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Q245

Taking unfair advantage of trademarks: parasitism and free riding

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I. Current law and practice

1) Do the laws of your jurisdiction provide for protection against:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines (see paragraphs 26) and 27) above); and/or

no

Please comment:

It is not directly indicated in the current law. But some recent court decisions have applied some of that approaches with references of prohibiting of unfair action.

b) use that you consider similar but outside the scope of the definition in these Working Guidelines?

yes

Please comment:

The protection against "free riding" or "parasitism" mainly is provided in the form of prohibiting the actions of unfair competition and prohibiting registration of trademarks that are or contain the elements that are false or capable of misleading a consumer in respect of goods or their producer. The right holder of the designation possessing a good reputation may prevent dilution of his designation using the above mentioned options; however the term dilution is not mentioned in the legal framework.

For the questions below, if b. applies either separately or in addition to a., please make that clear in any relevant

answer.

2)	What is this protection called, and is this a definition developed in case law or found in a statutory provision? If such protection is characterised as a form of protection against dilution, please state this and provide any explanation as to the basis for such characterisation.

The protection against parasitism is defined as protection against unfair competition.

3)	If such protection is available, what is the basis for the protection, e.g. trademark law (distinguishing between unregistered and registered trademarks where relevant), unfair competition, consumer protection law, common law? If multiple causes of action are available, is there an interaction between them, and if so, what?

The legal basis for protection is the scope of the following legal acts:

The Paris Convention for the Protection of Industrial Property (Articles 6 bis, 10.bis)

Civil Code of the Russian Federation (Articles 1483, 1508, 1512)

Federal Law "On Protection of Competition", (Article 14)

Code Of Administrative Offences Of The Russian Federation, (Article 14.33)

The Criminal Code Of The Russian Federation, (Article 178).

4)	What are the elements of any available cause of action, e.g. the requirement for the trademark to be registered, reputation in the trademark, establishment of a link or association with the trademark, bad faith, change in the economic behaviour of consumers, actual advantage, potential future advantage? How are they proven?

Depending on the ground of protecting his rights the plaintiff has to proof different scope of circumstances.

In case the ground of claims is the possibility of misleading a consumer in respect of goods or their producer the plaintiff has to proof:

- the high degree of his trademark and the trademark that is used parasitically;

- the similarity of goods and services of both trademarks.

The fact of usage and/or the fact that the consumer was misled is not to be proofed.

In case the ground of claims is the unfair competition the plaintiff has to proof that the actions taken by the defendant aimed to use the reputation of the plaintiff. The fact of registration of a trademark itself may be also defined as a matter of unfair competition – but in this case the plaintiff is to proof that the only or the main purpose of such registration was to use his reputation.

5)	Further to question 4):

a)	what degree of reputation, if any, in the trademark is required?

The higher degree of reputation provides the broader scope of protection. The degree of reputation depends on many factors including the term of usage, the territory of usage, the association of the designation with the concrete producer. In case the designation was used by different producers and the consumer doesn't associate the designation with the concrete consumer it is impossible to proof the reputation of the designation. In this situation the designation is already diluted.

b) who bears the burden of proof regarding the requirements?

The plaintiff bears the burden of proof. The defendant proofs the circumstances it uses as grounds for its objections.

c) must the use at issue cause confusion?

yes

If so, what degree of confusion is required, e.g. actual confusion, a likelihood of confusion and/or initial interest confusion (i.e. initial confusion which has been resolved at the time of purchase)?:

In case there is a likelihood of confusion the trademark should not be registered (Article 1483 of the Civil Code) and in case it is already registered and this registration causes the likelihood of confusion it can be cancelled. In this case a plaintiff is required to demonstrate a likelihood of confusion in order to succeed in an action against such a trademark.

According to Article 1512.2.6 of the Civil Code the grant of legal protection to a trademark may be appealed and recognized as invalid fully or in part during the whole period of validity of legal protection provided that actions of the rightholder connected with the official registration of the trademark are recognized by the established procedure as abuse of rights or an act of unfair competition. It means that not only usage of the trademark may lead to cancellation of the trademark but also the registration itself may lead to cancellation of the trademark. Article 14 of the Federal Law "On Protection of Competition" says that purchase of a trademark is prohibited in case it is made for the purpose of unfair competition. In case the plaintiff initiates a cancellation procedure of a trademark on the ground of unfair competition he has to prove that the usage of the trademark leads to unfair competition or that the registration or purchasing of the trademark is made for the purpose of unfair competition (in case the unfair usage hasn't began for the moment of initiating the cancellation procedure). The cancellation procedure on the ground of unfair competition may be proceeded with the Federal Antimonopoly Service of the Russian Federation or at the Commercial Court. The Chamber of Patent Disputes of the Russian Patent Office doesn't deal with the matters of unfair competition. However there is another ground of a cancellation procedure in the Civil Code that is also used to fight with usage of the reputation of different kinds of designations (commercial names, firm names, registered and nor registered designations). Article 1483.3 of the Civil Code says that the signs shall not be registered as trademarks that are or contain the elements that are false or capable of misleading a consumer in respect of goods or their producer. In case the consumer already recognizes some kind of designation and associates it with a concrete producer the registration of a similar trademark on another person or company may mislead the consumer of the producer of goods and/or services.

d) can the protection be invoked in case of both similar and dissimilar goods/services?

yes

Please comment:

In case the trademark registered as “well-known mark” the scope of protection is provided not only for similar but also for dissimilar goods and services (Article 1508 of the Civil Code). Sometimes the strong reputation and fame of a trademark can help to cancel a similar trademark even in case it is registered for goods and/or services of another kind than the famous trademark – even in case the original trademark is not registered as a “well-known mark”. Thus the trademark RU 278829 “VACERON CONSTANTIN” registered for the goods of class 25 was cancelled by the decision of the Supreme Commercial Court. The court took into account the reputation of the trademark IR 436637 “VACERON CONSTANTIN“ and the reputation of the company name – in spite of the fact that the trademark registration is registered and used for the goods of class 14 “watches”. The proceeding began at the Chamber of Patent Disputes. As we already stressed the Patent Office doesn’t deal with the matters of unfair competition and using of third party’s reputation.

e) are there any other factors, even if not a separate requirement, that may be relevant, and if so, what are they?

6) Are there any defences against and/or limitations to the protection?

yes

If so, what are they, and what are the elements of such defences/limitations?:

In case the designation protected as a trademark was used for some period of time by multiple parties for the certain kind of goods and services and as a result of such usage the consumer recognizes this designation as a name of good or service (in fact the designation has become a descriptive designation), the interested person may initiate a cancellation procedure on this ground (Article 1514 of the Civil Code). It is one more strong reason why the trademark owner has to protect his rights and prevent dilution of his trade mark by all the possible options. Otherwise his trade mark may turn into a designation of some certain good or service and be cancelled on this ground.

The fact that a trademark was used for some time and was cancelled due to nonuse can’t prevent the other side from registering the same or similar trademark. However in case the owner of the previous trademark can prove that the consumer still associates this designation with him it can help him to prevent the other party from the registration or can help to cancel it.

7) Who bears the burden of proof in relation to any defences and/or limitations? In this context, please also consider the relationship with the element of "unfairness". For example, is it a defence that the use is with "due cause" (see paragraph 31 of the introduction) above and footnote 2) of the introduction? If so, can such use ever be "unfair"? Or is this just a matter of a shifted burden of proof?

In the civil proceeding each person participating in the case is obliged to prove the circumstances it uses as grounds for its claims or objections (Article 56 of the Civil Procedure Code, Article 65 of the Commercial Procedure Code of the Russian Federation).

8) If a defence exists or only limited protection is available, what rights does that give the free rider? For example, may the free rider simply use the trademark or may the third party obtain a separate trademark registration in respect of the goods and/or services in respect of which the free rider is using the trademark?

9) Can the protection be invoked in:

a) court in civil proceedings;

yes

Please comment:

b) court in other proceedings;

yes

if so what other proceedings (e.g. criminal proceedings):

c) opposition proceedings;

yes

Please comment:

d) any other?

yes

if so what, proceedings?:

10) If the protection can be invoked in multiple proceedings, are there different requirements for different proceedings? If so, please state the requirements.

First of all the different proceedings differs by the possible grounds of proceeding. The requirements concerning the form of the documents to be provided by the sides differs in details.

II Policy considerations and proposals for improvements of the current law

11) Should there be protection against:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines; and/or

yes

Why?:

Yes, the unfair advantage of trademarks as defined in these Working

Guidelines should be prohibited. The unfair competition is prohibited by the Paris Convention and it makes sense to harmonize the national legal acts in this part. The dilution of a trademark damages the idea of a trademark protection and the interests of a numerous scope of persons (consumers).

b) use that is similar but outside the scope of the definition in these Working Guidelines?

12) Is the basis for protection or the cause of action relevant?

yes

Why?:

The both grounds may be used depending on the concrete circumstances.

13) Should it be possible to invoke the protection in all types of proceedings mentioned above under 9) above?

yes

Why?:

Yes, it should be. Quite often the proceeding against parasitism in the sphere of trademarks is a part of a more complex proceeding (for example a proceeding at Federal Antimonopoly Service or a proceeding at Court). In case this kind of proceeding is possible at different institutions these proceeding may be carried out in one institution. Otherwise we have to divide these proceedings into several independent proceedings – it can lead to a very long procedure with possibility of appellations in different stages on different legal base.

14) How can your current law as it applies to the taking of unfair advantage of trademarks and/or the interpretation thereof (in particular, in case law) be improved?

It makes sense to include more detailed positions defining the likelihood of misleading the consumer according to the recent practice of the IP Rights Court.

It makes sense to include the definition of dilution of a designation (both registered and unregistered) into the legal actions as this term exists and in fact it is widely used.

III Proposals for harmonisation

15) Is harmonisation in this area desirable?

yes

Please comment:

If yes, please respond to the following questions without regard to your national or regional laws. Even if no, please address the following questions to the extent you consider your national or regional laws could be improved.

16) If your answer to question 11) is no in respect of a. and/or b., is it your view that no such protection should be available anywhere?

17) Should there be harmonisation of the definition of:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines; and/or

yes

If so, please provide any definition you consider to be appropriate.:

b) use that you consider similar but outside the scope of the definition in these Working Guidelines?

18) What should the basis for protection/cause(s) of action be?

Both the act of unfair competition and the preparations to the act of unfair competition is to be prohibited.

19) What should the requirements for protection be? In your answer, please address at least the following, in addition to any other relevant factors: what level of reputation, if any, in the trademark should be

required, and who should bear the burden of proof?

All the matters that should to be proofed by the sides of the proceeding depend on the concrete case. In case of the civil procedure every side should proof the circumstances it uses as grounds for its claims or objections. In case of the criminal procedure the plaintiff should proof the circumstances it uses as grounds for its claims.

20) What defences against and/or limitations to the protection should be available? Please state the proposed requirements for any defence/limitation, and the effect of any defence/limitation.

In case the third party mentioned the previously registered trademark only for the information of the consumer (for example, the indication of the products which can be used together with his products – cartridges and printers, automobiles and tires, electric devices and batteries, etc.) – it should not be a recognized as parasitism.

21) Who should bear the burden of proof in respect of any defences and/or limitations?

In case of the civil procedure every side should proof the circumstances it uses as grounds for its claims or objections. In case of the criminal procedure the plaintiff should proof the circumstances it uses as grounds for its claims.

22) In what type(s) of proceedings should it be possible to invoke the protection?

It is important that the legal acts regulating the existing proceedings in different institutions correspond between each other and could be appealed finally at one institution (one court). In this case all the possible types of proceeding (administrative, civil or criminal) can help to improve the protection. It makes sense to use all the existing types of proceeding.

Summary

Please comment on any additional issues concerning the taking advantage of trademarks in the sense of parasitism and free riding you consider relevant to this Working Question.