

## IN THIS ISSUE:

PARALLEL IMPORT IN RUSSIA, page\_1

NEW PARTNERS, page\_4

QUARTERLY LEGAL REVIEW, page\_5

FIRM'S NEWS, page\_16

# GORODISSKY

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# G-NEWS

GORODISSKY & PARTNERS  
PATENT AND TRADEMARK  
ATTORNEYS IP LAWYERS  
INFORMATION BULLETIN

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## PARALLEL IMPORT IN RUSSIA

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It has been a year since the Constitutional Court delivered Resolution No. 8-II dated February 13, 2018 On the Case Related to Constitutionality of Clause 4 of Article 1252, Article 1487, and clauses 1, 2, and 4 of Article 1515 of the Civil Code of Russia Due to the Complaint Filed by PAG LLC (hereinafter referred to as “Resolution No. 8-II”), which became ground-breaking in parallel import.

As a reminder, case No. A21-7328/2014 upon a claim filed by Sony Corp. (Japan) against PAG (Russia) for infringement of its exclusive rights to the SONY trade mark when importing goods

to Russia was considered by all court instances. The claims of Sony Corp. to prohibit import, seize, destroy the goods and to charge a compensation were basically satisfied by courts. But PAG turned to the Constitutional Court asking whether the provisions of the articles of the Civil Code quoted above and applied to this case complied with the Constitution.

In Resolution No. 8-II, the Constitutional Court recognized the applied provisions of the Civil Code of Russia as constitutional and confirmed that, according to the regional principle of exhaustion of rights effective in the Eurasian Economic Union, parallel import is prohibited in Russia. In addition, the Constitutional Court explained how means of protection of the exclusive rights in parallel import should be applied.

The court stated that, in order to maintain the balance of interests between the parties, different penalties should apply to importers of original and counterfeit goods. In particular, the compensation for importing the original goods to be awarded to the right holder should be less than the same for importing the counterfeit goods. In addition, the Constitutional Court ruled out the possibility to destroy the original goods, except for inadequate quality of the imported goods or in order to ensure safety, life of the people and their health, protection of the environment and items of cultural value.

Besides, the Constitutional Court held that, since the requirement to act in good faith and not to abuse the rights as set forth by the Constitution concerns all parties, the courts may dismiss the right holder's claim in full or in part if they find that the right holder acts in bad faith: i.e. parallel import may be prohibited if it poses a threat to life and health of the people, or to any other public interests, or if the products are unreasonably overpriced.

Relying upon Resolution No. 8-II, PAG filed with the first instance court a petition for review » [page 2](#)

of the original decision based on new facts. Having reviewed the case, the court delivered a new decision: prohibited to import the consignment of goods declared by PAG and, referring to Resolution No. 8-II, seized and destroyed those goods. The court stated that Sony Corp. had produced evidence of the inadequate quality of the goods: expiration of their shelf

## Constitutional Court explained how means of protection of the exclusive rights in parallel import should be applied

life as well as absence in the files of the case of any evidence that the importer had observed the appropriate storage conditions of the goods. The court also satisfied the claim for compensation for infringement of the exclusive rights owned by Sony Corp., but, following the explanations of the Constitutional Court and taking into account the fact that previously PAG had no such infringements, decreased the compensation from 100,000 down to 10,000 Russian roubles. It should be noted that the court considered also PAG's argument on the claimant's bad faith, but stated that the fact of filing a claim to protect the rights itself could not be deemed as the right holder's misbehaviour (further the courts provided similar arguments in response to the defendants' arguments on the claimants' bad faith not supported with any evidence). On February 6, 2019, the court of appeal confirmed that PAG infringed the exclusive rights held by Sony Corp. and charged 10,000 Russian roubles from the defendant as a compensation.

The explanations given in Resolution No. 8-II, specifically those relating to seizure and destruction of illegal goods and amount of the compensation awarded to the right holders, are embodied in the court practice on cases relating to parallel import.

After Resolution No. 8-II has been delivered, the courts, when considering a claim for seizure and destruction of illegal goods, resolve an issue whether there are any grounds to satisfy such claim: inadequate quality of imported goods, the need to ensure safety, people's life and health protection, protection of the environment and items of cultural value. However, tak-

ing into account that the duty to prove the facts of the case is imposed on the party that refers to such facts in support of his/her/its claims, the fact that there is one or more above-mentioned grounds, which are pointed out by the Constitutional Court should be proved by the claimant claiming seizure and destruction of goods.

So, during new proceedings of case No. A40-98047/2016 upon a claim filed by Koninklijke Philips N.V. against ANK Trading House, the court of appeal imposed the burden of proving inadequate quality of the goods on the right holder and dismissed the claim for seizure and destruction of the disputed goods (PHILIPS diagnostic system). The court stated that the claimant had not proved that the quality of the goods was inadequate and at the same time had not denied its originality. The court also stated that the claimant's argument that there was no regular maintenance could not evidence low quality of the equipment, since it had not been operated yet.

In another case No. A40-215750/14 on import of car spare parts, the claimants managed to convince the court that it was necessary to seize and destroy spare parts imported by the defendant. The claimants submitted an expert opinion, where an expert found that the disputed

## The compensation for importing the original goods should be less than the same for importing the counterfeit goods

spare parts could not be safely used as intended. The expert stated that it was impossible to definitely conclude whether the spare parts had become unfit for use during their storage or had been unfit when imported, since the expert examination determined

## In some cases the courts do not impose the burden of proving the inadequate quality of the goods on the claimant

the condition of the spare parts only as at the time of the expert examina-

tion. The court of appeal upheld the decision of the court of first instance in that part which concerned seizing and destroying the goods as well as charging a compensation. It should be noted that the court did not decrease the compensation awarded by the court of first instance.

The Commercial Court of Moscow had a different opinion during proceedings on case No. A40-193572/2017 upon a claim filed by Diageo Ireland against Interbev. The court did not accept the claimant's arguments on the inadequate quality of the disputed goods (beer) due to expiration of their shelf life during the period the case was considered, basing its position on the fact that the quality of the goods should have been checked at the time of declaring them by the defendant. As a result, the court dismissed the claim to seize and destroy the goods. However, the court of appeal disagreed with such conclusion and, referring to Resolution No. 8-II, stated that the goods, which shelf life had expired, could not be recognized as being of good quality and should be seized and destroyed to ensure safety, people's life and health protection.

In some cases the courts do not impose the burden of proving the inadequate quality of the goods on the claimant.

Thus, the Commercial Court of Primorsky Region applied Resolution

No. 8-II and considered the issue of quality of the disputed goods in case No. A51-10443/2018 on import of the spare parts in an interesting way. The court imposed the burden of proving that the disputed goods had been legally purchased from the right holder or with its consent on the defendant and stated that the goods imported by the defendant could not be truly deemed as being of good quality due to the absence of the information on the origin of those goods and the absence of the certificates confirming quality and safety of the goods, for which reason they could threaten life and health of the Russian consumer in case of their entry to the market, further sale and operation. Satisfying the claimant's claims, the court concluded that it was necessary to de-

stroy the disputed goods. The parties did not appeal against the decision.

In the dispute between Volkswagen Aktiengesellschaft and the spare parts supplier (TMR Import), the IP Court reversed the judicial acts of the inferior courts and remanded the case for new proceedings to the court of first instance, stating that, in order to

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## The fact of filing a claim to protect the rights itself could not be deemed as the right holder's misbehaviour

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correctly resolve the claim for seizure and destruction, the court should find whether the trade marks had been legally used on the goods and, if yes, whether there were grounds for seizure and destruction of the original goods as provided for by Resolution No. 8-II (Case No. A41-55568/2017). The Commercial Court of Moscow Region, having considered the case, satisfied the claimants' claims for seizure and destruction of the goods, having deemed that the defendant had not proved the originality of the disputed goods, which had raised the court's doubts, since the documents previously submitted by the defendant to the files of the case gave reason to believe the contrary.

### LET US CONSIDER HOW THE COURTS APPLY THE EXPLANATIONS OF THE CONSTITUTIONAL COURT, WHEN SATISFYING THE CLAIM FOR CHARGING A COMPENSATION FOR ILLEGAL USE OF THE TRADE MARK

In Resolution No. 8-II, the Constitutional Court of Russia stated that a

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## Courts may dismiss the right holder's claim in full or in part if they find that the right holder acts in bad faith

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compensation for import of the original goods should be less than that for import of the counterfeit goods, and the IP Court regularly points out that the inferior courts should take into account the explanations of the Constitutional Court, when determining the amount of compensation. It should be noted that, even before the Resolution

No. 8-II had been delivered, the courts often decreased the compensation claimed by the claimants, which was primarily due to the fact that there were no accurate methods for its determination.

In some cases, when determining the compensation amount, the issue of allocating the burden of proof arises again. So, for example, in case No. A56-73772/16, the court of appeal, when checking compliance of the decision delivered by the court of first instance with the Resolution of the Constitutional Court No.

8-II as directed by the IP Court, did not find any grounds to decrease the compensation, explaining its position by the fact that the defendant had not proved that the trade mark had been legally used on the disputed goods.

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## In some cases the courts do not impose the burden of proving the inadequate quality of the goods on the claimant

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As at the date of this publication, the period for appealing against the resolution delivered by the court of appeal has not expired yet.

In the above-mentioned case No. A40-215750/14, the court of appeal did not decrease the compensation awarded by the court of first instance, stating that the conclusions of the court of first instance did not contradict Resolution No. 8-II, and the court lawfully satisfied the claim for charging the compensation requested by the claimants, taking into account

the finding of the fact that the defendant had distributed the goods and there was no bad faith in the claimant's actions.

In other cases, the courts, following the explanations of the Constitutional Court,

decreased the compensation requested by the right holders.

So, for example, delivering the decision dated January 31, 2019 on case A41-55012/2018, the Commercial Court of Moscow Region referred to the fact that the compensation charged for import of the original

goods could not be the same as the compensation for import of the sham products as well as to the fact that the defendant had committed the offence for the first time and it decreased the compensation from the double value of the goods, which had been already sold by the defendant, down to the one-time value. At the same time, the amount of the compensation awarded was calculated for each of two trade marks used on the goods.

In case No. A41-52309/2017, during the first round, the court decreased the compensation requested by the claimant ten times: from 500,000 down to 50,000 Russian roubles. The IP Rights Court remanded the case for new proceedings, stating that the courts had not taken into account the legal positions provided in Resolution No. 8-II. During new proceedings, the claimant specified its stated claims

and decreased the claimed compensation down to 50,000 Russian roubles. However, the court of first instance decreased the compensation again, down to the minimum (10,000 Russian roubles).

Taking into account the trend to decreasing the claimed compensation (and further proportionately allocating the legal expenses between the parties), the right holders now often specify the asserted claims and ask the court themselves to set the minimum compensation — 10,000 Russian roubles (cases Nos. A52-4078/2017, A40-45121/2017).

**THUS, IN GENERAL, THE COURTS CONSISTENTLY FOLLOW THE PARALLEL IMPORT PROHIBITION, WHICH CONSTITUTIONALITY WAS RECOGNIZED BY THE CONSTITUTIONAL COURT. HOWEVER, AT THE MOMENT THE EXPLANATIONS AS TO SEIZURE AND DESTRUCTION AS WELL AS CHARGE OF A COMPENSATION PROVIDED IN RESOLUTION NO. 8-II ARE DIFFERENTLY APPLIED BY THE COURTS DURING CONSIDERATION OF THE STATED CLAIMS.**

# NEW PARTNERS OF GORODISSKY & PARTNERS

## Andrey Bazhenov, Albert Ibragimov and Sergey Medvedev became new Partners with the Firm

29 JANUARY 2019



### ANDREY BAZHENOV, RUSSIAN PATENT ATTORNEY, EURASIAN PATENT ATTORNEY, CHIEF OF ELECTRONICS & PHYSICS DEPARTMENT

Andrey joined Gorodissky and Partners in 2001. Since 2015 he has headed Electronics and Physics Department. He counsels clients on patent strategies for the purposes of protection of unique technical solutions of companies in Russia, CIS, Europe, Asia, USA and Canada in the spheres of computers and aerospace, data processing systems, control systems, plasma coating, electric-powered machines and equipment, etc. He has a great experience in oppositions and appeals before the Russian and Eurasian Patent Offices. Andrey is a regular speaker at IP conferences and seminars, and also the author of a number of publications devoted to various patent law issues.

### ALBERT IBRAGIMOV, RUSSIAN PATENT ATTORNEY, EURASIAN PATENT ATTORNEY, REGIONAL DIRECTOR, GORODISSKY & PARTNERS, (KAZAN)

Albert joined Gorodissky & Partners in 2008 as a Regional Director of the Branch office in Kazan. Counsels clients on legal protection of inventions and utility models, patent invalidation, as well as technology transfers, licensing and IP management. Specializes in patenting geophysical inventions. Albert is awarded with the State Award of the Republic of Tatarstan in the field of science and technology. He is a Certified IP valuator, a Forensic examiner accredited at the Center of forensic examination under the Russian Ministry of Justice and an Official arbitrator with the Arbitration Energy Court. Albert was among who started the firm's project in the field of IP

education and studies – Gorodissky IP School. He is the author of number of publications and regular speaker at IP conferences and seminars. Member of Licensing Executives Society International (LESI).

### SERGEY MEDVEDEV, PH.D., LL.M., TRADEMARK & DESIGN ATTORNEY

Sergey joined Gorodissky & Partners in 2007 and specializes in different law-areas related to intellectual property (IP), technology, media and telecommunications (TMT), as well as commercial law. Sergey advises clients on legal aspects associated with IP and IT, software development and distribution, Internet and e-commerce, licensing and outsourcing, digital law. He is very experienced in handling various transactions involving intangible assets, including M&A, joint ventures and venture capitals. Specializing in franchising and distribution. Represents the interests of clients in IP, IT, commercial and unfair competition disputes and other conflicts. He is a guest lecturer at the Law Institute M-Logos (since 2011), the Higher School of Economics, National Research University (since 2012), the Institute of Development of Modern Educational Technology (since 2014), Russian School of Management (since 2017), as well as online-education platform LF-Academy (since 2018). Sergey is appointed as the Russian representative and the expert (contributor) on data protection with professional associations DataGuidance and PrivacyRules; he is an expert (arbitrator) with the Italian IP Dispute Resolution Center 'MFSD'. Sergey is with the Board of Directors at the Russian Franchise Association and a member of many international organizations and associations, including International Franchise Association (IFA), EuroFranchise Lawyers (EFL), Licensing Executives Society (LES), International Distribution Association (IDI), International Trademark Association (INTA) и American Intellectual Property Law Association (AIPLA). He is the author of numerous articles published by Russian and international publishers, regularly makes speeches at seminars and conferences in Russia and abroad. He is recommended by Legal500, IP Stars and Who's Who Legal.



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

(OCTOBER TO DECEMBER 2018)

LAWS AND DRAFT LAWS .....	5
GOVERNMENT ENACTMENTS AND DEPARTMENTAL ENACTMENTS .....	6
ROSPATENT'S PRACTICE .....	6
PATENTS .....	6
TRADE MARKS .....	7
WELL-KNOWN TRADE MARKS .....	9
APPELLATIONS OF ORIGIN .....	9
COURT PRACTICE .....	10
PATENTS .....	10
TRADE MARKS .....	10
WELL-KNOWN TRADE MARK .....	13
BUSINESS NAMES .....	13
COPYRIGHT AND ALLIED RIGHTS .....	14
KNOW HOW .....	14

## LAWS AND DRAFT LAWS

### LAW ON TEMPORARY LEGAL PROTECTION OF INDUSTRIAL DESIGNS IS ADOPTED

Federal Law No. 549-FZ dated December 27, 2018 On Amendments to Part IV of the Civil Code of the Russian Federation was adopted by the State Duma, approved by the Federation Council, signed by the President, and published.

As a result of amendments to Articles 1385 and 1392, the Civil Code provides for a possibility to publish applications for industrial designs and obtain temporary legal protection of the claimed industrial design from the date of such publication as well as opportunity for any persons to be familiarized with the applications after their publication. The applications for industrial designs will be published only upon the applicant's request and only in the case if before that the application is not revoked, or if the industrial design is registered upon such application (in

the latter case only the information on the patent issued is published, after which any person may also familiarize himself with the application and receive its copy).

From the date of publication, upon the applicant's request, of the information in the official bulletin of Rospatent and to the date of publication of the information on the issuance of a patent upon such application, the industrial design is granted temporary legal protection. If the patent is not issued, temporary legal protection will be deemed as not occurred.

The persons, who use the industrial design during the temporary legal protection period, will be obliged to pay the patent holder a fee after the issuance of the patent upon the application, which amount is determined as agreed upon by the parties or, in case of any dispute, by court.

The law will enter into force on June 27, 2019.

# GOVERNMENT ENACTMENTS AND DEPARTMENTAL ENACTMENTS

## THE MINISTRY OF ECONOMIC DEVELOPMENT CHANGED THE RULES FOR EXPERT EXAMINATION OF THE INVENTIONS RELATED TO COMPOSITIONS

By Order of the Ministry of Economic Development No. 527 dated October 1, 2018, the Rules for Preparation, Filing, and Consideration of Documents Constituting a Basis for Taking Legal Actions on State Registration of Inventions, their forms, and the Requirements for Documents of an Application for Granting an Invention Patent were changed.

In accordance with these changes, when disclosing the invention relating to a composition, it is not allowed to use the following as the composition features:

- Information not directly pertaining to the composition (for example, conditions and modes of use of such composition in any process or method);
- Quantitative (measured or calculated) parameter characterizing one or more properties of the composition in the cases, where such parameter is a distinctive feature in the characteristic of the composition in the independent claim of the summary of invention (for example, parameters of lamination strength, stress crack resistance, pharmacokinetic profile, and so forth);
- Technical result occurring when manufacturing or using the composition.

If the invention relates to a pharmaceutical composition, then, when characterizing it, it is not allowed to use the features pertaining to the treatment of a disease or prevention thereof (for example, indicating dosages, conditions or modes of application of the composition or medicines obtained on its basis).

The above information and characteristics will not be taken into account as the composition features, when checking the novelty and the inventive step of the invention.

## ROSPATENT ISSUED NEW GUIDELINES ON EXPERT EXAMINATION

In the second half of 2018, by orders of Rospatent, the Guidelines on Expert Examination of Applications for Industrial Designs, Trade Marks, Utility Models, Inventions, and Appellations of Origin were issued.

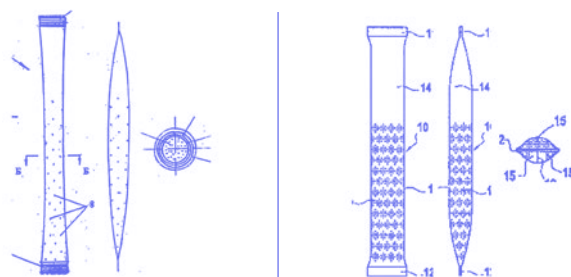
The Guidelines are prepared to ensure uniform application of the laws in the expert examination practice and show the existing approaches to consideration of applications as well as the approaches that has begun to form since 2014 due to the amendments made to Part IV of the Civil Code. However, the provisions of the Guidelines serve as recommendations.

# ROSPATENT'S PRACTICE

## 1. PATENTS

FEATURES OF A UTILITY MODEL, FOR WHICH THERE IS NO EVIDENCE OF THEIR IMPACT ON ACHIEVED TECHNICAL RESULT, ARE NOT TAKEN INTO ACCOUNT WHEN ANALYSING THE NOVELTY OF THE UTILITY MODEL (DECISION OF ROSPATENT DATED OCTOBER 10, 2018 ON UTILITY MODEL PATENT No. 158129)

Rospatent considered an appeal against issuance of a utility model patent No. 158129 "Package of Products for Brewing" (priority date: June 3, 2015) — pic. 1.



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The appeal concerned non-compliance of the utility model with the "novelty" criterion as compared to the package design known from the published application for European patent EP 1946652 A1 (published on July 23, 2008) — pic. 2. The known package just as the package under the disputed patent is implemented in the form of a water-permeable bowl, inside of which a portion of the product for brewing is placed. The description of the known package specifies that the preferred material for such package like for the package under the disputed patent is a three-layer material, where two layers are made of biaxially oriented polypropylene heat-sealable film and the third layer between the first two layers is made of aluminium film. However, the description of the known package did not specify the thickness of the layers and the package's dimensions, that is, the features of the independent claim of the summary of the utility model, according to which the polypropylene film is 20–48  $\mu\text{m}$  thick, aluminium film is 2–12  $\mu\text{m}$  thick, and the package tube's height and the maximum size of its cross section are 100–160 mm and 17.5 mm, respectively, were not known from the opposed source of information.

Considering the appeal, the panel of the Chamber of Patent Disputes pointed out that the materials of the application, upon which the disputed utility model patent had been issued, did not contain any evidence of the materiality of the said distinctive features towards their impact on the technical result specified in the specification to this patent. Therefore, the said features should not be taken into account, when analysing the novelty of the utility model. The test results submitted by the patent holder were not taken into account by Rospatent. First, Rospatent questioned the objectivity of the submitted data obtained as a result of the tests conducted on the order of the interested entity after filing the appeal against the utility model. Second, in Rospatent's opinion, there were no documents

confirming the objectivity, repeatability, and reproducibility of the obtained test results, which, in fact, were only submissions of the persons that conducted the tests not confirmed by the actual data. Since Rospatent is not authorized to consider the submissions of individuals, the submissions could not serve as evidence that there is a cause-and-effect relation between the specified features of the utility model under the disputed patent and the technical result specified in its description.

On this basis, by its decision dated October 10, 2018, the panel of the Chamber of Patent Disputes satisfied the appeal against issuance of the patent and declared such patent as fully invalid.

#### **CHAMBER OF PATENT DISPUTES REFERRED TO THE WEB.ARCHIVE.ORG SERVICE TO DETERMINE THE DATE OF POSTING OF THE INFORMATION ANTICIPATING THE ORIGINALITY OF THE DECLARED DECISION (DECISION OF ROSPATENT DATED OCTOBER 19, 2018 ON PATENT NO. 107972)**

An appeal was filed against issuance of industrial design patent No. 107972 Wood Splitter (priority date: May 04, 2017).

The reason for the appeal was non-compliance of the industrial design with the “originality” patentability criterion. At the same time, the appeal provided the links to two webpages, where, in the appellant’s opinion, the images of the appearance of a wood splitter similar to the registered one had been posted before the priority date of the registered industrial design.



In order to check the information provided, Rospatent used the Web.archive.org service, which displays the status of any website at the selected point of time in the past. According to the data of this web service, the images of the product referred to in the appeal and posted on one of the specified webpages were uploaded on June 07, 2018, i.e. after the priority date of the industrial design under the

disputed patent. As to the second source, the appeal did not contain the confirmed date of the information posting on that source on the Internet, and, during the check of the second link specified in the appeal using the Web.archive.org web service, the panel found no images of the item opposed in the appeal.

Thus, the Chamber of Patent Disputes refused to satisfy the appeal and retained the industrial design patent in force.

## **2. TRADE MARKS**

#### **VARIOUS OPINIONS ON THE OFFENSIVE MEANING AND OBNOXIOUS ASSOCIATIONS OF THE CLAIMED DESIGNATION (DECISION OF ROSPATENT DATED OCTOBER 15, 2018 ON APPLICATION NO. 2016736883)**

The panel of the Chamber of Patent Disputes considered the appeal against the refusal to register a trade mark upon application No. 2016736883 for the following designation.

When considering the application, the expert considered that the word elements “SUPER POPA” of the claimed designation

had offensive meaning and caused obnoxious associations. At the same time, the expert pointed out that the word elements “SUPER POPA” were transliterated as “СУПЕР ПОПА”, where “ПОПА” means (in colloquial speech) the same as the buttocks (Slovar Sovremennoy Leksiki, Zhargona i Slenga [Dictionary of Modern Vocabulary, Jargon, and Slang], <http://www.slovonovo.ru/search?term=nona>).

However, when considering the appeal against the refusal to register the trade mark, the Chamber of Patent Disputes disagreed with the expert’s opinion. In the opinion of the panel of the Chamber, the phrase “SUPER POPA” may be interpreted as “super buttocks”, “super bottom”, which itself is not improper, indecent, obscene, dehumanised, or offensive and does not violate the orthographic rules of the Russian language. In this regard, the claimed designation is fanciful in relation to the services of class 41 according to ICGS “lease of sports grounds; health clubs [wellness and fitness workouts]; leisure activities; master class organizing and conducting; fitness class conducting; individual trainer’s services [fitness]; instructor’s services”.

In addition, the panel of the Chamber took into consideration the information submitted by the applicant, from which it followed that the applicant is the founder of the fitness studio designated “SuperPopa”, where, in particular, group classes called “SuperPopa” and aimed at gluteus workout were conducted under professional trainers’ supervision.

The designation “SuperPopa” is often used in various web publications and social networks as a call for a healthy lifestyle and going in for sports. Therefore, the designation itself does not contain any negative information in relation to the services of class 41 according to ICGS. Taking into account the foregoing, the panel of the Chamber concluded that the claimed designation “SuperPopa” was not abusive or offensive, did not affect the moral values of individuals, and did not contradict the humanity principles. In this regard, the Chamber of Patent Disputes delivered a decision in favour of the applicant and agreed to register the trade mark.

#### **APPELLANT FAILED TO PROVE THAT THE DESIGNATION “URALSKIE” LOST IDENTITY AND CAME TO STAY AS THE NAME OF A CERTAIN TYPE OF DUMPLINGS (DECISION OF ROSPATENT DATED OCTOBER 19, 2018 ON TRADE MARK NO. 258328)**

The Chamber of Patent Disputes considered the appeal against the grant of legal protection to the trademark under certificate No. 258328 “URALSKIE” (may be translated as proceeding from the URALS) (filing date: October 23, 2002, applicant: YANUS LLC, Chelyabinsk). The trade mark was registered in the name of the right holder from Chelyabinsk under the application filed on October 23, 2002 with regard to a number of goods of classes 29 and 30 according to ICGS, including for “dumplings”.

The appeal showed the position that the Ural region was famous for production of the disputed goods of class 30 “dumplings” according to ICGS, for which reason the designation “URALSKIE” should be free for use by various

dumplings producers, the quality and reputation of which related to the specific features of that area.

The panel of the Chamber of Patent Disputes disagreed with such opinion and noted that for the goods related to ready-made semi-finished meat products “dumplings”, the designation “URALSKIE” was not a characteristic indicating the place of their production or sale, a special recipe, or a cooking method and quality of the goods. The appellant also referred to the fact that for the time being the designation “URALSKIE” was widely used by various persons in relation to similar goods — “dumplings” — and came to stay for designating a certain type of goods. In response, the panel noted that the documents attached to the appeal contained no evidence that the designation “URALSKIE” had been used for a long time as the name of dumplings by various independent producers, specialists for production of ready-made semi-finished products, commercial workers, and consumers before the priority date of the disputed trade mark.

The panel deemed that the information and materials included in the appeal did not allow it to recognize that, as at the priority date (October 23, 2002) of the trade mark under certificate No. 258328, the designation “URALSKIE” had no distinctiveness and became a designation that came to stay as the designation of a certain type of goods. Thus, the panel of the Chamber disagreed with the argument of the appeal that this designation had lost its identifiability and came to stay as the name of the goods of class 30 “dumplings” according to ICGS. On this basis, by its decision dated October 19, 2018, the panel of the Chamber of Patent Disputes rejected the appeal against the grant of legal protection of the trade mark under certificate No. 258328.

**INDICATION OF THE US CITY “CHICAGO” MAY BE CONTAINED IN THE TRADE MARK OF THE RUSSIAN COMPANY PROVIDING BEAUTY SERVICES, SINCE IN THIS CASE THE DESIGNATION IS CONSIDERED AS FANCIFUL (DECISION OF ROSPATENT DATED OCTOBER 19, 2018 ON APPLICATION NO. 2016739384)**

Rospatent refused Chicago, a company registered in Saint Petersburg, to register the designation upon application No. 2016739384 “Chicago Beauty Salon”.



One of the reasons for refusal to register the trademark was the fact that the word element “Chicago”, is a geographical name (namely, Chicago is a city in the North of the USA, Illinois), it is contained in the designation, which might be perceived as an indication of the location of the manufacturer of goods and the provider of services, which was incorrect, since the applicant was located in Saint Petersburg.

Considering the appeal against the decision of Rospatent, the panel of the Chamber of Patent Disputes noted that the word element “Chicago” was claimed as part of the designation, where there was the phrase “BEAUTY SALON”, for which reason it would be perceived as the name of a beauty salon. In turn, the services provided in beauty salons are not classified as the services, which quality depends on their geographical origin, and, furthermore, these services cannot be provided remotely.

The panel also noted that not every geographical name can be perceived by the consumer as an indication of the goods manufacturer’s location. In relation to certain groups of goods, a number of geographical names will be perceived as a fanciful name that may be registered as a trade mark.

The claimed designation is not considered as a designations indicating a particular place of provision of services as well as the designations capable of passing off with regard to the manufacturer’s location.

Thus, the panel delivered a decision dated October 19, 2018 that there were no grounds to refuse registration of the claimed designation as a trade mark with regard to the services of classes 35 and 44 according to ICGS.

**DESIGNATION “GERMANIKA” HAS A NEW FANTASY MEANING DIFFERENT FROM THE MEANING OF THE WORD “GERMANY” (DECISION OF ROSPATENT DATED NOVEMBER 09, 2018 ON TRADE MARK NO. 271740)**

Rospatent considered an appeal against the grant of legal protection of trade mark No. 271740 (priority date: December 20, 2002) in the name of a Moscow company with regard to a number of goods and services, including the goods of class 12 “vehicles, including cars” according to ICGS and services of classes 37 and 38 related to cars according to ICGS.

ГЕРМАНИКА

GERMANIKA

The arguments of the appeal consist in the following:

- The designation “ГЕРМАНИКА GERMANIKA” is consonant with the abbreviated geographic name of the world’s country being the Federal Republic of Germany — “Germany” and, respectively, can be perceived by consumers as an indication of the location of the manufacturer of goods and the provider of services, which is unacceptable;
- The sale of goods and services that were not actually produced or provided in Germany, using the trade mark “ГЕРМАНИКА GERMANIKA”, is capable of confusing the consumers with regard to the place of origin of the goods (a service) or their manufacturer;
- The designations consisting of a geographical name and, respectively, indicating the geographical origin of the goods (a service) should be free for use by various entities and individual entrepreneurs and they cannot be granted legal protection;
- It is obvious that many cars manufactured in Germany or their subsidiaries are sold and serviced by various entities and individual entrepreneurs in Russia. Therefore, when selling such goods (services), such entities may freely use any designations consonant with the geographical name of Germany unless it misleads the consumers of the goods (services);

At the same time, the analysis conducted by the panel of the Chamber of Patent Disputes showed that dictionaries and reference works contained no information that the word elements “GERMANIKA” or “ГЕРМАНИКА” had any lexical meaning (semantics), which allowed the panel to conclude that these designations were fanciful. The panel found that the designation “Germanika” was not an abbreviated form of the geographical name “Germany”. Furthermore, the appellant submitted no documents evi-









dencing that the said word elements could be perceived as a geographical indication and, respectively, could confuse the consumer with regard to the location of the manufacturer of goods and the provider of services. In addition, the appeal provided no documents in support of the appellant's argument that any consumer associated the designations "ТЕРМАНИКА GERМАНИКА" with Germany as the place of origin of the goods and services. All arguments of the appeal hinge upon the fact that the word elements "ТЕРМАНИКА" and "GERМАНИКА" of the disputed trade mark are consonant with the name of the country "GERMANY".

The panel of the Chamber of Patent Disputes agreed that the word elements "ТЕРМАНИКА", "GERМАНИКА" and the word "Germany" were characterized by the coinciding initial part being "German", but it did not evidence that the word elements of the disputed trade mark indicated the right holder's location. Since the word elements "ТЕРМАНИКА" and "GERМАНИКА" end with "-ka", these words take a new fanciful meaning different from the meaning of the word "Germany".

On this basis, by its decision dated November 09, 2018, the panel upheld the legal protection of the trade mark.

### 3. WELL-KNOWN TRADE MARKS

From October to December, Rospatent recognized the following trade marks as well-known:

TRADE MARK	GOODS/SERVICES
JANUARY 01, 2010	
	Cars (class 12 according to ICGS)
JANUARY 01, 2018	
	Newspaper delivery; correspondence delivery; delivery of packaged cargoes; courier services [correspondence delivery] (class 39 according to ICGS)
FEBRUARY 14, 2017	
	Chocolate; candies (class 30 according to ICGS)
DECEMBER 31, 2017	
	TV advertising (class 35 according to ICGS); TV broadcasting (including cablecasting), electronic display services (telecommunication services) (class 38 according to ICGS); News TV channels, news programs, news websites, news media (class 41 according to ICGS)
JANUARY 01, 2008	
	Cars (class 12 according to ICGS)
DECEMBER 31, 2016	
	Baby food products (class 5 according to ICGS)

At the same time, it should be noted, however, that the right holder (Ulyanovsk Automobile Plant LLC) had to seek recognition of the designation "UAZ" (pic.1) as well-known through the Intellectual Property Rights Court, since Rospatent first refused to recognize such designation.



During the same period, Rospatent refused to recognize several designations as well-known trade marks. Thus, it refused to recognize the designation — pic. 2 — as well-known (applicant: Red Bull GmbH, Austria, decision of Rospatent dated October 15, 2018), given that another designation of the same company — pic. 3 — had been previously recognized as well-known. The designations — pic. 4 and 5 (claimant: Soremartec SA, Luxembourg, decision of Rospatent dated December 14, 2018) and (claimant: Avito Holding AB, Sweden, decision of Rospatent dated December 14, 2018) were not recognized as well-known either, since, though the famous character of the designations among consumers was not doubted by Rospatent, in Rospatent's opinion, the applicants failed to prove that consumers associated these designations specifically with the applicants.

### 4. APPELLATIONS OF ORIGIN

From October to December, Rospatent registered the following appellations of origin:

NUMBER IN THE REGISTER OF APPELLATIONS OF ORIGIN	APPELLATION OF ORIGIN	GOODS
175	ASTRAKHAN CAMEL	Camel
176	KAMCHATKA SOCKEYE SALMON	Fish products
177	NAGUTSKAYA-4	Mineral water
178	ASTRAKHAN OSETRA CAVIAR	Osetra caviar
179	RYAZAN LOLLIPOP	Lollipop
180	ASTRAKHAN TOMATO PASTE	Tomato paste
181	MAYKOPSKAYA	Mineral water
182	VALDAY BELLS	Souvenir bells
183	SHADRINSK BIRCH BARK	Birch bark products
184	ULEYMA CHEESE	Cheese
185	KARAGAYSKIY BOR MINERAL WATER	Mineral water

## 1. PATENTS

**UTILITY MODELS PROTECTING ONLY INDIVIDUAL DEVICES AS PART OF THE WHOLE ITEM, FOR WHICH THE PATENT IS ISSUED, ARE NOT RELEVANT TO THE CASES TO WHICH THE LETTER OF THE PRESIDIUM OF THE SUPREME COMMERCIAL COURT OF RUSSIA No. 122 APPLIES (RESOLUTION OF THE INTELLECTUAL PROPERTY RIGHTS COURT DATED OCTOBER 17, 2018, CASE No. A73-14482/2017)**

Information Technologies Research and Development Centre LLC, the right holder of the invention under patent of the Russian Federation No. 2385245, found that Dalsbyt JSC manufactured and sold a device, where such invention was used. In this regard, Information Technologies Research and Development Centre LLC filed a claim against Dalsbyt JSC for protection of its right to such invention. The court of 1st instance and the court of appeal concluded that the defendant actually used the invention in patent of the Russian Federation No. 2385245 and delivered a decision in favour of the claimant. Having disagreed with the delivered judicial acts, the defendant filed a cassation appeal with the Intellectual Property Rights Court.

In its appeal, the defendant noted that it also had patents for individual elements of the device it produced and sold, namely, utility model patents of the Russian Federation Nos. 176096, 177016, and 175925. In this regard, the defendant believed that the courts had not taken into account the clarifications contained in clause 9 of the Letter of the Presidium of the Supreme Commercial Court of Russia No. 122: "If there are two patents for utility models with the same or equivalent elements stated in the independent claim, the actions of this patent holder on its use cannot be considered as infringement of the patent having an earlier priority date until the patent having the later priority date is invalidated according to the prescribed procedure".

In addition, the defendant argued that the courts had not applied the provisions of Article 1358.1 of the Civil Code on dependent inventions, utility models, and industrial designs. From the defendant's point of view, the judicial acts of the court of 1st instance and of the court of appeal, which were appealed, made it impossible for it to use the technical decisions under the utility model patents he owned.

The court of cassation did not find any grounds for reversing the appealed judicial acts and, adopted the Resolution dated October 17, 2018 on case No. A73-14482/2017 in which it pointed out that if it were found that the defendant's utility models were dependent, their use without the consent of the claimant having the exclusive right to the invention under patent of the Russian Federation No. 2385245, would be illegal in any case due to the provisions of clause 2 of Article 1358.1 of the Civil Code.

In addition, when considering the dispute, the defendant referred to the use of utility models he owned, protecting only the individual devices as part of the item, but not the item as a whole, therefore, from the point of view of the IP

Court, the clarifications contained in information letter of the Presidium of the Supreme Commercial Court of Russia No. 122 were not relevant to the case under consideration.

## 2. TRADE MARKS

**VERBAL REFERENCE TO ANOTHER PERSON'S TRADE MARK IS NOT THE USE OF SUCH TRADE MARK (RESOLUTION OF THE INTELLECTUAL PROPERTY RIGHTS COURT DATED OCTOBER 5, 2018, CASE No. A41-73418/2017)**

JAFFERJEE BROTHERS EXPORTS (PRIVATE) LIMITED and JAF TEA HOUSE LLC filed a claim with the commercial court against an individual entrepreneur for termination of the illegal use of their trade marks JAF TEA, tea bush image (certificates Nos. 516551, 512141, and 512140), and business name "JAF TEA HOUSE" on the websites jaftea-house.ru and jafteahouse.makkey.ru, demanding compensation in the amount of 300,000 Russian roubles.



No. 516551



No. 512141



No. 512140

The court of 1st instance found that the website created by the defendant under the agreement and containing the logo "Jaf Tea House" had been posted by the defendant on the Internet at jafteahouse.makkey.ru and jaftea-house.ru only for conducting computer forensic expert examination on another court case No. A41-55838/16. The claimant submitted no evidence of use by the defendant of the trade mark "JAF TEA" on the Internet on jafteahouse.makkey.ru, jaftea-house.ru, and makkey.ru, and the logo developed by the defendant and appearing on the websites jaftea-house.makkey.ru, jafteahouse.makkey.ru, and makkey.ru was not the use of the trade mark, since the logo had been posted there for other purposes not related to the sales of goods and services in offering the goods, which were sold by the claimants, for sale. These conclusions were also supported by the court of appeal. By adopting Resolution No. 10852/09 dated December 01, 2009 on case No. A45-15761/2008-8-270, the Presidium of the Supreme Commercial Court pointed out that the logo developed by the defendant and appearing on the Internet on the websites did not constitute the use of the trade mark in the meaning defined in clause 2 of Article 1484 of the Civil Code. In the meaning of the said provision, a verbal reference to another person's trade mark is not the use of such trade mark (Resolution of the Presidium of the Supreme Commercial Court of the Russian Federation No. 10852/09 dated December 01, 2009 on case No. A45-15761/2008-8-270).

**CONCLUSIONS MADE FOLLOWING THE COMPARISON ONLY OF THE WORD ELEMENTS OF TWO TRADE MARKS THEMSELVES CANNOT FORM A BASIS FOR A DECISION ON COMPARISON OF THE COMBINED TRADE MARK AND THE WORD TRADE MARK (RESOLUTION OF THE PRESIDIUM OF THE INTELLECTU-**

**AL PROPERTY RIGHTS COURT DATED  
OCTOBER 12, 2018, CASE No. SIP-  
57/2018)**

An appeal against the grant of legal protection to the trademark “GOOD MASTER” under certificate of the Russian Federation No. 530991 was filed because of similarity to the trade mark “WOODMASTER” (No. 390375) previously registered for similar goods.



**WOODMASTER**

ТЗ № 530991

ТЗ № 390375

By the decision of Rospatent dated October 31, 2017, the appeal was satisfied, the trade marks were recognized as similar, for which reason legal protection of the disputed trade mark “GOOD MASTER” was invalidated. Having disagreed with such decision, the appellant turned to the Intellectual Property Rights Court.

When considering the case, the court noted that Rospatent had not conducted sufficient and full comparison of the opposed trade mark in the context of the general impression that both trademarks generally make on an average consumer. In fact, the conclusion of Rospatent on the confusing visual similarity of the opposed trade marks was based solely on the comparison of their word elements. In this regard, the Intellectual Property Rights Court satisfied the claim, partly invalidated the decision of Rospatent, and ordered Rospatent to reconsider the appeal.

Rospatent filed a cassation appeal against this decision, where it indicated that the decision of the 1st instance court in terms of the lack of similarity of the trade marks under comparison contradicted the conclusions made by the Intellectual Property Rights Court, when considering another court case No. SIP-1/2014, where the similarity between the word elements “GOODMASTER/ГУДМАСТЕР” and “WOODMASTER” was found.

However, the Presidium of the Intellectual Property Rights Court supported the decision of the 1st instance court and pointed out that other circumstances were examined in case No. SIP-1/2014 (in particular, the word trade marks “GOOD MASTER” and “WOODMASTER” were compared), for which reason the conclusions on that case themselves could not form a basis for a decision on comparison of the combined trade mark additionally containing a figurative element and a graphic design of the word element and the opposed word trade mark. On this basis, by its resolution dated October 12, 2018 on case No. SIP-57/2018, the Presidium of the Intellectual Property Rights Court dismissed the cassation appeal of Rospatent.

As a result of the repeated consideration of the appeal by the Chamber of Patent Disputes, Rospatent retained protection of trade mark No. 530991.

**ATTEMPTED USE OF THE REPUTATION  
OF THE DESIGNATION USED BY ANOTHER  
PERSON RESULTS IN REFUSAL TO  
GRANT LEGAL PROTECTION (RESOLU-  
TION OF THE INTELLECTUAL PROPERTY  
RIGHTS COURT DATED OCTOBER 16,  
2018, CASE No. A79-10612/2017)**

In 2017, Cheboksarskaya Fabrika Dverey Plyus LLC registered trade mark No. 621241 with a priority dated June 08, 2016 and filed a claim for infringement of rights to such trade mark against Cheboksarskaya Fabrika Dverey LLC, which used the identical designation. The claimant demanded compensation for the illegal use of the registered trade mark.



As it became clear during the court proceedings, the defendant had been using a similar designation since 2013 and, as a result of the assessment of the evidence submitted to the case, the courts concluded that, at the time of filing the application for registration of the disputed designation as a trade mark, the claimant

knew that such designation was used by other persons, including by the defendant, for identification of the goods and services. The court came to such conclusion, in particular, since, in December 2015, the director of Cheboksarskaya Fabrika Dverey Plyus was the deputy director of the defendant, Cheboksarskaya Fabrika Dverey. Taking into account the above circumstances the court of first instance and subsequently the court of appeal as well as the Presidium of the Intellectual Property Rights Court in its resolution dated October 16, 2018 on case No. A79-10612/2017 concluded that the sole purpose of registration by the claimant of the right to the trade mark was to prevent the defendant from continuing to use such designation. Given that both parties were direct competitors, as they carried out the same activities, the claimant's actions to acquire the exclusive right to the trade mark constituted an act of unfair competition and abuse of right, which served as a basis for dismissal of the claim for protection of such a trade mark.

**COURTS UNLAWFULLY, AT THEIR INI-  
TIATIVE, DECREASED COMPENSATION  
WITHOUT THE RELEVANT PETITION  
OF THE DEFENDANT (RULING OF THE  
SUPREME COURT OF RUSSIA No. 305-  
ES18-14242 DATED NOVEMBER 13,  
2018 ON CASE No. A41-71738/2017)**

Masha and Medved LLC (Mary and Bear) filed a claim with the Commercial Court of Moscow Region against an individual entrepreneur for recovery of compensation for the infringement of the exclusive right to trade marks Nos. 505856, 505857, and 502630 (10,000 Russian roubles per each trade mark) and for the infringement of the exclusive rights to the works of fine art — the “Masha” picture and the “Bear” picture (10,000 Russian roubles per each work). The case was considered using the simplified procedure. Taking into consideration the nature of the infringement, insignificance of the claimant's possible losses as a result of the defendant's infringement, disproportion of the claimant's property losses to the compensation claimed, as well as given that the inscription “Masha and Medved” on the product was partially applied and was almost illegible, the court satisfied the claims in part and decreased the total compensation down to 10,000 Russian roubles, finding that such amount, with an absolute probability, fully covered the losses suffered by the claimant. The court of appeal supported such decision.



The right holder filed a cassation appeal with the Supreme Court. The Judicial Chamber for Economic Disputes of the Supreme Court noted that the court was not deprived of the right to charge a lesser compensation as compared to the stated claims, but not below the minimum limit set by law. Moreover, the court may not decrease the compensation below the minimum limit set by law at its initiative. A decrease in the compensation below the minimum limit set by law, taking into account the reasonableness and justice requirements, should be reasoned by the court and supported with the relevant evidence.

As follows from the files of the case, the defendant did not file any objections to the claim in court, did not submit a statement of defence to the statement of claim or an appeal, did not object to satisfaction of the stated claims in the amount claimed.

Also, the inferior courts did not take into account that the company within this case claimed five independent claims: three of them related to the trade marks and two of them related to the copyright-protected items. Without specifying or substantiating the extent, to which each claim was satisfied, the courts charged 10,000 Russian roubles for the infringement of the exclusive rights in general.

The Judicial Chamber for Economic Disputes noted that the commercial court may not extend any special privilege to either party nor diminish the rights of either party by its actions. In this regard, the Supreme Court reversed the judicial acts of the inferior courts and remanded the case for a new proceeding to the court of first instance.

During repeated consideration of the case by the court of first instance, the stated claims were satisfied in full.

**HOLDER OF TRADE MARK MAY NOT PROHIBIT THE PERSON, WHO IN GOOD FAITH USED THE DESIGNATION TO IDENTIFY HIS/HER/ITS ENTREPRENEURIAL ACTIVITIES, TO USE THE DISPUTED DESIGNATION THAT BECAME KNOWN IN THE COURSE OF BUSINESS BEFORE THE PRIORITY DATE OF THE TRADE MARK (RESOLUTION OF THE INTELLECTUAL PROPERTY RIGHTS COURT DATED OCTOBER 29, 2018, CASE No. A53-32866/2017)**

The holder of trade mark No. 554499 (priority dated March 04, 2014) representing a word designation “Kro-

## КРОКОДИЛ

kodil” filed a claim with the Commercial Court of Rostov Region against Ryzhiy Kot LLC (Red Cat) for prohibition to use the trade mark and charging 150,000 Russian roubles as a compensation for its illegal use.

The claimant’s trade mark was registered with regard to the goods of Class 28 according to ICGS “indoor games, party games, games”. On its website, Ryzhiy Kot LLC offered for sale the goods bearing the designations confusingly similar to the claimant’s trade mark.

The 1st instance court and the court of appeal dismissed the claim, explaining that at the time of filing by the claimant of the application for registration of the trade mark “KROKODIL”, such designation was used not only by the claimant, but by other persons, including, the defendant; the game itself with its peculiar methods and the

name “Krokodil” had been widely known long before the registration of the trade mark “Krokodil” by the claimant with regard to the goods “party games”.

At the same time, the 1st instance court referred to the legal position contained in resolutions of the Presidium of the Supreme Commercial Court of Russia No. 13421/05 dated March 14, 2006 and No. 5852/11 dated January 17, 2012, pursuant to which the claimant holding the trade mark may not prohibit the person, who in good faith used the designation to identify his/her/its entrepreneurial activities, to use such disputed designation, which became known in the course of business before the trade mark’s priority date.

The Intellectual Property Rights Court also pointed out that if, before the trade mark’s priority date, the disputed designation was widely used by any third parties, registration of the trade mark by one of them could be performed in order to remove third parties from the market for specific goods. Such registration does not correspond to the main function of the trade mark, which is to identify the goods of the right holder.

In this regard, in its resolution dated October 29, 2018 on case No. A53-32866/2017, the Intellectual Property Rights Court confirmed abuse by the claimant of his exclusive right to the trade mark and dismissed the asserted claims.

**COURT DID NOT ALLOW THE RIGHT HOLDER TO EXPAND LEGAL PROTECTION OF THE TRADE MARK BY MAKING CHANGES IN THE LIST OF SERVICES (DECISION OF THE INTELLECTUAL PROPERTY RIGHTS COURT DATED NOVEMBER 15, 2018, CASE No. SIP-177/2018)**

The combined trade mark with the word element “GAL-AKTIKA” was registered under No. 379464 with regard to the goods of Class 12 “spare parts for cars” and services of Class 35 “promotion of goods (for third parties), procurement services for third parties (purchase of goods and services for enterprises), distribution of samples, demonstration of goods, (services of this class for car parts)” according to ICGS – pic. 6.

After the registration of the trade mark, the right holder submitted an application to Rospatent requesting to exclude the wording “(services of this class for car parts)” from the list of services of class 35 according to ICGS. Rospatent considered that the exclusion of the wording “(services of this class for car parts)” would result in expansion of the list of services of Class 35 for any goods and dismissed the right holder’s request. Believing that such dismissal of Rospatent violates Clause 1 of Article 1505 of the Civil Code, the right holder turned to the Intellectual Property Rights Court.

The court took into consideration the fact that during the examination of the trademark application the applicant had been sent a notice informing him that there were trademarks confusingly similar with regard to the claimed services of Class 35 according to ICGS and that those trademarks impeded the registration of his trademark. In response to that notice, the applicant explained at that time that the claimed services of Class 35 according to ICGS match up the goods “car spare parts” of Class 12 according to ICGS. As a result, registration of the trade mark under certificate No. 379464 was allowed taking into account the fact that the claimed services of class 35 according to ICGS were connected exclusively with the goods “car spare parts”, which excluded the opposition



of other persons' confusingly similar trade marks; otherwise, the state registration of the claimed designation as a trade mark would have been refused.



ГАЛАКТИКА

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БАЛТИКА

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On this basis, in its decision dated November 15, 2018 on case No. SIP-177/2018, the Intellectual Property Rights Court points out that making changes leading to exclusion of the indication of the goods "car spare parts" from the services will obviously result in the fact that the extent of legal protection for the trade mark will be expanded. Given this, the court dismissed the claims of the right holder of the trademark.

### 3. WELL-KNOWN TRADE MARK

**GEOGRAPHICAL CRITERION OF INTENSIVE USE OF THE TRADE MARK IS NOT DETERMINATIVE WHEN DECIDING ON WHETHER THE TRADE MARK IS WELL-KNOWN (DECISION OF THE INTELLECTUAL PROPERTY RIGHTS COURT DATED OCTOBER 30, 2018, CASE No. SIP-437/2018)**

Saint Petersburg State Unitary Enterprise St. Petersburg Metropolitan submitted an application for recognition of the trade mark under certificate of the Russian Federation No. 535269 as well-known from January 01, 2018 in the Russian Federation with regard to the services "passenger transportation" of Class 39 according to ICGS — pic. 7. However, Rospatent considered that the submitted documents confirmed the intensive use of the designation for marking the services "passenger transportation" only in Saint Petersburg and that it was impossible to conclude that such designation became independently known across the Russian Federation, for which reason it dismissed the application of St. Petersburg Metropolitan. Having disagreed with such decision of Rospatent, St. Petersburg Metropolitan applied to the Intellectual Property Rights Court.

In its decision dated October 30, 2018 on case No. SIP-437/2018, the court noted that the conclusion of Rospatent that, in this case, the geographical criterion of intensive use of the trade mark was determinative, which implies its fame across the Russian Federation, but not only within one constituent entity, was erroneous, since the effective regulatory provisions contain no quantitative criteria that would allow differentiating well-known trade marks from the trade marks not widely known. The said category is of assessment nature.

Thus, the court considered it possible to conclude that to assess the wide fame of the trade mark in Russia it is not necessary to provide such services in all constituent

entities of the Russian Federation, the criterion should be the wide fame of the used designation among consumers. Therefore, the size of the population and density on a certain territory, but not the geographical coverage of such use, can serve as criteria of wide fame in the Russian Federation based on the uneven population density and size in this country.

In this regard, the Intellectual Property Rights Court invalidated the decision of Rospatent and ordered Rospatent to reconsider the application of St.Petersburg Metro.

**IF ACTUAL INFRINGEMENT OF THE EXCLUSIVE RIGHT TO THE WELL-KNOWN TRADE MARK IS PROVED, THE CLAIMANT SHALL NOT PROVE THE AMOUNT OF LOSSES (RESOLUTION OF THE INTELLECTUAL PROPERTY RIGHTS COURT DATED OCTOBER 24, 2018, CASE No. A40-137803/2017)**

Baltika Brewing Company LLC filed a statement of claim with the Commercial Court of Moscow against Baltika Multi-Industry Manufacturing and Trading Company LLC (MPTK Baltika) to prohibit MPTK Baltika to use the combined designation (pic. 8) confusingly similar to the well-known trade mark under certificate of the Russian Federation No. 57 (pic. 9) with regard to pistachios, peanuts, baked breads and their homogeneous goods; It also claimed from MPTK Baltika 1,000,000 Roubles as compensation for the infringement.

The Commercial Court of Moscow satisfied the stated claims in part. The court of appeal upheld the judgment. In its cassation appeal filed with the Intellectual Property Rights Court, MPTK Baltika asked to decrease the claimed compensation for the infringement. The defendant advanced an argument that the claimant did not produce nuts, pistachios or baked breads marked with the well-known trade mark "Baltika", but the court concluded that it had no legal effect in the case under consideration, since, by virtue of clause 3 of Article 1508 of the Civil Code, legal protection of the well-known trade mark also applies to the goods that are not similar to those, for which such trade mark is recognized as well-known. The defendant provided no other evidence confirming the need to decrease the compensation.

Thus, by its resolution dated October 24, 2018 on case No. A40-137803/2017, the Intellectual Property Rights Court upheld the decisions of the court of first instance and of the court of appeal.

### 4. BUSINESS NAMES

**FEDERAL TAX SERVICE DEMANDED THAT "BARRISTER COURT AGENCY" LLC CHANGE ITS BUSINESS NAME (RESOLUTION OF THE INTELLECTUAL PROPERTY RIGHTS COURT DATED NOVEMBER 2, 2018, CASE No. A07-15973/2017)**

Interdistrict Inspectorate of the Federal Tax Service No. 39 for the Republic of Bashkortostan filed a statement of claim with the Commercial Court of the Republic of Bashkortostan against "Barrister Court Agency" LLC for compelling the defendant to change the company's business name by excluding the words "court agency" from the company's business name "Barrister Court Agency". Partially satisfying the stated claims, the 1st instance

court came to the conclusion that the use of the word “court” in the company’s business name would cause consumer’s association that the government participated in the company’s activities and considered it necessary to exclude the word “court” from the defendant’s business name. The court of appeal upheld the decision of the 1st instance court. By its resolution dated November 2, 2018, the Intellectual Property Rights Court supported the decision of the inferior courts.

## 5. COPYRIGHT AND ALLIED RIGHTS

### **TECHNICAL REPORT MAY BE RECOGNIZED AS A COPYRIGHT-PROTECTED WORK (RESOLUTION OF THE INTELLECTUAL PROPERTY RIGHTS COURT DATED OCTOBER 2, 2018, CASE No. A51-28052/2016)**

RegionProekt ordered topographical surveys from “Moy Dom” Llc., based on the results of which the latter provided a Technical Report. RegionProekt did not accept the Technical Report because it had remarks on its content and did not sign the delivery and acceptance certificate, however, it sent such report to Municipal Public Institution Unitary Customer Service (MKU SEZ) of the Bolshoy Kamen Urban District. Moy Dom considered such use of the Technical Report as infringement of its copyright and filed a claim with the commercial court.

The 1st instance court concluded that the results of engineering surveys in the form of technical reports constituted a kind of copyright-protected items and were subject to legal protection as a copyright-protected item, considered the actual use of the report as proved, and satisfied the claimant’s claims.

Reversing the decision of the 1st instance court, the court of appeal concluded that the work created by the claimant was technical, its subsequent documentation in a graphic or text form submitted to the case did not meet the criteria for a creative work, for which reason it could not be a copyright-protected item.

The Intellectual Property Rights Court pointed out that the process of creating geodetic and cartographic products, materials, and data could either be of technical and industrial nature or be a research process, i.e. be creative. As the court of first instance found, not the results of engineering surveys in the form of the initial information obtained, but a technical report, which was a combination of both a textual description and charts, diagrams, tables and similar information obtained as a result of the works performed and having a creative component, was protected as the copyright-protected item in the dispute under consideration. Under such circumstances, the disputed report is a result of an intellectual activity, created, among other things, through creative work and, therefore, it is a copyright-protected item.

When examining the case, the court of appeal did not disprove the conclusions of the 1st instance court, i.e. that the disputed report contained not only a technical part, but a descriptive one. The court of appeal provided no reasons, for which the court of appeal disagreed with the conclusions of the court of first instance, in its judicial act. Anyway, the decision of the 1st instance court based on a full and comprehensive examination of the facts of the

case cannot be reversed by the court of appeal only because of its disagreement with the assessment of the facts given by the 1st instance court.

On this basis, in its resolution dated October 2, 2018, the Intellectual Property Rights Court pointed out that the judgment of the court of appeal was delivered in violation of the provisions of the substantive and procedural law, for which reason it could not be recognized as lawful and grounded, and remanded the case for a new proceeding to the court of appeal. In turn, by its decision dated December 16, 2018, the court of appeal satisfied the claimant’s claims for recovery of the compensation from the infringer in the claimed amount of 840,000 Roubles.

## 6. KNOW HOW

### **PRESENCE OF KNOW HOW IN THE TRANSFERRED DOCUMENTS MAY BE SHOWN USING VARIOUS WORDINGS (RESOLUTION OF THE INTELLECTUAL PROPERTY RIGHTS COURT DATED OCTOBER 2, 2018, CASE No. A40-180850/2017)**

Elox-Prom company filed a complaint with the Federal Anti-Monopoly Service (FAS) on unfair competition by Podolsk Electrical Installation Products Plant (PZEMI CJSC), which sold sealed passages (sealed cable glands) manufactured using the know how owned by Elox-Prom. The disputed know how was obtained in 1989 by Elox Joint Venture from Oxytrol, France, as contribution to the joint venture’s authorized fund and later Elox passed the right to such know how to Elox-Prom through a number of successive reorganizations.

FAS recognized the actions of PZEMI as the illegal use of the exclusive rights of Elox-Prom to the know how and delivered a decision in favour of the claimant. Having disagreed with such decision, PZEMI filed a claim with the commercial court.

The 1st instance court concluded that there was no evidence of transfer of the disputed know how by Oxytrol in 1989 to the authorized fund of ELOX Joint venture; that the know how under consideration had lost its confidentiality and that PZEMI had developed the technology for production of sealed passages on its own, on which basis it delivered a judgment in favour of PZEMI and cancelled the FAS’s decision. The court of appeal recognized the conclusions of the 1st instance court as lawful and grounded.

The Intellectual Property Rights Court pointed out that evidence of existence of know how as an object of civil rights may be any documents containing the information to identify such know how. Thus, the lower courts should have assessed the contents of the documents confirming the transfer of the know how from Oxytrol to Elox Joint Venture, examine the purpose of the equipment, drawings, and other documents, but the courts did not conduct such analysis. Rejecting this evidence, the courts proceeded from the necessity to have a reference to the know how in the submitted documents, that is, the relevant name of the item being transferred.

Anyway, absence of the said name in the transferred documents does not yet evidence that the know how had not been transferred, since its existence may be shown through the use of various wordings (technology, process,

description of the equipment and drawings, purpose of information, etc.).

On this basis, the Intellectual Property Rights Court reversed the decisions of the lower courts and remanded the case for a repeated proceeding to the 1st instance court. During the new examination of the case, the 1st instance court dismissed the claims for recognition of the FAS's decision as illegal.

**IF THE CLAIMS ARE ASSERTED ON OTHER GROUNDS NOT SIMILAR TO THE CAUSE OF ACTION ON THIS CASE, THE COURT SHALL NOT REJECT A CLAIM REFERRING TO THE FACT THAT THIS CASE HAS BEEN ALREADY CONSIDERED (RESOLUTION OF THE INTELLECTUAL PROPERTY RIGHTS COURT DATED OCTOBER 11, 2018, CASE No. A65-1433/2018)**

An individual entrepreneur filed a claim with the Commercial Court of the Republic of Tatarstan against another individual entrepreneur for termination of the licence agreement concerning transfer of know how and for recovery of a lump sum. The claim is based, among other things, on the fact that the defendant improperly performed the obligations assumed under the agreement. The court dismissed the plaintiff's claim referring to the fact that the claims for termination of the licence agreement and recovery of a lump sum had already been the subject of court consideration on another case between the same parties and on the same grounds (case No. A65-9348/2017). The court of appeal upheld the ruling of the Commercial Court of the Republic of Tatarstan. Having disagreed with the delivered judicial acts, the plaintiff filed a cassation appeal with the Intellectual Property Rights Court.

The court of cassation concluded that the lower courts had not properly identified the cause of action on this case.

The subject matter of the claim on another case No. A65-9348/2017 was the plaintiff's claim for termination of a licence agreement and recovery of a lump sum. At the same time, the basis for termination of the licence agreement was a significant change in the circumstances, on which the parties had relied, when entering into the agreement. But in this case, the claim was filed because of the defendant's improper fulfilment of the terms and conditions of the licence agreement, since the defendant had not transferred to the claimant the necessary technical and commercial documents constituting the know how, which served as a basis for the plaintiff's turning to the court requesting termination of the agreement and recovery of the lump sum.

Under such circumstances, the Intellectual Property Rights Court considered that the causes of actions on this case and on case No. A65-9348/2017 were different, for which reason termination of the proceedings on the case by the courts was ungrounded. The Intellectual Property Rights Court remanded the case for a new proceeding to the Commercial Court of the Republic of Tatarstan.

Based on the results of the repeated consideration of the case, the 1st instance court satisfied the asserted claims in part: 960,000 Roubles were recovered from the defendant as a debt for unpaid licence payment; the claim for termination of the licence agreement was not satisfied, since the term of the agreement had already expired.

**NON-COMPLIANCE WITH THE TRADE SECRET NON-DISCLOSURE CONDITIONS MAY RESULT IN REFUSAL TO PROTECT RIGHTS TO THE KNOW HOW (RESOLUTION OF THE INTELLECTUAL PROPERTY RIGHTS COURT DATED OCTOBER 11, 2018, CASE No. A56-53278/2017)**

KRONVET has the exclusive right to the know how being the technology for production of chickens' infectious bronchitis vaccine. According to the company, Russian National Research Technological Institute of Poultry Industry without consent of the right holder granted Shchelkovo Biocombinat a licence for such know how. In this regard, KRONVET filed a claim with the commercial court against the above institution demanding to prohibit the latter to use and dispose of the know how.

During consideration of the case, the court concluded that the claimant did not create the necessary conditions to comply with the trade secret non-disclosure conditions with regard to the know how because of its failure to comply with all provisions of Article 10 of the Law on Trade Secrets, which was an independent basis for dismissing the claim. The court pointed out that only the labor assignment for development and research works on the topic "Development of a Process of Manufacturing and Use in Poultry Industry of Chickens' Infectious Bronchitis Vaccines" was marked as "Trade Secret"; all other documents submitted by the claimant to the files of the case had no such mark. The company submitted neither the Regulation for Manufacturing of and Control over the Disputed Vaccine nor the extract from such Regulation, both marked with the mark "Trade Secret", to the files of the case. However, it is the said regulation that contains the information, which is the know how.

On this basis, the court of first instance dismissed the claim. The court of appeal, and later the Intellectual Property Rights Court, supported the conclusions of the court of first instance, upholding its decision.



# NEWS

## 31 JANUARY 2019 // ST. PETERSBURG

Viktor Stankovsky, Partner, Russian & Eurasian Patent Attorney, Regional Director (Gorodissky & Partners, St. Petersburg), spoke on "IP: Certain results of legislation development and enforcement" at the Xth Annual Legal Forum "Results of 2018: law and business" organized by the Kommersant publishing house in St. Petersburg. The event was attended by heads of leading international and Russian legal and consulting companies of St. Petersburg and Leningrad Region, representatives of government authorities and public associations.

## 30 JANUARY 2019 // PARIS

Olga Yashina, Lawyer, (Gorodissky & Partners, Moscow), took part at the discussion in the frame of the session "Trademark Litigation: New Strategies to Fight Counterfeiting" at the Innovation & IP Forum and Awards, organized in Paris. Over 500 attendees discussed challenges and opportunities in the field



of enforcement and protection of trademarks and patents, exchanged their experience in IP litigation and other related rights.

As part of the Forum, an award ceremony was held where Gorodissky & Partners was awarded with the prize as the Best IP Advisor in Russia.

## 14 DECEMBER 2018 // MOSCOW

Sergey Medvedev, Ph.D., LL.M., Trademark & Design Attorney, Senior Lawyer, Sergey Vasiliev, Ph.D., Trademark Attorney, Senior Lawyer (both from Gorodissky & Partners, Moscow), delivered presentations at the Seminar "Export of intellectual



property rights: the basic agreements, key terms & conditions", organized in the frame of the training program "Legal protection of intellectual property abroad" of the Moscow School of Export cycle of seminars.

This educational program is taking place in the frame of the GORODISSKY IP SCHOOL project.

The issues of licensing of intellectual property rights abroad, franchising and others were discussed at the Seminar.

## 13 DECEMBER 2018 // KAZAN

Albert Ibragimov, Regional Director, Russian & Eurasian Patent Attorney, Anton Khomyakov, Ph.D., Russian Patent Attorney, Ramzan Khusainov, Trademark Attorney, Lawyer, (all from Gorodissky & Partners, Kazan), Dmitry Rusakov, Lawyer, (Gorodissky & Partners, Moscow), made presentations at the Seminar "Commercial principles of IP assets management", organized by Gorodissky & Partners in cooperation with the Ministry of

Economy of the Republic of Tatarstan in Kazan.

Heads of medium and large business and universities representatives attended the Seminar.

## 7 DECEMBER 2018 // MOSCOW

Ilya Goryachev, Senior Lawyer, (Gorodissky & Partners, Moscow), gave presentation at the Seminar "How to avoid violation of third party IP rights in the course of exporting and advertising goods and services", held in the frames of training program "Legal protection of IP assets abroad" of the Moscow School of Exporters' cycle of seminars.

This educational program is taking place in the frames of the GORODISSKY IP SCHOOL project. The

issues of reducing risks of Russian companies in export activity, the legal aspects of marketing campaigns abroad and other hot topics were discussed at the Seminar.

## 6 DECEMBER 2018 // MOSCOW

Valery Narezhny, Ph.D., Counsel, Sergey Medvedev, Ph.D., LL.M., Senior Lawyer, LES Russia member, Sergey Vasiliev, Ph.D, Senior Lawyer, LES Russia member, Stanislav Rumyantsev, Ph.D, Senior Lawyer (all from Gorodissky & Partners, Moscow), spoke on "Licensing of IP along with creating joint ventures", "Licensing in online business" at the seminar "Licensing as an effective business development tool" organized by the Russian Licensing Society (LES Russia). Over 40 participants - representatives of business circles, industrial companies, representatives of banks, patent attorneys, lawyers and specialists in licensing and technology transfer took part at the Seminar.

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