

The Trademark Lawyer

Issue 3 2019

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Natalia Radchenko

Well-known trademarks unknown in Russia: Why?

Natalia Radchenko, Trademark Attorney at Gorodissky & Partners, discusses the differences with well-known trademarks in Russia.

The issue of well-known trademarks is paid great attention to in the world. It is evidenced by inclusion of the specific provisions on the protection of well-known trademarks in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) in 1995 and by adoption of the specific recommendations for well-known trademarks by the World Intellectual Property Organization in 1999.

The purpose of protection of the well-known trademarks, which already began to form in the text of the 1925 Paris Convention, is to prevent unfair competition in the form of registration and use by any third parties of the designations known in a particular country as the designations of another person. It is the trademarks known to a consumer which is the most dainty bit for unfair entrepreneurs. They try to parasitize on the popularity of the designation, for which creation and promotion its holder used considerable efforts and funds.

The states being the parties to the Paris Convention obliged to provide protection to well-known trademarks in their countries. But up to now the issues related to recognition of trademarks as well-known in certain countries are controversial and not addressed to the fullest extent.

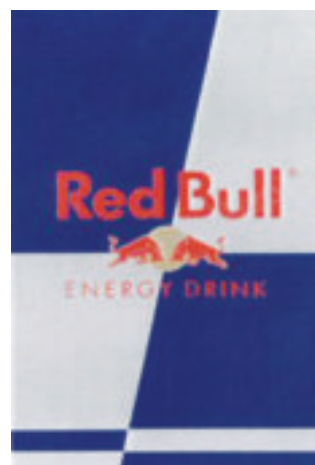
In Russia, there is an administrative procedure for recognizing a trademark as well-known. A trademark or

a designation used as a trademark, protected in Russia, may be recognized as a well-known trademark if such trademark or such designation has become widely known in Russia among the relevant consumers with regard to the applicant's goods (services) as at the date specified in the application as a result of extensive use.

When analysing the practice of Rospatent (Federal Service for Intellectual Property) for the last two years with regard to recognition of designations as a well-known trademark in the Russian Federation, in our opinion, there are several cases, based on the results of consideration of which the unfavourable decisions were taken, which are worth to be looking at.

1. The expert commission of Rospatent considered the application filed by Red Bull GmbH for recognition of international trademark No. 789927 as a well-known trademark in the Russian Federation with regard to the goods being "energy drinks" since January 1, 2015.

The international trademark is a combined one and includes the dominant composition of the "RED BULL" word element, under which a side-face image of two red bulls attacking each other is placed against the background of a golden circle being the sun. This composition and the unprotected "ENERGY DRINK" word element under it are placed against the background of the rectangle divided into eight trapezia of various sizes in blue and silver colours, which are alternating checkerwise.



Résumé

Natalia Radchenko

Natalia worked for the Russian PTO for many years and joined Gorodissky & Partners in 2005. She focuses on issues relating to trademarks and service marks, appellation of origin, evaluation of trademarks registrability, Law of the Customs Union and Eurasian Economic Union (EAEU), preparation of a legal opinion etc. She took part in drafting comments and proposals to amend Part IV of the Civil Code of Russian Federation, regarding trademarks, service marks and appellations of origin of goods and amendment of draft regulations in IP sphere, to a draft Treaty on Trademarks, Service Marks and Appellations of Origin of Goods within the EAEU Countries and Regulations under the Treaty, prepared by Eurasian Economic Commission. Natalia represented a number of foreign companies in cases of trademark protection in Russia in the Russian PTO and in courts. She is an author of many publications and a speaker at different IP seminars.

By the decision of Rospatent dated October 15, 2018, it was refused for the applicant to recognize this trademark as well-known in the Russian Federation due to the fact that most evidence produced related to the use of the dominant composition only without using the blue and silver background. The commission pointed out that this background had weak distinctiveness and played a secondary part. The survey results also confirmed the product awareness due to the knownness of the dominant composition:



Previously, this composition was recognized as well-known trademark in the Russian Federation No. 169 since January 1, 2010 by the decision of Rospatent dated July 12, 2016.

This case reveals that, if the designation is recognized as a well-known trademark, the presence of the same designation as a dominant element in another trademark, other elements of which are weak, diminishes the chances of the latter to be recognized as a well-known trademark.

If the right holder has a series of trademarks having the common dominant element that is protected individually and has been additionally provided protection as a well-known trademark and if the right holder intends to obtain a "well-known" status for the rest of the trademarks from the series, it is inadvisable to use one and the same evidence, although covering the required period of use of a certain designation, but designed for recording and recognizing well-knownness for different designations, which was detected by Rospatent during consideration of this case.

A decrease in supplies as compared to the initial manufacturing period of the goods and a reduction in costs as compared to the advertising costs for promotion of the underlying trademark also negatively affect the decision on recognition of one trademark from the series, which dominant element is the underlying trademark, as well-known.

2. The expert commission of Rospatent considered the application dated May 18, 2018 and filed by Soremartec S.A., Luxembourg (the "applicant company"), for recognition of the "Raffaello" designation, used as a trademark, as a well-known trademark in the Russian Federation with regard to the "confectionery, namely, sweets" since August 22, 2017.

When examining the materials confirming, in the applicant company's opinion, well-knownness of the "Raffaello" designation, it was found as follows:

- On the photos of packages of the Raffaello sweets supplied to Russia by Dukalba CJSC in 1998, 1999, and 2004, Ferrero Ardennes S.A., Belgium, was indicated as a manufacturer;
- Pursuant to the customs declarations in 2004, Dukalba CJSC supplied the Raffaello sweets manufactured by Ferrero Polska Sp. z o.o, Poland, to Russia;
- It follows from the statements of Soremartec S.A., Belgium, and Ferrero Polska Sp. z o.o, Poland, that the Raffaello sweets have been manufactured and distributed by Ferrero Polska Sp. z o.o under control of Soremartec S.A., Belgium, since 1998, while 97.7 % of the profits are gained by Ferrero Polska Sp. z o.o;
- When published in the publications and on the product packages during 1998 to 2009, the "Raffaello" designation had the changed font and another range of colours, for which reason it is difficult to evaluate for how long the "Raffaello" designation was used in the form, in which recognition of this designation as a well-known trademark in the Russian Federation is claimed;

- It follows from the publications in the printed periodicals and from the catalogue of the chain stores that the Raffaello sweets were advertised to Russian consumers and were in stores long before the claimed date (August 22, 2017) of recognition of the designation as well-known;
- It is noted that there is a certain decrease in sales (for the last two years), which were about 7.1 mln kg a year as at September 1, 2017 (as compared to 7.5 mln kg in 2015).

Having analysed the materials submitted by the applicant, the commission of Rospatent considered them as insufficient to recognize the "Raffaello" designation as a well-known trademark in the Russian Federation with regard to the products of Soremartec S.A., Luxembourg, being "sweets".

When commenting on the case of the "Raffaello" designation, it should be noted that, sure enough, the decisive factor in this case was not the decrease in sales, but there were other, more important reasons.

First, the designation was used in different variants (changes in the font and combination of colours) during the period under consideration.

Rebranding is a quite natural process if the product has a rather long life on the consumer market, which evidences its popularity. However, in the cases on recognition of a designation as well-known any changes in such designation may have a negative effect and result in delivering an unfavourable decision.

Second, there were numerous changes in the name of the applicant company and its distributor Dukalba CJSC renamed to Ferrero Russia, with which a licence agreement was concluded in 2011.

Creating a mix of Raffaello and Ferrero sweets is a good marketing ploy to increase sales; however, using the "Ferrero Prestige" designation on the package of the mix of sweets resulted in perceiving the Raffaello sweets as part of the product line of Ferrero group of companies. In addition, the "Ferrero" element is incorporated in the trade name of the sweets manufacturer (Ferrero Polska Sp. z o.o) and of the product distributor being Ferrero Russia CJSC, which eventually resulted in associating the Raffaello sweets by the absolute majority of Russian consumers with Ferrero (either with Ferrero Ardennes S.A., Belgium, or with Ferrero Polska Sp. z o.o, Poland), but not with the applicant company being Soremartec S.A., Luxembourg.

There was a certain negative effect due to the statement by Soremartec S.A., Luxembourg, that the Raffaello sweets are also manufactured in Russia (by Ferrero Russia CJSC), although there are no documents confirming it in the files of the case. As stated in the decision delivered by the commission of Rospatent, the information that the Raffaello sweets are also manufactured in Russia makes it more difficult to establish a relation between these products and the applicant company being Soremartec S.A., Luxembourg.

3. The Applicant Company being Avito Holding AB, in which name recognition of the "Avito" designation as a well-known trademark was claimed, was founded in Sweden in 2005 as a limited liability company named Grundstenen 107540 and was renamed to Avito Holding AB, a limited liability company, on October 28, 2009.

In support of knownness of the "Avito" designation, the following data was submitted:

- In 2007, the Avito web portal – an electronic message board containing offers to buy and sell personal belongings, household appliances and electrical equipment, vehicles, real estate, ready-made business as well as offers on job and on a wide range of services – was created;
- During the operation of the Avito website from 2007 to 2017 and of its mobile applications, the number of registered users of the free advertisement service grew thousand times, reaching several millions of people;

- For ten years, over 700 million advertisements, including over 100 million only in 2017, were posted on Avito;
- In 2013, the aggregate advertising expenses were about 270 million Russian roubles, in 2015 – 914 million, and in 2017 the advertising expenses grew up to 994 million Russian roubles, i. e. the expenses almost reached 1 billion Russian roubles a year.

The expert commission of Rospatent found the facts preventing the “Avito” designation from recognition as a well-known trademark in the Russian Federation since May 18, 2018, namely:

- During the survey, the interviewed respondents were shown the “AVITO” designation in uppercase Latin letters, differing from the claimed “Avito” designation in uppercase and lowercase Latin letters;
- The analysis of the printout from avito.ru showed that in fact the services of class 35 under ICGS (goods promotion for third parties), class 38 under ICGS (electronic message board – telecommunications services) were provided using the combined designation (see below), but not using the claimed word one:



is used and “Avito” is claimed;

- A half of the interviewed respondents (50%) associated the “AVITO” designation with KEH eCommerce, however, the overwhelming majority of consumers (92 %) indicated Avito Holding AB as a right holder of the “AVITO” trademark, which evidences inconsistency in the respondents’ responses;
- Avito Holding AB being the applicant company and the right holder of the trademarks in Russia provided KEH eCommerce LLC with a right to use the following trademarks under the licence agreement:



– combined trademark No. 389773 (since

2013)

AVITO – word trademarks Nos. 456873 and 563626 (since January 30, 2017);

- Russian company KEH eCommerce LLC was registered in 2007 and, as at the date of filing the application for recognition of the “Avito” designation as a well-known trademark, its founders were the applicant company being Avito Holding AB (97.4 %) and Avito AB, a limited liability company, (2.6 %).
- Visiting the web portal on www.avito.ru and reviewing the user agreement showed that KEH eCommerce acted as a provider of the electronic message board services for a consumer.

Taking into account the said facts, the commission of Rospatent concluded that in the mind of a Russian consumer the “Avito” designation is ultimately perceived as the Russian trademark.

Refusing to recognize the “Avito” designation as a well-known trademark in the Russian Federation, the commission of Rospatent noted that the actual activities under the “Avito designation carried out by KEH eCommerce and creating an idea of a relation between this designation and the Russian company as well as the reference to Swedish company Avito Holding AB available in the mass media in the context of the owner of the Avito web portal did not make it possible to decisively conclude with which company the “Avito” designation was associated.

As in the previous case, the aim to modify the designation used, to rebrand it eventually diminishes the chances to recognize this designation as well-known, since it is difficult to conduct a correct survey, it is hard to establish and make an appropriate conclusion what particular designation has become known.

For a foreign company, using the designation or the trademark protected in Russia under the licence agreement concluded with a Russian company appears to be preferable. But this fact may prevent this designation (trademark) from recognition as a well-known trademark

in the Russian Federation with regard to the foreign company, since during its use a consumer may get associations on the product manufacturer not in relation to the foreign company, but to the licensee, i.e. to the person that is actually manufacturing and selling the products in Russia.

4. The expert commission of Rospatent considered the application filed by GILFIN S.p.A., Italy, for recognition the “ATTIVA” designation as a well-known trademark in the Russian Federation with regard to the goods of class 25 under ICGS being “hosiery” since January 1, 2010.

It follows from the documents submitted in support of the well-knownness of this designation that:

- There are hosiery products on the market bearing the “OMSA” designation along with the “ATTIVA” designation, which is auxiliary one indicating a type of the OMSA products and may be classified as descriptive, informing consumers of the product attributes;
- The immediate hosiery manufacturer is OMSA S.p.A., which was taken over by Golden Lady Company S.p.A. in June 2004;
- Based on the results of the survey, more than a half of the interviewed consumers of tights and stockings (male and female) associate the “ATTIVA” designation with Golden Lady Company S.p.A./ Omsa S.p.A. group of companies;
- The applicant being GILFIN S.p.A., the parent company owning 97.67 % of the shares in Golden Lady Company S.p.A., did not confirm its participation in the hosiery manufacturing process.

Having examined the documents submitted, the commission of Rospatent concluded that the knownness of the “ATTIVA” designation had not been proven to recognize it as well-known with regard to the applicant’s goods.

By virtue of the current legislation and according to the existing practice of consideration of the cases on recognition of the registered trademark or the designation used as a well-known trademark in the Russian Federation, it is important that the designation is known in relation to the products of the applicant itself, and in most cases the failure to prove this fact results in a refusal to recognize the trademark as well-known.

In this case, another important factor preventing recognition of the well-knownness of the “ATTIVA” designation with regard to the products of GILFIN S.p.A was found, namely, valid international registration No. 599297 for the “ATTIVA” trademark with regard to the similar products, which owner was not the applicant, but GOLDEN LADY COMPANY S.p.A.

To sum it all up, it seems obvious that it is necessary to carefully consider the intellectual property portfolio of “taken-over” companies to avoid any potential issues in the future, in particular, when intending to recognize a trademark as well-known.

5. The application filed by Energizer Brands, LLC, USA (the “applicant”) for recognition of the “ENERGIZER” word designation as a well-known trademark in the Russian Federation as at January 1, 2016 with regard to the goods being “electric batteries” contained the following information:

- The applicant (Energizer Brands, LLC, USA) is one of the companies incorporated in Energizer Holdings Inc., a transnational company, and one of the manufacturers of electric batteries marked with the “ENERGIZER” designation;
- The “ENERGIZER” designation has been used in Russia for marking electric batteries since 1993, while the electric batteries have been delivered by Energizer LLC (a company affiliated with Energizer Holdings Inc.) and the goods have been sold through a wide network of distributors;



- Pursuant to the information letter of Energizer LLC, the sales of electric batteries marked with the “ENERGIZER” designation were more than 250 million Russian roubles in 2005 and more than 2 billion Russian roubles in 2015;
- The advertising costs grew from 30 million Russian roubles in 2010 up to 160 million Russian roubles in 2015;
- According to the retail measurement service by Nielsen AS in 2015, the ENERGIZER electric batteries stayed in the lead among other brands of electric batteries (G.P., DURACELL, PRIVATE LABEL, FOTON);
- Based on the survey results, the “ENERGIZER” trademark, which marks electric batteries, is widely known among Russian consumers (it is known to 96.7 % of consumers).

So why was the decision to refuse to recognize the “ENERGIZER” designation as a well-known trademark in Russia since January 1, 2016 in the name of Energizer Brands, LLC, USA, delivered, if there are such long presence of the goods on the Russian market, such strong sales, heavy advertising costs, and almost 100 % knownness of the ENERGIZER electric batteries among the Russian consumers?

The examination of the materials submitted by the applicant allowed the Commission of Rospatent to find the following:

- The recognition of the “ENERGIZER” designation as a well-known trademark in the Russian Federation was claimed for the designation in a black and white colour combination and in uppercase Latin letters in standard font. However, most of the materials showed the use of the “ENERGIZER” designation in italic, in a distinctive graphic manner, where the first letter is uppercase and the remaining letters are lowercase;
- The exclusive right to the above trademark was granted to the applicant on September 6, 2016, i. e. later than the claimed date of well-knownness (January 1, 2016), based on the alienation agreement (the original right holder of the trademark was Energizer SA, Switzerland);
- There is no information on the long-term and active promotion of the ENERGIZER electric batteries by the applicant itself during the period preceding the claimed date of recognition of the trademark as well-known, since, first, the cargo customs declarations evidenced that these products crossed the border only in December 2014 and not in 1993, as the applicant noted, and, second, the distribution agreements dated 2007 and 2009-2011 did not contain any reference

to supply of the goods being the ENERGIZER electric batteries and the invoices, attached to them and including these goods, were dated September 2015;

- The information on the sales of the ENERGIZER electric batteries and the widespread advertising costs were not confirmed with the actual data (agreements, payment orders, CCDs, and any other documents);
- The survey results and the information contained in various documents submitted by the applicant were inconsistent.

As it was already noted, to recognize a designation as a well-known trademark in the Russian Federation it is important for the designation to be known in relation to the products of the applicant itself, while, in this case, the applicant company has become the right holder of the trademark shortly before filing the application, the information on the sales and advertising costs, which are hefty, have not been confirmed with any documents, there have been discrepancies in the contents of agreements, distribution agreements, customs declarations, invoices; all these have resulted in a refusal to recognize the claimed designation as a well-known trademark.

Conclusions

For successful consideration of the application for recognition of a designation as a well-known trademark in the Russian Federation, it is necessary to prove that this designation is widely known with regard to the products of the applicant itself, not just the knownness of the designation.

When generating a set of the documents confirming the well-knownness of the claimed designation, there are good reasons to take into account the existing practice and approaches of Rospatent with regard to consideration of such cases, which provide well-defined guidelines.

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