Exhibition 2019, organized by the Russian Franchising Association (RAF) with the support of the Council of the Federation of the Federal Assembly of the Russian Federation, the Government of Moscow, the Ministry of Economic Devel-

5-8 JUNE 2019// MINSK

Sergey Medvedev, Ph.D., LL.M., Partner, Sergey Vasiliev, Ph.D, Senior Lawyer (both from Gorodissky & Partners, Moscow), moderated sessions “Licensing: Law and Reality” and “Franchising in Eurasian Economic Union”, Stanislav Rummyantsev, Ph.D, Senior Lawyer (Gorodissky & Partners, Moscow), spoke on “Personal data on the Internet: an asset or business risk?” at the Conference “Latest trends of IP and licensing regulations in the Eurasian Union countries” held by the Russian Chamber of Patent Attorneys, LES Russia, Belarus Association of Patent Attorneys and Association “Belbrand” in Minsk, Belarus.

10 JUNE 2019// NOVOSIBIRSK

Natalia Nikolaeva, Partner, Lead Lawyer, Patent Attorney (Gorodissky & Partners, Novosibirsk), made a presentation on “Intellectual property in the context of the integration of the EAEU countries: new mechanisms for the protection of rights and development prospects” at the conference “Export to the EAEU countries. Prospects and solutions for Siberian companies” held by the Export Support Center of the Novosibirsk Region together with the Ministry of Industry, Trade and Entrepreneurship Development of the Novosibirsk Region and the Russian Export Center. At the conference, participants discussed current issues of dynamics and trends in the development of exports of products and services, as well as forms and measures of state support for exports.

24 JUNE 2019// NOVOSIBIRSK

Specialists of the Law Firm “Gorodissky and Partners” ensured the protection of IP rights of their client - the right holder of the trademarks “MacCoffee”. The Dzerzhinsky District Court of Novosibirsk completed the consideration of a criminal case related to the actions of an organized group for the production and sale of counterfeit MacCoffee coffee in Novosibirsk, and sentenced all 6 defendants guilty of the crime provided for by part 4 Article 180 of the Criminal Code of the Russian Federation for unlawful use of another’s trademark. During the consideration of this criminal case, which lasted more than 10 months, the court found that all the defen-

dants were members of an organized criminal group, led by the defendant N.Zykov. As the organizer of the group N.Zykov sentenced to imprisonment for a term of two years on probation for a period of two years. The remaining members of the criminal group received a sentence of imprisonment for a term of one to one and a half years also conditionally.

25 JUNE 2019// ST. PETERSBURG

Yaroslava Gorbunova, Senior Lawyer, and Daria Scherbakova, Lawyer (both from Gorodissky & Partners, St. Petersburg), made presentations on “Disposal of intellectual property rights” and “Pre-trial procedure of intellectual property rights disputes settlement” at the II Practical Legal Conference “IT/IP-2019” organized by “Delovoy Peterburg” newspaper. Viktor Stankovsky, Regional Director, Partner (Gorodissky & Partners, St. Petersburg), moderated the first panel session “Patent protection and personal data” with participation of the judges of the Arbitration Court of St. Petersburg and the Leningrad Region.

26 JUNE 2019// SHANGHAI

Evgeny Alexandrov, Ph.D., Partner, Trademark Attorney (Gorodissky & Partners, Moscow), made a presentation on “Counterfeit detection on-line” at the panel session of the MIP Global IP & Innovation Summit organized in Shanghai, where leading practitioners discussed the innovative strategies to prevent the risks of IP protection.



PHOTO: EVGENY ALEXANDROV

26-28 JUNE 2019 // ST. PETERSBURG

Yaroslava Gorbunova, Senior Lawyer, Trademark Attorney (Gorodissky & Partners, St.Petersburg), spoke on “Disposal of intellectual property

rights spoiled by an unexpected bankruptcy of a right holder” at the Annual Conference “St. Petersburg Collegial Readings – 2019. Intellectual Property: theory and practice” held by the Saint Petersburg Collegiate of Patent Attorneys and the Peter the Great St. Petersburg Polytechnic University in St Petersburg.

30 JUNE – 5 JULY 2019// CHINA

Nikolay Ptitsyn, Trademark Attorney, Regional Director (Gorodissky & Partners, Vladivostok), was a member of the business mission devoted to the 70th anniversary of the establishment of diplomatic relations



PHOTO: NIKOLAY PTITSYN (ON THE LEFT)

between Russia and China. The business mission was held in Beijing, Changchun and Hangzhou from June 30 to July 5. The Chinese People’s Association for Friendship with Foreign Countries, First Automotive Works (FAW) in Changchun, the Alibaba Group office and the Dream Town technological cluster in Hangzhou were visited. The business mission gathered more than 60 participants from Russia and China, including representatives of the business community, universities and government bodies.

2 JULY 2019// MOSCOW

Valery Narezhny, Counsel (Gorodissky&Partners, Moscow), gave a presentation on “Peculiarities of IP subject-matter taxation” at the Council of the Guild of Trade and Service Enterprises of the Moscow Chamber of Commerce and Industry meeting focused on the problems of taxation of small and medium business.

5 JULY 2019// NOVOSIBIRSK

Natalia Nikolaeva, Partner, Lead Lawyer, Trademark Attorney, and Natalia

NEWS

Tikhonova, Lawyer (both of Gorodissky & Partners, Novosibirsk), took part in the strategic session “Business role in implementation of the National Technology Initiative in the Novosibirsk region in 2019-2024” organized by the Ministry of Science and the Innovation Policy of the Novosibirsk region with the support of the Academic Park, Novosibirsk.

Aleksey Vasilyev, Minister of Science and the Innovation Policy of the Novosibirsk region, opened the session and Levan Tatunashvili, Deputy CEO for innovation activity of JSC “Technopark of the Novosibirsk Campus”, gave a presentation. Participants of the session, including representatives of the regional business community and executive bodies, discussed ways of updating the “roadmap” of the implementation of the National Technology Initiative (NTI) in the Novosibirsk region in 2019-2024, prospects of companies’ participation in NTI, main barriers to effective business operation in the implementation of the NTI, and possible measures to overcome them.

24 JULY 2019 // MOSCOW

On July 18, 2019, the Duma passed the bill on geographical indications (GI) in its final reading. This is a new and long awaited IP subject matter. Relevant provisions are sandwiched by the side of appellations of origin (AO) in the same section. In fact, the geographical indications are very close to the appellations of origin. It is also a means of individualization and denotes the goods whose characteristics are related to their geographical origin. It differs from AO in that the latter is used for the goods

the properties of which “exclusively or mainly” are determined by their geographical origin, i.e. by natural or human resources of a specific geographical location. The requirements for the goods for which the geographical indication will be used are related to the geographical location to a “certain large extent” only. Unlike AO

entitled to obtain protection for both means of individualization will be enlarged. Aside from physical and legal persons the law provides that also associations (and persons, members of such associations) producing or distributing the goods will be able to use the registered AO and GI.

The law solves yet another problem:



in order to be eligible for registration in Russia the applicant of AO should submit evidence of such registration from his own country, while in case of GI the applicant will be able to submit any similar document according to the law of his country, e.g. a certification mark. It is difficult so far to evaluate

the new law does not detail what attributes of the geographical location (natural, human, other factors) determine the characteristics of the goods bearing the geographical indication, what documents should support it and how characteristics of the goods should relate to their geographical location.

The law also draws the difference between GI and AO depending on whether all stages of production are realized within the boundaries of a given geographical region. In case of AO the law provides that the goods should be produced completely on the territory of the geographical region while in case of GI, at least one stage of production determining its characteristics should be located in a given geographical region. One more novelty in the law is that the scope of persons who will be

the consequences of adoption of this law however it is to be expected that the law will allow giving protection to a large number of designations that cannot be protected today because of the strict requirements for appellations of origin possessing quality and reputation related to their geographical location.

It is expected that the law will be signed by President before the end of July 2019. It will come in force one year after publication.



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