

## Comment

*Review*

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# Key Issues in the Intellectual Property Court's Presidium Rulings

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### Abstract

The comment reviews key positions in the rulings of the Presidium of the Russian Intellectual Property Court (IPC) issued in December 2021 and January 2022. This 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, this 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. The current review encompasses a variety of topics related to trademark law: signs that are contrary to the public interest, signs conflicting with an earlier trademark or an appellation of origin, signs using a geographical name, deceptive signs, the comparison of signs, trademark revocation for lack of use, unfair competition, procedural challenges, etc. The review further considers one patent case, in which the IPC Presidium resolved the issue of establishing priority date for a divisional application for a utility model derived from an application initially filed for an invention.



## Keywords

Russia, case-Law, trademarks, revocation, similarity, unfair competition, public interest, appellations of origin, utility model, patent.

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## I. Trademarks

### 1. Traditional Crafts as Signs Contrary to the Public Interest

Registering a graphical sign that alludes to the style of a popular artistic handicraft is contrary to public interest.

Ruling of the IPC Presidium dated 24 January 2022 in case No. SIP-637/2021



The Contested Sign

Rospatent refused to register a trademark for goods and services in ICGS Classes 5, 32 and 35 because the registration of such a sign was contrary to the public interest (Article 1483.3.2 of the Civil Code of the Russian Federation; hereinafter: CC RF) and also because the sign might mislead consumers as regards the place of manufacture (CC RF, Article 1483.3.1).

Following the applicant's appeal Rospatent upheld the registration refusal on the grounds of CC RF Article 1483.3.2. The applicant contested that decision before the IPC, but both the first instance court and the cassation instance court upheld the IP office's finding that the sign was contrary to the public interest.

Both Rospatent and the first instance court established that the lower part of the image reproduced an ornament that was characteristic of the Gzhel popular handicraft, which is recognised as part of the Russian peoples' cultural heritage and a form of cultural expression, both protected and registered under the Federal Law No. 7-FZ On Popular Artistic Handicrafts (hereinafter referred to as 'Handicrafts Law'). The applicant disagreed with the findings and pointed out that the upper part of the sign contained an

image of mountains and a stylised bird while its lower part included touches of red and brown colours — neither feature being typical of Gzhel white and blue porcelain. Nevertheless, the first instance court concluded the consumer’s perception of the contested image would evoke precisely Gzhel ornaments as the sign’s lower part included a figurative element possessing the typical artistic features of that handicraft. The court also observed that the sign’s lower part dominated the upper part, and the consumer’s first impression of the sign would definitely lead to associate the whole sign with the popular artistic handicraft.

The IPC Presidium upheld the first instance court’s conclusions. It explained that, in this case, contradiction to public interest consisted in the fact that the registration of the trademark would impose restrictions, that are not prescribed by law, on third parties. It will be particularly the case of popular handicraft makers, referred to in Article 5 of the Handicrafts Law, who will not be able to use specific interpretations of the Gzhel style.

The cassation instance court also dismissed the applicant’s argument that many manufacturers used such figurative elements, for it was the contested sign that was being checked for validity in this case. The judges noted that, conversely, that argument confirmed that the contested sign failed to meet the requirements of CC RF Article 1483.3.2.

## 2. Geographical names in Trademarks

As a sign is assessed for validity, any findings on its possible association with a specific geographic site should be based on whether the target group of consumers may associate that very site with the goods and services claimed in the application, rather than how well its country or location is known as the goods’ place of manufacture.

Validity of the contested sign should be assessed with respect to each good or service in question, but the findings may apply to groups of those — provided that good reasons are given for grouping them together.

Ruling of the IPC Presidium dated 24 January 2022 in case No. SIP-762/2021



Rospatent refused to register a combined sign containing ‘Окинава’ (Okinawa) verbal element as a trademark for a broad range of goods and services — mainly foodstuffs, advertising, and goods delivery. The IP of-

office's findings were based on the sign's non-conformity with CC RF Articles 1483.1.3 (descriptive signs) and 1483.3.1 (deceptive signs). Rospatent proceeded from the fact that Okinawa was known to the Russian consumer as a Japanese island and that Japan was a manufacturer and global exporter of various foodstuffs; consequently, the sign described the goods by reference to their place of manufacture. The IP office also pointed out that the applicant was a Russian citizen based in the city of Kazan, so the contested sign could mislead the consumer as to the place of manufacture of the goods claimed in the application. After his appeal at Rospatent was rejected, the applicant referred to the IPC. The IPC decided to allow the applicant's claims. Furthermore the cassation appeal lodged by Rospatent to the IPC Presidium was dismissed.

The IPC Presidium recalled that, where a geographical name is used in a sign, in order to find whether the sign conforms to CC RF Article 1483.1.3, one must establish not only whether the geographical object exists at all but also whether it is known to the target group of consumers and whether an average or ordinary consumer can perceive the geographical term as the specific good's place of manufacture. The last finding should be based on whether consumers feel any association between a specific good item and a specific sign.

In this case, any findings about possible association should have been based on whether the target consumer group could associate precisely the island of Okinawa with the corresponding goods and services, rather than on the general renown of Japan as a goods manufacturer. In other words, the task was to find whether it could reasonably be assumed that the 'Okinawa' verbal element designated the origin of the contested goods and services to the target consumer group.

To refute these findings of the first instance court, Rospatent, in its cassation appeal, argued particularly that the court's methodological approach to that matter departed from the international practice and, in particular, from the Trademark Examination Guidelines of the European Union Intellectual Property Office (hereinafter referred to as 'EUIPO Examination Guidelines'). The IPC Presidium disagreed with Rospatent's position and explained that the interpretation of the rule in CC RF Article 1483.1.3 by the first instance court was in line with the content of the EUIPO Examination Guidelines.

Firstly, Para 2.6.2 of Section 4, Chapter 4, Part B of the EUIPO Examination Guidelines cited by Rospatent points out that the registration of

geographical names as trademarks is not possible where such a geographical name is either (1) already famous, or (2) is known for the category of goods/services concerned, and is therefore (1) associated with those goods or services in the mind of the relevant class of persons, or (2) it is reasonable to assume that the term may, in view of the relevant public, designate the geographical origin of the category of goods and/or services concerned. When assessing a specific geographical name (rather than the country in which the site in question is located), a two-step test should be carried out:

Establish whether the relevant public understands the specific term as a geographical name (the general rule permits the registration of geographical names unknown to a reasonably informed consumer who is not an expert in geography);

Establish whether the term designates a place that the relevant public currently associates with the goods or services claimed or whether it is reasonable to assume that it will associate with those goods or services in the future, or whether such a name may, in the mind of the relevant public, designate the geographical origin of that category of goods or services (i.e., the test must be performed in respect of specific goods and services in question).

The EUIPO Examination Guidelines also expressly state that registration refusal cannot be based solely on the argument that the goods can theoretically be produced at that location.

Secondly, as regards the SUEDTIROL case cited in the cassation appeal, the IPC Presidium indicated that Rospatent had failed to accurately reproduce the EU General Court's position in stating that 'to establish association between a geographical name and goods and services, it is sufficient to establish that the goods and services in question can be made in a region with a certain level of economic development in principle'. The IPC Presidium stated that in the above quotation Rospatent had replaced the expression, 'such as those [claimed in the patent application]' with the words 'claimed in the patent application', meaning the concrete services claimed rather than a class of these — and failed to take into account what kind of services were actually implied in the example.

Moreover, in the case in question, the association was established on the basis of evidence submitted and on the actual circumstances. Thus, it follows from the EU General Court's decision that it took into account the specificities of the region whose name (SUEDTIROL) was used as the claimed sign, and the existence of businesses providing the contest-

ed services in the region (Para 41–44 of the General Court judgement in case T-11/15 of 20.07.2016). On the other hand, the EUIPO Examination Guidelines cite examples of possible registration, such as HOLLYWOOD for Class 30 goods and GREENLAND for fresh vegetables and fruit.

The latter fact also refutes Rospatent's argument that a special approach should be applied to foodstuffs, one allegedly existing in world practice and precluding the existence of trademarks that employ geographical terms. In adopting the contested decision, Rospatent proceeded from the following:

Russian consumers know about the island of Okinawa because the world-wide web abounds in links to information in Russian language about that geographic site; and

Japan produces various foods and beverages, such as soybean sauce, miso, soybean milk, tofu, and sake, and exports those foods and beverages to various countries, such as China, Thailand, South Korea, the USA, Mexico, Canada, and Australia, which shows that Class 29, 30, 31, and 32 goods are promoted in and delivered to many parts of the world.

The IPC Presidium found such approach unacceptable. The Court held that the first instance court had been correct in pointing out that 'the fact that Japan is known as the place of manufacture of a range of foodstuffs is not sufficient to make a conclusion that the Japanese island of Okinawa is known as a place of manufacture of all the goods listed in the application. Given the existing diversity of foodstuffs and various conditions for making them (natural, climatic, and others), one region cannot be known as the origin of all foodstuff.'

In respect of Rospatent's argument that it could not be reasonably required to assess the protectability of a contested sign for any claimed good or service, the IPC Presidium recalled that what mattered was whether Rospatent's actions were legal, and not reasonable. In reviewing an application, examiners focus on the possibility of registering the contested sign in respect of each designated good (from those included in the application). As the appeal is assessed, the purpose is to check the legality of the examiner's decision in respect of each designated good (out of those included in the appeal). When the case is taken up by court, the object of the dispute is to check the legality of the Rospatent decision in respect of each designated good (out of those included in the appeal filed with the court).

On the other hand, the IPC Presidium does not rule out the possibility of making consolidated conclusions on groups of goods (rather than individual goods items) or market sectors, but only if good reasons are given for

grouping the goods items together to assess the probable perception of the contested sign by target consumer audiences. And, finally, the Presidium upheld the first instance court's finding that consumers could not be possibly misled in the sense of CC RF Article 1483.3.1. It noted that the court had used a correct methodology and properly concluded that, in violation of the rules of law and methodological recommendations, Rospatent's decision had failed to analyse the probability of false association in respect of the list of goods and services listed in the application.

### **3. Multiple Companies in the Market Using the Same Word Sign and Consumers' Deceit**

If there are two entities using the same word sign in a certain market, it is not enough to find associations with only one of them for concluding that consumers can be misled.

Ruling of the IPC Presidium Resolution dated 24 December 2021 in Case No. SIP-387/2021

Rospatent refused to register a combined sign including the 'WABI' verbal element as a trademark for ICGS Class 9 goods and Class 35, 38, 42 services. The office concluded that the sign was contrary to the public interest (CC RF Article 1483.3.1) and contained an element, which could mislead the consumer in respect of the goods and services listed in the application (CC RF Article 1483.3.2).

After its appeal was dismissed by the administrative body, the applicant lodged an appeal at the IPC. The first instance decision, later upheld by the cassation instance court, found the Rospatent decision invalid and obliged the office to re-consider the appeal.

Rospatent's cassation appeal focused on the non-conformity of the first instance decision to CC RF Article 1483.3.2 only. It should however be noted that the first instance court dismissed Rospatent's conclusion that the contested sign included the name of the Wabi cryptocurrency and was thus contrary to the public interest. In sum the IP office had proceeded from the Bank of Russia warning that cryptocurrencies could be used in criminal activities. The first instance court stated in its decision that Rospatent had given no justifications as to how the registration of the sign for identifying the designated goods and services will be perceived as contrary to the public interest. That conclusion by Rospatent also deviated from the existing practice of registering signs with names of cryptocurrencies, particularly for Class 36 financial services.



In respect of the non-conformity of the IPC judgement to the provisions of CC RF Article 1483.3.2, the IPC Presidium noted that this substantive rule codifies an absolute ground for refusal of a trademark registration and applies where the sign itself, due to its particular features, is false or misleading to the consumer. Signs that may mislead the consumer in respect of the goods manufacturer or service provider may include imitations of signs used for marking goods and/or services and well known to the consumers. In some cases, claimed signs imitate those that have not been registered as trademarks but are used by other businesses.

The Presidium observed that Rospatent's finding that the contested sign was deceptive for the consumer had resulted from the fact that its verbal element is used by the Chinese company Walimai (currently known as Taeltech). However, the first instance court established that the applicant had submitted documents evidencing the use of the same verbal element by the Coca-Cola company.

As the Presidium explained, when two foreign entities use the same sign in online trade, conclusions that the Russian consumers could have associated it with just one of the entities cannot be made on the basis of mere assumptions. Besides, Rospatent should have analysed the probability of the emergence of associative links with each of the companies. The Presidium also noted that the contested sign was a combination sign and included a figurative element. That was also to be taken into account in determining whether consumers in the Russian Federation associated that specific contested sign with any sign used by foreign entities, and with which one, if they did.

#### **4. Challenging the Protection of Trademarks that Were Granted in Connection with the Accession of Crimea**

Trademarks recognized as such under the legislation of the Russian Federation on the grounds of Article 13.1.1 of the Introductory Act to the CC RF may be contested in court if the exclusive right thereto has been acquired by an ineligible person (Article 13.1.16 of the Introductory Act).

Unlike the general procedure whereby mala fide acquisition of the exclusive right to a trademark is established pursuant to a separate claim, for trademarks recognised as such under Article 13.1 of the Introductory Act the recognition of mala fide acquisition is not a separate claim but only a ground for another claim based on Article 13.1.16 of the Introductory Act.

Ruling of the IPC Presidium dated 22 December 2021 in Case No. SIP-581/2019



The SHUSTOV (ШУСТОВ) trademark was registered after ООО Krymsky Vinny Dom (Crimean Wine House) applied on 15.03.2016 to have their exclusive right to a Ukrainian-certified (parent) trademark recognized in the territory of the Russian Federation.

The Shustov Trade House contested the legal protection granted to the above trademark before Rospatent, stating that its registration did not conform to Article 13.1.1 of Federal Law No. 231-FZ ‘On the Enactment of Title Four of the Civil Code of the Russian Federation’ dated 18 December 2006 (hereinafter referred to as ‘Introductory Act’). To justify their challenge, the applicant stated that as of 18.03.2014 (the day when the Republic of Crimea was admitted into, and new subjects formed in the Russian Federation) ООО Krymsky Vinny Dom had no right to the parent trademark. The company acquired the said right as late as 10 July 2014 from a foreign entity located outside the Republic of Crimea.

In view of the foregoing, the Shustov Trade House believed that the Crimean Wine House’s exclusive right to the contested trademark could not be recognized in the territory of the Russian Federation, for on that date when the Republic of Crimea was admitted into the Russian Federation and new subjects formed in the Russian Federation, the exclusive right to the parent trademark belonged to a foreign entity whose standing executive body was not based in the territory of the Republic of Crimea. The Shustov Trade House also pointed out that the Crimean Winery’s action to acquire the exclusive right to the contested trademark after 18 March 2014 and seek recognition thereof in the territory of the Russian Federation was actually abuse of right.

Rospatent decided to dismiss the challenge and to continue the legal protection of the contested trademark. Rospatent stated *inter alia* that it could not consider the Shustov Trade House’s references to non-conformity of the registration of the contested trademark to Article 13.1.1 and 13.1.4 of the Introductory Act because CC RF Article 1512 provided for no such ground for an administrative challenge against registration.

The Shustov Trade House brought two claims before the IPC:

To find invalid the decision taken by Rospatent after considering the challenge, and

To find invalid the granting of legal protection to the contested trademark.

In this case, the regulation contained in Article 13.1.16 of the Introductory Act means that the claim for the invalidation of the legal protection

provided to the contested trademark constitutes a separate claim rather than a remedy sought by the Shustov Trade House (Article 201.4.3 of the Code of Commercial Procedure of the Russian Federation, hereafter: CCP); Article 13.1.16 of the Introductory Act stipulates that the recognition of the exclusive right to a trademark performed in violation of Parts 3 and 4 of Article 13.1 may be contested directly in court.

The first instance court accepted the modified claim lodged the following wording: ‘To declare the actions related to the acquisition of the exclusive right to the trademark ... an act of unfair competition and abuse of the respective right, and to terminate legal protection of the said trademark.’ The owner pointed out that this modification infringed the rules of CC RF Article 49 as it altered both the claim’s subject matter and ground at the same time. Disagreeing with that argument, the IPC Presidium noted that in this case both the subject matter and the ground of the claims brought had remained essentially unchanged.

In this case, the substantive claim consisted in a desire to have the legal protection of the contested trademark terminated.

Both initially and as modified, the claim was based on the fact, as alleged by the Shustov Trade House, that the Crimean Wine House had submitted improper documents to Rospatent to confirm that the former possessed the exclusive right to the parent trademark under Ukrainian legislation, in order to have it recognised under the legislation of the Russian Federation on the basis of Article 13.1.1 of the Introductory Act.

As noted in Para 171 of the resolution of the Plenum of the Supreme Court of the Russian Federation No. 10 dated 23 April 2019 “On Application of Title Four of the Civil Code of the Russian Federation” (hereafter — Resolution No. 10), provision of untruthful documents to Rospatent with the application for the registration of a trademark may indicate a mala fide action.

Trademarks recognized as such under the legislation of the Russian Federation on the grounds of Article 13.1.1 of the Introductory Act are specific in that they are may be contested directly in court if the exclusive right to them was acquired by an ineligible person (Article 13.1.16 of the Introductory Act).

If it is established that untruthful documents have been filed (i.e., mala fide action in the sense of Para. 171 of Resolution No. 10) to confirm that the person in question possesses the exclusive right by virtue of Article 13.1.1 of the Introductory Act, then the court will directly invalidate the legal protection to such a trademark.

Consequently, unlike the general procedure whereby mala fide acquisition of the exclusive right to a trademark is established pursuant to a separate claim, for trademarks recognised as such under Article 13.1 of the Introductory Act the recognition of mala fide acquisition is not a separate claim but only a ground for another claim based on Article 13.1.16 of the Introductory Act.

Thus, ‘declaring any actions involved in the acquisition of exclusive rights to a trademark ... an act of unfair competition and abuse of the respective right’ only constitutes proper legal assessment of a claim to invalidate the legal protection provided to the contested trademark.

In this case, both unfair competition and the abuse of the right constitutes not a claim in itself but a legal ground for claiming the termination of the legal protection of the contested trademark on the ground of Article 13.1 of the Introductory Act.

## 5. Similarity between Signs

Due to consumers’ cognitive capacities, in assessing the similarity between two signs experts need to identify and compare the elements that the consumer will remember best.

Ruling of the IPC Presidium dated 16 December 2021 in case No. SIP-499/2021



Contested sign



Earlier trademark

Rospatent refused to register a trademark, finding that the sign in the application failed to meet the requirements of Article 1483.1 (descriptive element) and 1483.6.2 (conflict with an earlier trademark) of the CC RF. Firstly, the realistic image of a dog included in the sign was a non-protectable element in respect of part of Class 31 goods (‘live animals’) as it characterises to the goods’ type. Secondly, the sign was similar to the degree of confusion to a number of trademarks previously registered for similar goods. After the administrative appeal was dismissed, the applicant lodged an appeal at the IPC challenging the Rospatent decision in its second ground of dismissal only (likelihood of confusion). The first instance court’s decision, later upheld by the IPC Presidium, dismissed the applicant’s submission.

In the cassation appeal, the applicant challenged the first instance court's conclusion that the sign in question was similar to the degree of confusion with the opposed sign but did not argue against the court's findings that the goods were similar. The cassation court confirmed that the first instance court had correctly applied the methodology for establishing similarity as set out in Rospatent Decision No. 482 and Para 162 of the Resolution No. 10. The IPC Presidium stated that in assessing similarity of these signs, the first instance court proceeded on the basis that each of them depicted an animal (a realistic image of a dog and a stylised image of a cat and a dog) with a human hand above the animals. The position of the animal's head (looking up) and the image of the human hand that is about to pet the animal is the same on both images. The fact that there are differing elements cannot prove a complete lack of similarity between the signs at issue.

The IPC Presidium explained there was a reason why Para 162 referred to the need to establish similarity on the basis of strong elements in the first place.

Considering the fact consumer usually does not see two signs at the same time, one beside the other (unlike the court, Rospatent, and the representatives of the litigants), the elements that are remembered best must be identified. Since the consumer tends to forget the details, it makes no sense to take into account the distinction between the details alone. In the case at issue, there is clear similarity between the ideas implied in the signs submitted for comparison: the presence of an animal head in a particular similar posture and of the human hand in a particular similar position. This is the element that will leave the strongest impression, so this is what the first instance court took into account.

Considering that the appealing party did not challenge the first instance court's decision on the goods' high degree of similarity, the IPC Presidium ruled that the conclusion of the first instance court that the sign applied for registration did not meet the provisions of Article 1483.6.2 of the CC RF was justified.

## **6. Trademark revocation for non- use**

While a clinical trial can be a reason for not using a trademark registered for pharmaceutical goods, the acts and events that were in the right-holder's sphere of influence and responsibility cannot be cited as obstacles independent of its will.

Ruling of the IPC Presidium dated 16 December 2021 in case No. SIP-58/2021

The Citomed company appealed to the IPC Presidium against the decision of the first-instance court revoking the company's trademark REGASTIM based on lack of use with respect to ICGS Class 5 goods (pharmaceutical goods).

The appellant did not challenge the court's conclusion that its trademark had not been used for a three-year period but it justified non-use by circumstances beyond its control. Citomed clarified that it was conducting a clinical trial necessary for the registration of the pharmaceutical product it was intending to launch under the contested trademark. Furthermore, the company indicated there was an obstacle allegedly preventing the registration of its product, namely the earlier registration of a pharmaceutical product named REGAST, made by the Pharmasintez company. The latter company initiated the revocation proceedings for the contested trademark. The first instance court concluded the trademark owner did not present any evidence showing that there were obstacles to the completion of the clinical trial within the time frame required. On the contrary, based on the case materials, the court established that, having obtained authorisation to conduct the trial, the trademark proprietor had not taken any active steps for several years to actually conduct this trial.

The IPC Presidium upheld the first instance court's decision noting that, while conducting a clinical trial can be a reason for a failure to put the trademark to use, the acts and events cited by Citomed were within its sphere of influence and responsibility so they could not be regarded as obstacles independent of its will. The IPC Presidium indicated that a similar legal approach was adopted in international practice (Judgment of the EU Court of Justice dated 03 July 2019 in case No. C-668/17P). With respect to the applicant's statement that the clinical trial was time-consuming and costly, the IPC Presidium clarified as follows: non-use of a trademark by the rightholder cannot be justified in circumstances where such lack of use was caused by a clinical trial for the purpose of receiving an authorisation to launch a medicinal product in accordance with the law on pharmaceutical products if an application concerning such a clinical trial was filed long after the registration of the trademark or there was insufficient funding to complete the trial.

## **7. Registration of a Letter Combination / Acronym as a Trademark**


Not every combination of letters is an acronym, but every acronym is a word. The decision whether a particular letter combination is an acronym

depends on its perception by the native speaker, and in case of trademark registration, by the target group of consumers of the respective goods.

A letter combination perceived as an acronym by the target consumer group is a word, therefore it does not fall within the restrictions of Article 1483.1 of the CC RF.

A letter combination, which is not perceived as an acronym by the target consumer group, is not a word, therefore it does fall within the restrictions of Article 1483.1 of the CC RF and may not be registered as a trademark.

Ruling of the IPC Presidium dated 10 December 2021 in case No. SIP-255/2021

Gazprom Neft company filed an application to Rospatent for registration of the sign  as a trademark. Rospatent registered the sign claimed in application as a trademark indicating the letters 'ГПН' (GPN) as a non-protectable element because it failed to meet the requirements of Article 1483.1 of the CC RF. The trademark owner contested this decision by Rospatent arguing the element in question was a word and had a distinctive character, so legal protection must be provided to the word alongside with the visual element. Rospatent dismissed the objection. Then, the trademark owner filed an appeal to the IPC against Rospatent's decision. The first instance court granted the appeal on the following grounds. The first instance court ruled that Rospatent's conclusion that the letter combination "GPN" in the contested sign had no distinctive character because it was not a word, was unfounded because, from the point of view of the Russian language, an acronym is a word made by abbreviating one, two or more words.

As the first instance court stated, in order to recognize a particular letter combination as an acronym, it must be proven that this letter combination is perceived by consumers of a particular goods as a word with a particular meaning, i.e., not every letter combination is an acronym but every acronym is a word. The assessment of whether a particular letter combination is an acronym depends, however, on its perception by the native speakers of the language and, in the case of registration of a trademark, by the target group of consumers of the goods concerned.

The first instance court stated that the GPN sign was a Russian-language acronym made by putting together three letters from the words GazProm Neft used by the applicant in the arbitrary part of the company name. The remedial measure applied by the first instance court was to order Rospatent to grant full legal protection to the sign claimed in the application. The IPC Presidium upheld the the first court's decision for the following reasons.

Pursuant to Article 1483.1 of the CC RF, signs that lack distinctive character shall not be granted state registration as trademarks.

According to Para 4, Clause 34 of the Rules for the Preparation and Submission of Documents as Basis for Legal Actions for State Registration of Trademarks and Service Marks approved by Order No. 482 of the Ministry of Economic Development of the Russian Federation dated 20 July 2015, signs lacking distinctive character include individual letters and letter combinations that do not have a verbal character or are not perceived as words.

An acronym is a word from the point of view of the Russian language. For a particular letter combination to be recognised as an acronym, it should be demonstrated that consumers of a particular goods perceive the letter combination as a word with a particular meaning. Not every letter combination is an acronym, but every acronym is a word. At the same time, the judgment as to whether a particular letter combination is an acronym depends on the perception of the letter combination by native speakers and, in the case of trademark registration, by the target group of consumers of the goods concerned. Thus, a letter combination perceived as an acronym by the target group of consumers is a word and therefore does not fall under the restrictions of Article 1483.1 of the CC RFA letter combination that is not perceived as an acronym by the target group of consumers is not a word and therefore does fall under the restrictions of Article 1483.1 of the CC RF. However, the Presidium acknowledged that, while correctly interpreting the applicable rules of law, the first instance court had nevertheless failed to establish the facts of the case in accordance with its own interpretation (whether the letters ‘GPN’ are perceived as an acronym). The case was therefore referred back to the first instance court for a new hearing.

### **8. Party’s Interest in Trademark Invalidity Proceedings Under CC RF Article 1512.2.6**

A person’s interest in filing a challenge under Article 1512.2.6 of the CC RF is established depending on which procedure, administrative or judicial, was used to establish the trademark’s rightholder unfair behaviour.

Where unfair behaviour is established using the administrative procedure, interest shall be found subject to the requirements of the anti-monopoly legislation, including its concept of an interested person — one whose rights and legitimate interests are affected by the anti-monopoly proceedings. Such persons will include those who were involved in the anti-monopoly proceedings (the applicant and those brought into the proceedings as interested persons) and their legal successors.



Where unfair behaviour is judicially established, such interest will follow from Article 4 of the Code of Commercial Procedure of the Russian Federation (CCP RF): interest in filing the challenge will be established on the basis of the scope of that specific person's recognised right of claim in the proceedings leading to possible declaration of certain actions as unfair competition, and on which persons have been brought into the judicial proceedings as third parties on the claimant's side.

Ruling of the IPC Presidium dated 10 December 2021 in Case No. SIP-481/2021

The Akademkniga Publishing House brought a challenge before Rospatent, invoking CC RF Article 1512.2.6 and referring to the fact that an IPC judgement in Case No. SIP-389/2019 found actions taken by the Nauka Publishing House to acquire and use the Akademkniga trademark to be an act of unfair competition.

Rospatent dismissed the challenge as it found the Akademkniga's lack of interest to in challenging the registration of the contested trademark in respect of the goods and services listed in its certificate. Rospatent proceeded from the fact that the Akademkniga Publishing House was legitimately interested in challenging the protection in respect of goods and services related to publishing business only, while for other goods and services the said entity's interest could not be established, for those either did not result from book publishing activities, are not related to printed or typographic matters, or to any publishing houses' services. On the other hand, Rospatent had already deleted the goods related to publishing business from the contested trademark's registration list. The Akademkniga disagreed with that decision and initiated proceedings at the IPC.

The first instance court overruled the Rospatent decision as it held that, according to CC RF Article 1512.2.6 and CCP RF Article 16, Rospatent was not entitled to re-assess the facts established in Case No. SIP-389/2019, and particularly to interpret the contents of the IPC decision in establishing the Akademkniga Publishing House's interest.

The IPC Presidium upheld the first instance judgment and noted the following. According to CC RF Article 1512.2.6, the registration of a trademark may be challenged and fully or partially invalidated anytime during the validity of the legal protection if its proprietor's actions related to the registration of that trademark in question or another trademark that is similar to the degree of confusion, have been duly found abusive or an act of unfair competition. According to CC RF Article 1513.1, the registration

of a trademark may be challenged on the grounds and within time frames provided for by CC RF Article 1512, by filing a challenge with the intellectual property office (Rospatent). According to CC RF Article 1513.2, invalidity proceedings on the ground provided for by Article 1512.2.6 of that Code may be initiated by an interested person.

As clarified in Para 169 of the Resolution No. 10, according to Article 14.4.2 of the Law on the Protection of Competition, subject to CC RF Article 1513.2, an interested person (i.e. one whose rights have been infringed by an act of unfair competition) may challenge the registration of a trademark where the rightholder's actions related to the registration of that trademark, or another trademark that is similar to the degree of confusion, have been found to constitute unfair competition (NB where actions involving the use of the trademark only, but not the acquisition thereof, are found to constitute unfair competition, that will not be a ground for challenging the trademark registration). After receiving a submission with the judgment or the anti-monopoly authority's decision attached, Rospatent will invalidate the legal protection granted to the trademark (CC RF Article 1512.2.6).

The IPC Presidium noted that the interest of the person who challenges the registration on the ground provided for by CC RF Article 1512.2.6 must be established depending on which procedure, administrative or judicial, has been used to establish unfair behaviour in the specific case. Where unfair behaviour is established using the administrative procedure, interest shall be found subject to the requirements of the anti-monopoly legislation, including its concept of an interested person — one whose rights and legitimate interests are affected by the anti-monopoly proceedings. Such persons will include those who were involved in the anti-monopoly proceedings (the applicant and those brought into the proceedings as interested persons) and their legal successors.

Where unfair behaviour is judicially established (Para. 61 of Resolution No.2 of the Plenum of the Supreme Court of the Russian Federation 'On Some Issues Arising from the Application of the Anti-Monopoly Legislation by Courts' dated 4 March 2021<sup>1</sup>), such interest will follow from CCP RF Article 4: interest in filing the challenge will be established on the basis of the scope of that specific person's recognised right of claim in the proceedings leading to possible declaration of certain actions as unfair competition, and on what persons have been brought into the judicial proceedings as third parties on the claimant's side.

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<sup>1</sup> SPS Consultant Plus.

In respect of those persons, the fact of the specific person's interest and the scope of their legal claims have already been established by the anti-monopoly authority or court, and it is in that specific scope that the person is interested in filing the challenge. In view of the foregoing, the IPC Presidium held that Rospatent should have taken into account the outcome of the proceedings concerning the violation of anti-monopoly legislation: whether the acquisition of the exclusive right to the contested trademark / service mark had been found an act of unfair competition in full or in part.





It cannot be inferred from the IPC judgement in Case No. SIP-389/2019 that actions by the Nauka Publishing House related to the acquisition and use of the exclusive right to the trademark were found to be an act of unfair competition in respect of any concrete goods or services from that trademark's certificate. On the contrary, in its judgement the IPC found the Nauka acted in bad faith in respect of all the goods and services covered by that the contested trademark.

The very fact that the court found the acquisition of the exclusive right to the trademark in its entirety to be an act in bad faith indicates that the court proceeded from the applicant's right of claim in that scope. In view of this, the office should have granted the application in full and found the registration of the trademark invalid, because the IPC judgement in Case No. SIP-389/2019 stated that the acquisition by the Nauka Publishing House of the exclusive rights to the contested trademark without any disclaimers was an act of unfair competition.

## **9. A Trademark Used in Altered Form**

The use of a sign in a different language alters the trade mark's essence and cannot confirm the fact of trademark use for the purposes of the application of CC RF Article 1486 (trademark revocation for non-use).

Ruling of the IPC Presidium dated 6 December 2021 in Case No. SIP-880/2020

An applicant filed a claim for early termination of legal protection for the , , , and  trademarks in respect of a number of goods items.

The first instance court granted the claim in part. The court found that the respondent was using trademarks containing the MAXIMUS verbal element but not the МАКСИМУС verbal element. The court also noted that in their documentation, the MAXIMUS sign spelt in Latin script was used

to identify the contested kinds of goods, while the above two trademarks' verbal elements were in the Cyrillic script, which testifies to an alteration of individual elements that transforms the essence of those trademarks.

The respondent appealed on points of law, arguing that the trademarks containing the MAXIMUS and МАКСИМУС verbal elements, whether in Cyrillic or Latin script, were perceived by the consumer in the same way and, consequently, the grounds cited to confirm the use of trademarks with the MAXIMUS verbal elements also confirmed the use of those including the МАКСИМУС verbal element.

The IPC Presidium disagreed with that argument and noted the following.

CC RF Article 1486.2 allows minor deviations between the form in which a trademark is registered and the form in which it is used, and deviations from the form in which it was originally registered. A mandatory condition for continued protection of a trademark is that it may only be used with such differences that do not alter the trademark's characteristic features. Based on the above provision, the IPC Presidium concluded that the use of a trademark in a significantly altered form (alphabet, verbal element appearance, and added or modified figurative and non-protectable elements), i.e., in a form that alters its distinctive character, does not constitute the use of such trademark in the sense of CC RF Article 1486.

According to Article 5.C.2 of the Paris Convention, the use of a trademark by its proprietor in a form differing in elements which do not alter the distinctive character of the sign in the form in which it was registered in one of the Union countries shall not entail invalidation of the registration and shall not diminish the protection granted to the mark.

That provision permits the existence of minor deviations between the form in which a mark is registered and the form in which it is being used, and deviations from the form in which it was first registered.

Nevertheless, the use of a sign in a different language alters the essence of the trademark. A similar position is reflected in the ruling of the IPC Presidium dated 21 May 2018 in Case No. SIP-335/2017.

## **10. Methodology for Establishing a Combined Sign's Similarity**

The importance of a figurative element in a combined sign depends on how unique the element is, what role it plays in the layout of the image claimed in the application and how coherent it is with the sign's overall composition.

It should also be taken into account to what extent the verbal equivalent of the trademark's figurative element is correlated with its verbal element (e.g., whether the figurative element is a visual representation of the verbal element).

Ruling of the IPC Presidium dated 3 December 2021 in Case No. SIP-1086/2020.

Rospatent received an application for the registration of the 'PJC' sign as a trademark. The office refused to register the sign as it did not conform to CC RF Article 1483.3.1, because the 'PJC' ('RLS') element reproduced a sign used by the RLS-Patent company for the same kind of goods and services; furthermore, it did not conform to CC RF Article 1483.6.2, because there was a risk of confusing the sign with the trademarks («PJC АПТЕКАРЬ», «PJC ДОКТОР», «PJC», «RLSNET») registered for that company. An appeal against that decision was also dismissed.

The IPC set aside the Rospatent decision as regards the sign's non-conformity to CC RF Article 1483.3.1 because Rospatent had not complied with the established methodology for assessing a sign's conformity to the said rule.

As regards the sign's non-conformity to CC RF Article 1483.6, the IPC upheld the Rospatent decision for the following reasons.

After analysing the contested sign and the opposed trademarks, the first instance court established that these included the 'PJC'/'RLS' alphabetic element. It was a strong element that connected the confronted trademarks into a series.

The first instance court upheld Rospatent's conclusion that it were the above elements that had to be compared in assessing the similarity between the combined word sign claimed and those opposed to it by graphic and phonetic criteria. The contested sign's specific graphic execution does not preclude reading its 'PJC' graphic element nor does it lead to a qualitatively different perception. Given the similarity between the compared signs' strong elements that makes them nearly identical, the court found a high degree of similarity between the contested sign and the opposed trademarks. In so doing, the court took into account that the RLS-Patent company had a series of trademarks sharing a common strong element with the contested sign.

In line with the explanations given in Para 162 of Resolution No. 10, in comparing combined signs, their strong and weak elements should be identified first of all. Further analysis will depend on which elements of the signs compared are similar/identical: strong or weak ones.

In examining the significance of an element in a combined sign, one should take into account its visual domination that may result both from the element's larger dimensions and from its more visible location in the layout (e.g., the element may occupy the central place from which image viewing begins).

An element's significance in a combined sign also depends on how much the element supports the performance of the sign's basic function. i.e., its ability to distinguish certain manufacturers'/providers' goods and services from others'. In a combined sign comprising a figurative element and a verbal one, the verbal element is usually the principal one, for it is easier to remember than the figurative one, so the consumer's perception focuses on it. The importance of the figurative element in a combined sign depends on how unique the element is, what role it plays in the layout of the subject sign and how coherent it is with the sign's overall composition. It should also be taken into account to what extent the verbal equivalent of the trademark's figurative element is correlated with its verbal element (e.g., whether the figurative element is a visual representation of the verbal element).

## **11. Assessing a Sign's Similarity to an Appellation of Origin**

A combined sign cannot be found to resemble an appellation of origin exclusively on the basis of similarity between the verbal elements which establish the goods' relation to a certain geographical site.

Ruling of the IPC Presidium dated 3 December 2021 in Case No. SIP-144/2021



### **The Contested Sign**

Rospatent refused to register the sign at issue for a broad range of ICGS Class 29 and 30 goods and services on the grounds that it failed to meet the provisions of CC RF Articles 1483.6.2 and 1483.7, as the sign was similar to the degree of confusion to earlier trademarks and similar to protected appellations of origin. The applicant's administrative appeal was dismissed, so it initiated appeal proceedings at the IPC. The court's first instance judgment granted the applicant's claims and declared Rospatent's decision invalid as it failed to meet the requirements set in CC RF Article 1483.7 and 1483.6.2. The administrative agency that was obligated to re-consider the

applicant's challenge appealed to the IPC Presidium, but its claims were dismissed and the first instance judgement upheld.

As regards the sign's conformity to CC RF Article 1483.6.2, the IPC Presidium upheld the first instance court's finding that Rospatent had made its conclusion by comparing a weak element of the contested sign ('Siberia') with other signs ('SIBERIA' / 'SIBEERIA' / 'SIBERRYA' / 'SIBERIYA'), without analysing other elements of the contested sign. In so doing, Rospatent departed from the similarity assessment methodology contained in Para. 162 of Resolution No. 10. The first instance court also rightfully noted that Rospatent did not err in refusing to exclude the weak verbal element from the contested sign. The IPC Presidium further upheld the first instance court's conclusion that Rospatent had not followed the methodology for assessing the contested sign versus the appellations of origin opposed to it. Proceeding from the provisions of CC RF Article 1483.7, from the Rules No. 482 and from the explanations in Para. 162 of Resolution No. 10, the IPC Presidium pointed to the following.

The contested sign containing the terms 'Магия Алтай' (Magic of the Altai) was confronted to the earlier appellations of origin No. 142 'Алтайский мед' (Altai Honey) and No. 193 'Мед горного Алтай' (Honey of Mountain Altai). After highlighting the 'Altai' / 'of Altai' verbal elements and focusing on them, Rospatent found the signs compared to be similar. As the first instance court noted, in so doing Rospatent failed to establish the degree of similarity between the contested sign as it was applied for and the opposed appellations of origin, a prerequisite for establishing likelihood of confusion.

The IPC Presidium held that the parties to the proceedings did not dispute the obvious fact that the compared signs included the 'Altai' / 'of Altai' verbal elements. Rospatent found that elements to be strong in each of the signs at issue and continued comparing them with that in mind. However that office's conclusion contradicts its own statement that the element at issue only points at the goods' link to a specific geographic site, namely Altai.

Rospatent's position in respect of the strength of the sole element pointing at a geographical site (the Altai) and the justification of the similarity of the signs at issue by reference to the use in common of that element only essentially render the name of the geographical site and its derivative words 'monopolised' by the persons who were the first to obtain the exclusive right to a distinctive sign containing such an element.

After finding the 'Altai' / 'of Altai' ('Алтая' / 'Алтайский') verbal elements to be strong in each of the signs in question, Rospatent continued



comparing the signs on that basis. Thus, in analysing graphical, phonetic, and semantic similarity between the sign claimed in the application and the opposed appellations of origin, the office was proceeding from an erroneous conclusion about the strong and weak elements in the signs compared.

## **II. Patents**

### **1. Establishing Priority on the Basis of a Divisional Application**

The CC RF allows the filing of a divisional application for a utility model separated from an application for an invention, and vice versa, provided that the original application discloses the technical solution that the divisional application seeks to protect.

Ruling of the IPC Presidium dated 13 December 2021 in case No. SIP-482/2021

The IPC considered a request to declare invalid and unenforceable Para. 20.12.2.4 of the Administrative Rules on reviewing, examining and granting utility model patents by Rospatent as approved by Ministry of Science and Education of the Russian Federation Order No. 326 dated 29 October 2008 (“the Administrative Rules”) with regard to the possibility of establishing the priority of a divisional utility model application based on the original application for an invention. According to the applicant, the contested paragraph is wrong because the law does not explicitly provide for the very possibility of dividing a utility model application from an original invention application.

Dismissing the claim, the first instance court stated that Para 20.12.2.4 of the Administrative Rules conformed with the provisions of CC RF Articles 8, 128, 1226, 1357, 1379, 1384.4 and Article 4G of the Paris Convention for the Protection of Industrial Property of 20 March, 1883.

The IPC Presidium upheld the findings of the lower court and dismissed the cassation appeal. It explained that the contested paragraph of the Administrative Rules allowed the determination of the priority date, which was recorded by Rospatent when conducting its administrative operations, whereas the establishment of the priority of the divisional application was not in itself subject to the competence of the administrative body. The contested provision of the Administrative Rules is based on the civil law rule contained in CC RF Article 1381.4, which it implements. The purpose of this norm is to define the content of the subjective civil rights of the rights-

holders, to specify their absolute civil relations with all third parties, and not the exercise of the administrative body's authority (office's right to set or not to set a specific priority date by its decision).

In view of this and proceeding from the hierarchy of norms, the IPC Presidium agreed with the first instance court that it was required to check whether the contested paragraph of the Administrative Rules conformed with the civil law provision in CC RF Article 1381.4, and the meaning of this provision had to be determined by establishing whether or not it prohibited the division of the utility model application from the original invention application. The Court held that CC RF Article 1381.4 provided that, if all conditions were met, the priority of an invention, utility model or industrial design in a divisional application should be determined by the filing date of the original application or, if applicable, an earlier priority date. This provision does not introduce restrictions in the sense that the original application and the divisional application must relate to the same subject matter of the patent right. The relations between the applications are expressed as follows: the invention, utility model or industrial design in the divisional application must be disclosed in the original application. The IPC Presidium agreed with the interpretation by the first instance court that this relation should be interpreted as the requirement to disclose technical solutions, irrespective of the legal qualification. Both the utility model and the invention are technical solutions, and the scope of legal protection for technical solution claimed in the application (including that defined by the relevant utility model or invention patent) is determined by the applicant's will. Thus, the provisions of CC RF Article 1381.4 allow the separation of a divisional utility model application from an invention application and subsequent filing, and vice versa.

Following the above interpretation, the IPC Presidium agreed with the conclusions of the first instance court that the provisions of CC RF Article 1381.4 imply the following: a divisional application must be related to the technical solution that is contained in the original application; at the same time, the qualification of the technical solution in the original application and in the divisional application (invention or utility model) does not need to be the same, nor does the divisional application need to request the same title of protection (patent for invention or utility model patent) that the original application does. The IPC Presidium further has clarified that the CC RF rules on the priority of an invention, utility model, industrial design under a divisional application are focused on protecting the rights of the applicant (the person entitled to file a patent), on granting the applicant

legal protection for their intellectual property. This legal instrument aims at protecting the rights of the patent holder to the technical solution disclosed in the original application.

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