

QUARTERLY REVIEW
OF INTELLECTUAL
PROPERTY LAW, COURT
PRACTICE AND PRACTICE
OF PATENT OFFICE
(ROSPATENT) NEWS

#03

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1. STATUTORY REGULATION NEWS:

1.1 PENDING LEGISLATION

The Government of the Russian Federation tabled a Draft Federal Law On Amendments to Part Four of the Civil Code of the Russian Federation for consideration, where, along with other amendments:

- Introduced is a simple electronic signature for filing applications for all subject matters filed with Rospatent in an electronic form and any other related petitions and motions;
- The issue of a certificate of state registration of computer software and databases, integrated circuit layouts in electronic form is provided for;
- Conditions for conversion of an application for an invention into an application

for a utility model or industrial design are changed;

- Sending a report to the applicant on information search before expiration of seven months from the beginning date of expert examination of the application for invention on the merits is cancelled;
- The issuance of a patent for an invention, except for a patent for a secret invention, patent for a utility model and patent for an industrial design in electronic form is provided for;
- It is determined that in case the name of a geographic area located beyond the Russian Federation, the applicant shall provide a document confirming his / her / its right to an appellation of origin in the country of origin.

2 COURT PRACTICE NEWS:

2.1. TRADEMARKS

The court evaluated similarity of trade marks with regard to so-called “iconic” goods of Champagne Louis Roederer, France, producer of luxury CRISTAL champagne. NORDEX is the right holder of trade mark No. 524860 for sparkling grape wine. The French Company is the right holder of trade mark No. 528701 registered for the goods of class 33 according to the International Classification of Goods and Services: “wines protected with Champagne appellation of origin”. The company also has the exclusive right to trade mark No. 528702 representing a combined designation in the form of a bottle, bearing the label reproducing the trade mark under certificate No. 528701. Following the consideration of the appeal, Rospatent has decided to refuse the appeal and has upheld the legal protection of the disputed trade mark, however, the court has not upheld the decision of Rospatent and noted that, in this case, the specific features of the word marks in the trade marks should be taken into account —

the full inclusion of “CRISTAL” word mark in “CRISTALINO” word mark with “INO” letters, which may be perceived as having a word-formative function (thus, the court of first instance has noted that in Spanish the first word is a noun, while the second one is an adjective formed from it). The court has pointed out that the sparkling wine bearing “CRISTALINO” trade mark may be perceived as an extension of the company’s assortment range — an affordable equivalent of the expensive luxury beverage. The Presidium of IP Court upheld the decision of the court of first instance and noted that consumer is not confused because the consumer buys the sparkling wine marked with disputed “CRISTALINO” trade mark thinking that it is expensive “CRISTAL” champagne, but because he perceives it as an extension of the line of products of the same producer as a cheaper equivalent of the well-known “CRISTAL” product (little “CRISTAL”), which threatens to blur the distinctiveness of the world-renowned brand of luxury champagnes.

(Resolution of the Presidium of the Intellectual Property Rights Court dated August 04, 2017, case No. SIP-427/2016).

In contrast to the opinion of Rospatent, the court noted that the Russian law does not prohibit the use of the names of foreign countries in trade marks.

A Russian Company filed application No. 2013730153 to Rospatent for registration of a combined designation for the goods “whiskey” of class 33 according to the International Classification of Goods and Services.

Rospatent has refused to register the trade mark, though the Company emphasized in its appeal that “SCOTTISH BOBBY” word mark is not false, since the goods “whiskey” will be produced in Scotland, which is confirmed by the documents.

The IP Court concluded that there are grounds for cancelling the challenged decision of Rospatent and noted that:

There is no “SCOTTISH BOBBY” phrase in dictionaries, i. e. it has no defined semantic meaning and that it is fanciful; it contains no information that is false.

The IP Court pointed out that the possibility to confuse the consumer by the designation is not evaluated abstractedly with regard to any goods, but with regard to those particular goods, for which legal protection for designation is sought.

In this case, it should have been found whether “SCOTTISH BOBBY” word mark, which may be translated by the Russian-speaking consumers as a “Scottish cop”, misleads the consumers with regard to the goods “whiskey” or, taking into account the adjustment made by the applicant in the written submissions produced to the administrative case files, “whiskey made in Scotland”.

The designation may contain elements both expressly indicating the information on the manufacturer or the place of origin of goods and creating the consumer’s idea on such information through associations. The possibility to be misled by the designation elements and by the designation as a whole is not obvious and, as a rule, is determined through the associative sequence, when

the designation is perceived by the consumer, creating for him various ideas on the goods and their manufacturer.

Rospatent relied only on the fact that the disputed designation includes the element referring to a particular country, for which the applicant is not a resident and where he is not engaged in any business activities.

At the same time, the fact itself does not evidence the possibility to mislead the consumer with regard to the place of origin of particular goods, for which legal protection is being sought, or with regard to their producer.

The IP Court points out that, when rendering the decision that Rospatent did not take into consideration that the trade mark may be used not only for identification of the goods produced

by the right holder itself, but for those manufactured by any other persons (including by those located in Scotland) on order of the trademark’s right holder. In light of the foregoing, the claimed designation with regard to the goods of class 33 according to the International Classification of Goods and Services being “whiskey” or “whiskey made in Scotland” is not capable of misleading the consumer with regard to the producer and place of origin of the goods, and, since the law contains no express prohibition to use the names of foreign countries in the trade marks, Rospatent should have proved that, in this case, there is a risk of misleading the consumers.

The practice of trade mark registration as referred to by the company evidences that inclusion of geographic indications in the form of other countries in the trade marks of the Russian right holders is widely spread. The Intellectual Property Rights Court states that each case is considered independently from any other cases, however, the legal rules shall be applied and construed consistently and the facts shall be evaluated equally.

As a result, the disputed non-regulatory legal act shall be invalidated as non-compliant with subclause 1 of clause 3 of Article 1483 of the Civil Code of Russia.

(refer to the Decision of the Intellectual Property Rights Court dated August 08, 2017, case No. SIP-147/2017).

3. NEWS FROM ROSPATENT:

3.1. TRADE MARKS

Rospatent reversed the decision of the examiner to refuse registration of the princely name as a trade mark and has granted legal protection in the Russian Federation to PRINCESSE CHARLENE DE MONACO trade mark under international registration No. 1224189.

The examiner based his decision on the fact that the claimed designation PRINCESSE CHARLENE DE MONACO filed on behalf of ADMINISTRATION DES BIENS DE SAS LE PRINCE DE MONACO reproduces the name of the Princess Charlene and will mislead the consumer with regard to the producer of the goods of class 31 according to the International Classification of Goods and Services being “produits horticoles plus particulièrement les roses”.

It is noted by the examiner that the materials provided by the applicant do not contain the title documents enabling the applicant to register the name of the Princess of Monaco as a trademark and take legal actions in her name.

However during hearing at the Chamber of Patent Disputes of Rospatent the applicant pointed out that, being a state institution included in the administrative structure of the Princely House of Monaco, it has all (tangible and intangible) property of the Princely House under its supervision and is authorized to act on behalf of the Princely Family in all issues, including on behalf of Princess Charlene, wife of Prince Albert II, that has submitted the original consent letter on her own behalf.

The said facts have made it possible to grant legal protection in the Russian Federation to the trade mark under international registration No. 1224189 with regard to the goods of class 31 according to the International Classification of Goods and Services being “produits horticoles plus particulièrement les roses”.

(refer to Decision of Rospatent 0001224189 1224189. (2017.06.30) PRINCESSE CHARLENE DE MONACO).

4. COURT PRACTICE NEWS:

4.1. PATENTS

The court recognized infringement of patent No. 2261896 for the invention entitled “Method of Oil Clarification from Waxes” and resolved to recover the losses from the defendant in the form of the estimated value of the loss of a licence agreement.

The claimed damage is determined as the losses equivalent to royalties of a licence agreement that would have been entered into under usual conditions and amounts to more than 2,300,000 US dollars.

As follows from the forensic expert examination report, the defendant used all features of the invention created by the claimants during production of oil, as

a result of which the claimants incurred losses in the stated amount. This monetary amount is calculated as the claimants' loss of profit (loss of income) based on the fee under the licence agreement for transfer of the right to use the invention, to enter into which the claimants could have expected if there had been no misconduct of the defendant being Aston OJSC. The defendant emphasized the fact that the losses charged by the court exceed annual profit of the business entity several times, which contradicts the principle of equity of losses and adequacy of liability, however, the court acknowledged the reasonability of the conclusions of the court expert on calculation of the fees that would have been paid to the claimants under the terms

and conditions of the licence agreement in normal business practice. The court noted that the losses constitute the entire value of royalties of a licence agreement during the reporting period (forecast five-year period) and not its part, based on the use of the invention for less than 5 years, since the claimants could have expected that the invention would have been used during five years if the agreement with them had been entered into.

(Resolution of the Presidium of the Rostov Regional Court dated May 18, 2017, case No. 44-g-45).

Reversing the judgment of the IP Court, the Judicial Chamber on Economic Disputes of the Supreme Court of the Russian Federation noted that, when resolving the disputes related to the claims for invalidation of patents, the courts have to find out how the disputed patent may adversely affect the rights and activities of the individual or legal entity claiming to invalidate the patent.

When filing a claim to the IP Court, the company pointed out that the patent dispute prevents the company from performing its functions in mayonnaise sauce production and sales. However, it follows from the case files that the company's invention became protectable much later than the company's invention. The company had been already producing and selling its products based on its invention, and such products were known to the consumers. The applicant produced no arguments that maintenance of legal protection of the company's invention under the disputed patent infringes the any rights of the consumer or infringes the public interests (interests of the consumers at large). Thus, when disputing the patent, the complainant solely expressed its interest in removal of a competitor from the market of certain product, which does not comply with the requirements of good faith, reasonability and fairness in competition and does not comply with the interests of the public policy, which is interested in fair competition of various intellectual products,

when such abuse as parasitism in using other person's intellectual property items, misleading the consumers, and security breaches during the making the product, is not proved.

(Ruling No. 300-KG15-17170 of the Supreme Court of the Russian Federation dated May 30, 2016).

The court invalidated the decision of Rospatent for sustaining appeal against issuance of patent No. 75390 for Design Pass-Through Unit for Corrugated Air Duct industrial design due to finding that the appeal documents are falsified and has obliged Rospatent to restore protection of the industrial design.

The court found that, when considering the appeal, the panel of the Chamber of Patent Disputes of Rospatent took into account, along with other documents, specifications TU 4863-001-71759668-2007 (copy), which formed the basis for rendering the challenged decision of Rospatent. The patent holder stated that such evidence is falsified.

In order to check the statement on falsification, the court took actions aimed at obtaining information on the facts of approval of specifications TU 4863-001-71759668-2007, and the court granted the motion for commissioning of a forensic engineering expert examination of the time of preparation of specifications TU 4863-001-71759668-2007. Having examined the original specifications TU 4863-001-71759668-2007, the examiners' panel found that the impression of the seal, handwritten entries in the columns on the 11th page of specifications TU 4863-001-71759668-2007 do not correspond to the date specified in the document (November 16, 2007), since they were not made earlier than in 2012, and the printed text of the title and 11th page (including figure 7) of these specifications were made at different time.

At the same time, the priority date of the disputed industrial design is February 13, 2009, i. e., taking into account the conclusions of the forensic examination of specifications TU 4863-001-71759668-2007, in particular, page 11 containing figure

7, cannot disprove the novelty of the said industrial design, since they did not exist on the priority date of that industrial design, therefore, they could not have been taken from a public information source. Under such circumstances, specifications TU 4863-001-71759668-2007 cannot

be accepted by court as reliable evidence proving non-compliance of the disputed industrial design with the patentability criterion of novelty. (Decision of the Intellectual Property Rights Court dated August 31, 2017, case No. SIP-287/2016)

5. PRACTICE OF ROSPATENT NEWS:

5.1. PATENTS

Rospatent cancelled LABEL FOR AFRIKA SWEETS industrial design under patent No. 87980 having the priority dated February 18, 2013, due to the fact that trade mark No. 401904 with the earlier priority dated December 12, 2008, protected in the Russian Federation with regard to the goods of class 30 according to the International Classification of Goods and Services being “sweets”, homogeneous with the goods, for which the disputed industrial design is a label, has been known.

The disputed industrial design is classified as a label included in the industrial design items. The opposed trade mark represents a combined designation made as a label. Cancelling the patent for the industrial design, the Chamber of Patent Disputes of Rospatent noted the following. The analysis of the case files showed that the compared intellectual property items — the disputed patent for an industrial design and the trade mark — represent labels for sweets, i. e. have the same purpose and scope. It should be stated that the appearance of a label for sweets of the disputed patent makes the same general visual impression as the label known from the trade mark. The similarity is caused particularly by the matching dominant features remembered by consumers above all others. These features determine the appearance and form general visual impression made by the items.

Despite some visual differences consisting, in particular, in different figurative elements in the circle (heads of a giraffe and lion) and on the background of the African landscape (silhouettes of various trees and silhouettes of various African animals), different word marks (AFRIKA and LEVUSHKA), different figurative elements on the right of the labels and some nuances in colouring of the labels under the disputed patent and the opposed trade mark, however, the intellectual property items under comparison make similar general visual impression as a whole.

It should be stated that the appearance of the label under the disputed patent makes general impression, which may cause confusion with the trade mark of the other person, known on the filing date of the said application for an industrial design and protected in the Russian Federation with regard to similar goods, having the earlier priority.

Therefore, the solution for the disputed patent, which is associated with the solution for the opposed trade mark, is a solution capable of misleading the consumer with regard to the producer of the goods. Thus, the appeal contains the arguments proving that the industrial design under the disputed patent is lawfully recognized as a solution for the items, contradicting public interests.

(Decision of Rospatent 2013500550/49 87980. (2017.02.22) LABEL FOR AFRIKA SWEETS)

5.2. COPYRIGHT

The court concluded that the operating procedures for entering into a transaction through the electronic document management is not subject to copyright and there is no evidence that there is an individual writing style in description of the electronic document management process in the Agreement.

As follows from the case files and found by the courts, filing a claim to the court, the claimant referred to the fact that the following work is posted (made available to the public) on the website on the Internet under factorplat.ru domain name with the network address as of the filing date of this statement of claim: Agreement for Electronic Document Management at Factoring Market, which is shown on the defendant's website under factorplat.ru name as entitled Regulations for Electronic Document Management Operations at FactorPlat Platform at Factoring Market. In the claimant's opinion, the infringing work entitled Regulations for Electronic Document Management Operations at FactorPlat Platform at Factoring Market is posted on factorplat.ru/about/ web-page. The claimant filed a claim to the court considering himself to be the holder of the exclusive right to the Work, which is confirmed by a copy bearing the copyright symbol dated 2013, employer's instructions, assignment of rights and delivery certificate. The court of first instance upheld the asserted claims, but the court of appeal, which reconsidered the case, disagreed with the conclusions of the court of first instance and dismissed the claim. As a result of the examination of the texts of the Agreement and of the Regulations, the court of appeal concluded that the text of the Agreement for Electronic Document Management at Factoring Market cannot be acknowledged as a piece of work being subject to copyright protection in virtue of an express reference to Clause 5 of Article 1259 of the Civil Code. The court of appeal found that the Agreement did not meet the requirements to a copyrightable work

(novelty, creative nature of the work, originality (uniqueness, identity), that is why the court of first instance had no legal grounds to uphold the claimant's claims. The court of cassation agreed with the conclusions of the court of appeal that the text of the Agreement for Electronic Document Management at Factoring Market cannot be regarded as a work subject to copyright protection in virtue of an express reference to Clause 5 of Article 1259 of the Civil Code of the Russian Federation. The court of appeal also concluded that the operating procedures for entering into a transaction through the electronic document management is not subject to copyright and no evidence that there is an individual writing style in description of the electronic document management process in the Agreement and, therefore, that it is used by the defendant, when posting its Regulations.

(Resolution of the Intellectual Property Rights Court dated June 29, 2017, on case No. A56-23644/2016).

In the dispute under the statement of claim filed by Microsoft Corporation (USA, Redmond, One Microsoft Way) and Autodesk Inc. (USA, California, San Rafael, 111, McInnis Parkway) against Arkhstroy Enisey LLC for compensation for the infringement of the exclusive copyright to computer software, the court noted that the set of the submitted documents is sufficient to confirm that the claimants have both the active status of foreign legal entities under the laws of the USA and the powers of foreign individuals to issue and sign powers of attorney on their behalf.

The statement of claim was made on behalf of the companies being legal entities registered under the laws of the United States of America. Pursuant to the international treaties of the Russian Federation, the legal status of foreign parties to the commercial court proceedings is to be determined in accordance with their governing law —

the conflict of law rule making it possible to determine the scope of legal capacity and legal competence of a foreign person (legal status). The legal status of a foreign legal entity is to be determined in accordance with the law of the country, where the legal entity is incorporated (registered or has a principal place of business). All documents produced by the claimants in support of their legal status are apostilled, which excludes any doubts in the compliance of the said documents with the claimants' governing law.

The court noted that the set of the submitted documents is sufficient to confirm that the claimants have both the active status of foreign legal entities under the laws of the USA and the powers of Kevin Lara and Benjamin O. Orndorff to issue and sign powers of attorney on their behalf. (Resolution of the Intellectual Property Rights Court dated June 27, 2017, on case No. A74-11585/2015).

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