GORODISSKY

INFORMATION BULLETIN #128 2018

G-NEWS

#3 (128) 2018, MOSCOW, RUSSIA

GORODISSKY & PARTNERS
PATENT AND TRADEMARK ATTORNEYS
IP LAWYERS

GDPR: Compliance Issues in Russia

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On 25 May 2018, the EU General Data Protection Regulation (GDPR) entered into force. International companies doing business in Russia must now comply both with the GDPR and the Russian laws though they may contradict each other. The question arises how to find the right way in a pickle of the new data privacy rules?

GDPR VS. RUSSIAN PERSONAL DATA LAW

At a first glance, the EU and Russian regulations have many things in common. They are based on similar data processing principles first established by the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data (ETS 108). Both legal acts apply to the wholly or partly automated processing of personal data and the non-automated processing of structured sets of data. Similar to the EU data controllers, Russian entities must demonstrate compliance with the PDL at the request of the Data Protection Authority (Roscomnadzor) and in some other cases by adopting internal policies and implementing legal, technical and organisational measures. However, most of GDPR business documents and practices cannot be implemented in a Russian office of a multinational company as they are. First, there are important differences in terminology. According to the GDPR, the controller determines the processing purposes and means when the processor conducts the processing on behalf of the controller. Under the Russian Personal Data Law No. 152-FZ dated 27 July 2006 (PDL), the controller's and processor's roles are embraced by so-called data operator. In simple terms, the data operator is an entity or a person dealing with personal data and, therefore, fully responsible for the data protection and security. » page 2

As explained by Roscomnadzor, subsidiaries, representative offices and branches of non-Russian companies (jointly, the Russian Offices), are the data operators if they process personal data within the Russian borders. Article 6(3) of the PDL states that the data operator may assign the processing to 'a third party' (the term processor is not in official use). The 'third party' (processor) must process the data according to the assignment, but it does not act on behalf of the data operator.

Second, the PDL does not set forth any concept similar to the GDPR's group of undertakings. As a result, the affiliated entities cannot perform intragroup data transfers based on the controller's legitimate interests by analogy with Recital 48 of the GDPR. Roscomnadzor does not review or approve binding corporate rules at the request of the data operators.

Third, the Russian laws require that the data subject's consent be documented as a written declaration in certain cases (e.g. disclosure of Russian employees' data to a third party by their employer). The PDL provides for a number of mandatory clauses to be specified in this declaration and, therefore, the form prepared under the GDPR may not work in Russia. In addition, there are differences in requirements on informing data subjects and giving access to personal data.

The most practical solution is to sign two interrelated sets of contractual documents according to the European and Russian rules, simultaneously

Fourth, all Russian Offices must necessarily appoint a data protection officer. Article 37 of the GDPR prescribes to do so only in a limited number of cases.

The GDPR provides considerable fines for non-compliance with its requirements, which, however, are incomparably higher than those applied in Russia. Since the Russian laws are unclear on how to treat longstanding illegal practices (e.g. the use of an incorrect consent declaration multiple times), there is a risk of imposing separate administrative fines in each case where similar offences take place. Data breaches may also result in on-site inspections of the Russian Offices by Roscomnadzor. Hence, international companies should take legal risks arising from the PDL into account while planning Russia-related business endeavors.

How Does GDPR Apply in Russia?

The collisions between the GDPR and the PDL often come into play at least in the following situations:

1. Business Unit in Russia. The GDPR applies to data processing in the context of the activities of an EU establishment, regardless of whether the processing itself takes place within the EU (Recital 22). Simply stated, a Russian Office may be required to process data in line with the GDPR while working with the EU-based head office on a joint project. This is often the case for IT, R&D, marketing, pharma and many other businesses. In addition, the GDPR applies to the Russian Offices if their actions fall under the territorial scope clause (Art. 3), including offering goods or services and monitoring behaviour of data subjects in the EU. The solution is to approve GDPR-compliant corporate policies binding on all offices worldwide, including Russia. Many companies implement the policies simply by emailing them to the Russian staff. According to the Russian Labour Code and case law, a policy can be enforced against employees only if it is: (i) translated into Russian or bilingual; (ii) officially approved by the Russian Office's authorized body (usually, the CEO of a subsidiary or the Head of a branch / representative office); and (iii) made familiar to the employees and this is confirmed with their signatures. In most cases, the GDPR corporate policies cannot be used for demonstrating compliance with the PDL by default. In order to prevent possible collisions, they should be supplemented with local policies drafted under the PDL and applicable only in Russia.

The local policies should cover issues not regulated by the GDPR or contradicting to Russian law, such as paperwork and security measures relating to the manual data processing.

2. Cross-border Transfers. Companies often transfer data from the EU to the Russian Offices and business partners. Since Russia has not been short-listed as a country offering an adequate level of data protection, such cross-border transfers are usually documented with the following agreements:

– Personal data processing agreement (Art.28(3) of the GDPR) under which a Russian Office acts as a data processor; and

– EU Commission standard contractual clauses for the transfer of personal data to processors established in third countries.

These agreements should be revised from the Russian law perspective as they may contradict the PDL in terms of the processing purposes description, data security requirements and some other provisions. The PDL stipulates a list of mandatory clauses for the data processing agreements. The most practical solution is to sign two interrelated sets of contractual documents according to the European and Russian rules, simultaneously.

What to do?

The Russian Office of an EU or multinational company should: (i) localize Russian versions of the global policies with consideration of the PDL requirements; (ii) check that the global policies are binding on employees under Russian law; and (iii) ensure that the global policies are supplemented with local Russian documents where prescribed by the PDL. In case of a cross-border transfer, be ready to negotiate the contractual terms and sign a Russian agreement in addition to the GDPR agreements. These measures should help to mitigate legal risks arising from the PDL and keep the data processing in Russia under control, on the one side, and stay complaint with the GDPR, on the other side.

The GDPR provides considerable fines for non-compliance with its requirements, which, however, are incomparably higher than those applied in Russia

Successful defence of utility model patent

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PSS Corporation (PPMTS Permsnabsbyt, JSC), Gorodissky client, has been carrying out research, design, full production cycle, supply and installation of electrochemical corrosion protection equipment since 1999. Corrosion destruction of downhole equipment is a serious problem for the oil industry, causing inconvenience in work and large financial losses. In this connection, PSS Corporation developed and patented a new technical solution (RU patent for utility model No. 137329), designed to protect expensive oil submersible equipment – electric submersible pumps and motors (ESP systems) in environments with a high content of carbon dioxide and hydrogen sulfide, where corrosion is particularly intense.

In 2016, PSS Corporation became aware that Geopromyslovye Novatsii Ltd., Tyumen (Geopron Ltd.), offers for sale and sells products with illegal use of the patented utility model to oil and gas companies. It also was found that RPA RosAnticor Ltd., Chelyabinsk, manufactures these goods.

A check purchase of the disputed products was carried out. Then Gorodissky and Partners specialists provided patent and technical analysis and made opinions on the existence the fact of the patent infringement. The infringers refused to stop illegal use of the patent and PSS Corporation instructed Gorodissky and Partners (Kazan) lawyers to file a lawsuit.

The lawsuit for prohibiting Geopron and RosAntikor from using the utility model, recovering compensation and publishing a court decision (case A70-2219/2017) was filed. During the consideration in the court of the first instance, the defendants denied the use of the utility model in their products, demanded the conduct of an independent patent-technical examination, and submitted nominations of experts. However, we identified circumstances that cast doubt on the impartiality of these experts, and all of them were excluded. As a result, the court ordered to examine the patent and disputed products with their drawings and technical specifications to the commission of two experts (one of them was proposed by Gorodissky, another one – selected by the court). Based on the results of the analysis, the expert commission made a conclusion about the presence of all the features of the independent claim of the patent in the disputed objects.

Attempts by the opponents to challenge the results of the independent patent-technical examination were completely broken, and in this connection, the defendants changed their strategy and filed a countersuit against PSS Corporation for recognizing the right of prior use for a technical solution, identical to the patented one.

However, taking into account our arguments, the filing of the countersuit 9 months after the start of the trial was qualified by the court as an abuse of rights. In this connection, the court refused to consider the countersuit.

During the case, we provided the court with information about the period of the infringement, the scheme of cooperation of the infringers, the volumes of production, the profitability of products; and we calculated the probable damages. The amount of compensation, jointly demanded from the infringers, amounted to 2,000,000 rubles (over $ 30,000). Defendants' arguments about overstating the amount of compensation were rejected, and the court awarded our demands in full. Court of appeal and then IP Court left the decisions in force.

> In both cases it was established that there were no grounds for revocation the patent

It also should be noted that, in parallel with the consideration of the case A70-2219/2017 by the commercial courts, Geopron twice initiated patent invalidation proceedings with the Russian PTO. However, in both cases it was established that there were no grounds for revocation the patent.

Thus, due to the comprehensive and thorough work of Gorodissky and Partners lawyers and patent attorneys, PSS Corporation has succeeded in prohibiting the illegal use of the utility model patent by competing companies, received fair monetary compensation, and reflected competitors' unreasonable attempts to invalidate the patent.

QUARTERLY REVIEW OF NEWS IN LEGISLATION, COURT PRACTICE, AND ROSPATENT PRACTICE RELATED TO INTELLECTUAL PROPERTY

(April to June 2018)

1. Legislation

Resale royalty rights are extended

On June 1, 2018, the amendments to Article 1293 of Part Four of the Civil Code of Russia introduced by Federal Law No. 381-FZ dated December 05, 2017, entered into force.

The said law extended the work authors' rights to gain royalties from a seller at each resale of an author's original work. In accordance with the new version of Article 1293 of the Civil Code, the author shall be entitled to royalties at each resale of the original work of visual art, in which a legal entity or an individual entrepreneur participated as a seller or a buyer, but not just as an intermediary, as was established by the previous version of the law.

2. Draft Laws

Digital rights and new definition of a database

On May 22, 2018, the State Duma passed at the first reading draft law No. 424632-7 on the amendments to the Civil Code of Russia tabled by a number of deputies. The main content of this draft law is introduction of the "digital rights" definition in civil-law transactions (in particular, it relates to so called "bitcoins", etc.).

One more objective of this draft law is described in the memorandum as follows:

"In order to resolve the issue on legalization of collection and processing of significant volumes of depersonalized information ("big data" in daily use), a framework information services agreement is introduced (new Article 7831 of the Civil Code) and a database definition is extended (paragraph two of clause 2 of Article 1260 of the Civil Code is adjusted). New Article 7831 in the Civil Code envisages the agreement name being the information services agreement and sets out that an agreement may provide for an obligation of one or both parties not to take any actions, which may result in disclosure to any third parties, during a certain period.

Currently, Article 1260 of the Civil Code defines a database as a "set of materials". The draft proposes to replace it with a more common one: a "set of data or information". Such decision will allow the use of the agreements provided for in Part Four of the Civil Code in relation to a wider range of such items.

3. Trade Marks

3.1. Court Practice

Trade mark may not be owned by several persons.

On June 26, 2018, the Supreme Court considered the issue whether it is allowed to jointly own the trade mark.

Considering the dispute between Conde Nast CJSC and Synergy Capital LLC on termination of registration of VOGUE trade marks with regard to a portion of goods due to non-use of the marks, the Intellectual Property Rights Court (IPRC) approved an amicable agreement between the parties providing for joint ownership of trade marks of Russia Nos. 295229 and 433377. However, Rospatent (the patent office) refused to register alienation of 50% of the exclusive rights to the trade marks. In this case, Rospatent proceeded on the basis that such registration contradicts the current legislation and the substance of an exclusive right to a trade mark.

The court of first instance and the court of appeal supported Rospatent.

However, the IPRC, to which a cassation appeal was filed, took the side of the applicants, having referred to the fact that the provisions of the international treaties, to which the Russian Federation is a party (in particular, the Paris Convention for the Protection of Industrial Property and the Singapore Treaty on the Law of Trademarks), provide for possible joint ownership of an exclusive right to a trade mark.

Rospatent filed a cassation appeal to the Supreme Court against that decision rendered by the IPRC. The Judicial Chamber on Economic Disputes of the Supreme Court considered the Rospatent's cassation appeal and acknowledged it to be reasonable.

The judgment noted that a trade mark is a designation serving to individualize the goods of legal entities or individual entrepreneurs. Based on the provisions of Clause 2 of Article 1233 and clause 1 of Article 1477 of the Civil Code alienation of an exclusive right to a trade mark to more than one person contradicts the substance of the exclusive right to a trade mark to individualize (i.e. to distinguish from each other) the goods (services) of legal entities or individual entrepreneurs. In addition, the judgment of the Supreme Court notes that the provisions of civil legislation on ownership right and other rights in rem do not apply to intellectual property (Section II of the Civil Code). Thus, the Supreme Court agreed with the conclusions of the court of first instance and the court of appeal that the provisions on shared ownership (Chapter 16 of the Civil Code) cannot apply to the intellectual property rights in principle, since relations in intellectual property are governed by special provisions of Part IV of the Civil Code.

The Supreme Court stated that it is necessary to take into account the provisions of international treaties of the Russian Federation (the Paris Convention for the Protection of Industrial Property and the Singapore Treaty on the Law of Trademarks) providing for possible joint ownership of an exclusive right to a trade mark as unreasonable.

In the opinion of the Supreme Court, these international treaties do not oblige the countries to provide protection to trade marks in the name of several persons at the same time and leave regulation of this issue to the national legislation.

As a result, the Supreme Court cancelled the resolution of the Intellectual Property Rights Court and upheld the decisions of the court of first instance and the court of appeal. By doing so, the Supreme Court agreed with the Rospatent's

position that no joint ownership of an exclusive right to a trade mark is allowed.

The IPRC received a survey in evidence

In case No. SIP-163/2017, the Intellectual Property Rights Court considered that the results of a survey of the consumers of the products relating to alcoholic products and energetic tonic beverages are relevant, allowable, and reliable evidence.
The court also stated that the Right Holder of a trade mark, against which an opposition was filed, cannot be deprived of the right to produce any arguments and evidence in court, when considering the case on the check whether a disputed non-regulatory legal act is legal, including those arguments and evidence that were not subject to consideration by Rospatent.

Similar position was given in the resolution of the Presidium of the Intellectual Property Rights Court dated December 22, 2017, on case No. SIP-694/2016.

When deciding on acknowledgement of a trade mark as well-known, Rospatent cannot insist on providing any special criteria

O'KEY LLC tried to register its Russian trade mark No. 265651 as well-known, but Rospatent refused to register it, referring to the fact that the company's stores do not operate in all constituent entities of the Russian Federation, which evidences that the trade mark is not widely known.
The company applied to the Intellectual Property Rights Court to challenge this decision and to oblige Rospatent to register O'KEY designation as a well-known trade mark in Russia.

The IPRC came to the conclusion that placement of O'KEY chain stores in the most densely populated regions of the Russian Federation only does not evidence that the said designation is not widely known with regard to the service of class 35 according to the International Classification of Goods and Services named "services of retail stores of goods" in the Russian Federation.

The IPRC's Presidium stated that, pursuant to Clause 2.1 of the Explanatory Notes to the WIPO's Recommendation, a competent authority shall take into account any circumstances, based on which a conclusion that the trade mark is well-known may be made.

Based on clause 2.2 of the mentioned Explanatory Notes, a competent authority cannot insist on providing any special criteria. The court obliged Rospatent to reconsider the company's application for acknowledgement of a trade mark under certificate of Russia No. 265651 as well-known.

Registration of a trade mark similar to well-known designation with regard to the goods of other class according to the International Classification of Goods and Services creates a threat of confusing the consumer

Scale LLC registered trade mark No. 553581 with regard to the goods of class 25 according to the International Classification of Goods and Services, including "scale model of vehicles".

Pavlovo Bus Plant LLC applied to Rospatent filing an opposition against registration of that mark, where it indicated that it has been a manufacturer of PAZ buses since 1952, and PAZ abbreviation is a part of the abbreviated trade name of the plant and it is applied to its proprietary finished products.

In the Plant's opinion, registration of this trade mark contradicts clause 3 of Article 1483 of the Civil Code of Russia, since it is capable of passing off a consumer with regard to the goods or their manufacturer and contradicts the public interests. However, Rospatent dismissed the opposition and the Plant applied to the Intellectual Property Rights Court.

The IPRC dismissed the application, however, the Presidium of the Intellectual Property Rights Court stated in its resolution dated March 26, 2018, on case No. SIP-499/2017 that, taking into account the reputation of the manufacturer of PAZ buses and that such designation is known, including among consumers of scale models of vehicles, the Company could not have been unaware of the economic benefits to be provided to it through registration of PAZ trade mark as to the goods being "scale models of vehicles".

However, the Company had no legal grounds to count on gaining such benefits in good faith, since it did not relate to the creation and development of the relevant mark's reputation.

In this regard, the case was sent to the IPRC for reconsideration to check the Plant's argument that the registration of the disputed trade mark similar to the well-known designation with regard to the goods of another class according to the International Classification of Goods and Services may be aimed at gaining unreasonable benefits due to the use of the existing reputation of the popular brand and creates a threat of passing off a consumer with regard to the goods or their manufacturer.

Similarity of trade names as such does not confuse a consumer

Belaz OJSC, management company of BELAZ-HOLDING, filed a claim to the Intellectual Property Rights Court against BELAZ-CENTRE CJSC. From the claimant's perspective, the defendant carries out similar activities under the confusingly similar trade name, which, from the claimant's perspective, constitutes an infringement of its exclusive right and passes off a consumer (while these two companies are not related at all).

The IPRC stated in its Resolution dated February 14, 2018, on case No. A40-40393/2017 that the compared trade names are confusingly similar, however, the word "BELAZ" itself being present in the claimant's and defendant's trade names does not evidence that it is possible to confuse these legal entities and pass off a consumer.

Also, it is necessary to prove that the claimant and the defendant at least carry out similar business activities, which was not done by the claimant.

3.2 Rospatent's Practice

The slogan not being a simple name of services is fanciful

The expert review panel refused to grant legal protection in Russia to "YOU DESIGN. WE DELIVER" mark under international registration No. 1284758, since it considered that it has no distinctiveness as it indicates the type of services of class 35 according to the International Classification of Goods and Services, with regard to which legal protection is claimed.

The Rospatent's Chamber of Patent Disputes did not agree with such opinion and, acknowledging the possibility to register, briefly noted that none of the sentences in this slogan indicates the type of any services of Class 35 according to the International Classification of Goods and Services, including the services in promotion and sale of goods of Class 09 according to the International Classification of Goods and Services.

Thus, the said designation with regard to these services is fanciful and it may be granted legal protection in the Russian Federation.

The word combination "KOSMICHESKOE PITANIE" (SPACE FEEDING) relates to non-protectable elements of a combined designation, since it directly indicates the type and purpose of the goods, with regard to which trade mark registration is claimed

Rospatent decided to register a trade mark under application No. 2016728048 dated August 02, 2016, with regard to the goods of classes 29, 30, and 32 according to the International Classification of Goods and Services, specified in the application list, excluding from protection the word combination "KOSMICHESKOE PITANIE" placed on the background of a stylized picture of a rocket lane and a starry arch with stellar constellations.

The applicant did not agree with the Rospatent's decision, since, in its opinion, there is no such product like "space feeding", for which reason the claimed designation is fanciful and has individual legal protection.

The panel of the Chamber for Patent Disputes dismissed these objections and noted, in particular, that the word elements "KOSMICHESKOE PITANIE" directly indicate the type and purpose of goods of classes 29, 30, and 32 according to the International Classification of Goods and Services, with regard to which trade mark registration is claimed, since the goods themselves relate to food products. At the same time, the meaning of this word combination is clear to an ordinary consumer without additional discussing and second guessing.

Rospatent cancelled the trade mark denoting compliance of school books with the federal educational standard

The "FGOS" logo denoting the compliance of school books with the federal state educational standard was created by Prosveshcheniye Publishing Company JSC under a state contract obtained through the Russian Academy of Education (RAE). After the logo had been developed, the publishing company registered it as trade mark No. 437734 in its own name and was placing that mark on the school books being published.

Then, the publishing company filed complaints against Ventana-Graf Publishing Centre LLC, which issued more than 500 items of school books and training manuals, having placed the picture confusingly similar to the trade mark of Prosveshcheniye Publishing Company on the book covers; the claim amounted to 3.7 bln Russian roubles (decision of the Commercial Court of Moscow dated May 18, 2018, on case No. A40-253357/2017). Ventana-Graf filed an appeal against such decision, which is planned to be considered on August 7, 2018.

Ventana-Graf LLC, in its turn, applied to the panel of the Rospatent's Chamber for Patent Disputes and managed to convince it that the designation registered as trade mark No. 473734 in principle should not be protected as a trade mark, referring to the fact that placement of the "FGOS" mark on the school book copies evidences the compliance with the standard and is not a means of individualization capable of influencing the consumer's choice.

The Rospatent's decision dated June 9, 2018, rendered based on the opinion of the panel of the Chamber affirms that graphical designation with the "FGOS" abbreviation and its meaning being "Federal State Educational Standard" was positioned, including before the priority date of the disputed trade mark, not as a means of individualization, but as a designation of compliance of the products with the educational standard of national standing on the federal level, and was used before the priority date of the trade mark by various persons, including the appellant and the right holder of the trade mark.

Thus, based on the materials submitted to the Chamber, the panel of the Chamber found that the designations similar both visually and semantically to the disputed trade mark were used by various persons before its priority date.

That is why graphical element of the trade mark under certificate No. 473734 together with non-protectable element "FGOS" in general have no distinctiveness and cannot fulfil the individualizing function of the trade mark with regard to the goods of classes 09 and 16 and the homogeneous services of classes 35 and 41 according to the International Classification of Goods and Services, relating or incidental to the educational process.

On this basis, Rospatent cancelled the protection of the trade mark as non-compliant with subclause 2 of clause 2 of Article 1483 of the Civil Code of Russia.

4. Patents

4.1. Rospatent's Practice

Rospatent refused to register a label indicating a certain geographical area as an industrial design

Rospatent refused to issue a patent for industrial design "Label Picture" in the name of LEXBERRY EXPERTS LLP, Great Britain, under application No. 2016501986/49 reasoning that the claimed solution is capable of passing off an item's consumer with regard to the manufacturer or place of manufacture of the goods, for which the item serves as a container, package or label.

The claimed label picture includes font writing "Metekhi", stylized picture of Metekhi (historic neighbourhood of Tbilisi) and font elements in the Georgian language. As a result, the goods, for which marking this label is intended, will be associated in the consumer's mind with the manufacture in Georgia.

However, the applicant under this application is the company located not in Georgia, but in Great Britain, whereupon the consumer of such goods may be passed off by this label picture with regard to the place of manufacture of the goods.

The applicant challenged the refusal to register in the Rospatent's Chamber for Patent Disputes.

For this purpose, it submitted the documents evidencing that it has an agreement, pursuant to which the company located in Georgia (Kindzmarauli Marani LLC) is obliged to manufacture, bottle, and supply wines to the applicant, and to mark the above goods with labels, which design is provided by the applicant.

The Chamber for Patent Disputes did not take into account these documents, having stated that it does not follow from these documents that it is the claimed label which would be used for the supplied wines.

In addition, the opinion of the Chamber for Patent Disputes states that the agreement with Kindzmarauli Marani LLC, provided by the applicant, relates to only one type of the goods, namely bottled wine, but the area of possible use of the claimed label is not limited to wine and homogeneous goods only. So, such label may be used by the applicant on the market to mark any other products (for example, non-alcoholic beverages, dairy products, cheese, any non-food products, etc.) making a consumer associate it with the place of manufacture of these products in Georgia.

As a result, the Chamber dismissed the applicant's objection in its opinion dated April 13, 2018, and upheld the decision to refuse to register and issue a patent for an industrial design rendered under the application.

5. Copyright

Use of the font, the rights to which are vested in any third parties, on the goods' package without obtaining an authorization to use such font may result in prohibition of the goods storage and sale

The Taumfel font imitating handwriting was registered as a copyright item in the form of a computer program (certificate of state registration of computer program No. 2016662437). The right holder of the font – N. Yu. Sirotkin, having found the tea on sale in the Auchan store in the package made using the Taumfel font turned to the court claiming to prohibit Auchan LLC to store, transport, offer for sale, sell, or ship the infringing tea being "Azercay 25 enveloped tea bags" and "Azercay Premium" made using the Taumfel font and to charge from the infringer a compensation amounting to 310,000 Russian roubles.

The court of first instance and the court of appeal partly satisfied the claimant's claims, having charged 150,000 Russian roubles from the defendant, but dismissed his claim to prohibit, having considered it abstract, since it is not described with a reference to certain goods.

Not having agreed with the decrease in the compensation and with the dismissal of the claim to prohibit, the claimant filed a cassation appeal to the Intellectual Property Rights Court (IPRC). In its resolution dated March 16, 2018, on case No. A41-69364/2016, the Intellectual Property Rights Court acknowledged that the decrease in the compensation was lawful, but did not agree with the opinion of the inferior courts that the claim to prohibit was abstract and satisfied such claim. In this case, the IPRC noted that the claimant proved his actual ownership of the copyright to the disputed font and its actual use by the defendant without the author's authorization, and the defendant did not provide to the case files any information on its ceasing to infringe the entrepreneur's copyright. Thus, taking into consideration that the courts established the actual distribution by Auchan of certain goods being "Azercay 25 enveloped tea bags" and "Azercay Premium" made using the Taumfel font, the Intellectual Property Rights Court came to the conclusion that

the courts illegally dismissed the claimant's claim to prohibit Auchan to store, transport, offer for sale, sell, or ship the infringing tea being "Azercay 25 enveloped tea bags" and "Azercay Premium" made using the Taumfel font, since, in the case under consideration, the defendant was acknowledged to be the infringer of the copyright, and in such case it results in bringing such infringer to the civil liability in accordance with the legislation of the Russian Federation, therefore, this circumstance, apart from the compensation paid for the infringement of the said right, does not relieve the defendant from the obligation to cease to infringe the intellectual property rights and does not exclude application of any other statutory measures to such infringer, including the prohibition provided for in sub-clause 2 of clause 1 of Article 1252 of the Civil Code of Russia.

The IPRC rendered a new decision on the case, having reversed the decision of the inferior courts as to the refusal to impose a prohibition, and prohibited AUCHAN LLC to store, transport, offer for sale, sell, or ship the infringing tea being "Azercay 25 enveloped tea bags" and "Azercay Premium" made using the Taumfel font.

Licence to the copyright items does not relieve from infringement of the rights to the trade marks

The copyright items and a means of individualization of the goods are different intellectual property items and respect of the exclusive copyright to an audio-visual work is not a circumstance relieving the company from the obligation to respect the entrepreneur's rights to the trade mark.

The Perm Customs suspended import of children's snow racers bearing the writing "Nu, Pogodi!" (Well, Just You Wait!) and pictures of the characters from the same-name cartoon made by the Soyuzmultfilm studio. In the customs' opinion, the images used on the snow racers are confusingly similar to trade mark No. 339264 registered in the Customs Intellectual Property Register (CIPR) and owned by individual entrepreneur O. V. Sokhatskiy.

The snow racer manufacturer objected to the suspension of the goods and noted that it entered into a licence agreement with the Soyuzmultfilm studio for use of the characters' images. The importer did not seek to obtain a licence for the above trade mark, since, in its opinion, the existence of the licence agreement with the studio is sufficient to use the pictures of the characters from the "Nu, Pogodi!" cartoon. Moreover, the manufacturer believes that the pictures used on its goods do not function as a trade mark, but they are a means to decorate the items.

However, the courts, including the Intellectual Property Rights Court, decided differently and, as a result, the manufacturer was brought to administrative liability under Article 14.10 of the Administrative Offences Code of Russia (illegal use of the means of individualization). In particular, the IPRC noted in its resolution dated April 2, 2018, on case No. A50-27536/2017 that legal use of the copyright items on the goods does not exclude an infringement of the exclusive right to the trade mark being an individual subject to legal protection. The importer's argument on non-protectability of such trade mark infringing, in its opinion, the exclusive copyright of the Soyuzmultfilm studio was also dismissed. The court stated that the entrepreneur's trade mark was registered according to the statutory procedure and the dispute on its non-protectability cannot be considered within the administrative offence case.

The Russian Union of Rightholders could not prove that laptops contain any audio recording and video recording devices and use any magnetic, optical, or semiconductor media

Pursuant to Article 1245 of the Civil Code, the manufacturers and the importers of the equipment and tangible media listed in a special list (the List of Equipment is approved by Decree of the Russian Government No. 829 dated October 14, 2010) are obliged to pay a fee for possible free playback of phonograms and audio-visual works on such equipment for personal advantage. The fee amount depends on the equipment cost (1% of the equipment or tangible media cost), and the fee is collected by Russian Union of Rightholders LLC. Such fee is binding and does not depend on whether there is an agreement with RUR (Russian Union of Rightholders) or not.

The RUR filed a claim to the court against Resource Media LLC, which imported laptops to Russia, but did not pay any fees for free playback of phonograms and audio-visual works.

The court of first instance and the court of appeal dismissed the RUR's stated claims, having stated that the claimant did not prove that the equipment and tangible media (laptops) listed by it in the annexes to the statement of claim contain any audio recording or video recording devices and use any magnetic, optical, or semiconductor media. As to the documents (written information on the equipment and tangible media) provided by the claimant, the courts concluded that these documents do not allow them to determine the source of the information provided. Moreover, the claimant's statement that this information had been submitted by the customs authority was recognized by the courts as not confirmed. On this basis, the court of first instance concluded that the claimant did not prove the fact that the laptops fall within the relevant commodity classification code in the Foreign Economic Activity Commodity Classification (TN VED) contained in the List of Equipment.

Having considered the cassation appeal filed by the RUR, the Intellectual Property Rights Court did not find any reason to reverse or amend the decisions of the court of first instance and the court of appeal and dismissed the cassation appeal in its resolution dated March 21, 2018, on case No. A41-45973/2017.

News (conferences, seminars, news)

19-22.09.2018 // BALI

Photo: the Russian delegation

Gorodissky & Partners again became the organizer of the Russian delegation's participation in the 5th International Young Inventors Award, organized by the Indonesian Invention and Innovation Promotion Association (INNOPA).

The Russian delegation won 12 gold and 5 silver medals.

The team's successful participation in the Exhibition showed their high level of creativity and technical skills. More than 300 students from 20 countries of the world took part in the competition for the best invention. The inventions and innovative solutions presented by our team attracted the attention of the guests and participants and were highly evaluated by an international jury. Maria Yaushkina, the exhibition gold medalist, also received one of the top 10 Best Awards in the nomination The Best Impact Award. Alexander Dudkov from Nizhny Novgorod Children's River Shipping Company with the project "The Sail-Wing" (energy efficient robotic unmanned ship with navigation system for long distance monitoring) got Semi Grand Prize with money reward, what was the Russian team's top success.

19-20.09.2018 // MOSCOW

Natalia Nikolaeva, Partner, Trademark Attorney, Lead Lawyer (Gorodissky & Partners, Novosibirsk), FICPI Russia spoke on "Legal approaches of courts on disputes in respect to means of individualization with geographical elements" at the round table "Means of Individualization of Goods with Geographical Elements", organized by the Russian FICPI Group in the frames of the XXII International Conference of the Russian PTO "The Role of Intellectual Property in Breakthrough Scientific and Technological Development of the Society ".

Lubov Kiriy – Deputy Director General of Rospatent and Alexander Christophoroff - Advocate, Patent Attorney, FICPI Russia moderated the round table. During two days of the Conference seminars, roundtables and discussions took place, where actual issues of intellectual property ewere discussed.

The exhibition "Shukhov's Engineer Genius and the Modern Era" and exposition dedicated to the 135th anniversary of the Paris Convention for the protection of industrial property also took place during the Conference.

20.09.2018// ST. PETERSBURG

Ilya Goryachev, Senior Lawyer (Gorodissky & Partners, Moscow), spoke on "The telemedicine legislation under a microscope: Practice. Apps Development: Answers to Questions" in the frames of the discussion panel "E-health: a single space for effective health" on the Annual Forum "Medical and Pharmaceutical Business", organized by the daily business newspaper "Vedomosti".

The forum included a general plenary session with actual issues in the pharmaceutical and medical business, as well as

Photo: Ilya Goryachev

a discussion on telemedicine, and brought together the heads of regional authorities, major pharmaceutical companies, research and innovative business incubators, distribution companies and pharmacy chains, heads of the largest public and private

medical institutions of Russia, representatives of banks and investment funds that finance the health care industry, insurance companies, industry and business media.

30.07.2018 // PERM

Daria Yosef, Regional Director, Tatiana Filimonova, Lawyer (both from Gorodissky & Partners, Perm), took part as experts at the Strategic Session on the development of a "roadmap" for improving the investment climate in the Perm Kray.
Within the frames of the session, the effectiveness of institutions of business protection, the quality of information support for investors and business, the improvement of control and supervision activities were discussed.

28.06.2018 // NEW YORK

Yury Kuznetsov, Partner, Russian & Eurasian Patent Attorney, Head of Patent Practice (Gorodissky & Partners, Moscow), Viacheslav Rybchak, Partner, Trademark & Design Attorney and Ilya Goryachev, Senior Lawyer, (all from Gorodissky & Partners, Moscow), took part in The International Legal Alliance Summit & Awards, held in New York, USA.
Within the frame of the event Yury Kuznetsov organized a Panel "Outside Counsels' Look at Collaboration with In-houses", where he acted as a moderator and a speaker.
During the Summit, the best law firms and departments were rewarded, where Gorodissky & Partners was awarded for special distinction as "The Best European IP Firm 2018".
The Summit gathered over 450 participants, including representatives of business, leading law firms and public authorities from 40 countries.

23.06.2018 // MOSCOW

Sergey Medvedev, PhD, LLM, Senior Lawyer (Gorodissky & Partners, Moscow) gave within Gorodissky IP School project a lecture on "Protection of A Brand as An IP Asset" at the advanced marketing studies program "Master in Marketing" organized for marketing specialists at the Higher School of Marketing and Business Development of the Higher School of Economics (HSE).
The lecture highlighted legal and practical aspects of trademark registration, trademark use and non-use issues, peculiarities of disposal of trademark rights, main aspects on enforcement against counterfeiting, parallel imports as well as unfair competition. Sergey also outlined the main difference in legal protection related to trade marks and trade names and described certain problems of trade dress protection and business reputation of the company.

22.06.2018 // KAZAN

Ramzan Khusainov, Lawyer, Trademark Attorney (Gorodissky & Partners, Kazan) took part in a meeting, organized by the Representative on the protection of entrepreneurs' rights under the President of the Republic of Tatarstan. The meeting was devoted to issues of legal compliance in the field of intellectual property by entrepreneurs. The rules of work were discussed within the framework of legislation on intellectual property, issues of prosecution for violation of exclusive rights to trademarks and copyright objects, as well as issues of recovery of damages and compensations.

21.06.2018 // ST.PETERSBURG

Viktor Stankovsky, Partner, Russian & Eurasian Patent Attorney, Regional Director and Yaroslava Gorbunova, Senior Lawyer, Trademark Attorney (both Gorodissky & Partners, St. Petersburg), made presentations at the Practical Legal Conference "Intellectual Property Law / Intellectual Property" organized by the Delovoy Peterburg newspaper in cooperation with the Northwestern center of corporate education RZD-Leader.
The conference gathered representatives of more than 100 companies, including telecommunications operators, operators of big databases, including representatives of social networks, banks, messengers and multi-user applications, telecommunications companies, organizations managing copyright and related rights, owners of patents for inventions, utility models and trademarks, venture funds and business incubators, IT-developers, pharmaceutical holdings, research institutes and design bureaus.

20.06.2018 // MOSCOW

Olga Yashina, Lawyer, (Gorodissky & Partners, Moscow), spoke within the Intellectual Property Committee Meeting on "Features of anti-counterfeiting when importing goods and on the domestic market", organized by the Franco-Russian Chamber of Commerce and Industry. The meeting participants discussed tendencies of enforcement and protection of intellectual property, exchanged experience in reducing the turnover of counterfeit products in Russia, and discussed law enforcement practice in this area.

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