

Taking a commercial approach to protection

In Russia, legal protection of commercial designations corresponds to international practice; in time, legal practice will develop to the extent that all rights holders will be effectively protected

Russia is a first-to-file country, meaning that no rights derive from unregistered use, and therefore the protection of a mark begins and trademark rights derive from the moment of registration with Rospatent (the Russian Federal Service for Intellectual Property), or the World Intellectual Property Organisation, provided that the mark has been accepted by Rospatent.

No rights can be based on the use of an unregistered trademark unless it is a well-known mark protected under Article 6bis of the Paris Convention for the Protection of Industrial Property, and recognised as such according to Articles 1508 and 1509 of the Civil Code.

Unregistered trademarks: well-known status

An unregistered mark can be protected as well known if, thanks to intensive use, it has become widely known in Russian among relevant consumers with respect to the goods of the entity seeking such protection. Trademark legislation provides for the possibility of obtaining well-known status for a designation used as a trademark which is not protected in Russia. A petition to recognise an unregistered mark as well known must be filed with Rospatent. The petitioner should indicate the goods or services for which the unregistered mark has become well known, and the date from which the mark became well known in the petitioner's opinion. Recognition of a mark as well known can be retrospective, which means that it is possible to oppose registration of marks that otherwise have earlier priority.

The fact that the unregistered mark has become well known should be evidenced by documents and material confirming intensive use of the mark. Once Rospatent recognises an unregistered mark as well known, the mark is entered on a list of well-known trademarks, similar to lists that exist

in other jurisdictions (eg, Japan, China and India).

Moreover, Rospatent will issue an appropriate certificate for a well-known trademark within one month of the date of listing the trademark. Information related to a well-known trademark is published by Rospatent in the *Official Gazette* immediately after the trademark has been listed.

The well-known status granted by Article 1508(3) provides that "the legal protection of this well-known trademark shall also be extended to dissimilar goods/services if the use by another party of the trademark with respect to the said goods/services will be associated by consumers with the holder of the exclusive right to the well-known trademark and may impair lawful interests of such holder".

Further, an unregistered mark used by a legal entity or an individual entrepreneur can be protected as a commercial designation, provided that such a mark is sufficiently distinguishable and its use by the entity or entrepreneur is known within a certain territory.

Commercial designations

Existing IP legislation – Part IV of the Civil Code, which came into force in January 2008 – provides some degree of protection to commercial designations.

Commercial designations were introduced into the IP legislation as a novelty, even though they were mentioned in Part II of the Civil Code. Before Part IV came into force, commercial designations were mentioned in Chapter 54 of the code only in connection with franchising agreements.

The legislation currently describes commercial designations as designations other than company names used for the individualisation of trade, industrial and other enterprises. A commercial designation

may be owned either by a legal entity (including non-commercial organisations which have the right to conduct entrepreneurial activity) or by an individual entrepreneur. No official registration is required or allowed for a commercial designation, and this need not be included in a company's founding documents or in the State Register of Legal Entities.

A commercial designation can be used for the individualisation of one or more enterprises; however, one enterprise cannot be individualised by two or more commercial designations. According to the definition of 'commercial designation' provided by the code, this term applies not only to designations in word form, but also to devices, colours or combined designations. Company names and commercial designations are different when compared from a functional perspective; for example, company names are used in order to identify a company in relation to a state body or other firms or contractors, while commercial designations are used to identify the enterprise of a legal entity or an individual entrepreneur in relation to its customers.

The owner has a right to use its commercial designation for the individualisation of its enterprise in any legal way. It may be incorporated into signs, letterheads, invoices and other documentation, announcements, advertising and goods and their packaging. A commercial designation must be distinctive and capable of distinguishing its holder, and must be known within a certain territory.

Legal persons or individual entrepreneurs may use different kinds of commercial designation during the course of their business activities. Such commercial designations may be the names of retail outlets, service enterprises, hotels, clubs, restaurants, transportation devices and other vehicles.

The use of a commercial designation is limited by the code. Specifically, it is prohibited to use a misleading commercial designation – in particular, one which is similar, to a confusing degree, to a company name, trademark or protected commercial designation belonging to another party, provided that its exclusive right appears earlier. A party violating this rule could lose the right to use the commercial designation and could be considered liable to compensate the rights owner for damages (if demanded).

A commercial designation can be transferred by way of universal legal succession or by other means – but only together with the relevant enterprise. The right to use a commercial designation may be granted in relation to a lease agreement or a franchise contract.

The code limits the validity of commercial designation rights to the Russian territory and also provides for the term of validity of rights in a commercial designation that is being used by legal entities in the Russian territory. This means that the right to use a commercial designation can be terminated if the designation in question is not used for a period of one year. However, the date from which this one-year period commences is not defined by the code; in addition, the parties which can initiate termination proceedings are not identified. Also, it is unclear whether termination proceedings are necessary or whether this occurs automatically.

The exclusive right to a commercial designation is independent of the right to a company name or a trademark – that is, the two may be completely different. A commercial designation or its elements can be used in a trademark; however, the commercial designation is protected independently. Another issue that arises is distinctiveness of a commercial designation and whether a criterion applicable to a trademark also applies to a commercial designation. It seems that the approach should be different since, if the right arises based on commercial use, consumers are aware of such commercial designation, and accordingly comprehend it as a designation identifying a particular entity or entrepreneur.

The code provides the principle of the seniority right, which means that the exclusive right to different means of individualisation which arose earlier must have priority. Provided that such priority is established, the rights holder may request prohibition of the use of a commercial designation through various procedures



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established by the relevant legislation. Specifically, Article 1252(2) of the code provides that if the means of individualisation (eg, company name, trademark, service mark or commercial designation) is identical or similar to a confusing degree and, as a result of such identity or similarity, consumers and contract partners may be confused, the means of individualisation the exclusive right to which arose earlier shall have priority. The owner of such exclusive right may, by the procedure established by the existing code, demand:

- that the legal protection granted to a trademark (or service mark) be declared invalid; or
- the full or partial prohibition of the use of a trade name or commercial designation.

On the other hand, in accordance with the code, a commercial designation may constitute a basis for the opposition of registration of a trademark. In this respect, Article 1483(8) provides that: “with respect to goods of the same type, indications may not be registered as trademarks if they are the same as or similar to the point of confusion with a firm name or commercial

(or individual elements of such a name or designation) protected in the Russian Federation, or with the name of an achievement of breeding registered in the State Register of Protected Achievements of Breeding, rights to which arose in the Russian Federation for other persons earlier than the priority date of the trademark undergoing registration.”

An appropriate opposition request against a registered trademark must be filed with the Chamber of Patent Disputes of Rospatent. There is no deadline to initiate such an opposition request based on the existence of a commercial designation that is similar to a trademark to a confusing degree. Accordingly, a trademark registration may be opposed during the whole period of its validity. In order to file an opposition against a trademark based on a commercial designation, the priority of the latter must be established. Since there have been relatively few cases to date, no sufficient practice in this area has been established. However, it seems reasonable that priority of a commercial designation must be established by confirming its first commercial use, evidenced by different documentation (eg, financial records, agreements and advertising information, product samples or packaging bearing the commercial designation). Further, even though the existing legislation does not contain relevant criteria for this purpose, a rights holder must prove that the use of that commercial designation for individualisation of its enterprise is known within a particular territory.

Conclusion

In summary, legal protection of commercial designations corresponds to international practice and, accordingly, such protection exists in many jurisdictions. In time, legal practice relating to protection of commercial designations in Russia will develop to the extent that all commercial designation rights holders will be effectively protected. [WTR](#)