

Russia

Goroditsky & Partners

Utilising the full range of protection

Rights holders which are considering entering the Russian market should be aware that, in addition to trademarks and industrial designs, a range of IP tools are available to enhance rights protection

The exclusive right to a trademark in Russia is secured on registration with the Russian Trademark Office (Rospatent) or as the result of an international registration designating Russia. There are plans to launch a Eurasian trademark system, which implies the introduction of regional trademark protection across the Eurasian Economic Union.

However, a trademark is not the only IP asset used to distinguish goods and services; company names, appellations of origin and commercial designations (ie, trade names) are also available. Commercial designations are a typical means of individualisation and are secured based on use, rather than registration.

It is worth taking a closer look at how unregistered designations are used in Russia, with particular regard to:

- the advantages of a foreign business using a commercial designation for its Russian operations;
- protection of commercial designation (including the legal tools to combat passing off of other unregistered signs); and
- practical issues that may arise in case of conflict between trademarks and commercial designations.

Protection

Under the Russian Civil Code, legal entities engaged in business (including non-commercial entities) and individual entrepreneurs may use commercial designations to distinguish their business enterprise. Commercial designations are not company names and are not subject to mandatory indication in the company's constituent documents or recordation in the state register of legal entities.

While it is possible to use one commercial designation for several businesses, it is not possible to use two commercial designations to distinguish one business enterprise.

The exclusive right to a commercial designation may be held by more than one person, pursuant to a resolution of the IP Court (October 27 2015, N C01-843/2015, in Case N A60-934/2015). In this case, the plaintiff sued her ex-husband for infringing the commercial designation PIKNIK, used for a retail shop. The court dismissed the suit, finding that the plaintiff and the defendant were in fact joint owners of the designation at issue.

Commercial designation rights holders may use the commercial designation by any means not prohibited by law, including on signboards, letterheads, invoices and other documents, announcements and advertising, goods or their packaging and online. However, to establish exclusive rights to use a commercial designation, two conditions must be met.

First, the designation must have sufficient distinguishing features, as confirmed in IP Court Resolution N C01-99/2017 (in Case N A40-199403/2015, February 28 2017). In this case the plaintiff, a funeral business, filed a commercial designation infringement suit against its competitor for use of the commercial designation RITUAL. The court dismissed the suit, finding that the word 'ritual' was used by numerous funeral homes and was descriptive, and thus could not act as a commercial designation.

Second, the rights holder must prove that the commercial designation is famous within a given territory, as confirmed in IP Court Resolution C01-853/2016 (in Case N A41-102054/2015, October 6 2016). In this case the plaintiff owned Russian Trademarks 343905 and 555382 – Бьюти Стайл ('Beauty Style' in Cyrillic) and the mark shown below, respectively – for beauty salons.

The defendant opened a beauty salon named Magic Beauty Style (in Cyrillic). The defendant referred to an earlier commercial

designation right. The court dismissed this argument, finding that:

- the mere installation of a sign board as well as internal company documents on approving the designation as commercial did not prove the direct and extensive use of the designation within the given territory;
- to establish exclusive rights to a commercial designation, it must be sufficiently famous or well known within the given territory; and
- the defendant had failed to prove that the asserted commercial designation appeared before the priority date of the plaintiff's trademarks.

Notably, sometimes the court may define 'business enterprise' as a real estate asset subject to separate state registration. Nevertheless, the current judicial practice is not so strict as to require the plaintiff to submit evidence of the real estate registration of the business enterprise, but rather focuses more on the nature of the dispute at hand (ie, unauthorised use of a designation).

The IP Court noted that the exclusive right to use a commercial designation cannot arise earlier than the moment of actual use of the designation to distinguish a business enterprise (IP Court Resolution N C01-301/2017 in Case N A60-1837/2016, April 28 2017).

Further, the commercial designation should not be used to mislead consumers. As such, it is not allowed to use a commercial designation that is confusingly similar to an earlier trademark, company name or commercial designation. In such case, the owner of the infringing commercial designation must cease use of the designation and the owner of the infringed designation may claim damages. An unfair competition action may also be filed.

For instance, in one case the plaintiff, an



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contact hosting providers or use effective Anti-piracy Law enforcement tools available through the Moscow City Court, whose urgent preliminary injunction measures allow enforcing parties to prevent further online infringement.

Protection of firm styles

Following the recent amendments to the Russian antitrust and competition legislation, rights holders may now successfully enforce their rights to non-registered styles and designs against imitators. That said, copying or imitating the external look of a product, its packaging, labelling, name, colour grade, firm style as a whole (eg, branded clothes of employees, internal decoration, sign boards) or other elements is expressly deemed an act of unfair competition, which may be challenged in court or through the competition regulator.

Rights holders that are considering entering the Russian market – either directly or through acquisition of an existing Russian business – should be aware that in addition to trademarks and industrial designs (which require filing to ensure comfortable operations), a range of additional IP tools is available to protect their legitimate rights and interests. **WTR**

eye surgery centre whose senior company name included the designation OFTALMA, successfully sued a defendant whose junior commercial designation used the word OFTALMA to distinguish a competing business (IP Court Resolution N C01-421/2016 in Case N A63-6586/2015, July 21 2016).

Commercial designations have a territorial limit: they must be used to distinguish a business enterprise located in Russia (IP Court Resolution N C01-1402/2014 in Case N A40-138017/2013, October 3 2016).

Commercial designations

Unlike trademarks, commercial designations cannot be assigned or licensed separately. The exclusive right to use a commercial designation may be assigned only together with the business enterprise which the designation distinguishes. However, the rights holder may include the commercial designation in a franchising agreement or lease the rights to the commercial designation under a business enterprise lease agreement.

Termination of exclusive rights

While the exclusive rights to a commercial designation arise based on use, such rights will terminate automatically if the rights holder does not use the commercial designation continuously for one year. In this regard, in order to determine the validity of the plaintiff's exclusive rights, the courts may request the plaintiff to provide evidence of its continuous use of the designation over one year (IP Court Resolution N C01-381/2014 in Case N A40-61749/2013, June 3 2014).

Trademark invalidation disputes

Senior rights to a commercial designation may constitute grounds for an invalidation action against a junior trademark. In such cases the party filing for invalidation must prove its exclusive rights to the senior commercial designation, including its famous or well-known status within a given territory. Acceptable evidence may include advertising materials, mass media publications and the results of public opinion polls, among other things.

The emergence of a third party's exclusive rights to a commercial designation during the examination of a trademark application

is not a ground for the subsequent trademark's invalidation, as noted by Rospatent in a letter dated January 30 2009.

In practice, if the court finds that a trademark has been registered as a result of unfair competition or abuse of rights, the trademark registration in question may be invalidated. This provision is intended to protect against trademark squatters. However, under current judicial practice the plaintiff cannot use this remedy where the application is only pending. This does not exclude the interested party's right to file an informal opposition with Rospatent, informing the examiner of its exclusive rights to the senior commercial designation.

For example, in one IP Court case (Resolution N C01-464/2016 in Case N A28-6011/2015, July 14 2016) the plaintiff operated a coffee shop under the asserted commercial designation LOVE COFFEE and filed a trademark application on February 6 2015. One of the defendants filed Trademark Application 2015701115 for a device mark (including for cafes), then assigned rights under the application to another defendant.

The plaintiff asked the court to declare such registration activities to be an abuse of rights. The court dismissed the case, noting that filing activities as such could not be evaluated as a potential abuse of rights; that said, abuse of rights may be found in activities that have the specific result (eg, a trademark registration). Rospatent had not yet issued a registration decision in this case (although the challenged application ultimately was not registered).

Foreign company names

Commercial names are not the only designations that may be protected in Russia without registration. Article 8 of the Paris Convention for the Protection of Industrial Property is interpreted by the Russian courts to allow foreign companies to protect their company name without separate registration in Russia. This position is commonly asserted in domain name disputes.

Copyright remedies

The rights holder may also enforce unregistered signs (eg, graphic images) via copyright. This may be particularly effective in terms of fighting online infringements. The rights holder may