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“THUMBS UP” – and down – to US trademark registration challenges based on “foreign” marks

Chris Mitchell, a member of Dickinson Wright, reviews the dispute between Coco-Cola and Meenaxi over the request for the cancellation of registration of identical marks with key takeaways in light of a surprising outcome.



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Astellas Pharma**

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Threats and risks for trademarks in Russia

Evgeny Alexandrov, Alexey Kratiuk, and Alexander Nesterov of Gorodissky & Partners provide an overview of the protection of trademarks and the risk of identical or similar marks in the Russian market, explaining why registration and renewal are paramount.

Intellectual property has its value if it is duly protected in a country where a company has its business interests. Despite the current sanctions policy against Russia and the counter-sanctions adopted by Russia in response to the actions of some foreign countries from the so-called "unfriendly" list of countries, Russia remains a key participant in the global intellectual property system that includes a number of International Treaties and the institute of IP in our country continues to work effectively to protect the legitimate interests and rights of IP owners, regardless of what country they come from. The Russian intellectual property system operates in full conformity with the rules of substantive and procedural law as laid down by part IV of the Russian Civil Code that relates to IP rights.

It means that those companies, under the influence of the political decisions of their governments or for other commercial reasons, are forced to consider suspending their businesses in Russia or even leaving the Russian market, should not be concerned about unfair, politically motivated, or biased treatment of their IP rights by the official Russian IP bodies such as the Russian Patent and Trademark Office (hereinafter referred to as "Rospatent") or IP Court.

This, however, should not be interpreted as though no proactive measures are required to safeguard IP rights owners' interests in Russia. On the contrary, IP owners should take care of high-level protection of their IP, especially trademarks, using all available legal remedies as provided by the Russian law including possible legal actions against third parties infringing trademark filings or registrations as a case may be. Such actions may also be required to hinder the dilution of famous trademarks in a situation when it comes to a third party's trademark filing in respect of a similar mark covering a wide range of goods incorporating those being dissimilar to the goods of the genuine trademark owner.



Rospatent is obliged by law to publish any application, regardless of whether it may or may not contain the signs of bad faith acting.



Insofar as trademarks are concerned all legal mechanisms for protection and enforcement of rights established by the Russian law remain fully in force as it follows from the current practice in both administrative and judicial cases. This, in turn, reflects steady commitments of competent bodies to the legal approaches and procedures for the enforcement and protection of rights and a stable state of affairs in this regard.

Accordingly, all recent bad faith filings by Russian legal entities or individual entrepreneurs of trademarks that are identical or similar to famous third parties' trademarks covering similar or dissimilar goods and services (e.g. ASOS, BUD, EPIC GAMES, GUINNESS, METAVERSE, LOUIS VUITTON, NESQUIK, NETFLIX, ORBIT, PEDIGREE, SMIRNOFF, TIFFANY&Co, TUBORG, WHISKAS and 200+ more) should undergo the usual examination procedure. This means that, as a first step after the filing, Rospatent is obliged by law to publish any application, regardless of whether it may or may not contain the signs of bad faith acting. The filed application is accepted for consideration if it meets formal requirements and the formal stage is followed by further verification of the compliance of the filed application with the registrability requirements, which is carried out at the stage of substantive examination of the application.

As it follows from the recent declaration made by the Head of Rospatent, Mr. Yuri Zubov during his visit at the St. Petersburg's International Economic Forum in June 2022, such trademarks that are identical or confusingly similar to the previously registered famous trademarks cannot be registered in Russia.

Trademark examination is conducted by Rospatent based on both absolute grounds for refusal of registration (analyzing the essence of the mark and verifying whether the proposed mark is capable of distinguishing goods and services) and based on relative grounds (checking

whether the claimed designation is in conflict with third parties' rights for similar signs and other IP objects enjoying earlier priority and whether or not registration of a sign is capable of misleading consumers in respect of the applicant or goods/services).

Therefore, during examination procedures, it has to be established if the applied designation can be registered as a trademark or if there are any obstacles such as identical/similar trademarks with earlier priority or other grounds such as possible misleading, which prevent the mark from being accepted. Accordingly, if there are prior rights for identical/similar trademarks in respect of identical/similar goods/services, such trademarks should be identified by the examiner and cited as obstacles during examination procedures.

A similar approach regarding preventing misleading and commercial use of the marks similar to the registered trademarks of the other company is also applied in unfair competition cases. For instance, in the case initiated by the licensee of The Coca-Cola Company, it was discovered that a local Russian manufacturer launched sales of soft drinks under the name "FANT". On June 2, 2022, the IP Court considered the case as the cassation instance and upheld the antimonopoly body's conclusions to the effect that the designation "FANT" and its label were confusingly similar to the trademark and original label "FANTA" and the designation was used concerning the same type of product - a carbonated orange soft drink. The Court reasoned that "confusion with respect to two products may not only lead to a decrease in sales of FANTA drink and redistribution of customer demand, but may also cause harm to



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Résumés

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Evgeny joined Gorodissky & Partners in 2005 and in 2015 was promoted to partner at the firm. He advises clients on the legal (non-contentious) and illegal (contentious) use of IP/IT, unfair competition and false advertising, parallel imports and anti-counterfeiting, licensing and franchising, media and technology. He is one of the most experienced and strongest IP/IT litigators in Russia. He represents clients before commercial courts and courts of general jurisdiction, administrative, and law enforcement bodies.

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Alexey is a top-ranked trademark specialist. He has more than 20 years of experience in IP and counsels clients on issues relating to trademark strategies in different jurisdictions. Alexey deals with obtaining of rights for trademarks and appellations of origin of goods, trademark prosecution proceedings in Russia and other countries. He is intensively involved in invalidation/cancellation proceedings and enforcements of trademark rights using legal actions in both Administrative bodies and Courts in Russia.

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Alexander Nesterov, Partner, Russian Trademark Attorney

Alexander joined Gorodissky & Partners in 2001 and was promoted to partner at the firm in 2012. His experience includes counseling clients on the protection and enforcement of trademarks and service marks and appellations of origin and other (trademark) issues. He represents clients before the Russian PTO and commercial courts, Russian IP Court also. Alexander is keen on registration proceeding strategy and in infringement cases as well, he advises clients on transactional, opposition and cancellation work.

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the business reputation of a third party, since the consumer is misled by the mixing and receives another product with different quality, taste and other characteristics" (case No.A38-4102/2021).

The bad faith filings or the use of similar marks obviously have a purpose of gaining easy and fast profits based on the reputation, goodwill, and popularity established in the famous brand by its genuine owner. However, such kind of threat may continue or even grow in view of recent amendments to part IV of the Russian Civil Code, which will allow not only legal entities and individual entrepreneurs to apply for registration of trademarks but also allow natural persons, including those self-employed, to be applicants.

Currently, the Russian Civil Code provides a limited list of those who are entitled to file a trademark application. The applicants for trademark applications are limited to legal entities and individual entrepreneurs. However, recent amendments to the Russian Civil Code, taking legal effect from June 29, 2023, will allow natural persons and self-employed persons to file trademark applications since they can engage in certain types of entrepreneurial activity without registering themselves as individual entrepreneurs. It can be assumed that such provision may boost the creation of personal brands, which allow for promoting goods and services for such persons more actively. On the other hand, this brand new tool may be easily used by natural persons acting in bad faith to apply for registration of third parties' famous brands in their own name.

Under such circumstances, regular monitoring of filed applications becomes crucial to identifying bad faith filings in a timely manner since, even though there is no opposition system in Russia in respect of pending applications, the Russian Civil Code provides for the possibility for any person to file an observation letter in respect of a pending application with Rospatent in order to bring the examiner's attention to the existence of the conflicting prior rights or other grounds for possible refusal of registration by setting out arguments on the non-compliance of the applied designation with the statutory requirements.

Once the bad faith mark is detected, one should consider filing an observation letter as it is an extremely effective tool that can be activated at the stage of examination to prevent such mark from being registered. Moreover, the observation letter is not limited only by grounds that must be checked during examination procedures. As a matter of fact, grounds that are not investigated in the course of examination,

such as confusing similarity to a third party's company name, possibility of misleading due to prior use of a third party's conflicting mark, copyright infringement, etc., may constitute legal grounds in an observation letter and can be used alongside with other arguments against registration of such mark to make the legal position stronger.

Therefore, the best approach to deal with possible bad faith filings of identical/similar marks is monitoring newly filed applications in a timely manner and filing observation letters to prevent registration of the conflicting marks at the stage of examination. It is much easier to prevent registration of a bad faith trademark at the examination stage rather than bringing far more costly and time-consuming invalidation action at the post-registration stage.

Whilst monitoring and observations are, no doubt, very effective pro-active measures that ensure high-level standards of brand protection, one should also keep in mind that Russia is a first-to-file country which suggests that trademark rights basically arise as a result of registration. Therefore obtaining trademark protection through registration and maintaining trademark rights through timely renewal, updating, and use in accordance with the use requirements are a must in Russia to be able to effectively enforce trademark rights against a bad faith applicant or potential infringer.

Potential competitors may effectively use procedure for early termination of the trademark protection which is an obstacle to the registration of an identical or similar trademark in Russia. At that, it should be noted that suspending the business activity or leaving the market shall not be recognized as an excusable reason and in cases where the trademark is not used within the years in Russia, it can be canceled due to its non-use. The burden of proof of the trademark use lies on the trademark owner and the standard of requirements for the evidence is quite high which means a formal license, or a small document, may not be accepted by the IP Court as persuasive. For instance, in case No. СИП-187/2021 the trademark owner of TJ Footwear (UK) Limited has lost his trademarks "TJ" and "TJ COLLECTION" (both in Cyrillic) because he failed to prove their proper use in Russia. A plaintiff Tee Jays A/S (Denmark) insisted that the trademarks were not used in Russia and asked for their termination because he was interested in granting the legal protection for similar trademarks with a word element "TEE JAYS" extended to Russia based on the current international trademark registered under the Madrid Agreement. The trademark's owner produced a license agreement, photos of branded stores, the list of goods, cash receipts, contracts,

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specifications, customs declarations, and screenshots of advertising in Yandex and Google to prove the use of the trademark. However, the evidence was not accepted by the IP Court since they demonstrated the use of brands in Latin characters while the trademarks were registered in Cyrillic and the IP Court concluded that no evidence of use of the registered trademarks was presented by the trademarks' owner.

In the current political and economic environment, the long-term brand protection strategies require considering the risks of losing the brands or the appearance of counterfeit and copycat products on the market. It is worth noting that there are no limitations or restrictions for the IP owners to deal with IP matters in Russia, in particular, pay the respective official fees where necessary as IP transactions including those connected with filing and registering trademarks are explicitly exempted and are not affected by the sanctions by virtue of General License 31 (GL31) issued by the Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury on May 5, 2022. Recently, by the way, there was a prohibition for US clients to pay official fees to Rospatent, but OFAC later lifted that prohibition by its GL31 which authorizes any IP-related transactions in Russia, including the filing and prosecution of any application to obtain a copyright, patent, or trademark, as well as the payment of renewal and maintenance fees.

The stable state of affairs in the legal fields in general, and in respect of intellectual property in particular, shows that despite present sanction pressure, Russia remains to be committed to all existing laws including International Agreements to which Russia is a party and follows spirit and language of law, which makes it possible and recommendable for right holders to continue with protection and enforcement of their IP rights in Russia.

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