At present, along with the increasing importance of intangible assets in the market-driven economy and with the development of the intellectual property law, the number of protectable and marketable intellectual property subject matters is constantly growing. It is remarkable that persons, in particular, legal entities and individuals, have started to show an increasing interest in the security and protection of the results of
intellectual activity and means of individualization when creating, promoting, and selling products or providing services, both in Russia and abroad. At the same time, we see that in some cases intellectual property objects are acquired in the name of one holder and in other cases — in the name of several holders of the relevant rights (rights holders) for quite different purposes, including commercial and non-commercial. However, in some occasions, it is rather difficult for a single person to manage the exclusive rights to numerous intellectual property subject matters within a single “portfolio” that need to be commercialized professionally and efficiently. The same situation involving the need to manage intangible assets may occur, for example, if the exclusive rights are reserved for several persons (joint rights holders). Even one person does not often know how to properly “monetize” his or her protected inventions or technical solutions that are innovative, industrially applicable, and needed by the public and how adequately protect his or her rights in case of their infringement by third parties. Actually, disposal and protection of the exclusive rights can be quite a sophisticated problem for many holders of intellectual property objects, both economically and legally, since it requires business spirit, managing talent, and established competence.

The legislation in the field of intellectual property, namely Part IV of the Civil Code of the Russian Federation (hereinafter the “Civil Code of Russia”), allows the rights holder to dispose of the exclusive right to the result of intellectual activity or means of individualization, owned by her, in any way or manner not contrary to the law and substance of such exclusive rights (Clause 1 of Article 1233 of the Civil Code of Russia). IP asset management may be one of such unique ways of disposal of the exclusive rights, which is described and discussed in this article. It is worth reminding that, under Clause 1 of Article 1013 of the Civil Code of Russia, the objects of asset (property) management may be enterprises and other assets, individual items related to real estate, securities, rights certified with uncertificated securities, exclusive rights, and any other property. Therefore, based on the special provisions of the law, namely Clause 1 of Article 1233 of the Civil Code of Russia, and by virtue of the common rule of law, namely Clause 1 of Article 1013 of the Civil Code of Russia, the exclusive rights may be the object of management.

At the first blush, these statutory concepts will seem to be similar to each other, but that is not quite the case. First, the objects of management may be the exclusive rights to quite different intellectual property subject matters, including the objects of patent law and secrets of production (know-how), copyrighted works and objects of related rights, computer programs and databases, trademarks and service marks. The law contains no restrictions on a subject matter of management. At the same time, management of rights on a collective basis pertains only to the category of copyrights and related rights and may not cover any other intellectual property rights (Articles 1242–1244 of the Civil Code of Russia). In addition, it is worth noting that a manager (administrator) can only be an individual entrepreneur or a commercial organization (entity), except for a unitary enterprise (Clause 1 of Article 1015 of the Civil Code of Russia). Meanwhile, only non-profit organizations may be granted the power to manage copyrights and related rights on a collective basis (Clause 1 of Article 1242 of the Civil Code of Russia). Another difference between these statutory concepts is whether the entrusted manager is able to use the intellectual property objects, the exclusive rights to which are transferred for management purposes. So, for example, the organizations engaged in management of rights on a collective basis are not entitled to use the copyright-works and objects of related rights, the exclusive rights to which have been transferred to them for management purposes (Clause 4 of Article 1242 of the Civil Code of Russia). By comparison, in “classic” asset management scenario, the administrator may use a result of intellectual activity or a means of individualization herself, unless otherwise is established by the agreement. As per the legal position of the Supreme Court of the Russian Federation, the manager may, when exercising her right to asset management, exercise the powers of a holder of the exclusive rights within the limits provided for by law and an agreement (Clause 1 of Article 1020 of the Civil Code of Russia) and dispose of the exclusive rights, unless otherwise is provided for by the agreement. However, as opposed to a licence agreement, a result of intellectual activity or

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a means of individualization may be used only for the benefit of the beneficiary.

Finally, it shall be mentioned that, within the meaning of Clause 2 of Article 1012 of the Civil Code of Russia, the manager may take any legal and factual actions with regard to the property (property right) transferred for management, but all – for the benefit of the beneficiary and in accordance with the management agreement. An agreement may provide for special restrictions on certain actions (rights) of the administrator.

By the way, the manager is obliged to make all transactions with the exclusive rights transferred for IP asset management on her own behalf indicating that she acts as such a manager (Clause 3 of Article 1012 of the Civil Code of Russia).

Speaking about management on a collective basis, organizations engaged in management of rights on a collective basis may, in particular, on behalf of the rights holders or on their own behalf, file claims with courts and perform any other legal actions required to protect the rights transferred to them for management on a collective basis (Clause 5 of Article 1242 of the Civil Code of Russia). An accredited organization may file claims with courts on behalf of rights holders as required to protect the rights managed by such organization (Article 1244 of the Civil Code of Russia).

As it can be seen now, when comparing these legal categories, the manager is obliged to act independently (on her own behalf), but for the benefit of the beneficiary (i.e. a grantor or her specified person).

At the same time, the manager herself cannot be the beneficiary (Clause 3 of Article 1015 of the Civil Code of Russia). The idea of management of rights on a collective basis is to ensure the collection and allocation of the relevant royalties from third parties and protection (enforcement) copyrights and related (exclusive) rights against third parties, if such disposal (licensing) and protection (enforcement) of exclusive rights is not possible on an individual basis. There is no “beneficiary” concept as such in the model of management of copyrights and related rights on a collective basis.

In accordance with Clause 1 of Article 1012 of the Civil Code of Russia, under an asset management agreement, one party (the grantor) transfers the property to the other party (the manager) for management for a certain period and the other party is obliged to manage this property for the benefit of the grantor or her specified person (the beneficiary). Transfer of the property for management does not entail transfer of the right of property thereto to the manager. Upon termination of the management agreement, the property in management must be transferred to the grantor, unless the agreement provides for otherwise (Clause 3 of Article 1024 of the Civil Code of Russia).

As to intellectual property, IP asset management is an agreement under which the rights holder (the grantor) transfers exclusive rights to another person (the manager) for management for a certain period and the manager is obliged to manage the exclusive rights for the benefit of the grantor or her specified person (the beneficiary).

It is important to stress out here that the transfer of the exclusive rights for management purposes does not mean the transfer of the exclusive rights to the manager; the latter may only manage these rights for the benefit of the beneficiary during the period established by the agreement (but not exceeding the period of validity of the legal protection of the intellectual property subject matter) and in accordance with the terms and conditions of the agreement, while performing the agreed legal and factual actions, including when entering into transactions with third parties.

It is remarkable that the exclusive rights may be transferred for management under the agreement both in full and within certain limits. In particular, under such an agreement, the manager may be “entrusted” with the entire “triad of powers” (i.e., a full scope of the exclusive rights transferred), namely, a right to use by any means, a right to dispose of the same by any means, and a right to enforce the exclusive rights through any legal remedies, or it may be limited, for example, to the transfer of a right to dispose of the same by specific means (for example, through licensing) or a right to enforce the exclusive rights through certain legal remedies (for example, through filing civil actions in courts). In any case, the agreement should define the scope of the rights transferred for management along with the liability of the manager, including financial one, for non-fulfilment of her relevant duties.

It is important to emphasize once again that the manager may, when managing the exclusive rights, use and dispose of such rights (Article 1012 of the Civil Code of Russia). However, as opposed to a licence agreement, it may be done only for the benefit of the beneficiary.

In addition, within the meaning of Clause 1 of Article 1016 of the Civil Code of Russia, the IP asset management agreement must cover the following essential terms and conditions:

- Set of exclusive rights (i.e., a specific list of intellectual property objects referring to, inter alia, the registration numbers of documents certifying the exclusive rights) transferred for management;

- Name of a legal entity or an individual, for the benefit of which the exclusive rights are managed (the grantor or the beneficiary);

- Amount and form of remuneration to the manager if payment of remuneration is provided for by the agreement;

- Term of the agreement.

As it follows from the law, the management agreement should be concluded for a term not exceeding five years. If no notice of termination of the agreement upon its expiration is sent by either party, it should be deemed extended for the same term and on the same terms and conditions as provided for in the agreement (Clause 2 of Article 1016 of the Civil Code of Russia). In such circumstances, it is necessary to take into account the period of legal protection of an intellectual property subject matter,

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2 — See Clause 48 of Resolution of the Plenum of the Supreme Court of Russia No. 10 dated 23 April 2019 On Application of Part Four of the Civil Code of the Russian Federation

3 — See Clause 2.2 of the Statement of the Intellectual Property Rights Court (IPRC) following the discussion of court practice issues at the meeting of the Research Advisory Board at the Commercial Court of the Ural Circuit on 23 May 2014 (approved by Resolution of the IPRC Presidium No. SP-21/90 dated 14 November 2014)
the rights to which are transferred for management under the agreement. We believe that, by analogy with a licence agreement, in case of termination of the exclusive rights, the management agreement will also terminate. As per Article 1023 of the Civil Code of Russia, the manager has the right to the remuneration stipulated by the agreement if payment of the same is agreed upon by the parties and such agreement is not remuneration-free. The form of remuneration payment is not established by law; hence, the parties may agree upon various financial conditions, including a lump sum (one-time) payment, periodic payments, certain interest from management, and any other forms. These forms of remuneration may be paid directly by the grantor or compensated by the income received from the IP asset management. It is apparent that such income should be generated by commercializing the relevant intellectual property objects based on licence (sublicence) or any other (commercial) agreements. In addition to the right to remuneration, the manager may also claim reimbursement of necessary expenses incurred by her during the IP asset management. At the same time, necessary expenses incurred by her, in particular, payment of the official fees for maintenance of patents transferred for management, should be reimbursed by the grantor. By the way, while the manager acquires the right to remuneration if it is expressly provided for in the agreement, the right to reimbursement of relevant expenses does not depend on whether this right is regulated by the agreement or not. Certainly, the IP asset management agreement shall be made in writing. Non-observance of the form of management agreement entails its invalidity (Clause 3 of Article 1017 of the Civil Code of Russia).

It should also be noted here that no state registration of the IP asset management as a form of disposal of the exclusive rights is provided for by law. At the same time, when managing the exclusive rights with regard to the registered intellectual property (for example, trade marks and service marks), when entering into transactions with third parties with regard to such subject matters, including licence or franchise agreements, the manager is obliged to ensure the state registration of the grant of rights under the relevant agreements and to disclose the management agreement concluded with the grantor (the rights holder) to Rospatent as a confirmation of her status. Otherwise, Rospatent may send a notice (request) or even refuse to perform the state registration of disposal of the exclusive rights, which will result in it being invalid (Clause 6 of Article 1232 of the Civil Code of Russia, Clause 2 of Article 1028 of the Civil Code of Russia).

ENFORCEMENT OF EXCLUSIVE RIGHTS TRANSFERRED FOR MANAGEMENT

As noted above, the contracting parties to the management agreement are the grantor and the manager. In practice, however, the grantor may be both – the rights holder (holder of the intellectual property object) and a holder of the exclusive rights (licensee). The manager may be either an independent professional manager (an individual entrepreneur or a commercial organization) or a sublicensee, as the case may be in practice. The nature of agreement and the management structures will determine, among other things, the consequences related to the enforcement of the exclusive rights transferred for management. Clause 2 of Article 1250 of the Civil Code of Russia does not expressly mention the administrator among the persons entitled to protect and enforce the infringed exclusive rights. However, the manager’s right to enforce such rights follows from the right to protection (enforcement) of property belonging to the grantor. Accordingly, if the grantor is the rights holder and the right to use in a certain specific way (or in all possible ways) the result of intellectual activity is transferred for management, the manager may both – exercise the rights transferred to her for management and enforce the same in the same ways as the rights holder may do. If the grantor is a licensee, the manager’s powers will depend on whether the rights of the licensee who has received the same under an exclusive licence agreement or who has received the same under a non-exclusive licence agreement are transferred to the manager for management. At the same time, the grantor, who has transferred the exclusive rights for management, may no longer itself independently use (apply for) the enforcement measures provided for by the Civil Code of Russia4.

CONCLUSION

The IP asset management business model is not much in demand today. However, there are some situations in practice that differ from the management of copyrights and related rights on a collective basis, when this statutory legal tool applies, including when forming relations for the use, disposal, and enforcement of rights to various objects of exclusive rights between joint rights holders and concentrating (accumulating) various objects of exclusive rights in one “pair of hands” who have no special or business skills in their commercialization and enforcement.

It is apparent that as the total number of transactions concluded in the area of intellectual property increases, the share of transactions accounted specifically for IP asset management will grow, establishing a new, positive practice in this particular field. We are certain that in the future this contractual instrument will be used by business more often and in this regard will have a more practical importance for lawyers and IP attorneys.

4 See Clause 49 of Resolution of the Plenum of the Supreme Court of Russia No. 10 dated 23 April 2019 On Application of Part Four of the Civil Code of the Russian Federation
QUARTERLY REVIEW OF NEWS IN LEGISLATION, COURT PRACTICE, AND ROSPATENT’S PRACTICE RELATED TO INTELLECTUAL PROPERTY

(JULY TO DECEMBER 2020)

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LAWS AND DRAFT LAWS

It is possible to include electronic 3D models of the claimed items in applications and to obtain electronic patents and certificates.

On 20 July 2020, Federal Law No. 217-FZ dated 20 July 2020 on Amendments to Part Four of the Civil Code was published. The amendments allow applicants to submit electronic three-dimensional (3D) models in their applications for inventions, utility models, industrial designs, and trademarks.

In addition, the titles of protection (except for a patent for secret invention) will be issued in electronic form. At the same time, applicants will still be able to obtain them in hard copy as well. The law entered into force on 17 January 2021.

Law on Geographical Indications

On 31 July, Federal Law No. 262-FZ dated 31 July 2020 On Amendments to Part Four of the Civil Code was published. The law introduces a procedure for preliminary information search and preliminary evaluation of patentability under applications for inventions and utility models engaging Russian specialized scientific and educational organizations that will be accredited by Rospatent. Applicants will be able to use the preliminary information search service at their discretion. At the same time, they get an additional opportunity to change the application materials after obtaining the results of such a search when submitting a request for substantive examination of the application. The results of the preliminary search and preliminary evaluation of patentability will be taken into account by Rospatent when conducting substantive examination of the application.

The law also entitles the Government to determine the number of applications that may be filed by one applicant within a year without paying a fee if he files a statement of his willingness to surrender the patent, if issued, to any person. Now, the number of such applications is not limited.

The law will enter into force after one year from its publication date, that is on 1 August 2021, except for the provision on the new Government’s right, which entered into force on 29 October 2020 and in accordance with which the Government adopted relevant decree No. 1676 dated 13 October 2020.

The said decree has amended the Regulation on Patent Fees; these amendments determine a list of fees, from which an applicant and a patent holder are exempt when submitting an application for willingness to conclude an agreement for assignment of a patent on the terms and conditions compliant with the established practice.

The same decree has established that such an exemption from payment of patent fees is granted for the first 10 applications filed by the applicant within a calendar year.

**The State Duma has approved amendments to the law On Patent Attorneys in the first reading**

On 30 September 2020, the State Duma approved a draft law on amendments to the law On Patent Attorneys of the Russian Federation in the first reading. The draft law was introduced by Senators Umakhanov, Gumerova, and Vasilenko. The amendments envisage rights, duties, and liability of parties and grant a patent attorney certain rights and guarantees.

The draft law introduces a regulatory definition for “organization of patent attorneys” and determines its duties towards a client.

The amendments also provide for the following developments:

- A possibility to create an office of the patent attorney;
- Introducing the client-attorney privilege concept;
- Setting the patent attorney’s status in court proceedings equal to the attorney’s status;
- Introducing a duty of public authorities and other organizations to respond to a patent attorney’s request within a month;
- Granting patent attorneys a right to access Rospatent’s information resources containing information about registration of intellectual property subject matters.

**Decree of the Government of Russia No. 1388 dated 09 September 2020 On Approval of the Rules for Control over Retention of Special Properties of Goods, for Which an Appellations of Origin Is Registered**

As per Article 1522.1 of the Civil Code, the competent authority, whose opinion has been attached to the applica-
tion for registration of an appellation of origin of goods or to the application for granting of a right to use the appellation of origin of goods, must control retention of the special properties of the goods, for which the appellation of origin is registered. Such control consists in consideration of statements on disappearance of conditions typical for the relevant geographical location and on impossibility to produce goods having special properties. Such statements may be submitted by anyone, including a public authority. Based on the submitted statements, the competent authority requests the positions of all holders of certificates of the right to use the appellation of origin of goods and of the head of the Russian constituent entity, where the relevant geographical location is situated. The position of professional associations of manufacturers of the relevant goods may be requested, as well. Based on the results of consideration of the applications, taking into account the positions obtained, the competent authority can prepare an opinion on the disappearance of the conditions typical for this geographical location and on the impossibility to produce goods having special properties. The prepared opinion is sent by the competent authority to Rospatent along with an application for termination of protection of the appellation of origin of goods and for termination of the right to use the appellation of origin of goods. The application of the competent authority is considered by Rospatent in accordance with the Rules for Consideration by Rospatent of Disputes in Administrative Proceedings.

**Decree of the Government of Russia No. 1848 dated 16 November 2020 On Approval of the Rules for Payment of Remunerations for Employees’ Inventions, Employees’ Utility Models, and Employees’ Industrial Designs**

Clause 5 of Article 1246 of the Civil Code establishes the Government’s powers to determine rates of, procedure, and period for payment of remunerations for employees’ inventions, utility models, and industrial designs. In accordance therewith, the Rules for Payment of Remunerations have been approved that apply when there is no relevant agreement concluded between an employer and an employee. As per the new Rules (the previous ones were adopted in 2014), for the employer’s use of an employee’s invention, an employee’s utility model, or an employee’s industrial design, the employee who is the author of the same should be paid a remuneration in the amount of three average salaries (previously, one salary) for the last 12 calendar months of such a development being in use. If the employer sells a licence for use of a patented employee’s invention, utility model, or industrial design, the employee should be paid 10% of the licence fees received by the employer; if the patent for the employee’s invention, utility model, or industrial design is alienated, the employee should be paid 15% of the remuneration received by the employer. The Decree became effective on 1 January 2021 and is in force until 1 January 2027.

**New Rules for Consideration and Resolution of Disputes by a Federal Executive Authority for Intellectual Property in Administrative Proceedings are Made Effective**

**Rules for Preparation and Consideration of Applications for Geographical Indications are Set Forth**

On 7 September 2020, order of the Ministry of Economic Development No. 398 dated 03 July 2020 (registered with the Ministry of Justice on 26 August 2020 under No. 59495) entered into force, which approved:

- Rules for preparation, filing, and consideration of an application for a geographical indication or an appellation of origin of goods;
- Requirements for the documents contained in the application for a geographical indication, the application for an appellation of origin of goods, and their forms;
- List of details to be specified in a certificate of exclusive right to a geographical indication or an appellation of origin of goods;
- Forms of a certificate of exclusive right to a geographical indication or an appellation of origin of goods.

Order of the Ministry of Economic Development of Russia No. 697 dated 30 September 2015 and governing similar legal relations is repealed.

**Protection Symbols (Emblems) of Protected Geographical Indications and Appellations of Origin of Goods**

On 8 September 2020, order of Rospatent No. 94 dated 03 July 2020 (registered with the Ministry of Justice on 28 August 2020 under No. 59556) entered into force, which approved protection symbols of geographical indications and appellations of origin of goods.

The emblems applied to goods confirm that an appellation of origin of goods or a geographical indication is registered with regard to these goods, and the manufacturer of such goods has a registered right to this appellation of origin of goods or geographical indication.
The Civil Code stipulates that an appellation of origin of goods or an application for an appellation of origin of goods may be transformed by the right holder and the applicant into a geographical indication or an application for a geographical indication, accordingly, and vice versa. The procedure for such transformation is approved by order of the Ministry of Economic Development No. 399 dated 3 July 2020. On 14 September, the Procedure became effective.

**Review by third parties of documents of applications for geographical indications and appellations of origin of goods**

In accordance with Article 1524 of the Civil Code, Rospatent publishes applications for geographical indications and appellations of origin of goods, after which anyone can review the application documents and obtain their copies. On 14 September 2020, the Procedure for Review of Documents of an Application for a Geographical Indication or an Appellation of Origin of Goods and Issuance of Copies of Such Documents as approved by order of the Ministry of Economic Development No. 417 dated 3 September became effective. The documents of application are reviewed, and their copies are issued in hard copy or in electronic form. Fees are charged for review of the documents of applications and for issuance of their certified copies.

**The order of the Ministry of Economic Development has established the procedure for consideration of oppositions to granting of legal protection to a geographical indication or an appellation of origin of goods and (or) to granting of an exclusive right to a geographical indication or an appellation of origin of goods**

The Civil Code stipulates that, within 3 months after publication of the application for a geographical indication or an appellation of origin of goods, any person may review the application materials and file with Rospatent an opposition to granting of legal protection to the claimed geographical indication or appellation of origin of goods or to granting of a right to use the geographical indication or the appellation of origin of goods. At the same time, the Civil Code provides for an official procedure for consideration of such oppositions, which rules are set forth by the Ministry of Economic Development.

On 18 September 2020, the procedure for consideration of such oppositions as approved by order of the Ministry of Economic Development No. 356 dated 17 June 2020 entered into force. The Procedure stipulates that the oppositions to granting of legal protection or right to use the geographical indication or appellation of origin of goods may be filed both in hard copy and in electronic form through the Rospatent’s website. The oppositions accepted for consideration are considered by the department conducting examination of applications for geographical indications and appellations of origin of goods within 50 business days. No procedure for oral consideration of oppositions involving the parties (the applicant and the opponent) is stipulated. Based on the results of the consideration of the opposition, the opponent is sent a notice of its satisfaction or dismissal. The results of the consideration of the opposition are taken into account when rendering a decision on the application.

**International Treaties of the Russian Federation**

**Ratification of the Protocol on the Protection of Industrial Designs to the Eurasian Patent Convention**


The Protocol is an addendum to the Eurasian Patent Convention. It provides for formation of a system of Eurasian patents for industrial designs, which will also be issued by the Eurasian Patent Office and will be valid in all member states. The maximum term of a Eurasian patent for an industrial design may be 25 years. The Protocol will enter into force for the first three states that ratified it or acceded to it three months after the third state deposits an instrument of ratification or an instrument of accession to the depository being the WIPO Director General for storage. For a later acceding state, the Protocol will enter into force three months after it deposits its instrument of ratification or an instrument of accession to the depository for storage.

**Ratification of the Treaty on Trademarks, Service Marks, and Appellations of Origin of Goods of the EAEU**

On 20 November 2020, Federal Law No. 360-FZ dated 09 November 2020 On Ratification of the Treaty on Trademarks, Service Marks, and Appellations of Origin of Goods of the Eurasian Economic Union entered into force. The Treaty was signed on 3 February 2020 in Moscow. It will become effective on the date the Eurasian Economic Commission receives the last written notice that the required domestic procedures are implemented by all member states of the Eurasian Economic Union (EAEU). Legal protection of trademarks and appellations of origin of goods of the Union registered in accordance with the Treaty will be valid throughout the Union.

The Treaty provides for a possibility to file an application for registration of a trademark or an appellation of origin of goods of the Union with any national patent office. Based on
the filed application, after completion of the necessary procedures, the relevant designation is to be registered as an EAEU trademark protected in each member state of the Union (Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia). The procedure for granting protection provides for joint efforts of patent offices of the Union states. No single interstate trademark office is provided for by the Treaty. The Treaty also provides for a regional system for protection of appellations of origin of goods in the EAEU member states.

DISPUTES OVER GRANTING AND TERMINATION OF PROTECTION

THE PRESIDIOUM OF THE IP COURT HAS ISSUED REVIEW OF THE IP COURT’S PRACTICE ON ISSUES RELATED TO APPLICATION OF CLAUSE 7 OF ARTICLE 1483 OF THE CIVIL CODE

In accordance with Clause 7 of Article 1483 of the Civil Code of the Russian Federation (the “Civil Code”), the designations may not be registered as trademarks for any goods if they are identical or confusingly similar to the geographical indications or the appellations of origin of goods protected in accordance with this Code or to the designation claimed for registration as such before the priority date of the trademark.

Based on the analysis of the decisions of the IP Court on the cases from 2014 to 2020, the review provides a number of positions:

- Rospatent may refuse to perform state registration of the trademark identical or confusingly similar to a geographical indication or an appellation of origin of goods, regardless of whether there are any oppositions of the exclusive right holder to the use of such a geographical indication or an appellation of origin of goods;
- The designation identical or confusingly similar to a geographical indication or an appellation of origin of goods may be registered as a trademark only in the name of the person who has the exclusive right to these geographical indications or appellations of origin of goods. If, in this case, the applicant has no such right, the compliance of the application with the other conditions should not be checked;
- When comparing the geographical indications or the appellations of origin of goods and the designations claimed for registration as trademarks, the homogeneity of goods should not be evaluated, since the designations similar to these means of individualization may not be registered as trademarks for any goods;
- The claimant’s exclusive right to the means of individualization similar to the opposed geographical indications or appellations of origin of goods and having an earlier priority cannot serve as a basis for granting legal protection as a new trademark to the claimed designation;
- The legal approaches developed for analysing the likelihood of confusion between designations and trademarks may also apply when establishing the likelihood of confusion between the trademark and the geographical indication or the appellation of origin of goods, taking into account the specific features of each means of individualization.


Rospatent has satisfied the oppositions to the grant of legal protection to a trademark identical to an earlier trademark of the same right holder, registered for the same goods, which, in the opinion of the person challenging the registration of the later trademark and of Rospatent, conflicts with the public interests.

The right holder has challenged the Rospatent’s decision in the IP Court.

When reversing the Rospatent’s decision in part, the IP Court has pointed out that Rospatent had unlawfully satisfied the opposition to the trademark, since the opponent had not proven his interest in all goods, for which the challenged trademark had been registered.

When reversing the IP Court’s decision and dismissing the right holder’s claim, the Collegium of the Supreme Court has pointed out that the concept of interest with regard to challenge of the grant of legal protection to a trademark on the ground of a conflict with the public interests should be interpreted as broadly as possible, since the considered ground for challenging is intended to protect the public interests not a private interest of a specific person and to prohibit an ungrounded monopoly on trademarks.

The Collegium of the Supreme Court has noted that the law provides no possibility to recognize several exclusive rights to the same trademark, since this conflicts with the absolute nature of an exclusive right, therefore, with the public interests. In this scenario, the interest in challenging should be interpreted as broadly as possible because it is about protecting not private, but public interest.

STATE AUTHORITIES ARE OBLIGED TO PERFORM THE FUNCTIONS IMPOSED TAKING INTO ACCOUNT THE PRINCIPLE OF PROTECTION OF LEGITIMATE EXPECTATIONS (DECISION OF THE IP COURT DATED 5 NOVEMBER 2020 ON CASE NO. SIP-333/2020)

Considering application filed by Maar schall Group B.V. No. 2019702683 for registration of a three-dimensional trademark, Rospatent has decided to grant protection to the claimed designation excluding the actual shape of a bottle and the numerical element “3” from protection. When excluding the shape of the bottle from protection, Rospatent has stated that the shape of the bottle does not have a set of features necessary and sufficient for consumers to remember it, that is, it has no distinctiveness.

There is no evidence submitted that the shape of the bottle itself, without word and figurative elements, has acquired
distinctiveness in relation to the applicant before the filing date of the application, for which reason it cannot be included as a protectable element of the designation, since it contradicts the requirements of Clause 1 of Article 1483 of the Code. The IP Court has disagreed with Rospatent, invalidated the Rospatent’s decision, and compelled Rospatent to reconsider the applicant’s appeal. The IP Court has pointed out that, when evaluating the protectability of the claimed three-dimensional designation, Rospatent has not evaluated some of its features being, in the applicant’s opinion, its unique and original elements. Rospatent has not proved that these elements are also used by other manufacturers of similar products. Thus, it does not appear from the challenged decision of Rospatent on what evidence and information the administrative body has concluded that the claimed shape of the bottle is determined solely or mainly by its functionality, is traditional, and has no alternative for the items of the same purpose.

In addition, the court has pointed out that it is not clear from the Rospatent’s decision why, when deciding on granting of legal protection to the shape of the claimed designation, Rospatent had not taken into account the fact that the applicant had had patent of the Russian Federation for industrial design No. 118953 with the same shape of the bottle. Granting legal protection to the claimed bottle as an industrial design indicates that the set of its essential features is unknown from the information that has become publicly available worldwide before the date of its priority, and the item itself is original, which can additionally evidence the originality of the shape of the bottle claimed as a three-dimensional trademark.

The IP Court has pointed out that state authorities are obliged to perform the functions imposed taking into account the principle of protection of legitimate expectations. Predictable behaviour of a state authority that has official power is one of the factors that control the arbitrary rule, create conditions for implementing the principle of legal certainty, and contributing to forming trust in the law and state actions among parties to legal relations.

**DISPUTES OVER INFRINGEMENT OF THE EXCLUSIVE RIGHT**

The Supreme Court has explained the grounds for granting injunctive reliefs in disputes over infringement of a trademark in the domain name. Refusing to grant urgent injunctive reliefs, the courts have not taken into account the specific features and peculiarity of the dispute related to the infringement of the exclusive rights to the trade name and the trademark as a result of the illegal use of domain names (Ruling of the Collegium on Economic Disputes of the Supreme Court of the Russian Federation No. 305-ES20-16127 dated 17 November 2020 on case No. A41-85820/2019)

Lunda LLC has asked the court to prohibit an individual entrepreneur from using the Лунда.рф and Lunda.su domains and demanded that, following the results of the court proceedings, the entrepreneur transfer the domains to it free of charge. Before considering the merits of the dispute, the claimant has also requested that the court grant injunctive reliefs that would prohibit the defendant from performing any actions aimed at waiving or transferring the rights to administer domain names, including changing the registrar. The court of first instance, the court of appeal, and the court of cassation have dismissed the claimant’s request for granting injunctive reliefs, having stated that its arguments regarding the need for such reliefs are presumptive, since the claimant has not proved that failure to grant injunctive reliefs can damage it, impede or render impossible the enforcement of the judgement.

In accordance with the ruling of the Supreme Court on the transfer of the appeal for hearing by the collegium, the claimant has emphasized that the defendant is a professional cybersquatter, i.e., it uses domain names that are confusingly similar or identical to the means of individualization of the competitors for parasitic competition. In addition, according to the publicly available information from the commercial case records, the Defendant has been repeatedly brought to liability for infringement of the exclusive rights of other persons. In this regard, failure to grant injunctive reliefs has jeopardized the enforcement of the court decision.

The Collegium of the Supreme Court has reversed the decisions of the inferior courts and remitted the claim for granting injunctive reliefs for further consideration, since the courts had not taken into account the specific features and peculiarity of the dispute related to the infringement of the exclusive rights to the trade name and the trademark as a result of the illegal use of domain names and the explanations given in Clause 160 of Resolution of the Plenum of the Supreme Court No. 10 dated 23 April 2019.
or with his consent shall not be an infringement of the exclusive right to such a trademark. In the Company’s opinion, the challenged legal provisions do not comply with Articles 17 (Parts 2 and 3), 19 (Parts 1 and 2), 34, 35 (Parts 1 and 2), and 55 (Part 3) of the Constitution of the Russian Federation, since they make it possible to unreasonably bring to administrative liability persons repairing for sale the car spare parts, the trademark on which is applied with the consent of the right holder or by himself, and to apply the rules on exhaustion of the exclusive right to the trademark without taking into account the provisions of Article 133 “Indivisible Items” of the Civil Code as well as allow for unfair conduct of the right holder.

The Company has been brought to administrative liability under Article 14.10 of the Administrative Offences Code for selling repaired and restored car spare parts that have retained third parties’ trademarks. In addition, the Company has put these trademarks on the packaging of car spare parts along with its own trademark. Refusing to hear the Company’s appeal, the Constitutional Court has pointed out that Part 2 of Article 14.10 of the Administrative Offences Code, which is challenged by the Company, by establishing administrative liability for manufacturing for marketing or sale of goods containing the illegal reproduction of another person’s trademark, in contradiction to the appellant’s arguments, does not imply unreasonably bringing to administrative liability and, therefore, cannot be considered as violating the appellant’s constitutional rights, in whose case the courts have established not only the presence of trademarks of other right holders on the products, but also the application of these trademarks by the appellant on his packaging; in addition, the sale by the appellant of the products containing also trademarks of other right holders under his trademark makes, by virtue of these trademarks being known, potential consumers believe that the spare parts sold by Reikanen Parts LLC are associated with these right holders. Article 1487 of the Civil Code of the Russian Federation, which establishes equality between aliens and nationals for exhaustion of the exclusive right to a trademark within the legislature’s discretion, cannot be considered in itself as incompatible with the requirements of the Constitution of the Russian Federation; however, it is effective in the context of the principles and norms of the Constitution of the Russian Federation and is consistent with other provisions of the civil legislation (Resolution of the Constitutional Court of the Russian Federation No. 8-P dated 13 February 2018). As it follows from the positions expressed in Resolution of the Constitutional Court of the Russian Federation No. 40-P dated 24 July 2020, the said norm assumes that a retailer is not required to conclude a licence agreement with the right holder in case of sale of the goods commercialized in the Russian Federation by the right holder or with his consent. To establish the actual infringement of the exclusive right to the trademark, the court evaluates the evidence of the origin of the goods, submitted by the parties. In this regard, this norm cannot be considered as violating the constitutional rights and freedoms of the appellant, in whose case the court of first instance has pointed out that the representatives of Reikanen Parts LLC have not been able to give explanations on the origin of the seized products, have not submitted any documents, and have just referred to the dismantling of these products from cars and their subsequent repair by the company’s employees.

### ROSPATENT’S PRACTICE

#### 1. Well-Known Trademarks

In the second half of 2020, Rospatent recognized the following trademarks as well-known.

<table>
<thead>
<tr>
<th>TRADEMARK</th>
<th>RIGHT HOLDER</th>
<th>GOODS / SERVICES</th>
<th>DATE OF BE-COMING WELL-KNOWN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Вязанка</td>
<td>Starodvorskie Klobasy CJSC</td>
<td>Sausage products</td>
<td>01 January 2020</td>
</tr>
<tr>
<td>Red Bull</td>
<td>Red Bull GmbH, Austria</td>
<td>Energy drinks</td>
<td>01 January 2015</td>
</tr>
<tr>
<td>АФК «СИСТЕМА»</td>
<td>Joint-Stock Finance Corporation Sistema PJSC</td>
<td>Financial investment management</td>
<td>01 January 2015</td>
</tr>
<tr>
<td>СЛОБОДА</td>
<td>Coordination Distribution Centre EFKO-Kaskad LLC</td>
<td>Vegetable oils, mayonnaise</td>
<td>01 February 2016</td>
</tr>
<tr>
<td>САМОЛЕТ</td>
<td>Samolet Group of Companies PJSC</td>
<td>Real estate transactions; construction</td>
<td>10 December 2019</td>
</tr>
</tbody>
</table>
During the same period, Rospatent refused to recognize the following designations as well-known trademarks:

- Designation **Patriot** used by Ulyanovsk Automobile Plant for cars. The refusal was reasoned with the fact that, in all materials submitted, the designation “Patriot” was used together with the designations “УАЗ”, “UAZ” and the figurative designation, which were recognized as well-known trademarks in the name of the applicant. In this regard, it seems impossible to establish whether the claimed designation **Patriot** itself is known to consumers;

- Designation used by **O’Key** LLC for retail stores. The refusal followed a reconsideration of the application after the IP Court had reversed two previous Rospatent’s decisions to refuse to recognize this designation as a well-known mark. Rospatent reasons its refusal with the fact that it does not follow from the submitted documents that it is the claimed designation that has been actively used by the applicant in the Russian Federation, since the submitted evidence related to the designation **O’Key** differently written and designed.

### 2. APPpellations of Origin AND GEOGRAPHICAL INDICATIONS

Rospatent registered the following appellations of origin:

<table>
<thead>
<tr>
<th>Number in the Register of Appellations of Origin</th>
<th>Appellation of origin of goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>245</td>
<td>IVANGOROD LAMPREY</td>
</tr>
<tr>
<td>246</td>
<td>IRIKLIN BREAM</td>
</tr>
<tr>
<td>247</td>
<td>NAGUTSKAYA-17</td>
</tr>
<tr>
<td>248</td>
<td>MAYKOP BEER</td>
</tr>
<tr>
<td>249</td>
<td>KIZLYAR KNIFE</td>
</tr>
<tr>
<td>250</td>
<td>PALEKH</td>
</tr>
<tr>
<td>251</td>
<td>CHUVASH EMBROIDERY</td>
</tr>
<tr>
<td>252</td>
<td>BUZULUK CHEESE</td>
</tr>
<tr>
<td>255</td>
<td>TSIVILSK HOP</td>
</tr>
</tbody>
</table>
JANUARY 2021 // MOSCOW
IAPP MOSCOW KNOWLEDGENET CHAPTER
This is the first KnowledgeNet Chapter of the International Association of Privacy Professionals (IAPP) in Russia and the CIS. There are more than 140 Chapters across the world. The IAPP is the largest and the most comprehensive global information privacy community and resource, founded in 2000 and bringing together over 50,000 privacy professionals. KnowledgeNet Chapters are local privacy pro networks that organize education and networking activities supported by the IAPP. The Moscow KnowledgeNet Chapter will provide great opportunities to connect and learn in Russia. Stanislav Rumyantsev, Senior Lawyer at Gorodissky & Partners, has been appointed as a cochair of the Chapter. Stanislav Rumyantsev, CIPP/E, Ph.D., has been working with Gorodissky & Partners since 2018. He supports international and Russian companies in the fields of personal data and information technologies.

28 JANUARY 2021
IAPP WEBINAR “PROTECTING MILLIONS OF USERS’ PRIVACY: HOW TO PROCESS DATA IN WEB PROJECTS”
International Association of Privacy Professionals (IAPP) with support of the Law Firm Gorodissky & Partners held a webinar “Protecting Millions of Users’ Privacy: How to Process Data in Web Projects”. Industry-leading privacy pros from Yandex, HH.ru, and Joom shared their experience of handling user data as the most valuable asset in the web. They discussed recent challenges and gave tips and tricks under the Russian Personal Data Law and the GDPR. The webinar attracted about 90 attendees.

15 FEBRUARY 2021
TRAINING: PERSONAL DATA – PRACTICAL FULFILMENT OF NEW LEGAL REQUIREMENTS IN 2020-2021 AND LIABILITY FOR VIOLATIONS
Stanislav Rumyantsev, Ph.D., CIPP/E, Senior Lawyer, and Nikita Maltsev, Ph.D., Lawyer (both at Gorodissky & Partners, Moscow), spoke at the training Personal data – Practical Fulfilment Of New Legal Requirements in 2020-2021 and Liability For Violations organized by the Russian Foundation for Educational Programs “Economics and Management”. Valery Medvedev, Vladimir Birulin, Alexey Kratiuk and Natalia Nikolaeva are listed among the world’s leading trademark professionals for strategy and prosecution of trademarks in Russia. Sergey Medvedev has been named among the leading Russian lawyers in the field of enforcement and litigation. The Ukrainian office of Gorodissky & Partners was also marked by the rating, Maksym Kravchenko and Olga Danish were included into the leading trademark specialists list in Ukraine.

16 FEBRUARY 2021
GORODISSKY & PARTNERS RANKED AMONG THE BEST MEDIA LAW FIRMS IN RUSSIA (MLI)
The independent publishing business Media Law International (MLI) has launched a ranking of law firms with media law expertise, across 56 jurisdictions. Gorodissky & Partners applied for the first time and was included into Tier 2 of the best Media Law firms in Russia.

4 MARCH 2021
ONLINE TRAINING: GDPR VS. RUSSIAN LAW: HOW NOT TO GET LOST
Stanislav Rumyantsev, PhD, CIPP/E, Senior Lawyer (Gorodissky & Partners, Moscow) spoke on issues of organizing and conducting state supervisory inspections by the Russian data protection authority (Roskomnadzor) and Nikita Maltsev lectured about personal data law and regulations and explain recent legislative changes.

16 FEBRUARY 2021
GORODISSKY & PARTNERS IS RANKED AMONG THE WORLD’S LEADING TRADEMARK PROFESSIONALS (WTR1000-2021)
World Trademark Review — WTR1000 has revealed the results of the 2021 Annual survey where “Gorodissky & Partners” is again among The World’s Leading Trademark Professionals.
The main topic of the training was the key similarities and differences between the GDPR and the Russian law on personal data. Also, the speakers shared their practical experience and gave useful advice and recommendations.

The training gathered over 40 participants.

16—18 MARCH 2021 // MOSCOW

ONLINE TRAINING “FEATURES OF EXAMINATION OF INVENTIONS IMPLEMENTED USING A COMPUTER, INCLUDING INVENTIONS IN THE FIELD OF ARTIFICIAL INTELLIGENCE”

The Eurasian Patent Office, with support of the Federal Institute of Industrial Property (Russian PTO) and “Gorodissky and Partners”, conducted an online training “Features of examination of inventions implemented using a computer, including inventions in the field of artificial intelligence.” As part of the training, “Gorodissky and Partners” organized a round table “Comprehensive approach to the legal protection of hardware and software solutions”. Yury Kuznetsov, Partner, Russian and Eurasian Patent Attorney, Sergey Medvedev, Ph.D., LL.M., Partner, Russian Trademark & Design Attorney, Valery Narezhny, Ph.D., Counsel, Alexey Kratiuk, Partner, Russian Trademark Attorney, Valentin Kirillov, Partner, Russian and Eurasian Patent Attorney, Maxim Gorbachev, Russian and Eurasian Patent Attorney, spoke at the round table.

The speakers highlighted the problematic issues of patenting hardware and software solutions, international patenting, discussed the trademarks and industrial design protection of hardware and software solutions, the issues of consolidating relations between authors and potential right owners to the service industrial property objects, and the ways of disposal of those rights.

23—25 MARCH 2021 // MOSCOW

FORUM “THE EFFECT OF FRANCHISING: THE SECRETS OF BUILDING A SUCCESSFUL NETWORK”

Sergey Medvedev, Ph.D., LL.M., Partner (Gorodissky & Partners, Moscow), made a presentation “Legal aspects of franchising” at the Forum “THE EFFECT OF FRANCHISING: THE SECRETS OF BUILDING A SUCCESSFUL NETWORK” organized within the BUY-BRAND Franchise Market 2021. As part of his speech, Sergey highlighted such topics as: competent execution of the franchise agreement, the rights and obligations of the parties and liability to third parties, sub-franchising: the specifics of doing business, state registration of rights within the framework of franchising and sub-franchising, remuneration of the franchisor, and also presented current court practice and answered some questions from the audience.

25 MARCH 2021 // MOSCOW

WEBINAR “IP ASSETS MANAGEMENT IN THE CURRENT CONDITIONS”

Sergey Medvedev, PhD, LL.M., Partner, and Valery Narezhny, PhD, Counsel (both from Gorodissky & Partners, Moscow), made a presentation “IP Management Issues” at the webinar “IP Assets Management in the Current Conditions” organized by LES Russia. The webinar was dedicated to topical issues of managing company’s intellectual property (IP) in the context of changes in the legal regulation of business activities and the transformation of the business climate in the field of IP.