

# GORODISSKY & PARTNERS PATENT AND TRADEMARK ATTORNEYS

INFORMATION  
BULLETIN

 **GORODISSKY  
& PARTNERS**

# 76

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**GORODISSKY & PARTNERS** RECEIVED THE  
RUSSIA IP FIRM OF THE YEAR AWARD FOR  
2011 GRANTED BY MANAGING INTELLECTUAL  
PROPERTY MAGAZINE We wish to thank all our clients and asso-  
ciates for their support and cooperation



L.M.SEROVA, PARTNER, TRADEMARK ATTORNEY, GORODISSKY&PARTNERS (MOSCOW)

## TEFLON PROVES ITS STRENGTH



E.I. du Pont de Nemours and Company (further on du Pont) discovered that the ТЕФЛОН and TEFLON trademarks had been used without its consent by Russian company Pilot LTD that offers for sale through an on-line shop at [www.ecity.ru](http://www.ecity.ru) frying pans marked with Bierhof TEFLON marks.

It seems hard to conceive that Pilot LTD did not even presume that the ТЕФЛОН and TEFLON trademarks might be protected in Russia, but even so, the company held the view that it

still did not infringe the trade mark rights of du Pont, as the latter did not itself manufacture frying pans marked by the Bierhof TEFLON trademark. Neither did it give its consent to

marking them with the Teflon trademark, and did not authorize import, offer for sale, sale and other ways of achieving economic turnover of such goods in the Russian Federation.

Pilot LTD provided its view of the situation and explained its actions by the fact that it had merely purchased goods bearing the Bierhof TEFLON trademark, manufactured by the German company Bregler GmbH, and was simply engaged in selling them. Pilot LTD did not regard these actions as infringement of the TEFLON trademark. In the opinion of Pilot LTD, it is the Russian company Domtek

to sign such an agreement, because one of the provisions stipulated payment of compensation to the right holder for illegal use of the trademark.

As a result, the case went on to legal proceedings. As a means to protect its position, Pilot LTD filed applications for cancellation of the TEFLON and ТЕФЛОН trademark registrations with the Chamber of Patent Disputes of the Russian PTO

contained in the lists of these registrations, but asked for complete cancellation of both registrations regardless of the fact that the matter of legal proceedings was kitchen utensils only.

Basically, the procedure for cancellation of the infringed trademarks initiated by Pilot LTD contains nothing contradictory to law. Russian legislation provides for filing such applications by an interested person. Yet, the question arises: can Pilot LTD be regarded as an interested person? The owner of the TEFLON and ТЕФЛОН registrations believes that the Chamber of Patent Disputes should not acknowledge such interest, because Pilot LTD was not a manufacturer of goods in Classes 01, 02, 17, 21, or 22, with respect to which the applications had been submitted, and provided no documents showing that the Applicant had taken steps to prepare for the production of these goods. Being well aware of its weak position in this regard, Pilot LTD subsequently reduced its list of claims significantly, limiting the application solely to Class 21 goods, i.e. kitchen utensils.

The request for cancellation was explained in the applications by the belief of Pilot LTD that the rightholder of the TEFLON and ТЕФЛОН trademarks did not use its trademarks to individualize its goods, and that a trademark owner can file a lawsuit seeking remedy for an infringement of its exclusive right to a trademark against a third party only provided that the trademark had been used "directly for its purpose, i.e. to



**ARTICLE 1486(2) OF THE RUSSIAN CIVIL CODE STATES, "USE OF A TRADEMARK SHALL MEAN ITS USE BY A RIGHTHOLDER OR A PERSON IN WHICH SUCH RIGHT IS VESTED UNDER A LICENSE AGREEMENT, OR BY ANOTHER PERSON USING THE TRADEMARK UNDER RIGHTHOLDER'S CONTROL"; AND ARTICLE 1484(3) OF THE RUSSIAN CIVIL CODE CONFIRMS THAT, "NO ONE SHALL BE ENTITLED TO USE, WITHOUT THE CONSENT OF THE RIGHTHOLDER, ANY DESIGNATIONS THAT ARE SIMILAR TO A RIGHTHOLDER'S TRADEMARK WITH REGARD TO GOODS, WHICH SUCH A TRADEMARK WAS REGISTERED TO INDIVIDUALIZE, OR TO IDENTICAL GOODS, IF SUCH USE MAY CAUSE CONFUSION THEREOF". IN OTHER WORDS, THE BAN FOR SUCH USE IS CONNECTED MERELY WITH THE BEGINNING OF A TRADEMARK REGISTRATION PROCEDURE AND BEARS NO RELATION TO THE USE OF A TRADEMARK BY THE RIGHTHOLDER ITSELF**

that is the infringer, importing goods marked with the Teflon trademark in Russia without the right holder's consent. Domtek, in its turn, did not mention Bregler GmbH as a manufacturer of the goods and maintained that the imported goods were produced by the Italian company CEM-Biletti who should therefore be regarded as the infringer of the TEFLON and ТЕФЛОН trademarks. Nevertheless, both companies acknowledged their role in the infringement of rights to the Teflon trademarks and were prepared to sign an agreement of pretrial dispute resolution. However, it became clear during the negotiations that neither Pilot LTD, nor Domtek were in fact ready

and requested that these applications be considered prior to consideration of the statement of claim in the court.

What happened was that, even though Pilot LTD accepted the infringement in essence, it did not wish to admit responsibility for the above-discussed violations and the company selected to resort to radical measures in order to get the court to dismiss the rightholder's claim. Pilot LTD decided to destroy the objects of right themselves and filed applications for non-use cancellation of the ТЕФЛОН and TEFLON trademark registrations with the Chamber of Patent Disputes. Pilot LTD did not initially limit its claims to specific goods

individualize goods for which a trademark was registered".

This position appears to be somewhat strange, since article 1486(2) of the Russian Civil Code states, "Use of a trademark shall mean its use by a rightholder or a person in which such right is vested under a license agreement, or by another person using the trademark under rightholder's control"; and article 1484(3) of the Russian Civil Code confirms that, "No one shall be entitled to use, without the consent of the rightholder, any designations that are similar to a rightholder's trademark with regard to goods, which such a trademark was registered to individual-

## **SAMPLES OF KITCHEN UTENSILS MARKED WITH THE TEFLON MARK WERE DEMONSTRATED AT THE BOARD SESSIONS. THE SAMPLES WERE MANUFACTURED BOTH IN RUSSIA AND IN OTHER COUNTRIES UNDER STRICT CONTROL OF THE RIGHTHOLDER THAT GRANTED THE RIGHT TO USE ITS TRADEMARKS ONLY AFTER A THOROUGH EXAMINATION OF MANUFACTURERS' FACILITIES AND THEIR ABILITY TO PRODUCE GOODS CAPABLE OF COMPLYING WITH THE QUALITY STANDARDS OF DU PONT**

ize, or to identical goods, if such use may cause confusion thereof". In other words, the ban for such use is connected merely with the beginning of a trademark registration procedure and bears no relation to the use of a trademark by the rightholder itself.

Presumably, Pilot LTD was not aware that a rightholder is entitled to grant the right of controlled use of its trademark to another person, because the company substantiated its interest by noting the absence of publicly available evidence of use of the TEFLON and ТЕФЛОН trademarks and the failure to furnish any such evidence during the court session. When filing the applications, Pilot LTD might have referred to the absence of information on the

holder was not using its trademark. On the contrary, this approach does not seem to be reasonable because, firstly, coating cannot be separated from kitchen utensils (frying pans in this case), and a frying pan marked with the TEFLON trademark cannot be viewed separately from the applied coating, and, secondly, buyers get the whole kitchen utensil bearing the TEFLON trademark, not a "Do-It-Yourself" kit where frying pans and other kitchen utensils have to be put together by the buyers themselves.

Samples of kitchen utensils marked with the TEFLON mark were demonstrated at the board sessions. The samples were manufactured both in Russia and in other countries under strict

## **AS A MATTER OF FACT, DU PONT LICENSED SEVERAL RUSSIAN COMPANIES AND MANY FOREIGN COMPANIES TO USE THE ТЕФЛОН AND TEFLON TRADEMARKS**

Russian PTO database concerning the grant of trademark licenses by du Pont to any Russian firms.

Indeed, the Russian PTO database contains no data of that kind. One cannot ignore the fact, though, that current legislation provides for the opportunity to use trademarks not only by a rightholder itself, or a licensee, but by an entity using a trademark under the rightholder's control. As a passing note, before returning to the applications for non-use cancellation of these trademarks, the legal proceedings established that the documents proving that the TEFLON and ТЕФЛОН trademarks are registered in the name of Pont for "kitchen utensils" were adequate. Even though PILOT did not manufacture goods in Class 21, but was selling them (this means that it was rendering services in Class 35), the company was recognized as an interested person, and thus the rightholder was obliged to provide evidence of using the trademarks with respect to Class 21 goods. It became apparent at the court session that, in hoping that the mark would be regarded as being not in use, Pilot LTD relied heavily on the argument that the rightholder did not manufacture kitchen utensils itself, but instead produced coatings for such utensils. Consequently, from the Applicant's standpoint, the righ-

control of the rightholder that granted the right to use its trademarks only after a thorough examination of manufacturers' facilities and their ability to produce goods capable of complying with the

## **IT IS WORTH MENTIONING THAT THE MAIN DIFFICULTY OFTEN ENCOUNTERED IN SUCH CASES IS THE RIGHTHOLDER'S NATURAL DESIRE NOT TO DISCLOSE ALL ITS INDUSTRIAL RELATIONSHIPS TO THIRD PARTIES AND TO LIMIT THE SCOPE OF DOCUMENTS PROVING USE OF ITS TRADEMARK TO THE FULLEST EXTENT POSSIBLE**

quality standards of du Pont.

All these conditions relative to monitoring of the manufacture of kitchen utensils bearing the TEFLON and ТЕФЛОН trademarks are set forth extensively in a number of license agreements entered into by these companies and in other agreements under which the right to use the TEFLON and ТЕФЛОН trademarks was granted. It might be due to the absence of records concerning licenses registered in the Russian PTO that Pilot LTD started to assume that the ТЕФЛОН and TEFLON trademarks had not been used in Russia.

As a matter of fact, du Pont licensed several Russian companies and many foreign companies to use the ТЕФЛОН and TEFLON trademarks. The fact of non-registration of such licenses in the Russian PTO could have been a

ground for recognizing non-use of the trademarks in Russia if there had been no provisions like those of Article 19 of the Singapore Treaty which Russia joined on December 18, 2009. This Article lessened the burden of proof concerning

use of the trademarks in Russia by the rightholder. According to Article 19, "A Contracting Party may not require the recordal of a licence as a condition for the use of a mark by a licensee to be deemed to constitute use by the holder in proceedings relating to the acquisition, maintenance and enforcement of marks".

In addition to license agreements, the trademarks were used in Russia pursuant to other agreements and under control of the rightholder.

It is worth mentioning that the main difficulty often encountered in such cases is the rightholder's natural desire not to disclose all its industrial relationships to third parties and to limit the scope of documents proving use of its trademark to the fullest extent possible. However, du Pont submitted copies of license agreements and other agreements associated with controlled use of the trademarks, relevant documents (invoices, customs declarations, payment orders, etc.), advertising materials showing kitchen utensils marked with the TEFLON and ТЕФЛОН trademarks, and, in addition, a set of weekly poll reports concerning goods with the TEFLON and ТЕФЛОН trademarks.

Polls were conducted within 3 years after the date of filing the application in Russia. The Chamber of Patent Disputes that dismissed both applications filed by Pilot LTD could not but take this fact into account.

To conclude, the infringer of the right to the TEFLON and ТЕФЛОН trademarks lost the case in court and found no sympathy in the Chamber of Patent Disputes.

# NEWS

## APRIL 20-22, 2011, MOSCOW

The 9th Annual IP Seminar "Strategy of IP protection to provide a company success" was held in the Moscow office of Gorodissky & Partners. Leading patent and trademark attorneys and lawyers from the Moscow, St.Petersburg and Kazan offices of the firm gave their recommendations on effective legal protection and management of a



PHOTO: (FROM LEFT TO RIGHT) DR.EUGENY ALEXANDROV, CHIEF LAWYER, VLADIMIR BIRIULIN, PARTNER, NATALIA STEPANOVA, PARTNER, ALLA BOGACHEVA, SENIOR LAWYER

company intellectual property under present conditions in Russia and

abroad, in the USA in particular. They told about the most interesting and successful cases, complex legal protection, new ways of IP disposal. A Workshop on domain names was also held.

Mr. Yakov Korkhin, invited speaker, Principal of Scitech Legal (USA) gave a presentation "Balanced patent portfolio development strategy as a major determinant of company valuation" which was met by the audience with enthusiasm.

## APRIL 14, 2011, MOSCOW

Dr. Tatyana Pogrebinskaya, Counsel, Trademark Attorney, Gorodissky & Partners (Moscow), took part in the meeting of the Working group on intellectual property of Expert Counsel on customs regulation of the Russian State Duma (Parliament). Proposals on the Concept of the international agreement aimed at resolving current situation with trademarks of the former USSR caused by the formation of the Customs Union "Russia-Belarus-Kazakhstan" were discussed at the meeting. The change of the national principle of trademark rights exhaustion to the regional one in connection with the Agreement on uniform regulation principles in the field of IPRs protection to come into effect as of January 1, 2012 was also discussed.

## APRIL 13, 2011, MOSCOW

Gorodissky & Partners are awarded Diploma as the best law firm in Russia in nomination "Intellectual Property" according to the rating provided by Internet resource PRAVO.ru and business newspaper "Vedomosti".

## APRIL 2011, MOSCOW

The second edition of the book "Patent law according to Civil Code of the Russian Federation: paragraph-to-paragraph commentary, enforcement practice, reflections" by Dr.Valery Djermakian, Counsel (Gorodissky & Partners, Moscow), was published. In this book Dr.

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Djermakian analyses topic issues of legal protection of inventions, utility models and designs supported by real court cases. The book is meant for patent attorneys, agents, examiners, IP lawyers and inventors. The volume of the second edition is much greater due to the new examples of court cases and the disputes with by the Russian PTO etc.

## APRIL 7-8, 2011, ALICANTE

Valery Medvedev, Managing Partner, Gorodissky & Partners (Moscow) delivered a presentation "Trademarks in Russia: Use and Enforcement" at the 11th International Trademark Conference organized by "Forum – Institut for Management GmbH", Germany. Among speakers were A. Campinos (OHIM), L. van Greunen Vuagnat (WIPO), A.O Caoimh (Court of Justice of the European Communities), L. Beresford (US PTO) etc. About 100 delegates from more than 20 countries participated at the Conference.

## FEBRUARY 15-16, 2011, BASEL



Sergey Egorov, Partner, Patent Attorney, Director, Gorodissky & Partners (Ekaterinburg) gave a presentation "IP Protection in Russia" at the Swiss-Russian Industrial Forum held by the Russian Trade Representation in Switzerland, "CIM-Ingenia SA" (Switzerland), Union of the Russian manufacturers etc. The Forum gathered over 150 Russian and Swiss businessmen representing major industrial and trade companies.

## APRIL 16, 2011, MOSCOW



PHOTO: DURING THE SEMINAR Dr. Eugeny Alexandrov, Chief Lawyer, and Dr. Sergei Vassiliev, Lawyer (both of Gorodissky & Partners, Moscow), gave presentations on "Practice and trends in IP dispute resolutions in Russia" and "IP Climate and Technology Transfer in Russia" at IP seminar held by JETRO at the Moscow Golden Ring Hotel. The seminar gathered over 40 attendees from major Japanese companies doing business in Russia.

## FEBRUARY 2-3, 2011, PARIS

Evgenia Smolnikova, Lawyer, and Sergey Medvedev, Lawyer, LLM (both of Gorodissky & Partners, Moscow), attended the 6-th Global Congress: Combating Counterfeiting & Piracy held by the WIPO and the French PTO under the aegis of the President of France in the Center of Science and Industry. The Congress gathered over 800 delegates from intergovernmental institutions, state and law enforcement bodies, including the WIPO General Director, INTERPOL General Secretary, General Secretary of the World Customs Organization, INTA President as well as businessmen from all over the world.

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