

Review

Review

JEL: K1

УДК: 347

DOI:10.17323/2713-2749.2024.4.138.161

Key Issues in the Intellectual Property Court's Presidium Rulings



Maria A. Kolzdorf¹,



Natalia I. Kapryrina²,



Nikolai E. Goloiad³

¹ Intellectual Property Court, 5/2 Ogorodny Proezd, Moscow 127254, Russia, mkolzdorf@hse.ru,

ORCID:0000-00033227-3348, Researcher ID: AA1-1625-2019

² MGIMO University, 76 Vernadskogo Avenue, Moscow 119454, Russia, nkapyrina@my.mgimo.ru,

ORCID: 0000-0003-1276-1600, Researcher ID: AAQ-3784-2021

³ Russian School of Private Law, 79 Shilerova, Belgrade, 11080, Serbia, Golojad@yandex.ru,

ORCID: 0009-0002-3804-9611, Researcher ID: KFB-6141-2024



Abstract

The authors review key positions in the rulings of the Presidium of the Russian Intellectual Property Court (IPC) issued between October and December of 2023. The Chamber hears cassation appeals against the decisions of the IPC first instance and deals primarily, but not only, with matters of registration and validity of industrial property rights. Therefore, the review predominantly covers substantive requirements for patent and trademark protection, as well as procedural issues both in the administrative adjudicating mechanism at the Patent Office (Rospatent) and at the IPC itself. Apart of it, the current review encompasses a variety of aspects related to trademark law and to various procedural matters covering activities of the Rospatent and the Intellectual Property Court.



Keywords

trademarks; grounds for invalidity; revocation; non-use; unfair competition; procedure.

For citation: Kolzdorf M.A., Kapyrina N.I., Goloiad N.E. (2024) Key Issues in the Intellectual Property Court's Presidium Rulings. *Legal Issues in the Digital Age*, vol. 5, no. 4, pp. 138–161. DOI:10.17323/2713-2749.2024.4.138.161

I. Trademarks and Other Distinctive Signs

A. Validity

1. Long live the minifig!

IPC Presidium Ruling of 15 December 2023 in Case No. SIP-125/2023

If a trademark is registered without specifying colour as an element of the trademark, then it may be used in any colour scheme, but no colour is an element of such trademark and no colour is included in the scope of protection.

LEGO is the right holder of trademarks in the shape of a human figure registered in yellow and grey in respect of ICGS Class 28 goods (toys). A Russian and a Chinese company (the appellants) have filed an administrative appeal with Rospatent to invalidate the trademarks. The Rospatent (Chamber for Patent Disputes) has rejected the appeal.

The first instance court has approved Rospatent's decision and rejected the applicants' claims. Upon examining the cassation appeal, the IPC Presidium upheld the court's ruling. In doing so, it provided further clarifications.

Firstly, the IPC Presidium has recalled that, unlike in some foreign jurisdictions, Russian legislation allows the acquisition of distinctiveness by a generic, descriptive sign or a sign, consisting of a shape solely or primarily dictated by a feature of a good or its purpose. For each of these grounds, the IPC Presidium specified what circumstances must be proved in order to register a trademark on the basis of acquired distinctiveness. E.g., for assessing applications with signs consisting of a shape solely or primarily dictated by a feature of a good or its purpose the target group of consumers should begin to associate that shape with only one person (affiliated persons).

Secondly, the applicants claimed that the first instance court did not establish the violation of public order which consists of the repeated registration of the same sign in respect of the same goods (Subpara 2, Para 3 of Article 1483, and Article 1496 of the Russian Federation Civil Code; hereinafter referred to as Civil Code). The applicants requested to qualify as legally identical the disputed signs both between themselves, since the legal protection of the grey sign was granted in any colour (including yellow), and with an older trademark owned by LEGO where the little man is drawn in an outline.

Contested TM 1 (“grey”) / Contested TM 2 (“yellow”) / Earlier TM (“linear”)



The first instance court took into account that the earlier trademark is pictorial, whereas the contested trademarks are three-dimensional, i.e. the signs are distinguished by their protected elements.

In comparing the contested trademarks with each other, the IPC Presidium has considered the issue of determining the scope of protection granted to the grey trademark (contested TM1). The first instance court has found that protection for this sign was granted in black and white, which the applicants opposed. The Presidium did not agree with either the first instance court or the applicant.

According to the IPC Presidium, the colour of a sign may or may not be included in the scope of legal protection of a trademark.

In pursuance of Article 3, Para. 1, Subpara of Article XII of the Singapore Treaty on the Law of Trademarks (TLT) of 27 March 2006, any Contracting Party may require the application to contain, where applicable, a

statement, as prescribed in the Regulations, indicating that the applicant wishes to seek protection for the colour as a distinctive element of the mark.

Paragraph 2 [“Mark Claiming Colour”] of Rule 3 of the Regulation to the TLT (approved in Singapore 27 March 2006 at the Diplomatic Conference for the Adoption of the Revised Treaty on the Law of Trademarks, hereinafter referred to as the Regulations) provides as follows: “Where the application contains a statement to the effect that the applicant wishes to claim colour as a distinctive feature of the mark, the Office may require that the application indicate the name or code of the colour or colours claimed and an indication, in respect of each colour, of the principal parts of the mark which are in that colour.”

Subpara. 3 of Para. 27 of Administrative Rules relating to the contents of an application, approved by Order of the Russian Ministry of Economic Development No. 482 of 20 July 2015 (hereinafter — Administrative Rules No. 482) is essentially aimed at the same purpose as Rule 3, Para. 2 of the Regulations to the TLT: namely, to specify that if the colour of the sign is included in the scope of protection, this shall be indicated in the application and the specific colour shall be stated.

The application for a grey trademark does not specify a colour (e.g. grey, as LEGO proposes to consider) and there is no check in field 591 of the application form to specify that a colour (of whatever kind) is claimed as a distinctive (protected) element of the mark.

Hence, the colour of a sign in a grey trademark is not within the scope of the legal protection of that trademark.

From this point of view, the conclusion of the first instance court that the grey trademark is protected in black and white is incorrect.

Likewise, the argument of the appellants that the legal protection of the grey trademark extends to any colours of the designation is incorrect.

If a trademark is registered without specifying colour as an element of the trademark, then the trademark may be used in any colour scheme (see, e.g., Ruling of the IPC Presidium No. SIP-428/2023 of 10 November 2023), but no colour is an element of such trademark and no colour is included in the scope of protection.

The presence or absence of colour in the scope of legal protection of a trademark is legally significant among other distinctive elements both at the stage of registration or validity assessment, and subsequently when such

protection is enforced. E.g., if colour is included in the scope of protection, it is taken into account when comparing the trademark with junior applications (Article 1483, Para. 6 of the Civil Code) or with signs used by third parties (Article 1484, Para. 3 of the Civil Code). In doing this comparison, the methodology of Para. 162 of the Resolution of the Russian Federation Supreme Court’s Plenum of 23 April 2019 No. 10 “On the Application of Part Four of the RF Civil Code” (hereinafter — SC Plenary Resolution № 10) should be applied.

At the same time, the IPC Presidium has acknowledged the wrong conclusion of the first instance court about the scope of protection of the grey trademark did not affect the final conclusion of the first instance court about the absence of legal identity of the grey and yellow trademarks (the contested TMs).

Unlike the grey trademark, the colour in the yellow trademark is included in the scope of protection: the application form has a check mark in field 591 and indicates the colour (yellow), which is not specified by a disclaimer in the State Register and in the certificate for the yellow trademark.

Under such circumstances, the grey and yellow trademarks cannot be considered as legally identical because they do not coincide in terms of the scope of protection and the number of distinctive elements.

Thus, the IPC Presidium has endorsed the first instance court’s decision.

2. Public Interests under Control

IPC Presidium Ruling of 29 November 2023 in Case No. SIP-446/2023

Article 1483, Para. 9, Subpara. 2 of the Civil Code prohibits registration of signs identical to the name (including family name and first name) of a person known in the Russian Federation as of the date of filing of the trademark application, without the consent of that person or their heir.

However, as Article 1499, Para. 1 of the Civil Code provides, Rospatent has no right to verify this ground at the stage of examination of the application, since such a verification may be carried out only on the basis of an objection of the party concerned.

In turn, if Rospatent substitutes the grounds which it is not entitled to verify at the stage of examination (Article 1483, Para. 9, Subpara. 2 of the

Civil Code) with the grounds which are subject to verification at the stage of examination (Article 1483, Para. 3, Subpara. 1 of the Civil Code), such substitution is a violation of the functions that Rospatent must perform during examination of the application and verification of the objection arguments.

Limited Liability Company FABRICA FARM EFFECT (hereinafter the Company) has applied to Rospatent for trademark registration of the verbal sign MARINA LUPIN in respect of a wide range of goods of ICGS Classes 3 and 5.

Following examination of the application, Rospatent has refused to grant protection to this sign because it does not comply with the requirements of Article 1483, Para. 3, Subpara. 1 of the Civil Code (misleading signs).

In the course of examining the sign, Rospatent has received an objection from a third party that expressed concerns about the possible registration of the disputed sign as a trademark in the name of the company.

The agency considered that granting legal protection to the claimed sign would mislead consumers as to the manufacturer of the claimed goods in ICGS Classes 3 and 5 because there exist cosmetic products labelled “Marina Lupin.”

The Company did not agree with Rospatent’s decision and has lodged an appeal. In its appeal it has cited the letters of consent from the person producing the cosmetic products in question.

In considering the Company’s appeal, Rospatent has found additional circumstances preventing the registration of the claimed sign as a trademark.

E.g., the Chamber of Patent Disputes has found that the claimed sign does not comply with the requirements of Article 1483, Para. 3, Subpara. 2 of the Civil Code, as it alludes to the name and family name of the famous French politician Marine Le Pen.

Thus, Rospatent has refused to satisfy the Company’s appeal due to the contradiction of the claimed sign to the norm of Article 1483, Para. 3, Subpara. 2 of the Civil Code. At the same time, Rospatent found the conclusion of the expert examination that the claimed sign did not comply with the requirements of Article 1483, Para. 3, Subpara. 1 of the Civil Code to be unjustified.

When approving this decision, Rospatent proceeded from the following:
the disputed sign is phonetically similar to the name and family name of the French politician Marine Le Pen: the Russian consumer is aware of her

as there is information about her biography, achievements, and life path on the Internet;

the claimed sign does not contradict the norms of morality and humanism, and does not devalue the cultural heritage of the Russian Federation; but it is inadmissible to use the first name and family name of the French political figure Marine Le Pen because this contradicts public interests;

minor differences in the spelling of words in the claimed sign and in the first name and family name of the French politician are insignificant, as they are pronounced the same way in oral speech.

The Company has disagreed with this decision of Rospatent and appealed to the Intellectual Property Court.

The first instance court came to the conclusion that the decision of Rospatent corresponds to the provisions of Article 1483, Para 3, Subpara. 2 of the Civil Code and rejected the Company's appeal.

The Company disagreed with the decision of the first instance court and filed a cassation appeal with the IPC Presidium in which it requested to cancel the decision of Rospatent rejecting the trademark application.

The IPC Presidium has emphasized that in cases not listed in Para 37 of the Administrative Rules № 482, when assigning a specific sign to specific goods or services, Rospatent must point to specific public interests or principles of humanity or principles of morality that will be harmed if the sign is granted legal protection.

It is the impact on the public interest, humanity or morality of the sign itself (albeit in relation to a product), and not the product as such, that should be assessed.

Harm must not be caused not only to the public interest itself, but also to the specific objects, persons, phenomena or institutions the perception of which is covered by the public interest.

At the same time, the IPC Presidium has stated that in the process of assessing the validity of the contested sign, Rospatent did not apply the correct methodology and did not establish that any public relations would be harmed by granting legal protection to this sign. In its turn, the first instance court did not give Rospatent's conclusions a proper legal assessment.

The IPC Presidium has noted the position of Rospatent and the first instance court is based on the fact that the claimed sign does not comply with

the requirements of Article 1483, Para. 3, Subpara. 2 of the Civil Code, as it alludes to the first name and family name of the French politician Marine Le Pen.

However it is Article 1483 Para. 9, Subpara. 2 of the Civil Code that prohibits registration of signs identical to the name (including the family name and first name) of a person known in the Russian Federation as of the date of filing an application, without the consent of that person or their heir.

The IPC Presidium has stated that according to Article 1499, Para. 1 of the said Code Rospatent has no right to verify this ground at the stage of examining the application, since such a verification can be carried out only on the basis of an objection of the party concerned.

The IPC Presidium has pointed out that the contested sign is indeed a combination of the first name and family name, as the company itself confirms. This Rospatent has substituted the grounds which it is not entitled to verify at the stage of examination with the grounds which are subject to verification at the stage of examination. Subsequently, Rospatent has recognized that its approach was erroneous, but, in verifying the arguments in the appeal, it cited additional absolute grounds for refusal provided for in Article 1483, Para. 3, Subpara. 2 of the Code.

The IPC Presidium has indicated that in applying Article 1483, Para. 9, Subpara. 2 of the Civil Code, an associative link between a specific family name and specific goods should also be established (consumers of particular goods should perceive the sign as the family name of a famous person).

The IPC Presidium has stated that the approach demonstrated in the present case in applying the provisions of Article 1483 of the Civil Code shows that Rospatent violated its functions in examining the application and verifying the arguments presented in the objection.

The IPC Presidium found it impossible to uphold the obviously bad faith actions of Rospatent that it had committed in circumvention of the law, when on its own initiative it ignored the restriction imposed by law on the application of the provisions of Article 1483, Para. 9, Subpara. 2 of the Civil Code.

The IPC Presidium has noted this restriction was included in the text of the law for a reason: this regulation is primarily aimed at protecting a private interest.

In other words, the legislator had established a different rule of substantive law to achieve the goal that Rospatent aimed to achieve. However,

Rospatent did not provide grounds for preventing the registration of the claimed sign, as provided in Article 1483, Para. 1 of the Civil Code (non-distinctive, descriptive trademark, etc).

Hence, the IPC Presidium proceeded on the basis that there was no such ground in the case in question.

Having failed to establish such circumstances, Rospatent in this case applied the norm of Article 1483, Para. 3, Subpara. 2 of the RF Civil Code, thus deliberately expanding the sphere of public interests.

In addition, the IPC Presidium pointed out that the first instance court did not interrupt the expansion of the application of the substantive law norm, which, if the logic of Rospatent is carried to the end, may lead to the lack of necessity for the existence of all other provisions of Article 1483, since public interest may justify anything, if one excludes the necessity to establish a negative effect for a particular public interest. Following such approach of Rospatent one can by analogy consider replacing the whole RF Civil Code with just one norm: on abuse of right (Article 10 of the Code).

Thus, the IPC Presidium found that the decision of the first instance court was based on incorrect application of the substantive law norm (Article 1483, Para. 3, Subpara. 2 of the Civil Code). However, the IPC Presidium considered it possible not to remand the case for a new examination, since the relevant facts had been established by the first instance court on the basis of the evidence available in the case, but the law had been applied incorrectly.

Based on the above, the IPC Presidium has invalidated the decision of Rospatent, cancelled the decision of the first instance court, and obliged Rospatent to register the trademark under the said application.

3. Can a Name be a Trademark?

IPC Presidium Ruling date 13 October 2023 in Case No. SIP-192/2023

If consumers perceive a sign solely as a family name, it lacks distinctiveness and cannot be registered as a trademark.

The fact that a family name is not widespread does not in itself mean that it is not perceived as a family name.

In assessing consumer perception of the sign, not only the frequency of the family name, but also other factors (in particular, other meanings of the

verbal sign, word formation, and other elements of the sign) should be taken into account.

Rospatent refused to register the trademark “Kolokolnikov” and rejected the subsequent applicant’s administrative appeal, because it considered that this sign is a widespread family name and thus lacks distinctiveness.

The first instance court has overturned the decision of Rospatent, but the IPC Presidium did not agree with the court’s conclusions and has ordered a new examination of the case with the following clarifications.

In establishing the distinctiveness of a sign consisting of or containing a family name, it is necessary to determine whether the consumer perceives this element solely as a family name or as a sign indicating the source of origin of the good or service for which legal protection is sought. If the targeted consumer group perceives the claimed sign solely as a family name which may belong to different unrelated persons, it should be recognised that it lacks inherent distinctiveness.

In assessing Rospatent’s conclusions on how the claimed sign is perceived, the first instance court correctly pointed out that if a family name is common, it is likely that the repeating element is perceived as a family name. If the sign applied for registration is a common family name, the public interest will be affected because it is reasonable to assume that other persons will also use the name in connection with goods and services.

At the same time, the first instance court applied a methodologically inaccurate reverse approach, that the low prevalence of a family name in itself means that the sign reproducing it is not perceived as a family name and, consequently, that the sign repeating it has distinctiveness. The perception of the claimed sign as a family name depends on various factors, of which the prevalence of the family name is one factor, but not the only one. Such factors can also include:

- whether the verbal element has a different meaning as explained in dictionaries, reference books, encyclopaedias, etc.,

- whether the verbal element is structured and sounds the way family names are usually structured and sound (with due regard to the traditions of word formation and phonetics);

- whether there are other elements in the claimed sign that influence the perception or lack of perception of a particular element as a family name.

4. Methodology for Comparing a Trademark and an Appellation of Origin

IPC Presidium Ruling of 03 October 2023 in Case No. SIP-257/2023

Elements are considered as descriptive and non-dominant for the purposes of applying the provisions of Article 1483, Para. 1 of the Civil Code, cannot be deemed strong for the purposes of comparing the sign with an appellation of origin, when applying the provisions of Para. 7 of the same Article.



Rospatent has refused to register and rejected the subsequent applicant's appeal in respect of a combined sign with the disclaimed words "Crimean" and "oils" because it established the likelihood of confusion with the sign "Crimean soap", filed in an application for an appellation of origin (Article 1483, Para. 7 of the Civil Code).

The first instance court has invalidated Rospatent's decision stating that it got the methodology wrong, and obliged it to review the administrative appeal.

Upon examining Rospatent's cassation appeal, the IPC Presidium upheld the first instance court's ruling.

In its conclusions, the IPC Presidium has proceeded from the premise that during the examination and further consideration of the appeal, Rospatent has established that the verbal elements "Crimean" and "oils" were not protected due to their descriptive nature (Article 1483, Para. 1 of the Civil Code), and that these elements did not occupy a dominant position.

The IPC Presidium has reminded that the methodology for determining the likelihood of confusion between trademarks, as provided in Para. 162 of *SC Plenary Resolution № 10*, is used when assessing the likelihood of confusion of trademarks with appellations of origin, except for taking into account the degree of similarity of goods. In this case, the IPC Presidium emphasised in Para. 162 of *SC Plenary Resolution № 10* that when comparing signs, the court takes into account which elements are similar (strong

or weak elements of the trademark and the sign) and that similarity of only unprotected elements is not taken into account.

The first instance court has found that in applying Article 1483, Para. 7 of the Civil Code, Rospatent proceeded from the opinion that the verbal elements “Crimean” and “oils” were strong. As the first instance court noted, and the IPC Presidium confirmed, elements which are recognised as descriptive and non-dominant for the purposes of Article 1483, Para. 1 of the Civil Code may not be considered strong for the purposes of Para. 7 of the same Article. As a result, the IPC Presidium indicated that when re-examining the appeal, Rospatent should compare the claimed sign with the sign “Crimean Soap”, taking into account the properly defined strong and weak elements of the claimed sign and the pictorial elements.

The cassation appeal also contains the following argument. In accordance with the provision of Para. 47 of Administrative Rules No. 482, not the entire claimed sign should be compared with the designation “CRIMEAN SOAP” for the purposes of the provisions of Art. 1483, Para. 7 of the Civil Code. Instead, it should be only its verbal (albeit unprotected) elements “Crimean” and “Oils”, because (1) the confusion of appellation of origin with a separate element of the trademark is sufficient, and (2) only the verbal part of the sign is subject to comparison with the appellation of origin.

With regard to the first argument, the IPC Presidium has pointed out the contradiction with the wording contained in Article 1483, Para. 7, of the RF Civil Code applicable to the dispute, which refers to the sign as a whole. With regard to the second argument, the IPC Presidium has pointed to the contradiction between the substance of this norm and the established judicial practice, as the Code does not impose restrictions on the comparison of appellations of origin of goods with any types of trademarks (including pictorial ones) or any types of trademark elements (including pictorial ones).

5. Max and Jack Walk into a Bar

IPC Presidium Ruling of 02 October 2023 in Case No. SIP-1012/2022

For the purposes of Article 1483, Para. 10 of the RF Civil Code, signs that are independent lexical units cannot be divided into separate verbal elements. In this case, it is the perception by the target consumer group of the word

combination as a single element or as several lexical units that is decisive, and not the grammatical analysis.

Rospatent has rejected an invalidity action by Jack Daniel's Properties against the registration of the trademark "Max & Jack's" by Premier Beverages Company in respect of beer and soft drinks in ICGS Class 32 and alcoholic beverages in ICGS Class 33. Appealing to the first instance court, Jack Daniel's Properties challenged Rospatent's decision in respect of ICGS Class 33 goods on the grounds of violation of the provisions of Para. 3, Subpara. 1, Para. 2, Para. 6, and Para. 10 of Article 1483 of the Civil Code. The first instance court also rejected the appeal, but the IPC Presidium overturned the court's ruling. It is noteworthy that in remanding the case for a new proceeding, the IPC Presidium emphasised the mediability of the dispute and invited the companies to consider an amicable settlement. In July 2024 the proceedings were indeed terminated due to an amicable settlement.

In its ruling, the IPC Presidium firstly has pointed to a violation of the methodology for assessing the similarity between the contested sign and the earlier trademarks of Jack Daniel's Properties. Rospatent concluded that the compared signs were perceived differently. The first instance court also has stated that the level of similarity between the two was particularly low, leading to the conclusion that there was no confusion even if the goods matched. The IPC Presidium has pointed out that the court did not take into account that there are two variants of confusion between two signs compared, according to Para. 162, Subpara. 2 of the *SC Plenary Resolution № 10*. The first situation of confusion is straightforward: the consumer confuses two marks with each other. However, confusion is also possible when the consumer realises that the signs involved are different, but she may believe that the later sign is used by the person or persons related to the earlier trademark owner. The IPC Presidium has noted that, unlike the first situation of confusion, in the second case, the consumer realises that there are differences between the signs, sees them, but can reasonably conclude from certain features of the marks that they are used by the same person. Also the IPC Presidium has noted that the conclusion of the first instance court that the disputed registration complied with the provisions of Article 1483, Para. 3, Subpara. 1 of the Civil Code was derived from the conclusion made in respect of Article 1483, Para. 6, Subpara. 2 of the Code. Therefore, the case also must be re-examined in this part, too.

Secondly, the IPC Presidium pointed out that the first instance court incorrectly applied the methodology for assessing the validity of a trademark when opposing an earlier trademark within the meaning of the provisions of Article 1483, Para. 10 of the Civil Code. Examination, which should also be carried out in accordance with Para. 162 of the *SC Plenary Resolution № 10*, subject to the peculiarities of Article 1483, Para. 10 of the Civil Code, should lead to the conclusion that there is a likelihood of confusion between the earlier trademark, in this case “JACK”, and the element of the later trademark “Max & Jack’s.” The first instance court concluded that “Max & Jack’s” is a single lexical unit, and therefore the element “Jack” cannot be separated from it for the purposes of applying Article 1483, Para. 10. The IPC Presidium disagreed, stating that the conclusion of the first instance court was based only on grammatical analysis, while from the point of view of methodology it was necessary to investigate whether the target consumer group perceived the disputed sign as a single element or as two independent lexical units.

6. Slang is Legal, Too

IPC Presidium Ruling of 30 October 2023 in Case No. SIP-109/2023

When determining the independence of the lexical meaning of a sign, it is necessary to take into account the ability of language to develop, and modern trends of capturing phonetics and semantics with the help of slang abbreviations, which are clearly understandable to the consumer target group.

Rospatent has refused an applicant to register the designation “Hi4U” (filed in English) for a wide range of goods and services, and also rejected a subsequent applicant’s appeal to this decision. In doing so, Rospatent has found that this sign lacked both inherent and acquired distinctiveness.

The first instance court invalidated the decision of Rospatent on the grounds of Art. 1483, Para. 1 of the Civil Code (distinctiveness).

In particular, Rospatent proceeded from the fact that the disputed sign does not have a verbal nature within the meaning of Para. 34 of Administrative Rules No. 482, whereas the court found that the sign consists of elements that have a verbal nature: a phonetical composition, lexical meaning, lexico-grammatical features, and the ability to perform a syntactic function. According to the court, based on the phonetic perception of the Russian consumer, the claimed sign ‘Hi4U’ has an independent semantic meaning.

The IPC Presidium has left the court decision unchanged and Rospatent's appeal unsatisfied, noting the following.

The IPC Presidium has reminded that, based on the provisions of Article 1483, Para. 1 of the Civil Code and Administrative Rules, signs that do not fulfil the main function of a trademark in the eyes of consumers, namely the differentiation function, may not be registered as trademarks.

The Presidium has stated that the court had correctly determined on the basis of the phonetic criterion that the sign had a special semantics in the perception of the ordinary consumer, taking into account that the combination "4U" was a neologism in the Russian language.

In doing so, the IPC Presidium has noted that in modern linguistics, slang abbreviations represent a norm of communication and are used as independent lexical units, which are formed by using combinations of letters and numbers in place of one or more words (e.g., "2day", "2much") and abbreviations down to one letter (e.g., "R" instead of "are", and "U" instead of "you"). Such simple abbreviations are common and, since the emphasis is on the sound rather than the spelling of the abbreviated form, the phonetic feature determines the presence of the semantic one.

B. Early termination of protection for lack of use

7. Not Just Any Claim by Right holder Can Prove Interest

IPC Presidium Ruling of 20 October 2023 in Case No. SIP-888/2022

A dispute on the protection of a trademark between the person requesting early termination of the legal protection of this trademark for lack of use and its right holder may confirm the existence of legal standing in the latter proceedings.

If a claim for protection of the right to a disputed trademark has not been filed or a judicial act has not been issued, when considering a case on early termination of legal protection of a disputed trademark, the first instance court has the right to assess whether in fact those actions in which the right-holder sees a violation of their exclusive rights are evidence of the use of a trademark for individualisation of similar goods.

The Modimio company has filed a lawsuit with the court for early termination of legal protection of several trademarks of the GAZ company. Upon

receiving a rejection of the claim due to lack of evidence of interest (legal standing), the claimant appealed to the IPC Presidium. In rejecting the cassation appeal, the IPC Presidium provided *inter alia* the following clarifications.

The claimant referred to the existence of an application for a trademark with the sign “GAZ”, but the first instance court has found that the application had been filed after the pre-trial claim had been sent to the right holder, so it could not be used to confirm the intention to use the trademark in the claimant’s activities. The IPC Presidium has confirmed that such an application could not be taken into account in assessing if legal standing existed at the time of the interested party’s proposal.

The first instance court also did not accept the receipt by the claimant of a claim from the right holder regarding infringement of the latter’s rights to the trademarks it owned as evidence of interest, since the claim did not relate to the protection of exclusive rights to specific disputed trademarks or related to dissimilar goods. The IPC Presidium has found this conclusion to be justified, noting the following.

If in relation to a claim brought in defence of an exclusive right there is already an effective judgment which has established that the infringer uses a mark similar to the trademark to differentiate homogeneous goods, then, in considering a dispute on early termination of legal protection of a trademark, the first instance court shall not need to re-establish the fact of use of the trademark, taking this circumstance as evidence of interest.

If a claim for protection of the right to a disputed trademark has not been filed (as in the case at hand) or a judgment has not been issued, when considering a case on early termination of legal protection of a disputed trademark, the first instance court has the right to assess whether in fact those actions in which the right holder sees a violation of their exclusive rights are evidence of the use of a trademark for individualisation of similar goods.

C. Unfair competition

8. Unfair purchase does not equal unfair registration

IPC Presidium Ruling of 23 October 2023 in Case No. CIII-71/2023

Unfair actions taken for derivative acquisition of rights to a means of differentiation do not indicate, *per se*, that the initial acquisition of the said

rights was defective and that Article 1512, Para. 2, Subpara. 6 of Civil Code may thus be applied.



On 31 May 2017, an individual entrepreneur has acquired rights to the disputed service mark, registered on 20 December 1999 upon application by the 1000 Melochey (*Tsyacha Melochey*) Trade and Production Company.

The 1000 Melochey company has challenged the registration of that service mark before Rospatent on the grounds that in separate judicial proceedings the individual entrepreneur's actions leading to the acquisition of the said service mark were found to have been an abuse.

Rospatent has allowed this invalidity action on the grounds of Article 1512, Para. 2, Subpara.6 of Civil Code, by finding the granting of legal protection to the disputed service mark invalid in its entirety.

The individual entrepreneur applied to the IPC asking it to overrule Rospatent's decision.

The IPC' first instance has concluded that derivative acquisition of the exclusive right to a disputed service mark found unfair did not indicate, *per se*, that the initial acquisition of the said right had also been faulty.

The first instance court also has noted that, in the situation under review, the application of Para. 2, Subpara. 6 of Article 1512 of the Civil Code to derivative acquisition of the exclusive right to a service mark (pursuant to a contract) was contrary to the existing legislation.

After considering 1000 Melochey's and Rospatent's cassation appeals, the IPC Presidium upheld the first instance ruling and pointed out that Article 1512 of the Civil Code was only applicable where the actions leading to the registration of a disputed distinctive sign were found unfair at the stage of application. Conversely, the above actions by the entrepreneur led to derivative acquisition of the exclusive right to the disputed service mark, rather than initial to which Para. 2, Subpara. 6 of Article 1512 applied.

The IPC Presidium has noted that in separate judicial proceedings the initial owner's (1000 Melochey Trade and Production Company's) actions had not been assessed for fairness at the time of service mark registration, so it is wrong to consider as unlawful the registration of the service mark in retrospect due to any unfair actions by a subsequent owner.

The IPC Presidium also considered that unfair acquisition of the exclusive right by a subsequent derivative owner (as in this case) had been a wrongdoing by a person, who was not involved in the registration. Thus retrospective termination of the legal protection of the disputed service mark could not be a sanction against that person, nor was it in line with the substance of the legal relations under scrutiny. The validity of the initial registration could not be assessed without regard to the conduct by the person who sought registration and without involving all the successive owners, for retrospective termination of legal protection affected their rights.

II. Procedure

A. Interim measures

9. Injunction should work

IPC Presidium Ruling of 10 November 2023 in Case No. SIP-898/2023

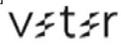
Finding likelihood of confusion between two competing trademarks depends not only on the degree of similarity between the signs and the goods for ordinary consumers of the relevant goods, but also on other factors, *inter alia* whether the right holder uses the earlier trademark in respect of specific goods.

Consequently, in proceedings on a claim for early termination of legal protection of the earlier trademark for lack of use it is possible to satisfy a motion for interim injunction preventing Rospatent from taking decisions in respect of the claimant's trademarks, whose legal protection is challenged on the grounds of the defendant's earlier trademark.

The Veter Sport Limited Liability Company (hereinafter referred to as

'Company') owns trademarks No. 792003  and No. and 891549

ВетерСайклинг

 («older trademarks»). Later it applied to Rospatent for the registration of the following signs: BETEP, VETER, and , as trademarks in respect of ICGS Class 25 goods («new application»).

Rospatent denied registration of these signs as they created a risk of confusion with earlier trademarks No. 749459  and No. 749644 BETEP, that belonged to Ms. V.A. Abel.

V.A. Abel challenged the registration of the Company's older trademarks on relative grounds by referring to its earlier trademarks (violation of Article 1483, Para. 6, Subpara. 2).

In return the Company has claimed early termination for lack of use of Ms Abel's trademarks Nos. 749459 and 749644 in respect of all ICGS Class 25 goods, as these trademarks were both blocking the registration of new trademark and could lead to the invalidity of its older trademarks.

Along with that claim, the Company has filed a motion for interim measures in the form of an injunction banning Rospatent from taking the following actions until a judgement took force in that case:

examining, and taking decisions on, V.A. Abel's invalidity appeal against the registration of the Company's older trademarks Nos. 792003 and 891549;

examining, and taking a decision on, the Company's appeal against the Rospatent's decision to deny trademark registration pursuant to the Company's new application.

According to the applicant, both interim measures were directly related to the subject-matter of the case on early termination of Ms. Abel's trademark.

The first instance court allowed the claim in part, as it banned Rospatent from taking a decision on the Company's appeal against the decision to deny trademark registration pursuant to the new application until a judgement was passed in that case. The remainder of the Company's motion was dismissed.

Referring to the legal position of the Plenum of the Russian Federation Supreme Court, as set out in Para. 58 of its Resolution No 15 of 01 June 2023, that a motion for interim measures should relate to the claimant's own TM applications and should not affect others' rights and lawful interests, the first instance court held that an interim measure such as an injunction suspending Rospatent's invalidity proceedings against the Company's trademarks Nos. 891549 and 792003 was unrelated to the Company's «own application» and affected Ms. Abel's rights and lawful interests in challenging the Company's trademarks.

Therefore, the first instance court found no grounds to take the above-mentioned interim measure and dismissed the Company's motion in the respective part.

As the IPC Presidium examined the Company's cassation appeal, it noted that the claim for early termination of the legal protection of V.A. Abel's earlier trademarks, based on which Ms. Abel has challenged the validity of the Company's older trademarks before Rospatent, was a proper method for finding facts that are material to subsequent examination of the invalidity challenge at Rospatent.

Indeed, in Para. 162 of *its Plenary Resolution № 10 the Supreme Court* noted that one of the essential criteria to establishing the likelihood of confusion between competing trademarks, particularly to checking the junior sign for relative grounds of validity based on an earlier trademark (conformity with Article 1483, Para. 6 of the RF Civil Code), was whether the owner of the earlier trademark used it in respect of specific goods.

The IPC Presidium held that the likelihood of confusion depended not only on the degree of similarity between the signs and the goods for ordinary consumers of the relevant goods, but also on other factors, such as whether, how long and how extensively the owner has used the trademark in respect of specific goods. Consequently, where the earlier trademark is not in use, consumers of the relevant goods and service could establish no associative link to the trademark or its specific owner and were thus unlikely to confuse the trademarks compared, as the earlier trademark was less than recognizable.

The IPC Presidium thus found the interim measure sought to be related and proportionate to the subject of the dispute on early termination for lack of use and to be instrumental to the actual achievement of interim measures' purpose.

Given that Rospatent had not yet taken the respective decisions at the time of the examination of the cassation appeal, and given the urgency of considering the application for interim measures, the IPC Presidium has found it possible not to remand the Company's motion for interim measures for re-examination and to pass instead a new judicial act in that case and satisfy the above motion.

10. Trademark Gambit. Early Termination Vs. Challenge

IPC Presidium Ruling of 11 October 2023 in Case No. SIP-617/2023

The court may impose interim injunctions banning Rospatent from taking a decision on an appeal, filed by the owner of an earlier trademark (Ar-

ticle 1483, Para. 6, Subpara. 2 of Civil Code), where the use of that earlier trademark is disputed.

On the grounds of Article 1483, Para. 6, Subpara. 2 of Civil Code, CAROMI Company has brought a challenge before Rospatent, objecting

to the provision of legal protection to the  trademark belonging to the Caromic company, citing a likely confusion between the disputed trademark and the CAROMI's earlier trademark, .

In turn, Caromic insisted that CAROMI was not using the opposing trademark, so they had sent the latter an interested party's proposal — a mandatory pre-trial settlement proposal. If CAROMI failed to meet their stated demands, then Caromic was planning to claim early termination of the opposing trademark for lack of use before the IPC.

Also Caromic went to the court, asking to take interim measures pending the filing of their claim, as the examination of the invalidity appeal and possible cancellation of the legal protection of their own trademark, opposed to the unused trademark, would lead Rospatent to pass an illegal ruling that the company would then have to challenge in court.

The first instance court has rejected the application for interim measures.

In turn, the IPC Presidium has pointed out that the examination of an appeal filed under Article 1483, Para. 6, Subpara. 2 of Civil Code required Rospatent to assess the likelihood of confusion between the competing trademarks, which, in turn, involved finding out whether the owner used the earlier trademark in respect of specific goods.

The IPC Presidium has stated that if the eventual claim for early termination of the legal protection of the earlier trademark were to be satisfied, that would mean that the non-use of the opposing trademark would have to be taken into account in assessing the likelihood of confusion between the competing trademarks.

The IPC Presidium stressed that non-use of the earlier trademark by its owner might be taken into account as a factor suggesting that confusion between the disputed trademark and the unused earlier trademark was unlikely (as consumers were not aware of the earlier trademark).

In view of the foregoing, the IPC Presidium held that under the said circumstances the first instance court had no grounds to dismiss the application for interim measures.

On the other hand, the IPC Presidium has noted that, at the time of the examination of their cassation appeal, Caromic had already filed a claim against CAROMI for early termination of the legal protection of the  trademark.

Because of it, the IPC Presidium has found it impossible to satisfy the claim for interim measures where Caromic would thereafter file their claim, for Caromic had already fulfilled that requirement.

The IPC has concluded that Caromic was thus entitled to apply to the first instance court for taking measures to secure the claim.

B. Procedure at Rospatent

11. The Limits of Independence

IPC Presidium Decision of 21 November 2023 in Case No. SIP-3/2023

When considering an invalidity claim against a registered trademark, Rospatent may not identify and evaluate any new grounds that are not disclosed in the applicant's appeal.

Upon considering an administrative appeal to trademark registration, Rospatent has decided to partially invalidate it. However, it was not on the grounds contained in the invalidity application (Para. 1, Subpara. 1, and Para. 8 of Article 1483 of the Civil Code), but on the grounds identified on its own by Rospatent (Para. 1, Subpara. 3 and Para. 3, Subpara. 1 of Article 1483). In doing so, Rospatent followed the provision of Para. 45 of the Rules for Assessment and Resolution of Administrative Disputes by Rospatent, approved by Order of the Ministry of Science and Higher Education and the Ministry of Economic Development No. 644/261 of 30 April 2020 (“Patent Dispute Regulations”). This Paragraph provides that “the grounds for invalidating the granting of legal protection to an intellectual property object or the grounds preventing the granting of legal protection shall be recorded in the minutes of the panel meeting and shall be taken into account when forming the panel's conclusion on the results of the consideration of the dispute.”

The company that filed the appeal and the trademark rightholder challenged the Rospatent's decision in the Intellectual Property Court, but the first instance court dismissed the claims.

The IPC Presidium has cancelled the decision of the first instance court and passed a new judgement invalidating Rospatent's decision.

The IPC Court has reminded that the Patent Dispute Regulations have less legal force and should be applied subject to the norms of the Civil Code, and pointed out that Para. 45 of the Patent Dispute Regulations is applied differently based on whether the refusal to grant legal protection to a trademark is being challenged or Rospatent is considering an appeal against an already registered trademark.

In the former case, since legal protection has not been granted to the trademark, the provisions of the Civil Code governing the procedure for granting the right shall apply. Rospatent may analyse the issue of an object's validity within the limits established by the Civil Code.

In the latter case, the legal protection of the trade mark has been granted, which means that the presumption of validity arising from the registration of the right to the trademark can be defeated only through the procedure established by the legislator. In this case, the IPC Presidium relies on the position of the Russian Federation Constitutional Court in its Ruling of 03 July 2018 No. 28-P, which states that registration of the exclusive right to a trademark contributes to legal certainty in commerce that allows the parties to the legal relations to reasonably foresee the consequences of their behaviour and to be sure that their officially recognised status, acquired rights and obligations would remain unchanged.

Taking into account the provisions of Article 1512, Paras 1-3 of the Civil Code, the IPC Presidium has clarified that civil law does not give Rospatent any other possibility to verify the validity of the registered trademark outside the appeal filed by the interested party. Rospatent has no right to identify and evaluate any new grounds that have not been disclosed in the interested party's appeal. The court cannot use Para. 45 of the Patent Dispute Regulation because it does not comply with the provisions of Articles 1512 and 1513 of the Civil Code that have a greater legal force (Article 12 of the Civil Code, Article 13 of the Code of Commercial Procedure).

Moreover, the IPC Presidium notes that if in such a situation part of the appeal is considered to be filed by Rospatent, then its constitutional function as a body considering an administrative dispute is violated: Rospatent has its own interest, evaluates this interest, and then considers its own opposition on the merits.

The Presidium of the IPC has satisfied the cassation appeal of the initial trademark right holder, invalidated the decision of Rospatent and ordered it to restore legal protection to the disputed trademark.

Later in 2024, Para. 45 of the Patent Dispute Regulations was partially invalidated by the IPC Presidium in separate judicial proceedings (IPC Presidium Ruling of 16.08.2024 № SIP-1302/2023).

Information about the authors:

M.A. Kolzdorf — LLM, Senior Lecturer.

N.I. Kapyrina — Candidate of Sciences (Law), Associate Professor.

N.E. Goloyad — Master of Sciences.

Contribution of the authors:

M.A. Kolzdorf — Para 3.

N.I. Kapyrina — Para 1, 4–7, 11.

N.E. Goloyad — Para 2, 8–10.

The article was submitted to editorial office 14.08.2024; approved after reviewing 30.09.2024; accepted for publication 15.10.2024.