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Legal framework

The following national acts apply to counterfeiting:

- the Civil Code;
- the Criminal Code;
- the Code on Administrative Offences;
- the Law on Customs Regulation; and
- the Competition Law.

Russia is a party to the following international treaties relevant to counterfeiting:

- the Paris Convention for the Protection of Industrial Property;
- the Customs Code of the Customs Union;
- the Madrid Agreement; and
- the Agreement on Trade-Related Aspects of IP Rights.

Border measures

Border measures against counterfeit goods are available in Russia under the laws listed above. The Customs Code of the Customs Union

contains general provisions regarding customs control and grants it certain powers. The Law on Customs Regulation sets down country-specific regulations and powers for Customs, and the Code on Administrative Offences indicates specific remedies for trademark and copyright infringement. In particular, the Law on Customs Regulation sets out the administrative procedures for seizing counterfeit goods.

If a rights holder wishes its trademark to be included in the Customs Register of Intellectual Property, it must provide:

- proof that it holds the relevant IP right;
- information about any other party authorised to use the IP right;
- sufficient information to enable Customs to identify the goods;
- a secured warranty to compensate for property damage in the event that goods are wrongly intercepted; and
- other relevant data.

An IP right can be added to the register free of charge, and Customs is obliged to check the register regularly. Once a mark has been added, the owner is responsible for any property

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damage that might be caused to the declarant, owner or recipient of seized goods if the court rules that the goods were lawfully imported.

The maximum term of recordal of a trademark in the register is two years, with unlimited renewals. Depending on the term of validity of the submitted documents, Customs records the trademark for one or two years.

Once a trademark is included in the register, Customs shall monitor imports of goods bearing that mark. Where such goods are imported by an unknown importer, customs officers will:

- suspend the goods' release for 10 working days (extendable for another 10 days); and
- inform the rights holder of the situation and allow it to take (under Customs' supervision) samples and specimens of the allegedly counterfeit goods and examine, photograph or otherwise collect documentary evidence.

The main purpose of authorising Customs to suspend the release of suspect goods is to allow the rights holder to ascertain whether the goods do infringe its rights and, if so, to launch an action. The rights holder can enforce its rights by applying various judicial remedies available under the law.

In the event of infringement, the rights holder may approach Customs with an application for action so that the latter can initiate administrative proceedings and sue the infringer in court. Alternatively, the rights holder can bring a civil action seeking damages and publication of the court's judgment.

Failure to initiate legal action within the maximum 20-day period will result in the goods being released. Consistent failure to respond to a notice of suspension can be

grounds for excluding the trademark from the Customs Register. In such case, Customs will release the goods. If the trademark is not registered in the Customs Register, Customs still has the right (but not the obligation) to seize suspect goods, but only for seven days (too short a period for correspondence between Customs and the rights holder). Customs uses this procedure only rarely, so registration of a trademark in the Customs Register is strongly recommended.

Russia is a member of the Customs Union, alongside Kazakhstan and Belarus, although Armenia and Kyrgyzstan are expected to join in future. Goods move freely within the borders of the Customs Union, meaning that it is vital to register trademarks in all member countries. If a particular trademark is not registered in one of the Customs Union countries, counterfeit or grey-market goods may enter Russia from that country and may end up on the market. In such case the mark owner will have to initiate a civil case or ask police to initiate an administrative action.

Criminal prosecution

Article 180 of the Criminal Code provides for criminal liability for trademark infringement. If the damage caused by the unlawful use of a trademark is significant (more than Rb1.5 million (\$44,100)) or the infringement is repeated, criminal charges may be brought against the infringer, which may face a fine of up to Rb200,000 (\$5,900). When such activities are a result of collusion or carried out by an organised group, the punishment shall be imprisonment for up to six years and/or a fine of between Rb500,000 and Rb1 million (\$14,700 to \$29,400). Within the framework of criminal proceedings, the rights holder may also claim for the reimbursement of damages.

Criminal proceedings consist of two stages: preliminary investigation, which is initiated by an application filed by the rights holder with the police, and court hearings. A sentence handed down by a court of first instance may be appealed to a higher court. Criminal proceedings usually take between two and three years.

Civil enforcement

In accordance with Article 1484 of the Civil Code, the rights holder has the exclusive right to use its trademark in any lawful way. No other person may use signs similar to the trademark in respect of goods for which the trademark has been registered, or for similar goods if such use is likely to cause confusion.

Depending on the nature and gravity of the infringement, it may give rise to administrative, civil or criminal liability.

A trademark owner usually begins to enforce its rights by sending a cease and desist letter to the alleged infringer. Although this is not mandatory, it is a simple and effective non-judicial measure.

Preliminary measures

The court may issue preliminary injunctive relief prohibiting the defendant from performing actions related to the subject matter of proceedings or ordering the seizure of the defendant's property. Any petition for injunctive relief must be considered by the court no later than the day after the claimant files it. Injunctive relief may be applied at any stage of the court proceedings if failure to provide such remedies would result in significant damage to the claimant or complicate or make enforcement of the court judgment impossible.

Before ordering injunctive relief, the court may demand or propose that the claimant post security against possible damages to the defendant. This might include a deposit in an amount determined by the court or a bank guarantee, warranty or other financial security. The court cannot decline injunctive relief if the claimant posts security with it.

Remedies

Remedies available under Article 1252 of the Civil Code in connection with unlawful use of a

trademark include:

- a claim for cessation of the infringement;
- a claim for damages or monetary compensation;
- a claim for removal from the market and destruction at the infringer's expense of counterfeit goods, labels and packages bearing unlawfully used trademarks or confusingly similar signs; and
- a claim for publication of a court judgment in order to redress the damage done to the injured party's reputation.

Action for damages

A rights holder may claim damages for losses and lost profits amounting to, at least, the profits derived by the infringer from the infringing activity.

However, instead of claiming damages, the rights holder may claim:

- statutory compensation of between Rb10,000 (\$295) and Rb5 million (\$147,000), as determined by the court;
- twice the cost of the counterfeit goods; or
- twice the cost of a licence fee to use the trademark.

Confiscation

According to Article 1515(2) of the Civil Code, the rights holder can claim destruction of counterfeit goods, labels and packages bearing its trademark or a confusingly similar designation at the infringer's expense.

The court may order that equipment, other devices and materials mainly used or intended to violate the rights holder's exclusive rights be removed from the market and destroyed at the infringer's expense, if the law does not provide for confiscation for the state's benefit.

Administrative proceedings

In addition to these measures and remedies, two further administrative routes can be used to combat infringement.

First, unauthorised use of another party's trademarks constitutes an administrative offence under Article 14.10 of the Code on Administrative Offences, and shall entail administrative liability for the infringer.

Administrative proceedings start with the rights holder filing a petition with the police. Based on this, the police may raid the infringer's

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premises and seize any counterfeit goods. It then passes samples to the rights holder (or its authorised local representative) so that it can confirm where the counterfeits originated from.

As soon as the police have evidence of infringement, an administrative violation report is prepared and all materials are placed before the court. The administrative penalties for such offences are a fine and confiscation and destruction of the seized goods. The fines imposed are as follows:

- individuals – the cost of the counterfeit goods, but no less than Rb2,000 (\$60);
- officials – twice the cost of the counterfeit goods, but no less than Rb20,000 (\$590); and
- legal entities – triple the cost of the counterfeit goods, but no less than Rb40,000 (\$1,180).

The advantages of administrative proceedings are that in most cases, infringers are brought to account and the requirements for establishing guilt are not as strict as in criminal cases, where guilt must be in the form of direct intent. In addition, administrative proceedings take between two and four months from filing the petition with the police. Administrative proceedings also allow for the destruction of counterfeit goods. In addition, the costs are significantly less than in civil or criminal proceedings. Within the framework of administrative proceedings, a rights holder may obtain a court decision establishing:

- the infringement;
- the number of counterfeit goods; and
- the infringer’s profits from selling the counterfeit goods.

All these facts may allow more compensation to be awarded in subsequent

civil proceedings if the rights holder decides to initiate such action (the main goal of which is to obtain compensation).

Illegal trademark use may also qualify as unfair competition under the Competition Law. The Russian Anti-monopoly Service is empowered to consider unfair competition cases through a special administrative procedure, which is initiated by an application filed by the rights holder. Within the framework of this procedure, the rights holder may claim only that the infringer’s actions related to the illegal use of the trademark be recognised as an act of unfair competition and that the infringer cease such actions. If it decides in favour of the rights holder, the Russian Anti-monopoly Service will order the infringer to cease the infringing behaviour. Non-fulfilment of this will result in administrative punishment.

Specialised court

A civil case can be filed with the first-instance commercial court in the infringer’s locale. In 2013 the IP Rights Court was established. This specialised commercial court has jurisdiction over disputes relating to the protection of IP rights, as a court of first and cassation instances. For instance, as a court of cassation, the IP Rights Court hears trademark infringement cases considered by first-instance commercial courts and commercial appeal courts.

All cases at the IP Rights Court are considered by a panel of at least three judges. The IP Rights Court may engage an expert to clarify specific questions relating to the dispute; for these purposes, it may send a binding order to any authority, organisation or person competent in the matter.

Anti-counterfeiting online

The same provisions that apply to trademark infringement in general also apply to e-commerce. Moreover, the Civil Code provides that a rights holder has the exclusive right to use its trademark on the Internet, including in a domain name. Therefore, rights holders can prevent third parties from acts of trading (ie, advertising, offering for sale and selling) counterfeit goods through the Internet, as well as from cybersquatting.

Online investigation strategies

The first step in an online anti-counterfeiting action involving a domain name using the country-code top-level domain '.ru' is for the rights holder to secure evidence of infringement. The most common means of doing this is through notarial verification of the website's contents.

The next step is to identify the infringer, the domain name administrator and the operator of the business carried out on the website. This can be done by forwarding an attorney request to the website administrator or domain name registrar.

Internet service provider liability

In 2013 new Article 1253.1 on the liability of information intermediaries was introduced into the Civil Code. It provides that an online service provider shall be liable for online IP rights infringement on a common basis in case of fault, unless it did not know or should not have known that use of the trademark was unlawful and, when notified of the infringement by the rights holder in writing, it promptly undertook necessary and sufficient measures to remove the effect of the infringement. In a December 23 2008 decision the Supreme Commercial Court held that internet service providers (ISPs) will not be held liable for information placed on a website if they neither initiated the placement nor selected the recipient, and this did not affect the information's integrity.

The court also noted that courts should consider whether an ISP:

- cooperated with any request to suspend an infringing content provider's services; or
- identified the person who placed the infringing content on the Internet.

Preventive measures/strategies

Rights holders should ensure that their rights are not vulnerable – namely, that the trademark is duly registered and properly used. This is essential since an infringer's most likely defence would be to challenge these rights – for example, by filing an action for cancellation for non-use. Rights holders should use local IP counsel and private investigators to secure evidence of the trademark's genuine use and evidence of any unauthorised use.

Control of contractual relationships with third parties

Since trademark use by a licensee or by another person authorised by the rights holder is considered to be genuine use, it is advisable that rights holders ask licensees and distributors to provide them with documents showing use of the trademark.

It is also common practice in contractual relationships to oblige a licensee or distributor to inform the rights holder of any actual or suspected infringement of the trademarks, or any passing off or illegal use of the trademarks by a third party.

Precautionary marking

The Civil Code stipulates that a rights holder may use a precautionary sign alongside its trademark indicating that the sign used is a registered Russian trademark. This may take the form of:

- a letter 'R' or a circled letter 'R' (®); or
- the statement 'trademark' or 'registered trademark'.

The Civil Code also stipulates that a franchisee must inform customers that it is using a trademark by virtue of the franchise contract. However, the enforceability of the exclusive rights – particularly the right to recover damages in any action of infringement – shall not be affected by whether any precautionary sign was affixed on the subject products. [WTR](#)

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