

G-NEWS

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GORODISSKY & PARTNERS
PATENT AND TRADEMARK ATTORNEYS
IP LAWYERS*Merry Christmas and a Happy New Year!*

The Recovery of Trade- marks – a Russian Case Study & Success Story



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Not taking timely actions to protect your IP rights can result in time consuming and expensive court proceedings associated with taking back IP assets from wrongful claim of ownership by others. For example, in 2014-2015, the Moscow Commercial Court and the IP Court (first instance court / cassation court respectively) heard two interconnected cases (A40-89861/2014 and A40-26037/2015) relating to the situation where trademarks had been fraudulently registered by distributors in their own names.

Background facts

H.B. Health and Beauty Limited, Israel (hereafter – “H&B Limited”), a producer of cosmetic goods, has successfully imported its products into Russia since 2010. Debora LLC, an official » page 2

distributor of “H&B Limited” in Russia, registered “H&B Limited’s” trademark in its own name without authorization from “H&B Limited”. After obtaining that registration, Debora then used it to block the import of H&B’s genuine goods to Russia by initiating administrative proceedings against “H&B Limited’s” goods being delivered to Russia. As result of such actions, a significant quantity of “H&B Limited’s” goods were held to be counterfeit and destroyed under the court’s order. Naturally, “H&B Limited” was both offended by such behavior by its Russian business partner and it suffered tangible economic damages.

Initially the dispute resolution route of negotiation was tried. After having some difficult negotiations with Debora, it agreed to return to “H&B Limited” the trademark in a nominally amicable settlement of the controversy.

“H&B Limited” completely fulfilled its obligations and submitted a duly signed assignment agreement (hereafter – “H&B’s assignment agreement”) to the Russian Patent Office (hereafter – PTO) for recording. Unexpectedly, Debora then took actions to prevent H&B’s agreement from being recorded with the PTO, which is a must for any trademark assignment to be effective. Among others, Debora petitioned the PTO to stop it’s recordation of “H&B’s assignment agreement”, because Debora claimed that it did not consent.

Court proceedings

The Russian PTO is not empowered to record an assignment in the case of a dispute between an assignor and assignee. Here, “H&B Limited” was left with no option but to institute a lawsuit against Debora LLC and petition for “H&B’s assignment agreement” being recorded by court order.

Almost at the same time, DS Trading LLC (hereafter – “DS Trading”), a third party, brought a lawsuit against Debora LLC and “H&B Limited” claiming “H&B’s assignment agreement” to be void. The legal ground for “DS Trading’s” action was yet another assignment agreement (hereafter – DS Trading’s third-party

Russian customers. Under Russian law, the legal assignment of a trademark necessitates the fulfillment of several statutory requisites including whether it has the potential to mislead Russian customers.

Upon “H&B Limited’s” motion, the court consolidated all three lawsuits into one. Ultimately, it took about 9 months for the court to decide the dispute.

In that court’s adjudication of these facts and Russian law, the commercial court, at the first instance, sustained all of “H&B Limited’s” claims: (i) holding that “DS Trading’s third party agreement” was void and (ii) ordering the PTO to record “H&B’s assignment agreement”. In addition, the court rejected all of “DS Trading’s” claims. The appellate court upheld the first instance court’s judgment in full.

A Response From Debora & Development

When the judgment was about to come into force, Debora LLC instituted a separate lawsuit (the fourth one, herein). This time, Debora LLC sued “H&B Limited” arguing that “H&B’s assignment agreement” was void because it was falsified. Along with this lawsuit, Debora filed a motion for interim relief asking/requesting the court to prohibit the Russian PTO to record any assignment/license relating to the trademark in question.

According to Russian procedural law, a court is generally obliged to consider a motion for interim relief without giving notice to the parties the next day after the respective motion is filed with the court. Therefore, courts have no information about judgments that might be in conflict with interim reliefs.

In Debora’s new lawsuit, the court was not informed about the earlier judgment and thus erroneously granted interim relief prohibiting the PTO to record anything relating to the trademark until her judgment on the Debora’s new lawsuit came into force.

As a result, owing to Debora LLC’s several bad-faith actions, the enforcement of the earlier judgment was unlawfully blocked by interim relief granted within proceedings on another

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agreement) signed by Debora with DS Trading before “H&B’s assignment agreement” was signed by H&B Limited and Debora.

In response to “DS Trading’s” lawsuit, “H&B Limited” filed its cross-complaint against Debora LLC and “DS Trading” asserting that “DS Trading’s third party agreement” was void. “H&B Limited” argued, among other things, that: (i) the trademark was well-known among Russian customers who associated it with “H&B Limited” and its products; (ii) “DS Trading” had never produced or distributed cosmetic products; (iii) “DS Trading’s” using the trademark “H&B” could mislead

case. Thus, Debora LLC was given legal freedom to continue thwarting “H&B Limited” from importing its goods into Russia because Debora still held a valid trademark registration. (Reminder: “H&B’s assignment agreement” had not yet been recorded by the PTO).

It seems to be that the main purpose of Debora’s new lawsuit was interim relief which blocked, in fact, enforcement proceedings of the judgment that made it impossible for “H&B Limited” to recover the trademark and resume importation of the goods to the Russian market.

It appears to be that interim relief might be used by Debora as a last chance to persuade “H&B Limited” to negotiate a settlement agreement since damages caused by Debora’s blockage of importing H&B’s goods were really significant. Taking into account such damages, “H&B Limited” might prefer to settle the dispute rather than suffer such damages further.

“H&B Limited” appealed the first instance court’s ruling on granting interim relief before the Intellectual Property Court (hereafter – the IP Court).

“H&B Limited” argued:

- Although Debora knew about the earlier commercial court judgment, they sought interim relief which in effect blocked enforcement of that judgment;
- Such Debora’s actions amounted to abuse of procedural right; according to Russian law one’s actions constitute abuse of procedural right if such an action was aimed to inflicting harm/damages to another party rather than protecting their own rights/interests;
- Judicial relief including interim relief should never postpone the earlier judgment from being enforced;
- Court unfairly tilted the balance in favor to Debora LLC by granting interim relief as “H&B Limited” had an unconditional right to rely on the judgment, which was unlawfully blocked by interim relief.

The good news is that “H&B Limited” represented by Gorodissky & Partners succeeded in convincing “IP Court” which sustained “H&B Limited’s” appeal in full including a nullification of inappropriately issued interim relief.

Conclusion

At the end of the day “H&B Limited” won all cases initiated with respect to its trademark. The court has sustained in full all actions brought by “H&B Limited”:

- By means of the first one brought against Debora LLC, “H&B Limited” petitioned the court to record “H&B’s assignment agreement”;
- By bringing another one against “DS Trading”, “H&B

Limited” petitioned the court to hold “DS Trading’s third party agreement” void. “H&B Limited” had to bring this action to

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attack the cause of “DS Trading’s” action, i.e. “DS Trading’s third party agreement” which was used to block recordation of “H&B assignment agreement”. Since the court held “DS Trading third party agreement” void, “DS Trading’s” claim was left with no chance but to be rejected as it lost its cause of action.

Then “H&B Limited” removed the last obstacle to importing its goods into Russia by successfully appealing the court’s ruling on granting interim relief.

DEPARTURES AND PROMOTIONS



Irina Korzun

Ms. Irina Korzun after 16 years of professional carrier as a Trademark Attorney and a Partner with Gorodissky & Partners has retired as of November 2, 2015.

Before joining Gorodissky & Partners Ms.Korzun worked in 1977-1999 for the Russian PTO and left the PTO as a Deputy Chief of Trademark Department. Ms.Korzun was a member of the Government delegation at the International Conference on Madrid Treaty when the USSR joined it. She brought to Gorodissky her substantial experience in registration and enforcement of trademarks and shortly headed the trademark Department of the firm, regularly spoke at IP conferences and seminars. “Best Lawyers” ranks Irina Korzun as a leading practitioner in trademarks in Russia.

We all are very grateful to her and hope that her successor Mr. Vladimir Trey will continue and enhance her duties as a Chief of Trademark Department. Vladimir is a Partner and a Trademark Attorney and has been working for Gorodissky & Partners from 1999.



Vladimir Trey

Mr. Trey has been practicing in trademark area for more than 16 years and his name is known among trademark specialists in Russia and worldwide. His experience includes advising clients on various trademark issues, managing trademark portfolios through clearance and prosecution, representing clients before the Russian PTO and Commercial courts, including Russian IP Court. Vladimir represents owners of famous brands and consolidated trademark portfolios across a wide range of industries like: sport and leisure, perfumery and cosmetics, medicine, media and e-communications, chemistry and agro-culture, oil extraction and processing, electronics, automotive production, financial and insurance service. He is intensively involved in opposition and cancellations proceedings as well as in transactional, enforcement and opinion work, including recognizing of certain foreign trademarks as well-known in Russia and granting legal protection for non-traditional trademarks (colour, sound etc). Vladimir has a number of publications in international magazines and is one of the leading speakers in Gorodissky team. “Best Lawyers”, “Legal 500”, “WTR 100” and “MIP IP Stars” rank Vladimir Trey as a leading practitioner in trademarks in Russia.

We believe that our team of trademark specialists headed by Vladimir Trey will successfully continue our professional cooperation.

Events

(conferences, seminars, news)

5.11.2015 // TOKYO

Masashi Kurose, of Counsel, Japan Patent Attorney (Gorodissky & Partners, Vladivostok) spoke on the Russian IP System and its newly revisions at the “2015 Patent Information Fair & Conference” held by JIPII (Japan Institute for Promoting Invention and Innovation) in Tokyo. About 100 audience, mainly Japanese company people participated in the seminar.

22.10.2015 // GORODISSKY & PARTNERS WEBINAR

On October 22, 2015 Gorodissky & Partners held its Webinar “New Russian Anti-Piracy Law: Is it Really Viable and Effective?” dedicated to the effectuation and recent trends of the Russian Anti-Piracy Law and other legal aspects aimed at IP/copyright enforcement on the Internet. Sergey Medvedev, PhD, LL.M., Senior lawyer (Gorodissky & Partners, Moscow), highlighted two very important topics during the webinar: (i) extension of the scope of application of the new law over all copyrighted works, except for photographs, and (ii) permanent blockage of illegal content, which confirm that nowadays the Russian Anti-Piracy Law is a strong “weapon” for fighting against Internet pirates. The webinar also referred to the latest case law and respective court practice in the anti-piracy area.

06.10.2015 // EKATERINBURG

Valery Narezhny, PhD, Counsel (Gorodissky & Partners, Moscow) spoke on “Intangible assets taxing” at an IP seminar “Topic issues of intangible assets accounting and taxing” hosted by the Ekaterinburg branch office of Gorodissky & Partners on October 6, 2015. Accountants, financiers, patent and trademark attorneys, IP lawyers from industrial companies and different organizations of the Sverdlovsk region attended the Seminar.

28-30.09.2015 // COPENHAGEN

Evgeny Alexandrov, PhD, Head of Legal Department (Gorodissky & Partners, Moscow), gave a presentation “Factors that affect litigation of patent rights infringement in Russia” at the Global Patent Congress 2015 which gathered over 130 attendees.

22-23.09.2015 // ST.PETERSBURG

Dmitry Yakovlev, Patent Attorney, and Vitaly Malyshev, PhD, Patent agent (both from Gorodissky & Partners, St.Petersburg), spoke on “Practice of patenting Russian inventions abroad” at the International Symposium “Intellectual property and innovations: the best world practices” held by the Center of technology and innovation support of the Peter the Great St.Petersburg state polytechnic university and the Committee of the Industrial policy and innovations of the St.Petersburg Administration. The Symposium gathered Russian and foreign specialists in IP due diligence, commercialization of scientific researches, representatives from the leading world universities and many Russian and foreign hi-tech companies.

08.09.2015 // MOSCOW

Gorodissky & Partners hosted Business Breakfast at the Hilton Moscow Leningradskaya Hotel where about 40 lawyers,



Photo: The audience

economists, marketing and developing business specialists from the Moscow branch offices and representations of foreign companies had an opportunity to discuss topic issues of most efficient use and protection of foreign companies’ intellectual property assets with leading Gorodissky IP lawyers: Evgeny Alexandrov, PhD, Chief of Legal Department, Sergey Medvedev, PhD, LL.M., Senior lawyer, and Valery Narezhny, PhD, Counsel.



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