

How to prevent copycat brands: Russian legal perspective and practice

In an increasingly oversaturated consumer market, businesses face growing risks from copycat brands and trademark squatters. Alina Grechikhina of Gorodissky & Partners examines several Russian cases addressing these challenges, highlighting the significant evidence required to invalidate misleading trademarks.

It has become increasingly difficult for new businesses to distinguish themselves in the consumer society in recent years. The overwhelming choice on offer distracts customers' attention, and entrepreneurs must buckle down to build a strong brand and keep clients' loyalty. However, this is a long-distance run, and some individuals strive to achieve immediate profit while using as little energy as possible. Such individuals take the path of least resistance, utilizing other companies' goodwill through squatting or imitation of their means of individualization, particularly trademarks. As a result, IP protection remains a major challenge and priority for businesses.

Trademark rights and refusals in Russia

In Russia, the easiest way to preserve trademark rights is timely filing. Russia is a first-to-file country, so the sooner one applies for trademark registration,

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the better. The preferred filing system, whether national or international, remains at the applicants' discretion, as there is no difference in trademark examination with the Russian PTO or in registrability requirements between the two systems.

Once registered, a trademark enjoys legal protection within the scope of rights indicated in a trademark certificate. The trademark holder is free to dispose of and enforce the trademark rights and is obliged to use the registered mark properly.

The existence of trademark rights in Russia offers a brand owner a simple and effective way to fight against copycat designations already at the stage of their examination.

There is no opposition system in Russia as such, but Russian legislation allows filing objections



Résumé

Alina Grechikhina is a Russian Trademark & Design Attorney, Eurasian Design Attorney at Gorodissky & Partners. Alina specializes in trademarks and service marks, appellations of origin and geographical indications, non-traditional trademarks, collective trademarks, well-known trademarks, and national, international, and regional trademarks. Alina is intensively involved in opposition and cancellation proceedings, representing clients across a wide range of industries: machine building, IT, games, consumer goods, food, chemical, and pharma.



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to a third party's published trademark application. Objecting observation may be filed by any person and is an effective tool to prevent the applied designation from being registered.

Misleading consumers

In the objecting observation, a petitioner may set forth their arguments as to why a conflicting trademark application should not be accepted for registration. Among grounds for refusal, the petitioner may indicate existing similar trademark rights registered for similar goods or services, similar company name used in connection with similar goods or services, existing similar industrial design, or existing copyright. It is also possible to claim that registration of the objected designation may result in misleading the consumers as regards the manufacturer of goods or the service provider.

The existence of prior trademark rights is the most straightforward reason for refusing to register the applied-for designation. Other grounds, for example, prior company name or misleading grounds, require submission of evidence confirming the use of a similar company name and trademark in Russia before the disputed application filing date and the customer's awareness of the same.

However, it should be noted that, at the time of trademark examination, it is usually easier to demonstrate and prove the possibility of misleading consumers than in an invalidation action against a registered trademark based on the misleading ground. This may be explained by regulations governing trademark examinations, which allow the examiner to consider information from various publicly available sources during the examination.

Currently, the most popular and accessible source of information is the Internet, which enables real-time analysis of the information it provides. If at the time of examination, there is ample information about the trademark and its genuine

owner on the Internet, the examiner may conclude that registering the applied-for designation in the name of a third party may mislead consumers as to the manufacturer of the goods.

The *Bluebird* case

A recent case involving the BLUEBIRD mark, applied for by a Russian entity for goods in Class 33, reflects the above-described legal approach. A Russian company, TD 075 LLC, filed a trademark application BLUEBIRD for the goods "brandy; wine; whisky; vodka; cocktails; alcoholic beverages, except beer; spirits [beverages]." The mark was refused registration, and the Examiner supported its position by stating that the applied designation reproduced the designation 'Bluebird' used by the American company BLUEBIRD DISTILLING, which is involved in the production of goods that fall under Class 33 and are similar to the applied specification. Therefore, in the Examiner's opinion, registration of the applied designation in the name of TD 075 LLC might result in misleading consumers as to the manufacturer of the goods.

The Applicant attempted to appeal the decision to the Chamber of Patent Disputes of the Russian PTO. The Applicant argued that BLUEBIRD DISTILLING did not have business activities in Russia; there was no evidence that Russian consumers were aware of BLUEBIRD DISTILLING and BLUEBIRD as its trademark; and an Internet search for "Bluebird" generated links to various unrelated companies.

However, the Board of Appeals upheld the refusal, providing the following reasoning:

- 1) the designation BLUEBIRD fully coincided with the brand of the American company BLUEBIRD DISTILLING, which was used for labeling alcoholic beverages, namely whisky (this information was obtained from the company's official website);
- 2) besides the designation BLUEBIRD, it reproduced the individualizing part of the company name;
- 3) the Google search results for "Bluebird whiskey" referenced information solely about the goods produced by BLUEBIRD DISTILLING, and;
- 4) the Applicant had not submitted any evidence about their own goods bearing the BLUEBIRD designation.

The *Bluebird* case shows that using reliable information from the Internet can help prevent the registration of designations that reproduce third parties' brands (even those that have not yet entered the Russian market).

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In terms of handling an invalidation action, arguing a misleading ground requires much more effort. Invalidation of a trademark has a retrospective effect, i.e., as if the mark had never existed. Therefore, the petitioner must prove the possibility of misleading consumers before the filing/priority date of the disputed trademark. Information available on the Internet may not work perfectly in such a case, since it might be challenging to trace when it became available to the Russian public and to what extent, specifically whether Russian consumers recognized the disputed trademark as the petitioner's trademark. The misleading claim must be supported by an extensive set of documents demonstrating the genuine holder's long-standing use of the trademark on the Russian market, as well as its reputation among Russian consumers, prior to the disputed trademark filing date. This position of the Russian PTO is reflected in the *Levi's* case, which was recently considered.

The *Levi's* case

In the *Levi's* case, the Petitioner, Levi Strauss & Co., initiated the invalidation action in respect of the device mark shown below.



In particular, the Petitioner based the invalidation action on the following grounds: Levi Strauss & Co. owned prior trademark rights to a series of marks comprising the graphical element (below) protected for similar goods and services; the disputed mark might mislead the consumers as to the manufacturer of the goods or provider of services, since the consumers would associate the goods labeled by the disputed trademark with Levi Strauss & Co.



Considering the reputation and popularity of the Petitioner's company and their goods and services on the Russian market, the disputed trademark copied the work of art, the copyright to which belonged to the Petitioner.

Upon consideration of the invalidation action, the Board evaluated the submitted arguments and information and concluded that the disputed trademark should be invalidated in part due to its similarity with the prior series of trademarks owned by Levi Strauss & Co. covering similar goods and services.



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The arguments of Levi Strauss & Co. as to the copying of their work were also dismissed by the Board, because the Petitioner had failed to provide persuasive evidence.

As to the misleading ground, the Board highlighted that the provided materials describing the company's history, the number of stores, and the media coverage of the Petitioner, evidenced the presence of Levi Strauss's goods on the Russian market. However, in the absence of actual documents on the introduction of the relevant goods into civil circulation in Russia, the Board could not recognize the presented arguments as convincing. Moreover, no public opinion poll was submitted in support of the invalidation action, which could testify that the disputed trademark was perceived by the consumers exclusively in connection with the Petitioner as a source of goods.

The arguments of Levi Strauss & Co. as to the copying of their work were also dismissed by the Board, because the Petitioner had failed to provide persuasive evidence confirming the creation of the work and the transfer of the rights to the work to Levi Strauss & Co.

The *Procter & Gamble* case

In a similar case, the Petitioner, The Procter & Gamble Company, argued that the disputed mark, TIDYSHOP, was similar to its TIDE marks and capable of misleading consumers as to the

manufacturer of similar goods. The Petitioner supported its misleading claim with information about the company's history, goods bearing the TIDE mark, advertisements of the TIDE-labeled goods, and an excerpt from a survey on brand awareness conducted by an analytical agency.



Monitoring the trademark registry may be prudent, since preventing the undesirable designation from being registered is much easier than a costly, time-consuming invalidation action.



During consideration of the case, the Board established close phonetic similarity between the marks. The Board agreed with the Petitioner's position that the initial dominant element of the disputed trademark, TIDY, was very similar in pronunciation to the TIDE mark. At the same time, the element SHOP was considered weak due to its descriptive nature (Russian customers were very familiar with its meaning which is commonly used in connection with goods of Class 03). The Board also considered a degree of recognition of TIDE marks, which might increase the likelihood of confusion between the compared designations. Thus, TIDYSHOP was invalidated for similar goods.

Concerning the misleading ground referred to in the invalidation action, as in *Levi's*, the Board stated that, in the absence of evidence of the factual sale of the branded goods in Russia, the misleading ground could not be deemed convincing. Moreover, in the present case, the Board also pointed out that the Petitioner had not provided any materials proving that the consumers had been misled about the manufacturer of the goods when perceiving the disputed trademark.

Conclusion

The described cases clearly demonstrate that invalidating third parties' trademarks on misleading ground is a complex task, requiring substantial evidence and supporting documents, including evidence of use in commerce, as well as survey and marketing results. That said, registered trademark rights remain the most reliable way to counter attempts by unfair market players to profit from the registration and use of copycat brands.

Other grounds for preventing marks from being registered or invalidating registered trademarks, as foreseen by Russian legislation, require extensive documentation and proof for the Russian PTO to find them well-founded and issue a decision in favor of the petitioner.

Consequently, the main conclusion is to obtain trademark rights well in advance of entering the Russian market. Further, monitoring the trademark registry may be prudent, since preventing the undesirable designation from being registered is much easier than a costly, time-consuming invalidation action. In other words, a stitch in time saves nine.

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