

A controversial approach

In Russia, although no rights derive from the use of unregistered marks, an amendment to the Civil Code has afforded them some degree of protection

Russia is a first-to-file country and therefore, according to Russian legislation, trademark rights apply from the moment that the mark is state registered. No rights derive from the use of an unregistered trademark. However, when Part IV of the Civil Code came into force in January 2008, it afforded a degree of protection to commercial indications or signs. This protection is similar to that afforded to trademarks, but applies without the need for the indication or sign to be registered with an administrative body, such as the Patent and Trademark Office (PTO).

Commercial designations in Part IV of Civil Code

In accordance with the code's provisions regarding the individualisation of trade, industrial or other enterprises, legal entities and individual entrepreneurs may use commercial indications that are not firm names. These indications need not be included in the company's founding documents or in the State Register of Legal Entities.

Before Part IV was adopted, commercial designations were mentioned only in Chapter 54 of the code, which concerns franchising agreements.

According to the definition of 'commercial indication' in Part IV of the code, the term can apply not only to firm names in word form, but also to devices, colours and colour designations, and so on. Moreover, firm names and commercial indications differ from a functional perspective: firm names are used to identify a company in relation to state bodies or other firms and contractors, whereas commercial designations are used to identify entrepreneurs in relation to their customers.

A commercial indication may be

incorporated into signs, letterheads, invoices and other documentation, announcements, advertising or packaging, or be printed on the goods themselves. A commercial sign must be capable of distinguishing the rights holder's enterprise within a specific territory.

Different kinds of commercial indication may be used by entrepreneurs while conducting their business activities. These include the names of shops and domestic service enterprises, the names of restaurants, cafeterias, hotels and clubs, emblems, and the names of transportation devices and other craft such as ships, aircraft and trains.

The code limits the use of commercial indications to some extent. In particular, a commercial indication may not be used if it is capable of misleading in connection with the possession of an enterprise by a particular person. Thus, a commercial indication may not be confusingly similar to a firm name, trademark or other commercial indication belonging to another party if that party's exclusive rights arose earlier. A party which violates this rule will lose the right to use the commercial indication concerned and will be liable to compensate the rights owner for damages on demand.

The exclusive right to a commercial indication may pass to another person by way of universal legal succession or by other means. However, such transfers are subject to the condition that the indication passes to an entity which will use the indication for the purposes of individualisation.

The rights owner may grant the right to use a commercial sign to another person on the basis of a contract of lease of an enterprise or a franchise agreement.

The code limits the validity of commercial indication rights to the Russian

territory. The code also provides for the term of validity of the rights in a commercial indication. The exclusive right to a commercial indication shall be terminated if the rights owner does not use it for a one-year period. Nonetheless, the legislation does not establish the date from which this one-year period begins; nor does it state who may initiate proceedings for commercial indication rights to be terminated, or whether such a procedure is necessary – that is, it is unclear whether the rights expire automatically after a year of non-use.

Commercial indication rights are independent of the exclusive rights to a firm name or trademark. However, a commercial indication or an element thereof may be used by the rights owner as a trademark or a part thereof.

Part IV of the code stipulates the so-called 'seniority right' principle. If various means of individualisation (ie, firm name, trademark, service mark and commercial indication) belonging to different entities are identical or similar to the extent of confusion, and as a result of such resemblance consumers or contract partners may be confused, the exclusive rights to the means of individualisation which arose earlier shall have priority.

Once the rights owner has established seniority rights to a designation it may – through the procedure established by the relevant legislation – demand that the protection of similar trademarks or service marks be recognised as invalid, and demand the full or partial prohibition of the use of similar trade names or commercial designations.

Opposition proceedings

In accordance with the code's provisions, a commercial indication may constitute a

basis for opposing a trademark registration. Article 1483(8) states that: “with respect to goods of the same type, indications may not be registered as trademarks if they are the same as, or similar to the point of confusion with, a firm name or commercial indication (or individual elements of such a name or indication) registered in the Russian Federation, or with the name of an achievement of breeding registered in the State Register of Protected Achievements of Breeding, rights to which arose in the Russian Federation for other persons earlier than the priority date of the trademark undergoing registration.”

The opposition must be filed with the Chamber of Patent Disputes of the Patent and Trademarks Office. In contrast to proceedings based on the similarity of two trademarks, there is no deadline for initiating opposition proceedings based on a commercial indication; such proceedings may be initiated at any time during the period that the relevant trademark’s registration is valid.

Given that commercial indications were only recently explicitly introduced into Russian legislation, there have been few cases in which commercial indication rights have formed the basis of cancellation actions or disputes. In order to initiate such proceedings, it is necessary to determine the facts which form the basis of the commercial indication rights. From a commonsense perspective, it follows that the rights to a commercial indication arise on its first commercial use. Therefore, in order to assert these rights, the relevant party must provide evidence of this usage by submitting financial documentation, agreements, advertising information, product samples or samples of packaging bearing the commercial indication in question. It is also necessary to prove that the commercial indication is widely known among consumers in the relevant territory. This may prove difficult, particularly as the legislation does not stipulate criteria for these purposes.

Registration

State registration of commercial indications at the PTO or any other state authority is not foreseen by the code or further normative documents. As a result, certain entrepreneurs have started activities connected with the so-called ‘registration’ of commercial indications. Indeed, a register of Russian commercial indications has been created by a patent attorney. The register, which can be accessed at www.reestrko.ru, contains around 20 registrations for



Vladimir Trey
Partner and trademark attorney
TreyV@gorodissky.ru

Vladimir Trey graduated from Moscow State Linguistic University in 2000 as a linguist. In 2004 he graduated from the law faculty of the Russian State Institute of Intellectual Property as a lawyer, joining IP law firm Gorodissky & Partners in 1999. He specialises in trademarks, in particular trademark proceedings in Russia and the CIS, as well as the Baltic states. He also handles trademarks under the Madrid Treaty on international trademark registration and the Madrid Protocol. Mr Trey speaks both English and German.

commercial indications. While such activities do not contradict the existing legislation, they are not based on legislative norms; the unofficial registration of commercial indications is absolutely unnecessary. These activities merely represent an attempt to profit from the fact that many entrepreneurs are ignorant of the stipulations of the relevant legislation. In an attempt to rectify this situation, the PTO recently issued a letter explaining that commercial indication rights arise as the result of use and well-known character, and may be asserted in court or during administrative proceedings.

Distinctiveness

The question of whether the rules regarding distinctiveness which are applied to trademarks should also apply to commercial designations remains unanswered. It would appear that the criteria regarding distinctiveness should be different, given that commercial indication rights arise on the basis of commercial use, meaning that consumers are aware of the designation in its use as a commercial

indication and perceive it as a means of distinguishing a particular entrepreneur within a specific territory.

Misleading indications

The code does not allow the use of commercial indications which may mislead the public in respect of the ownership of an enterprise by a particular person. Such confusion may arise if the commercial indication is similar to the extent of confusion with a firm name, trademark or other commercial indication. Nevertheless, the legislation contains no references to the criteria to be used to establish similarity. Where it is necessary to argue that a commercial indication is confusingly similar to a firm name, trademark or commercial designation, the claimant should be able to make use of the rules of consideration for trademark applications. These rules, which will soon be replaced by new administrative regulations, stipulate that trademark applications must be examined by the trademark office in order to ascertain whether relative grounds for refusal exist on the basis that applications or registrations have previously been filed for identical or similar marks. These rules indicate that the criteria for considering whether trademarks are similar are phonetics, visual appearance and semantic meaning.

Comment

The decision not to make legislative provision for commercial indication rights was somewhat controversial. On one hand, the legal protection of commercial indications corresponds to international practice: such protection exists in many jurisdictions. On the other, the presence of such a category in the legislation might cause the relevant provisions to be contradictory with regard to trademarks and firm names, and thus lead to legal disputes. However, eventually, legal practice relating to commercial signs will develop to the extent that all commercial sign rights holders will be effectively protected.

In a recent case before the PTO Chamber of Patent Disputes, an entrepreneur managed to prove that he had used the word ‘Matrasson’, in Cyrillic lettering, and as such held the associated commercial indication rights. Thus, he was able to invalidate a rival entrepreneur’s registration of a similar designation as a trademark in relation to similar goods on the basis that he had used his commercial indication before the rival trademark application was submitted. [WTR](#)