

Russia

Goroditsky & Partners

Protect and enforce IP rights or risk wasting brand investment

Brand registration alone is insufficient. Financial and professional services need to take a realistic view of the unauthorised use of brands and ensure that their trademarks are not diluted and abused

Nowadays, financial institutions and professional services enterprises (eg, accountancy, law, consulting and advertising) tend towards globalisation. However, this has not always been the case. Several decades ago, it was more likely that professional services would be offered by small, local groups of specialists. Today, financial and professional services enterprises tend to work on a much larger scale and face increasing challenges to protect, enforce and manage their IP rights.

These challenges arise from new methods of doing business, accelerating business processes and new technologies, developing internet transactions and growing customer numbers. IP rights are now as significant to financial and professional services companies as they have always been for producers of fast-moving goods, pharmaceutical enterprises and high-tech companies. Since financial and professional services companies have migrated their businesses to technology platforms, IP protection has become increasingly important. Such services are becoming increasingly reliant on IT solutions and digitalisation, allowing for strong performance and user-friendly client solutions. Herman Greff – head of Sberbank, Russia’s largest financial institution – believes that financial and professional services are transitioning from banks to technology companies. He recently said that “it is obvious that we much are bigger than a bank, we are a quite large ecosystem”. According to Greff, even the name ‘Sberbank’ could change in the future, as the company’s services reach far beyond banking. More and more business and customer requirements are handled by mobile applications, which provide specific functionality.

Using trademarks and service marks, commercial designations, firm names and firm style to individualise services plays a vital role in banking and professional services. Such services providers must work harder to differentiate their service marks from those of their competitors. In today’s world of aggressive competition, customers are not linked to one particular provider, but tend to use several competing enterprises, making brand loyalty and brand investment vital. Consequently, these investments must be properly protected and IP rights must be enforced.

Classification

The individualisation of financial services strays over the borders of Classes 35 and 36 of the Nice Classification system. Rapidly accelerating blockchain technology is also expected to affect financial businesses. The number of trademark applications including the word ‘blockchain’ in product and service descriptions is rising, with increasing attention being paid to Class 9 goods (eg, computer software), Class 42 services (eg, computer programming, design and new technology development) and Class 45 (eg, technology licensing).

Collective trademarks

Considering the nature of blockchain technology, trademark owners may want several parties to use their brand. It may make sense to consider seeking protection for collective trademarks, which can function as a kind of certification label. In Russia, certification marks do not relate to intellectual property and cannot be enforced as ordinary trademarks. A ‘collective mark’ is a mark of a union, business association, concern or other voluntary association of enterprises capable of distinguishing

goods manufactured or commercialised by it having common characteristics regarding quality. When filing a registration application for such a mark, it is imperative to submit any relevant bylaws containing rules concerning the mark’s use. These rules must indicate:

- the name of the association entitled to register the mark in its name;
- the list of enterprises entitled to use the mark;
- the purpose of registration;
- a list of goods and a description of their common characteristics (relating to quality or otherwise);
- conditions for the mark’s use;
- the principles by which use of the mark will be controlled; and
- the penalties for violating the rules.

Colour marks

Some businesses maintain and promote their firm style using a specific colour or colour combination. A colour scheme can be an important marketing tool because it is readily remembered by consumers and creates strong associations. Two types of colour trademark can be distinguished:

- colour combinations; and
- the colour itself, which can be:
 - abstract; or
 - protected in relation to the particular form it takes or the surface to which it is applied.

The growing interest in colour marks is confirmed by the increasing number of registrations filed internationally through the Madrid System and directly with the Russian Patent and Trademark Office (Rospatent).

If there is a strong association between a colour and a particular enterprise or specific service, the colour may be granted trademark protection.



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trademark owner. A trademark may belong to an IP-owning company, but its name might be unknown to consumers. If the date from which the applicant would like to have its trademark recognised as well known refers to a period in the past, there should be supporting evidence which pre-dates this.

Although obtaining well-known status is challenging, registration can be an effective enforcement instrument and a valuable tool in the trademark owner's IP portfolio.

Comment

Financial and professional services companies must control authorised use of registered and unregistered trademarks by third parties (eg, competitors, affiliates or intermediaries) to ensure that trademarks are not diluted and abused. The necessity of monitoring trademark registration, as well as online monitoring in respect of unauthorised use of brands or proper authorised use of registered trademarks should not be underestimated, otherwise trademark owners risk wasting brand investment and losing consumer loyalty. **WTR**

Well-known marks

In the era of electronic banking, financial services and brands can rapidly gain recognition and reputation among customers. Unlike in many jurisdictions, in Russia, a trademark is not granted well-known status as a result of court proceedings. Legal protection for a well-known mark is instead obtained through a special recognition procedure. Such status provides its owner with certain advantages, including:

- protection that is not time limited;
- protection that is extendable to goods or services of a different kind; and
- retroactive protection (eg, protection of a well-known mark may start from the period before the filing date of the request to recognise the trademark as well known).

More and more financial giants are seeking effective ways through which to enforce their trademark rights and well-known status can be an effective tool to fight against unlawful or unfair use of reputable brands.

Well-known status should be confirmed by numerous documents proving intensive use of the mark and its reputation among consumers as well known in association with the relevant goods or services.

In seeking to have its trademark recognised as well known, the applicant should indicate the goods or services for which the mark became well known and the date from which it became well known. Special attention should be paid to opinion polls, which should be conducted in at least six of Russia's largest cities. Other cities may be chosen by the applicant depending on where the trademark has been used most intensively. In a recent case regarding well-known status for 'iBank' for special banking software, a survey was conducted among bank employees. This was treated as objective and reliable by the board of examiners and led to a favourable outcome.

Rospatent often denies petitions to recognise marks as well known. The main difficulty is demonstrating that consumers have a strong association between the trademark and the goods or services for which it is used, as well as with the

In Russia, a small number of colour trademarks have already been granted. The main difficulties arise during registration, so there are few court decisions on this topic. However, the Russian approach is similar to that in many other jurisdictions; colour *per se* cannot be distinctive.

Rospatent's practice shows that trademarks consisting of a colour *per se* or a colour combination are often considered to lack distinctiveness and that such applications encounter serious objections from examiners for this reason. A trademark application consisting of a single colour or colour combination can be registered only if it has acquired distinctiveness and provided that the applicant can prove that the subject colour or colour combination functions as the applicant's trademark. This can be achieved by submitting evidence that the colour or colour combination has been used in Russia before the application filing date.

Sberbank registered its corporate green colour (Pantone 349) as a trademark for financial services. Rospatent considered the following factors:

- the large number of green registered word and graphical trademarks;
- the use of the green colour on the applicant's website;
- the respective colour of bank cash points, employee uniforms and branch interiors;
- advertising costs;
- the bank's popularity (eg, the number of branch employees and customers);
- the results of a sociological survey;
- a narrow spectral range of shades of green; and
- the psychological perception of the colour green as representing life.

Granting legal protection to a colour does not answer whether other banks that have existed for a long time and have been using a green colour during their commercial activity will be seen as violating the right to the registered colour mark. The shades used by competitors are somewhat different, but may be similar enough to create confusion. While this question remains unanswered, registering and enforcing these rights will remain challenging. Nonetheless, the benefits of protecting colour trademarks should make these difficulties worthwhile.