



# Brands in crosshairs of trademark squatters

**Alexey Kratiuk and Alina Grechikhina of Gorodissky and Partners provide important tips for the protection of trademarks in Russia to fend off bad faith registrations and cancellation actions.**

**B**rands, especially famous ones, have always been a *bonne bouche* for trademark squatters. It is hard to resist temptation to make a profit out of a well-known trademark and the reputation that stands behind it. Under present uneasy circumstances, the number of unscrupulous parties that try to make a living by squatting trademarks increases. Nonetheless, genuine trademark holders have various tools to protect their means of individualization, in particular trademarks.

In the first instance, it should be highlighted that Russia is a first-to-file country and the exclusive right to use a trademark results from its state registration. Trademark protection may be achieved through filing a national trademark application with the Russian PTO or an international registration designating Russia as a contracting party with World Intellectual Property Organisation (WIPO). There is no difference in trademark examination procedure for marks applied either under national or international trademark filing systems. The Russian PTO conducts examination both on absolute and relative grounds *ex-officio* within approximately six months from the application filing date in case of national applications or from the date from which the time limit to notify the refusal starts for international filings. Additionally, the Russian PTO provides service for expedited trademark examination for marks applied under the national filing system, which results in approximately three-month registration of a trademark, if there are no obstacles revealed.

There is yet another trademark protection system that is coming up soon. It is all about a brand new regional protection system for trademarks in the Eurasian territory. The system, when launched, should enable the brand owners to seek protection for their brands simultaneously in a number of Eurasian states such as Russia, Belarus, Kyrgyzstan, Armenia and Kazakhstan using a single application form, and the mark



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when granted protection will enjoy protection on the whole territory of the aforementioned Eurasian states.

Therefore, trademark holders have multiple options to obtain trademark protection before they enter the Russian market and it is highly advisable and vitally important to secure trademark rights through registration without delay.

Sometimes trademark holders start trading activities without first obtaining proper protection of their trademarks, which may result in various undesirable outcomes. Using an unregistered designation involves risks such as filing of an identical or similar mark for registration by a third party and possible subsequent registration of such a trademark, which may end up with “infringement” of that third party’s trademark and it does not matter who was the first to enter the Russian market – the Russian law does not recognize prior use rights in respect of trademarks.

In particular, registration of the trademark in the name of the distributor without the consent of the true trademark owner may be noted. Such illegal actions of the distributor may be motivated by the need to preserve the right of a brand that is intended to be promoted on the local market in a situation where the true owner is not so active in protecting their trademark rights there.


Nevertheless, if a mark gets registered by the local distributor in its name without the true owner’s consent, the Russian trademark legislation foresees the possibility to combat such a situation. Pursuant to the Russian Civil Code a registered trademark may be invalidated in full within the whole term of validity, if its legal protection was granted in the name of an agent or a representative of a person who is the owner of this exclusive right in one of the member states of the Paris Convention for the Protection of Industrial Property, in violation of the requirements of this Convention, specifically in violation of Article 6 septies.

In 2021 the Russian PTO considered invalidation action filed against trademark TURQUA. TURQUA is a trademark of a Turkish company, Ata Silah San. A.S., which manufactures hunting weapons and is the leader on the weapons market in Turkey. Trademark TURQUA was registered in Russia for weapons of different types in the name of Rec Diş Ticaret Ltd. Şti. This company was a distributor of the goods produced by Ata Silah San. A.S. and the latter contested registration of TURQUA claiming that it was carried out in violation of Article 6 septies of the Paris Convention. Ata Silah San. A.S. pointed out to the fact that they owned a series of trademarks with the element TURQUA in Turkey registered for nearly identical goods, the disputed trademark owner was entitled to introduce the goods of Ata Silah San. A.S. into civil circulation in Russia in accordance with the distributor agreement, however, Ata Silah San. A.S. had never granted their consent to the registration of the TURQUA mark in Russia.

Rec Diş Ticaret Ltd. Şti. argued against the filed invalidation action stating, in particular, that at the time of filing the application the concluded distributor agreement had already expired, and thus Rec Diş Ticaret Ltd. Şti. could not be regarded as an agent of Ata Silah San. A.S.

Upon consideration of the particulars of the case, the Russian PTO decided to invalidate the trademark in full, indicating in the decision that corresponding provisions of the law do not contain any clauses and restrictions regarding the period of time of the agency relationship and as such the argument in favor of expiration of the distributor agreement was found unpersuasive.

Another case heard by the Russian PTO in 2020 concerned trademark  registered for services in Class 35 owned by the Russian entity Hayat Retail Ltd. Invalidation action was initiated by a Croatian company Sardina d.o.o., holder of the trademark with the word the elements ADRIATIC QUEEN enjoying protection in the European countries for food products in Classes 29, 30 and 31.

The invalidation action was grounded on the facts that Hayat Retail Ltd. was once the distributor of goods under Class 29 of Sardina d.o.o., the Class 35 services covered by the contested mark were directly connected with promotion, sales and advertising of the goods, thus such a registration might interfere with business activities of Sardina d.o.o. on the Russian market. Additionally, Sardina d.o.o. filed an observation letter (the so-called “informal opposition”) against trademark  at the stage of trademark examination requesting to refuse the application while the mark remained pending.

However, as a result of consideration of the invalidation action the trademark registration

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was kept in force. The Russian PTO pointed out the fact that Article 6 septies could not be applied in the subject case as the true trademark holder allegedly granted its irrevocable consent to the registration of the disputed mark in the name of the applicant. The letter of consent contained in the application materials was allegedly executed by Sardina d.o.o. on a later date than the filed observation letter. Nonetheless, the genuine owner insisted that no consent letter was ever granted to registration of the contested mark. Despite this claim the Russian PTO had no other option to accept the consent as it was beyond its competence to check authenticity of the document.

In view of the foregoing, it should be noted that it is in the best interests of the genuine right holder to have the trademark timely registered in Russia in its name in order to avoid costly and time-consuming legal procedure for trademark invalidation.

Moreover, having registered trademark rights may give additional advantages in fighting against trademark squatters.

Trying to catch the spirit of the shaky times, when foreign companies re-consider their business patterns in Russia resulting in termination or suspension of the commercial activities, some parties are attempting to get the famous brands or their imitations registered in their names. The number of such troublesome filings may potentially increase in view of the recent changes made to the Russian trademark legislation. Currently, a legal entity or an individual entrepreneur is entitled to file a trademark application. However, once

## Résumés

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

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

the amendments to the law come into effect, natural persons will have the possibility to apply for registration as well. This factor potentially may give rise to the number of applications filed in bad faith.

Naturally, the mere filing of an application does not guarantee its state registration. As previously mentioned the Russian PTO carries out examination both on absolute and relative grounds. Nevertheless, there is an opportunity for brand owners to take a proactive approach in defending their trademarks in the nature of filing observation letters during examination to try to avoid fairly costly and time-consuming post registration invalidity actions. An observation letter being a kind of informal opposition that may be filed in respect of pending applications is a very effective tool to prevent a third party's mark from being registered. The observation letter reflects the brand owner's concern in connection with the third party's filing.

In the first instance, the observation letter may draw the examiner's attention to prior trademark rights registered in Russia for similar goods or services. Above all, the observation letter vests the brand owners with possibilities to point out other grounds for refusing registration of a designation, apart from existing prior trademark rights, including those that are not verified in the course of examination. Arguments in favor of non-compliance of the applied designation with the requirements of the law that are not checked at the time of examination may include reasoning on similarity of the applied designation to a company name or identity or similarity of the applied designation to the name of a person known in Russia on the filing date of the application (the latter ground may be used by the fashion industry enterprises as many famous brands are named after the designers), similarity to the third party's copyrighted objects etc. The documentary evidence on the duration and intensity of use of the company name in relation to certain goods and services, on protected intellectual property, the history of the brand, the length of use of the mark on the market, and the acquired reputation of the brand, etc. should support the arguments set forth in the observation letter.

The observation letter may also be based on misleading grounds. This option may work best for renowned brands, which are widely known with information about which being globally available, to bar registration of identical designations in relation to a vast list of goods and services even in the absence of registration of a famous brand in relevant classes. However, holders of non-global brands who have intensively and widely used their trademark on the territory of Russia may also successfully use the misleading

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ground, provided such use resulted in the conflicting mark becoming renowned in the eyes of Russian consumers as the brand of a particular owner and assuming the respective arguments can be supported by documentary evidence.

To sum up, Russian legislation provides various tools for defending both registered and unregistered trademark rights from trademark squatters. These instruments may be used at different stages either to prevent registration of bad faith filing or to invalidate the registered trademark.

It should be noted though, that there is an important point for genuine trademark holders to remember when protecting their registered trademark rights. This point relates to use requirements adopted in Russia. It is the trademark holder's right and obligation to use the mark. The failure to use the trademark within three consecutive years from the date of its registration may result in its early termination based on the decision of the IP court upon request of an interested third party. The risk of cancellation of the trademark due to its non-use increases significantly for those brand owners who decided to leave the Russian market. Thus, use requirements should be kept in mind by a trademark owner when filing an observation letter based on prior trademark rights, for example, because the applicant may attempt to overcome the bar to registration of its mark by way of cancelling the conflicted cited brand if it is already potentially vulnerable to cancellation for non-use.

All in all, the best way to secure a trademark from trademark squatters seems to be to obtain trademark registration in a timely manner, to use the registered mark in relation to goods and services for which protection was granted, and to keep an eye on new filings to reveal identical or confusingly similar designations by third parties and to take appropriate actions against their registration.

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