

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 between January and March 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, such as the assessment of the risk of confusion, invalidity grounds based on a prior well-known trademark or on an appellation of origin, the application of art. 6.septies of the Paris Convention, early termination of the legal protection of a trademark, unfair competition. This review also highlights several procedural points, such as the suspension of administrative proceeding in parallel trademark litigation and the limits of a third party's intervention in patent invalidity proceedings. Regarding patents, the review deals with prior art, encompassing unpublished patent applications, and the rules for determining claims' features.

Keywords

trademarks. appellations of origin, patents, unfair competition, invalidity procedure, early termination, agent, risk of confusion, well-known trademarks.

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I. Trademarks

1. A Trademark Counterposed to an Appellation of Origin

The tests of a sign, sought to be registered as a trademark, for confusing similarity to an appellation of origin based on Article 1483.7 of the Civil Code of the Russian Federation (hereafter CC RF) include no check of the respective goods' similarity.

The semantic criterion is sufficient for assessing the degree of similarity between a figurative sign and a verbal one. Even where not all similarity tests (graphic, sound, and semantic) are applicable, comparative assessment of any signs that can be registered as trademarks is still required. Similarity between two signs may be found irrespective of whether there is corresponding similarity on all the criteria.

The risk that ordinary consumers can confuse a verbal sign with a figurative one only exists where the word or phrase constitutes an exhaustive, obvious and natural name of what is depicted (which suggests itself without any conjecture or indirect association).

Consent of the proprietor of an appellation of origin to the registration of a trademark that includes a sign similar to the appellation of origin cannot remove the impediment to the registration of that trademark in the meaning of CC RF Article 1483.7.

IPC Presidium Ruling of 18 March 2022 in Case No. SIP-714/2020



The Disputed Sign

Rospatent denied registration of a combined sign with the words ТУЛЬСКАЯ ЯГОДА (Tula Berry [Company]) as it failed to meet the requirements of CC RF Article 1483.7. In particular, the ТУЛЬСКИЙ САМОВАР (TULA SAMOVAR) was counterposed to the disputed sign. The applicant's ensuing challenge against that decision of Rospatent was dismissed as well.

The applicant applied to the IPC for the invalidation of Rospatent's latter decision.

The first instance judgement, upheld by the cassation instance, dismissed the claim on the following grounds:

The first instance court found the verbal elements of the disputed sign to be weak and the figurative element to be a strong one. The court found the strong figurative element of the claimed sign semantically identical to the strong SAMOVAR verbal element of the appellation of origin and concluded that those identifiers were generally similar. As the above signs' strong elements were identical in terms of semantic meaning, while non-comparable on other criteria established by law, the first instance court found a high degree of similarity.

Given the lack of legal need to assess the degree of similarity between the goods and services identified by the claimed sign and by the appellation of origin, the court established that Rospatent's final conclusion regarding confusing similarity of the signs compared was well-founded.

The court bore in mind that the methodology for assessing the risk of confusion between trademarks in public circulation was defined by the Rules for Drafting, Filing and Examination of Documents that are Grounds for Legally Significant Actions Leading to State Registration of Trademarks, Service Marks and/or Collective Signs, approved by Order 482 of the Ministry of Economic Development of Russia, and by Para. 162 of Resolution of the Plenum of the RF Supreme Court No. 10 dated 23 April 2019 'On Application of Title Four of the Civil Code of the Russian Federation' (hereinafter referred to as 'Resolution No. 10'). The same methodology is used to assess the risk of confusion between trademarks and appellations of origin, but without taking into account the degree of the goods' similarity.

CC RF Article 1483.7 does not restrict comparing any trademarks with any appellations of origins. A finding on similarity between signs hinges on the risk of associative links between the signs being compared emerging in ordinary consumers' minds.

Where not all the similarity tests (graphic, sound, and semantic) are applicable, comparative assessment between any signs that can be registered as trademarks is still needed. Similarity between two signs may be found irrespective of whether there is corresponding similarity on all the criteria.

The said criteria are only used to establish the risk of confusion between signs, which may also exist where similarity is low or non-existent by some criteria but quite strong by another criterion. In this connection, verbal and figurative signs may also be subject to comparative analysis.

Only a semantic similarity test can be used to assess the degree of similarity between a figurative sign and a verbal one.

A figurative sign and a verbal one may only be found confusingly similar where a consumer reading the verbal sign will develop a lasting association with the figurative sign, which will grow stronger if the signs compared are (sought to be) registered for identical goods and/or services.

The risk of ordinary consumers confusing a verbal sign with a figurative one only exists where the word or phrase constitutes an exhaustive, obvious and natural name of what is depicted (which suggests itself without any conjecture or mediate association).

A similar approach to comparing figurative and verbal signs is suggested in the practice of the European authority (Para 3.4.4.5 of Part 4, Section B of the EU Trademark Examination Guidelines approved on 10 March 2016) and in Para 2.479 of the WIPO Guide (Publication No. 489, 2004). The same approach is used in the decisions by the IPC Presidium in Case No. SIP-146/2016, dated 09 December 2016, and in Case No. SIP-965/2019, dated 18 January 2021.

In respect of the argument that the first instance court misused the rule in CC RF Article 1483.7 as the proprietor of the appellation of origin saw no actual confusion between the sign and the identifier counterposed, the IPC Presidium noted the following:

Unlike CC RF Article 1483.6.5, Article 1483 of the same Code ignores the consent of the appellation of origin as a circumstance that removes the respective impediment to the registration of the said sign as a trademark.

Where an identical or similar appellation of origin is counterposed to a trademark, CC RF Article 1483.7 provides for the registration of the trademark if the following conditions are met:

the appellation of origin is included as a non-protectable element in a trademark being registered in the name of the person who possesses the exclusive right to the appellation; and

the trademark is being registered in respect of the same goods that the appellation of origin has been registered to identify.

Thus, for a trademark to be registered, the trademark registration applicant must become the proprietor of the appellation of origin first rather than one or more proprietors of the appellation give their consent.

As it follows from the facts of the case, the company is not the proprietor of the appellation of origin. Nor is the other condition met in the case under review, for the element meaning ‘samovar’ is protectable in this case.

2. A Trademark Registered Upon an Agent’s Application

The provisions of CC RF Article 1512.2.5 and Article 6.septies of the Paris Convention apply to trademark registration applied for by an agent/representative, even if registration is effected in another person’s name.

A buyer or client cannot be considered an agent or representative for the purposes of application of CC RF Article 1512.2.5.

Early termination of legal protection of a trademark does not preclude challenging the registration of that trademark.

IPC Presidium Ruling of 05 March 2022 in Case No. SIP-244/2020



The Disputed Trademark

Baltic Trade Company, LLC applied for the registration of a combined sign as a trademark (the disputed trademark).

The rights to the registration of the trademark upon the said application were eventually transferred to a foreign entity, Ballinger Limited (UK), in whose name the trademark was registered. The exclusive right to the trademark was subsequently transferred to another foreign entity, Benton Marketing Limited, Belize, under a contract of alienation of the exclusive right to the trademark.

The ABC Design company challenged the granting of legal protection to the disputed trademark in its entirety on the grounds that it had been regis-

tered in violation of Article 6.*septies* of the Paris Convention. The company pointed to the existence of agency relations between itself and the Baltic Trade Company on the date when the registration of the disputed trademark was applied for.

After examining the challenge, Rospatent dismissed it and decided to uphold the legal protection of the disputed trademark. In so doing, the authority bore in mind that ABC Design had not proven that it did have agency relations with the Baltic Trade Company.

ABC Design went to the IPC to have the said Rospatent decision overruled. The first instance court granted their claim and required Rospatent to re-consider the challenge.

The first instance court noted that Rospatent had not assessed the entire body of evidence to find out whether the Baltic Trade Company, that applied for the registration of the disputed trademark, was acting as ABC Design's agent/representative in selling its goods in the Russian Federation, and whether the evidence confirmed that the said entity was circulating ABC Design goods, as an intermediary, in the Russian Federation.

The first instance court proceeded from the fact that it was registration of a trademark applied for by the agent, not just done in the agent's name, that was material for checking whether legal protection had lawfully been provided to the disputed trademark under Article 6.*septies* of the Paris Convention.

Rospatent appealed on points of law to the IPC Presidium, pointing to the following facts in particular:

In Rospatent's opinion, the first instance court should not have found ABC Design interested in filing the challenge under CC RF Article 1512.2.5, because, by the date of examination of the case on its merits, the legal protection of the disputed trademark had been prematurely terminated due to the liquidation of the proprietor, and an entry to that effect had been made in the State Register of Trademarks and Service Marks of the Russian Federation.

On the other hand, the IPC Presidium disagreed with that argument of Rospatent, for to challenge the granting of legal protection to a disputed trademark is an interested person's lawful right, and invalidation of the legal protection granted to a trademark has legal consequences different from those of the liquidation of its proprietor.

The IPC Presidium found the first instance court to have properly held that the fact of liquidation of the current proprietor could not hinder the examination of ABC Design's challenge. The reason was that, as specified in Para 139 and 174 of Resolution No. 10, persons believing that the legal protection of a trademark must be cancelled since granted — e.g., defendants to a claim based on the use of the trademark before its legal protection was terminated, — may be interested in contesting trademarks whose legal protection has been discontinued for the future only.

Upon checking the grounds for Rospatent's argument that the presence or absence of agency relations between ABC Design and the Baltic Trade Company played no significant roles in determining whether the granting of legal protection to the trademark was in line with Article 6.*septies* of the Paris Convention and CC RF Article 1512.2.5, the IPC presidium noted the following:

In Rospatent's perspective, the granting of legal protection to a trademark may be found invalid on the grounds of Article 6.*septies* of the Paris Convention and CC RF Article 1512.2.5, only if such a sign was actually registered in the name of an agent or representative of a person that owns an identical or confusingly similar trademark in a State Party to the Paris Convention, therefore the filing of the application by an agent or representative of such a person is immaterial if the rights have eventually passed to another person.

Indeed, the provisions of CC RF Article 1512.2.5 are so worded that legal protection provided to a trademark may be contested and fully invalidated for the entire duration of the exclusive right to the trademark, if granted in the name of an agent or representative of a person that possesses that exclusive right in a State Party to the Paris Convention in violation of that Convention's requirements.

As the disputed trademark was not registered in the name of the Baltic Trade Company, with which ABC Design claims to have agency relations, Rospatent states that there are no grounds to consider ABC Design interested in filing the application on the grounds of Article 6.*septies* of the Paris Convention and CC RF Article 1512.2.5.

On the other hand, Article 6.*septies* of the Paris Convention includes a provision that if the agent or representative of the person who is the proprietor of a mark in one of the countries of the Union applies, without such proprietor's authorization, for the registration of the mark in his own name,

in one or more countries of the Union, the proprietor shall be entitled to oppose the registration applied for or demand its cancellation.

The interpretation of the above rule suggests that it is the relations between the principal and applicant existing precisely at the time of application that are material to the invalidation of the said trademark.

This provision aims to prevent wrongful use of an earlier trademark by its proprietor's agent or representative, for those persons may exploit the knowledge and experience gained in doing business with the proprietor, and thus derive an unjustified benefit from the efforts and investment made by the proprietor.

To apply the said rule, the court is thus expected to establish whether all of the following conditions are met:

the objector must be the proprietor of the earlier trademark;

the applicant must be or have previously been an agent or representative of the trademark's proprietor;

the registration application should have been filed in the agent's or representative's name without the proprietor's consent — without good reason;

the application must concern signs that are identical or essentially similar to the initial trademark.

Bearing in mind that the registration application for the disputed trademark was filed by the Baltic Trade Company, with which ABC Design believes to have agency relations, the first instance court properly found ABC Design interested in filing a challenge on the said ground.

In returning ABC Design's challenge for re-consideration to Rospatent in its respective part, the first instance court noted that the administrative authority should assess the entire body of evidence adduced by the objector to confirm the argument in question, to determine whether the Baltic Trade Company, that applied for the registration of the disputed trademark, acted as ABC Design's agent/representative in selling the former's goods in the territory of the Russian Federation, and whether the circulation of ABC Design's goods by that entity as an intermediary in the Russian Federation holds true.

However, the first instance court failed to take into account that in the contested decision, Rospatent had reviewed ABC Design's submissions and found no agency or representation relations between the Baltic Trading

Company and the ABC Design company, and had also noted that the Baltic Trading Company had presented no contracts or agreements indicative of such relations.

In this situation, the first instance court ought to have verified the above finding of Rospatent by examining and evaluating, on its own, the evidence adduced by ABC Design to confirm the existence of agency/representation relations between itself and the Baltic Trade Company on the disputed trademark's priority date, and ought to have found out whether the Baltic Trade Company acted dependently on / independently of the proprietor (e.g. a buyer cannot be considered an agent or representative as the buyer bears no fiduciary obligations to the proprietor, i.e. the entering into a goods supply contract does not indicate legal relations arising for the buyer to represent the seller in further resale of the goods), and whether all the conditions for the application of Article 6.*septies* of the Paris Convention were met.

In view of the foregoing, the IPC Presidium cancelled the first instance court's decision and remanded the case for retrial.

3. Perception of a Phrase in a Disputed Trademark

Two or more words may be perceived as a single verbal element in a trademark due to the latter's specific layout, which leads the consumer to understand certain words, otherwise individual lexical units, in conjunction — given their specific juxtaposition and the setting in which the trademark is used.

IPC Presidium Ruling of 24 February 2022 in Case No. SIP-605/2021

Rospatent dismissed an action challenging the registration of a combined trademark with the verbal element 'Мастер Мураве́й' (*Master Muravey*, or *Master Ant*), the action being filed under CC RF Article 1483.10 by the exclusive proprietor of two 'Мураве́й' (*Ant*) verbal trademarks.

The first instance judgement, later upheld by the cassation instance, also dismissed the 'senior' trademark owner's claims.

In explaining the procedure for applying the invalidity ground in CC RF Article 1483.10, the IPC Presidium dwelt upon the methodology for assessing the risk of confusion — more specifically, on the issue of an element in the 'junior' trademark being perceived as another entity's trademark. The

case where the ‘junior’ trademark employs a combination of several words presents particular difficulties.

The IPC Presidium pointed out that, in such a case, one should establish whether the words are perceived as a set expression (such as ‘eye ball’, ‘Indian summer’, ‘public servant’, ‘solid hour’, ‘good tradition’) or phraseological unit (e.g. ‘Monomach’s Cap’ [meaning the burden of being in power]). Signs belonging to that group are holistic as they acquire a new meaning that departs from the semantic meanings of their component words.

The meaning of such expressions is unrelated to the semantics of each individual word they are comprised of, as the words lose all individual attributes of a word (lexical meaning, inflexion forms, and syntactic function) and only retain their sound pattern. The words in such expressions are inseparably linked.

Consequently, while formally consisting of several words, such expressions are perceived as unified elements due to their integrity and loss of word attributes by their individual lexical units.

The IPC Presidium also noted that several words may be perceived as a single verbal element not only in the above-mentioned cases but also due to a specific layout of a trademark’s elements, which leads the consumer to understand certain words, otherwise individual lexical units, in conjunction — given their specific juxtaposition and the setting in which the trademark is used.

A similar position is set out in IPC Presidium Rulings of 23 September 2021 in Case No. SIP-871/2020, and 17 December 2021 in Case No. SIP-591/2020.

In view of the foregoing, the IPC Presidium was compelled to uphold the first instance court’s finding that there were no grounds to establish similarity between any element of the disputed trademark and the trademarks counterposed, as the disputed (‘junior’) trademark was an indivisible construct and was not perceived as a sign comprising a number of independent elements.

4. Presumption of an Appellation of Origin Validity

Registration of a means of individualisation, e.g. a trademark, an appellation of origin, a geographical indication, at Rospatent gives rise to the presumption that it meets the legal requirements, which presumption

can only be rebutted by challenging such registration in administrative proceedings.

A disputed trademark's similarity to any other means of individualisation does not mean, in itself, dissimilarity from a specific means of individualisation counterposed.

IPC Presidium Ruling of 18 February 2022 in Case No. SIP-1018/2020

Two holders of exclusive rights to the *Narzan* [mineral water] appellation of origin filed a claim before Rospatent requesting the invalidity of the 'Dolina Narzanov' (*Dolina Narzanov*, or *Narzans Valley*) in respect of all ICGS Class 21 goods and Class 35 services. Following these proceedings, Rospatent upheld the legal protection of the disputed sign, therefore the claimants went to the IPC.

The first instance court dismissed the claims. The IPC Presidium ruled to turn down the decision and send the case for re-examination.

The first instance court had found no risk of confusion between the disputed trademark and the appellation of origin and agreed with Rospatent's finding that the granting of legal protection to the disputed trademark was in line with CC RF Article 1483.7.

The IPC Presidium granted the claims in the cassation appeal as it found breaches of both the methodology for establishing a disputed trademark's similarity to the counterposed appellation of origin and, generally, the methodology for establishing the risk of confusion. In its decision, the IPC Presidium pointed to three main deficiencies of the judgement under appeal.

Firstly, the first instance court had wrongly taken into account the courts' findings of the absence of a risk of confusion between the NARZAN verbal sign and the NARZAN TAVRIDY trademark in the cases Nos. A63-14231/2017 and SIP-1006/2020. The IPC Presidium held that the circumstances were not similar in this case, for the disputed NARZAN TAVRIDY and DOLINA NARZANOV trademarks were dissimilar.

Secondly, in comparing the disputed trademark and the appellation of origin counterposed to it, the first instance court had wrongly found the NARZAN verbal element to be a weak one. To draw such a conclusion, the first instance court had assessed the circumstances of the granting of legal protection to the NARZAN appellation of origin in the absence of any challenge filed and first examined under the administrative procedure.

The IPC Presidium recalled that the registration of the means of individualisation at the Rospatent gave rise to the presumption that it met the legislative requirements, only rebuttable by filing a challenge against such registration (Para. 52 of the Resolution No. 10).

So, unless and until the registration of the NARZAN appellation of origin was duly challenged (under CC RF Article 1535), the 'Narzan' verbal element was legally (1) the name of a specific geographical site (2) used as the designation of a product whose properties were mainly or exclusively determined by the geographical conditions and/or human factors specific to that geographical site (Article 30.1 of the Trademarks Law in force on the date when the registration of the appellation of origin was applied for).

In this situation, and also given the content of the exclusive right to an appellation of origin (CC RF Article 1519), the assessment of similarity between the NARZAN and DOLINA NARZANOV signs had to establish whether an ordinary consumer perceived the DOLINA NARZANOV geographical site as an obvious reference to a geographical site (or another object) other than that indicated by the NARZAN sign.

Thirdly, in assessing similarity between the signs, the first instance court had expressed the wrong opinion that the disputed trademark was more similar to still another protected appellation of origin, 'УРОЧИЩЕ ДОЛИНЫ НАРЗАНОВ' (UROCHISHCHE DOLINY NARZANOV, or NARZANS VALLEY TERRAIN). In that case, the court had not only over-run the scope of the challenge, for the said appellation of origin had not been counterposed to the disputed trademark, but also overlooked the fact that a disputed trademark's similarity to any other means of individualisation did not mean, in itself, dissimilarity from the specific means of individualisation counterposed.

On re-examination, the Rospatent decision was found illegal in its entirety, and the granting of legal protection to the disputed trademark was found invalid (IPC judgement of 04 July 2022 in the same case, upheld by IPC Presidium ruling of 17 October 2022).

5. Challenging Legal Protection of a Trademark Counterposed to a Well-known Trademark

The grounds for contesting the legal protection of a trademark are defined by the legislation in force on the date of the trademark registration application, even if a well-known trademark counterposed to it was

recognised well known in retrospect, under CC RF Title Four, after the application date of the disputed trademark. The same legislation will also define the scope of the protection of the well-known trademark counterposed to the disputed trademark.

Unlike the Civil Code of the Russian Federation, the Trademarks Law used to grant varying scopes of legal protection to a well-known trademark, depending on whether an already registered trademark or a sign used as a trademark but lacking legal protection in the territory of the Russian Federation was recognised well-known. The Trademarks Law would provide expanded legal protection only to a registered trademark later found well known.

IPC Presidium Ruling of 11 February 2022 in Case No. SIP-914/2020

The ‘Pesnyary Belarusian State Ensemble’ State Institution (hereinafter referred to as ‘Ensemble’) challenged the granting of legal protection to the *Pesnyary* trademark before Rospatent on the grounds set out in CC RF Article 1512.2.2 and .2.4.

The objector pointed out that the Ensemble owned the exclusive rights to the *Pesnyary* trademark, found well-known in 2010, since 01 January 1985, in respect of ICGS Class 41 services (‘arranging and conducting of concerts; production of shows’). The objector believed that consumer would associate the use of the disputed trademark by its proprietor with the Ensemble, which might infringe on its lawful interests (Article 19.1.2, Para 2 of the Law No. 3520-I of the Russian Federation ‘On Trademarks, Service Marks and Appellations of Origin’ dated 23 September 1992, hereinafter referred to as ‘Trademarks Law’).

Rospatent established that some of the goods and services designated with the disputed trademark were non-relative to the services bearing the well-known trademark counterposed, and noted the following as it considered the application of CC RF Article 1512.2.4:

The established well-knownness of the counterposed trademark generates no plausible associations with the same producer in respect of goods and services found non-relative. The challenge file contains no documents confirming any injury to the legal interests of the proprietor of the well-known trademark in connection with continued legal protection of the disputed trademark in respect of the said goods and services.

The Ensemble believed that Rospatent’s decision as regards refusal to invalidate the granting of legal protection to the disputed trademark in

respect of non-relative goods and services was unlawful and violated its rights and legal interests, so it applied to the IPC, challenging that decision.

After checking the Rospatent decision for compliance with CC RF Articles 1508.3 and 1512.2.4, the first instance court concluded that the administrative authority had not established whether the use of the disputed sign by its proprietor in respect of goods and services non-relative to the services behind the trademark counterposed to it generated any associative links in consumers' minds, and whether such use could infringe on the Ensemble's lawful interests. In this connection, Rospatent's decision was found invalid.

The IPC Presidium set aside the first instance judgement and remanded the case for reconsideration.

The IPC Presidium found that the question of the law applicable to disputed legal relations, namely of CC RF Articles 1508.1 and 1512.2.4, was material to the correct examination of the cassation appeal.

In this connection, the IPC Presidium evaluated the application of the said substantive law rules by the first instance court in this case.

By virtue of CC RF Article 4.1, civil legislative acts do not operate retroactively and only apply to legal relations that arose after their enactment, unless otherwise specified by law.

Article 5 of the Federal Law No. 231-FZ 'On the Enactment of Title Four of the Civil Code of the Russian Federation' dated 18 December 2006 contains a similar rule and stipulates that CC RF Title Four applies to those rights and duties that will arise after it is enacted.

As specified in Para 27 of Resolution No. 10, where the issue of a patent or granting of legal protection to a trademark or appellation of origin are challenged, the grounds for invalidating these shall be determined according to the legislation that was in force on the date the application was filed with Rospatent or with the federal authority for selection inventions.

The disputed trademark was registered pursuant to an application filed on 19 September 2003. In accordance with that priority date and the above-mentioned law rules and explanations by the Supreme Court, the law applicable to the assessment of its protectability is the Trademarks Law.

The fact that the disputed trademark has been counterposed to a well-known trademark, recognised as such in 2010, i.e. after the application was filed in respect of the disputed trademark, cannot preclude the use of the applicable law determination approach set out in Para 27 of Resolution No. 10.

As the well-knownness of a trademark or sign used as such is a fact of objective reality (Decision No. 2145-O of the Constitutional Court of the Russian Federation dated 19 September 2019), consequently, where a trademark/sign is found well known before the registration of another trademark, similar to the former, was applied for, the sign is presumed to have been well known to the consumers in retrospect. Rospatent simply states that the trademark has been well known since a certain date up to the date of such a statement.

The fact of the Pesnyary sign's well-knownness in the Russian Federation was established since 01 January 1985, i.e. a date preceding the disputed trademark's priority date (19 September 2003). Consequently, the Pesnyary sign was well known in the Russian Federation on the disputed trademark's priority date.

So, while the trademark well known in the Russian Federation was recognised as such in 2010, when CC RF Title Four was already in force, the disputed trademark must be checked for protectability under the Trademarks Law that was in force on the disputed trademark's priority date.

It is the Trademarks Law that should determine the scope of legal protection to be given to a well-known trademark that may be counterposed to the disputed trademark.

The rule in CC RF Article 1512.2.4 only applies to determine the challenge filing procedure (with Rospatent) but not the scope of counterposition of the well-known trademark.

Unlike the CC RF, the Trademarks Law would grant a well-known trademark varying scopes of legal protection depending on whether an already registered trademark or a sign used as a trademark but legally unprotected in the Russian Federation had been declared well-known.

Para 1, Article 19.1.2 of the Trademarks Law granted a well-known trademark the legal protection established for trademarks by that Law. Where an already registered trademark was recognised well-known, the legal protection of such a trademark would also extend to goods unrelated to those for which it was found well-known — provided that the use of that trademark by another person in respect of such goods was associated with its proprietor in consumers' minds and might injure his lawful interests (Para 2 of Article 19.1.2 of the Trademarks Law).

The disputable question in this case is whether the legal protection of the counterposed well-known trademark also extends to non-related goods.

The provisions of Para 2 of Article 19.1.2 of the Trademarks Law only apply to an already registered trademark eventually recognised to be well known.

However, the first instance court never established what was well-known, the previously registered Pesnyary trademark, or a sign that was used as a trademark but was legally unprotected in the Russian Federation.

6. Suspension of Administrative Proceedings; Presumption of No Risk of Confusion Between Two Trademarks

Rospatent may suspend its proceedings on a challenge, inter alia, where facts have been established in a different administrative or judicial case that are (1) material for, but (2) cannot be established in the administrative proceedings in question. For example, the administrative proceedings on a challenge filed under Russian Federation Civil Code (hereinafter referred to as RF CC) Article 1483.6 (that may take into account that the trademark counterposed is not used) may be suspended in the presence of concurrent litigation concerning early termination of the legal protection of the trademark counterposed, due to its non-use.

Before finding that the affected party's trademark may probably be confused with the alleged infringer's, one must properly impugn the presumption that the two duly registered trademarks are not confusingly similar. Barring that, confusion may be found probable where the alleged infringer is using their trademark in a form different from that in which the trademark was granted legal protection.

IPC Presidium Ruling of 09 February 2022 in Case No. SIP-707/2021



The Disputed Trademark

PJSC Sberbank of Russia (hereinafter referred to as Sberbank) owns a figurative trademark (the disputed trademark), registered in respect of a broad range of goods and services of all ICGS classes.

The ALLTIME Company challenged the granting of legal protection to the said trademark before Rospatent, stating that its registration was incompatible with CC RF Article 1483.3.1 and .6.2.

In the course of the proceedings on the challenge, Sberbank moved that the administrative procedure be suspended until the judgement in case No. SIP-259/2021 concerning ALLTIME's claim that Sberbank's actions to acquire the exclusive right to the disputed trademark should be found an act of unfair competition, took legal effect.

Rospatent granted Sberbank's motion: The proceedings on ALLTIME's objection to the granting of legal protection to the disputed trademark were suspended because the IPC was considering case No. SIP-259/2021.

ALLTIME applied to the IPC for the invalidation of Rospatent's above decision to suspend the proceedings.

The first instance court dismissed the claim. The court proceeded from the fact that the IPC's finding in SIP-259/2021, that Rospatent can take into account that the consumer might be misled as to the goods manufacturer / service provider when considering the objection to the granting of legal protection to the disputed trademark, hence the outcome of dispute resolution in the said case may affect the outcome of the challenge proceedings that examined a similar body of facts.

The IPC Presidium overruled the first instance judgement and found Rospatent's decision to suspend the proceedings invalid — on the following grounds:

Rules No. 644/261 for Administrative Examination and Resolution of Disputes by the Federal Intellectual Property Authority, approved by an order of the Ministry of Science and Higher Education and Ministry of Economic Development of the Russian Federation dated 30 April 2020 (hereinafter referred to as 'Rules No. 644/261') establish an administrative procedure for Rospatent to examine and resolve intellectual rights protection disputes, including objections to the granting of legal protection to trademarks. In the sense of the Rules No. 644/261, the parties to an administrative dispute are entitled to exercise their right to the protection of their violated or contested rights and lawful interests and to prompt, fair and public administrative (out-of-court) proceedings.

At the same time, under Art. 34, Rules No. 644/261, examination of an administrative dispute may be suspended upon a party's motion or by a collegiate decision of the Patent Disputes Chamber if administrative or judicial proceedings are ongoing in another case, which can result in a decision/judgement that may be material to the resolution of the dispute in

question, and/or if interim measures have been taken in respect of the intellectual property item, until these are lifted.

According to the IPC Presidium, suspension of administrative proceedings means that Rospatent temporarily refrains from certain actions due to objective circumstances precluding further examination of the dispute until these are removed, or due to a risk of a non-regulatory legal act being passed without regard to facts and evidence that are material to the proper resolution of the disputed issues.

Administrative proceedings may be suspended, *inter alia*, if other administrative proceedings or litigation seek to establish facts that are material for, but cannot be established in the administrative proceedings in question.

This situation is vividly exemplified by the administrative proceedings on a challenge filed under CC RF Article 1483.6 (which might take into account that the counterposed trademark is not used) in the presence of parallel judicial proceedings concerning early termination of the counterposed trademark due to its non-use.

The contested Rospatent decision cites no grounds as to why the authority found it necessary to suspend the administrative procedure, and no circumstances that are material to the proceedings, but cannot be established in their course.

At the same time, the first instance court assumed Rospatent to have proceeded from the fact that the examination of case No. SIP-259/2021, based on the ALLTIME's claim to Sberbank demanding that the latter's action to acquire the exclusive right to the disputed trademark be found an act on unfair competition, would lead to a finding that the consumer might be misled as to the goods manufacturer / service provider, which could be taken into account by the administrative authority as it verified the arguments in the challenge.

The IPC Presidium found the first instance judgement to have been based on a misunderstanding of substantive and procedural law rules, for the following reasons:

The claim examined in SIP-259/2021 was to be resolved according to the Paris Convention, the Law on the Protection of Competition, and the explanations given in Resolution No. 2 of the Plenum of the Supreme Court of the Russian Federation 'On Some Issues Arising from the Application of the An-

ti-Monopoly Legislation by Courts' dated 4 March 2021 (hereafter — Resolution No. 2), requiring that the following body of facts should be established in a dispute concerning violation of the ban on unfair competition:

the fact that the business is taking actions that can affect the competitive situation;

the business chose a competition method differing from the conduct that would be expected of any business pursuing its commercial interest in a similar situation but limited to the exercise of its civil rights and to fair business practices;

the business is seeking to obtain an advantage in its economic activities, particularly a commercial benefit or an opportunity to derive it, at the expense of other market participants — particularly by exerting influence on customers'/consumers' choices and on the opportunities for competing *bona fide* businesses to take advantage of goods supply in the market, and/or by harming competing businesses in other similar ways (e.g. by using/undermining third parties' business reputation).

The IPC Presidium held that the need to establish whether a consumer can be misled as to the goods manufacturer / service provider hinged on the facts and arguments cited by the plaintiff in justification of his position, not on the category of the dispute in question.

It could not be inferred from the first instance judgement that the court had established such facts and found that the comprehensive, complete and objective examination of the case No. SIP-259/2021 required it to prove or rule out the possibility of the consumer being misled as to the goods manufacturer / service provider as ALLTIME and Sberbank used their trademarks.

In view of the foregoing, the IPC Presidium held that that the first instance court's finding that the SIP-259/2021 judgement to be passed would affect the outcome of the examination of the challenge filed under CC RF Article 1483 and stating that the registration of the disputed trademark was at variance with CC RF Article 1483.3.1 and .6.2, was not based on facts established by the court nor on the evidence in the case file.

As the contested non-regulatory legal act adopted by Rospatent failed to establish co-incidence between the objects of proof in SIP-259/2021 and in the administrative case where the ALLTIME challenge was examined, or to establish that one case could not be considered until the other was resolved, the IPC Presidium found the suspension of proceedings on the challenge unlawful.

Besides, the IPC Presidium was bearing in mind that administrative dispute was to be resolved within a reasonable time frame and that a federal executive authority could not dodge its duties.

On the other hand, the IPC Presidium noted that even if the facts of the consumer being misled, similar to those to be established in the administrative proceedings, were to be considered in the case No. SIP-259/2021 (provided arguments to this effect were advanced by the parties to that case), a second condition for suspending the administrative proceedings was not met anyway: Rospatent could establish those facts on its own.

The IPC Presidium found it proper for the appellant to argue that it was the administrative authority that, by virtue of its competence (CC RF Article 1513), was to verify the arguments stated in the challenge and conclude, in that disputable situation, whether the appellant had proved that the consumer might be misled as to the goods manufacturer / service provider (in verifying the arguments based on CC RF Article 1483.3.1) and whether the disputed trademarks and that counterposed to it were similar to the point of being confused (in verifying the arguments based on CC RF Article 1483.6.2).

Furthermore, as regards the anti-monopoly proceedings in court, it is important to bear in mind that confusion of two registered trademarks cannot be established until the legislative presumption that such confusion is improbable is duly destroyed.

As noted in Ruling No. 8091/09 of the Presidium of the RF Supreme Commercial Court dated 01 December 2009, no actions taken to use one's registered intellectual property may be deemed a violation of a right to another intellectual property item with an earlier priority date.

In the presence of two valid trademark certificates, no action by the holder of a certificate with a later priority date may be deemed a violation of rights to a trademark registered on an earlier date until that later certificate is found invalid according to the procedure established by CC RF Article 1513 (Ruling No. 10519/09 of the Presidium of the RF Supreme Commercial Court dated 15 December 2009).

Following the logic of Para. 52 and 142 of the Resolution No. 10, in such a situation, before confusion of the affected party's trademark with the sign being actually used and constituting the alleged infringer's trademark can be found probable, one must duly impugn the presumption that confusion of two duly registered trademarks is improbable.

Without such impugment, in case both the affected party and the alleged infringer own trademarks, confusion of a specific sign in use may only be found probable if the alleged infringer is using its trademark in a way different from the one that was granted legal protection.

At the hearing before the IPC Presidium, Rospatent offered oral explanation that the administrative proceedings were to be suspended because, in case the claim were granted in court, Rospatent would get an additional ground to terminate the legal protection of the disputed sign. The explanation was dismissed for the following reasons:

The IPC Presidium assumed that Rospatent meant that if the granting of legal protection to the disputed trademark is recognised an act of unfair competition, the protection could be terminated on the basis of CC RF Article 1512.2.6.

On the other hand, firstly, such a finding (if achieved in court) could be a cause for a separate challenge, and, secondly, Rospatent could not take it into account on its own initiative, without a challenge filed by the interested party on that specific ground (CC RF Article 1513.1).

7. Influences on Competition, and Product Market Definition

Not only cases where the alleged infringer and the injured party compete directly with each other give rise to a finding that specific actions are acts of unfair competition, but also wider situations where an economic operator's acts potentially affect the state of competition.

A market's product boundaries can only be defined by analysing product interchangeability (anti-monopoly legislation) rather than product homogeneity (trademark legislation).

IPC Presidium Ruling of 03 February 2022 in Case No. SIP-143/2021



The Disputed Trademark

Mr. M., an individual entrepreneur, applied to the IPC for the invalidation of the decision that the Federal Anti-Monopoly Service Administration for St. Petersburg had taken after considering Mr. M.'s complaint that Mr. D., also

an individual entrepreneur, had violated the requirements of Part 1, Article 14.4 of Federal Law No. 135-FZ 'On the Protection of Competition' dated 26 July 2006 (hereinafter 'Competition Protection Law'). The applicant claimed that Mr. D's action to acquire and use of the disputed trademark should be qualified as an act of unfair competition. As the anti-monopoly authority noted in establishing Mr. M's interest, Mr. D., in its trademark holder capacity, used blocking measures on the VKontakte social network against users who were distributing merchandising products dedicated to The SCP Foundation fiction-writing project, including the administrator of the VKontakte group via which Mr. M. sold items marked with the disputed sign.

The first instance judgement dismissed the applicant's claims. The IPC Presidium ruled to turn down the contested decision and to submit the case for re-examination. On re-examination, the decision of the anti-monopoly's authority was found fully invalid (*IPC judgement of 07 April 2022*).

On overruling the initial first instance judgement, the IPC Presidium expressed the following positions.

Firstly, the first instance court had overlooked the explanations in Para. 30.3 of Resolution No. 2, to the effect that not only cases where the alleged infringer and injured party compete directly with each other, but also wider situations, where an economic operator's acts potentially affect the state of competition, may give rise to a finding that specific actions are acts of unfair competition.

In this connection, not only a competitor's actions may be found to be unfair competition but also those taken by a person who/that is not a competitor at the time but acts to influence the competitive environment and obtain unjustified competitive advantages.

The court should have checked whether the person who had obtained trademark registration for a sign that had become known to a wide range of consumers through the actions of a broad range of persons was actually getting an unjustified competitive advantage, given that such registration prohibited everyone, except the proprietor and their licensees, from continued use of that sign.

Secondly, the first instance court had also violated the provisions of the Competition Protection Law as it examined whether the alleged infringer and the injured party were competitors.

Instead of analysing anti-monopoly legislation concepts (goods' interchangeability), the first instance court had analysed trademark law con-

cepts (goods homogeneity), which was a mistake and prevented the court from determining the market's boundaries.

The product boundaries of the market under review in this case constitute the retail sale of merchandising products related to The SCP Foundation, via a website and a group in the VKontakte social network, i.e. the boundaries of this products market are defined by products intended for a certain group of consumers — namely Internet users interested in a specific topic.

On the other hand, the first instance court had overlooked the usual behaviour of buyers of merchandising products, for whom the price of a product and the signs on this product are usually decisive, rather than the specific product type. Consequently, products that are not homogeneous (e.g. mugs and refrigerator magnets) may be interchangeable as souvenirs.

8. Early Termination of Legal Protection of a Trademark

The exclusive right to a disputed trademark passes to its new proprietor in the same status it had at the time of passage, particularly as regards the existence of an interested person's request in respect of the trademark. In this connection, where the exclusive right to the trademark is transferred after a claimant sues for early termination of legal protection of that trademark, a request to its new proprietor is not required.

IPC Presidium Ruling of 28 January 2022 in Case No. SIP-275/2021

A trademark had been registered in a company's name. On the grounds of an exclusive right alienation agreement, Company A alienated their exclusive right to that trademark in favour of Company B.

On 10 December 2020, a claimant, citing their interest in early termination of the legal protection of that trademark, submitted a request to that effect to Company A that was the proprietor of the trademark at that time.

Given the information contained in the answer to their request, on 17 February 2021 the claimant submitted a similar request to the new proprietor, Company B, in the belief that the exclusive right to the disputed trademark had passed to another entity.

The first instance court granted the claim on Company B, as it found that the claimant complied with the pre-trial dispute resolution procedure

and found the claimant interested in early termination of the legal protection of the disputed trademark.

As the claims for early termination of the legal protection of the trademark could only be granted in respect of that identifier's proprietor, the first instance court dismissed the claims on Company A that was no longer its proprietor at the time when the court took up the dispute.

Company B appealed on points of law to the IPC Presidium. In Company B's opinion, the first instance court had misinterpreted CC RF Article 1486.1, since the claimant had not complied the pre-trial dispute resolution procedure in its respect. Company B disagreed with the first instance court's finding that the request filed by the claimant on 17 February 2021 to Company B did not invalidate the previous request of 10 December 2020 filed to Company A.

In the appellant's opinion, in that case the first instance court was to replace the improper defendant and deny examination of the claim because the pre-trial dispute resolution procedure had not been complied.

The IPC found the arguments in the cassation appeal that the claimant had not complied the pre-trial dispute resolution procedure in respect of Company B, invalid for the following reasons:

According to CC RF Article 1486.1, legal protection of a trademark may be prematurely terminated in respect of some or all the goods that the trademark was registered to identify, if the trademark is not used for three consecutive years.

An interested party who believes that the proprietor is not using a trademark in respect of all or some of the goods that the trademark was registered to identify shall propose to such a proprietor to apply to the federal executive agency for intellectual property for the termination of their right to the trademark or enter into an agreement with the interested party for the alienation of the exclusive right to the trademark in respect of all or some of the goods that the trademark was registered to identify. The interested party's proposal will be submitted to the proprietor and to the address indicated in the State Register of Trademarks and Service Marks of the Russian Federation or in the respective register indicated in an international treaty entered into by the Russian Federation.

The interested party may submit the request to the proprietor not earlier than three years after State registration of the trademark.

Should the proprietor fail to apply for the termination of their right to the trademark or to enter into an agreement for the alienation of the exclusive right to the trademark with the interested party within two months the latter shall be entitled, within thirty days after the above two-month period expires, to go to court with a claim for early termination of the legal protection of the trademark due to its non-use.

After assessing the submissions in the case file according to Article 71 of the Code of Commercial Procedure of the Russian Federation (hereafter — CCP RF), the first instance court made a well-founded conclusion that the claimant had complied the pre-trial dispute resolution procedure.

This fact is confirmed by the pre-trial request with an attached return receipt confirming its submission to the company's A address indicated in the State Register of Trademarks and Service Marks and to its address indicated in the Single State Register of Legal Entities. The two months' period of waiting for the proprietor's answer and the thirty days' deadline for bringing the claim have also been met in this case.

The IPC Presidium found it correct for the first instance court to find that the claimant had properly submitted the pre-trial request to the company A (the legal entity that owned the trademark at the time the claimant made the request).

The eventual passage of the exclusive right to the trademark from the first company A to Company B is indicative of succession in this substantive relationship.

As specified in Para 163.2 of the Resolution No. 10, proprietor replacement during the examination of a dispute in court does not require the interested party to submit a new pre-trial request or alter the period of the use of the trademark to be assessed. What is taken into account is whether any proprietors have (not) used the specific trademark in the three-year period pre-ceding the submission of the request by the interested party, followed by the claim brought in court.

In view of the foregoing, the pre-trial request subsequently filed by the claimant to Company B was not necessary, for information only, and did not nullify the previous one. The fact it had been submitted does not affect the finding that the mandatory pre-trial dispute resolution procedure was discharged in respect of the proper party.

The approach indicated in Para 163 of the Resolution No. 10 is applicable in this case, for a different approach would unduly subject a person that

has duly made a pre-trial request in good faith to the risks of the eventual alienation of the trademark and alteration of the three-year period where its use by the proprietor must be proved.

The exclusive right to the disputed trademark passed to its new proprietor in the status in which it was at the time of transfer, i.e. with an interested person's request made in respect of it.

II. Patents

1. Inclusion of Unpublished Applications in Prior Art

In addition to the avoidance of double patenting, the rule in CC RF Article 1351.2 and the provision in Para. 51 of the Administrative Rules No. 701 that implements the afore-mentioned legal rule also aims to ensure that the person who was the first to declare themselves as the author of a patentable object is recognised as the author.

IPC Presidium Ruling of 05 March 2022 in Case No. SIP-1046/2020

Rospatent quasi-judicial body found the patent registration of a utility model for a 'manicure/pedicure apparatus nozzle' to be invalid for lack of novelty. Prior art was a utility model application, on which the patent was issued after the contested patent was applied for.

While contesting the substance of the administrative authority's decision (*the claims were dismissed by the IPC Presidium Ruling of 29 April 2022 in case No. SIP-76/2021*), the applicant asked the IPC to invalidate Rule 56 of the Administrative Rules No. 701* in respect of the provision reading 'irrespective of whether information thereon has been published as of the application's priority date', which made it possible to include any invention, utility model and industrial design applications, not made public until after the application's priority date, in the utility model's prior art.

The first instance judgement, later upheld by the IPC Presidium, dismissed the applicant's claim.

In its judgement, the first instance court held in particular that the inclusion in prior art of mere applications for patents to an invention, utility model or industrial design, filed in the Russian Federation, for the purposes of novelty requirement assessment, pursuant to CC RF Article 1351.2 — provided these were eventually published, — aimed to avoid double patent-

ing, with patents issued to identical technical solutions one of which was disclosed in an application with an earlier priority date that was not made public on the priority date of the patent application in question, and the other was disclosed in the application in question.

In her cassation appeal, the applicant stated that the judgement she appealed against failed to duly consider her argument that the contested Article 56 of the Administrative Rules No. 701 was not about 'double patenting' and only governed the search of information on a utility model application. She believed the relations arising from applications for identical solutions being concurrently filed by different persons to be governed by CC RF Article 1383.1.

In dismissing that argument, the IPC Presidium confirmed that the mechanism defining the information to be included in prior art for checking the novelty of a utility model aimed to prevent a case where two patents are issued to the same technical solution.

The IPC Presidium also explained that inclusion of information about patent applications not necessarily issued and consequently published in the state of the art pursued an additional goal. The provision in CC RF Article 1351.2 and the contested provision of the Administrative Rules No. 701 also aimed to ensure that the person who was the first to declare him/herself the author of the patentable object was finally recognised as the author (while the application might disclose multiple objects with some only mentioned in the description and/or shown in the drawings). The rule in CC RF Article 1351.2 thus prevents cases where a patent is issued to a later applicant rather than the first author who applies and discloses a certain object.

** Rules for Drafting, Filing, and Examining Documents that are Grounds for Taking Legally Significant Actions for State Registration of Utility Models, and Forms Thereof, approved by Order No. 701 of the Ministry of Economic Development of the Russian Federation dated 20 September 2015.*

2. No third parties may challenge Rospatent's decision to extend a deadline missed by the applicant. Third parties' interference in the patent granting procedure may only be allowed in cases provided for by law.

IPC Presidium Ruling of 04 March 2022 in Case No. SIP-536/2021

A manufacturer applied to the IPC to invalidate Rospatent decisions of 07 April 2021 and 16 March 2018, which cancelled earlier decisions to declare a patent application revoked. As a remedy, the applicant asked to obligate Rospatent to cancel the decision to issue the patent.

The IPC ruled to dismiss the case. The IPC Presidium upheld the ruling.

As established by the first instance court, on 05 March 2015, the international application filed by Impero Pascal was channelled into the national phase in the Russian Federation.

On 26 March 2017, Rospatent decided to declare the application revoked, as no request for substantive examination was received in the established time period as required under CC RF Article 1386.1.

After Impero Pascal moved to have the missed deadline extended, on **16 March 2018** the administrative authority decided to cancel the above decision that had declared the application revoked.

The experts' request for information was forwarded to Impero Pascal. As the documents and/or additional materials requested by the experts were not submitted in the established time period, Rospatent declared the application revoked on 05 August 2020.

On 31 March 2021, the authority received Impero Pascal's motion for the extension of the missed deadline for the provision of additional materials and his answer to the request including a more specific formula. After considering the motion, on **07 April 2021** Rospatent decided to cancel its earlier decision that had declared the application revoked and to extend the missed deadline for the provision of additional materials.

Proceeding from the experts' findings, Rospatent decided to grant the patent.

The first instance court concluded that in the case in question Rospatent decisions of 07 April 2021 and 16 March 2018 were intermediate ones after they were made, the proceedings on the application filed by Impero Pascal resumed.

The court also noted that the actions taken by the manufacturer to challenge Rospatent's decisions taken on the said application aimed essentially to challenge the patent. On the other hand, the granting of a patent may be challenged on the grounds and according to the procedure established by CC RF Article 1398.

According to CC RF Article 1398.7, the cancellation a decision of the Federal Executive agency on intellectual property to issue a patent is a consequence of the patent found invalid. However, in this case the manufacturer wanted to circumvent the legally established patent challenge procedure as it sought a remedy in the form of Rospatent's patent issue decision cancelled.

In this situation, the first instance court dismissed the case on the grounds of CCP RF Article 150.1.1, as it considered that court was not competent to consider the case in question.

As noted in Para 13 of the Resolution No. 46 of the Plenum of the Supreme Court of the Russian Federation dated 23 December 2021 'On the Application of the Code of Commercial Procedure of the Russian Federation during the Examination of Cases in First Instance Court', on the grounds of CCP RF Article 127.1.1.1 the IPC may refuse to take up (1) applications challenging intermediate actions of Rospatent and (2) applications for the protection of intellectual property rights when such protection is provided under the administrative procedure.

In this case, the first of the above two grounds was applied to the Rospatent decisions at the core of the dispute: It was established that they were intermediate. The finding is in line with the applicable law rules. An administrative authority's decision that does not complete the proceedings is an intermediate one.

In the light of the explanations given by the Supreme Court, such a decision cannot be challenged in isolation from the decision that completes the proceedings in question. No findings as to the legality of an act or action that do not complete the proceedings may be made in separate litigation. A similar approach was set out in the IPC Presidium ruling of 10 December 2021 in the case No. SIP-346/2021.

The fact that the decisions at the core of this dispute continue, rather than complete, the proceedings on the application is obvious and is not contested in the cassation appeal.

According to CC RF Article 1389.1, the initial or extended deadline for the provision of documents or additional submissions requested by the Federal Executive agency on intellectual property (Article 1384.4 in the article's version on the first decision's or .3 on the second decision's date, and Article 1385.6), the deadline for requesting substantive expert examination of the application (Article 1386.1) and the deadline for filing a challenge

to the above Federal Executive agency (Article 1387.3) may be extended by the said Federal Executive agency if the applicant cites good reasons for having missed them.

A decision to deny extension of a missed deadline will terminate the proceedings on the application; it is final and may be appealed against as such.

A decision to extend a missed deadline does not terminate the proceedings and cannot be appealed against on its own.

This is a typical approach not limited to challenged Rospatent decisions. E.g., it underlies CCP RF Article 117.

The IPC Presidium dismissed the manufacturer's statement that, being unable to challenge the intermediate decision by Rospatent, it found itself 'disenfranchised' and could not challenge the patent issue decision on the grounds of allegedly unlawful deadline extension.

Firstly, by virtue of CC RF Article 1387.3, the manufacturer is not entitled to challenge a patent issue decision on any grounds whatsoever; this right is provided to the applicant only.

It is the patent, if actually granted, that can be contested by third parties (including the manufacturer) under the rules in CC RF Article 1398.

Secondly, the imposition of legal restrictions specifying both the scope of administrative acts and the grounds on which these can be contested in court aims to maintain the general balance of interests in society and the principle of legal certainty.

The issue of a patent, with an exclusive right to it granted for a certain period of time, reflects a trade-off between the interests of the patent holder, for whom that right creates preferential terms of investing in the adoption of new technology, and those of the society, always interested in broad utilisation of technological achievements, i.e. in having free access to the results of research and technological advancement.

Before the patent holder receives the patent, no exclusive right to its object arises (in respect of trademarks, a similar approach is reflected in Para 155 of the Resolution No. 10) or affect third parties' rights (even temporary legal protection of inventions and industrial designs is considered to have never existed if no patent is received).

Consequently, before the patent owner receives the patent, no third parties' rights and lawful interests are considered injured or challenged by intermediate acts (CCP RF Article 4).

No decision on the extension of a missed deadline is adopted in respect of the rights and duties of persons not involved in the administrative procedure.

Third parties may only be allowed to interfere in the patent granting procedure in cases expressly provided for by law (as e.g. for trademarks in CC RF Article 1493.1.3).

The absence of restrictions on third parties' interference in the patent granting procedure would make it possible to block the very procedure for issuing them and the checks of technical solutions for patentability.

Consequently, the decisions by Rospatent at the core of this dispute are intermediate, and the impossibility of contesting them by non-parties to the administrative proceedings injures no such persons' rights.

3. No Grounds for Licensee's Involvement in Patent Invalidation Dispute

Any adverse consequences for the rightholder's counterparties or other related parties arising from the invalidation of a patent to a utility model are outside the scope of the dispute before the Intellectual Property Court.

IPC Presidium Ruling of 22 February 2022 in Case No. SIP-667/2021

Rospatent satisfied an invalidity claim against a patent issued for a utility model to Sonneville A.G., which contested that administrative decision before the IPC.

As the contested utility model was part of a complex system used under a license agreement between RZDstroy and Sonneville A.G., prior to the hearing both entities petitioned for RZDstroy to be involved in the proceedings as a third party bringing no claims on its own in respect of the subject of the dispute.

The IPC dismissed both petitions, as the petitioners had not justified how a judicial act in the said case could affect RZDstroy's rights or duties owed to either party. In lodging a cassation appeal with the IPC Presidium, RZDstroy insisted that the judgement in the utility model patenting case might affect its interests considerably, as there arose the issue of the legal effect of patent invalidation on their contractual obligations.

As the IPC Presidium dismissed the cassation appeal, it explained the following:

In accordance with the CCP RF Article 51, involvement of third parties that bring no claims on their own aims to prevent any adverse consequences for them. The court must establish which specific interests of the petitioner are touched upon by the dispute in question, and whether its judicial act may affect that person's rights or obligations in respect of either party.

The court established that RZDstroy had not been a party to the administrative proceedings on the patent's invalidity. In this situation, the questions of what interests of RZDstroy might be affected by the dispute and whether a judicial act could affect that entity's rights and/or obligations in respect of either party were to be resolved on the basis of a review of the administrative dispute's subject matter. In this case, the subject of the dispute was the utility model's conformity to the 'novelty' patentability requirement, rather than the rights and obligations of the persons entitled to use the utility model under a license agreement entered into with its rightholder.

The cassation instance court rejected the argument in the appeal that the invalidation of the disputed patent would preclude the execution of the agreement between RZDstroy and Sonneville A.G., for the invalidation and cancellation of the patent did not mean that the license agreements entered into before such invalidation were invalid or unconcluded.

The cassation instance court specified that any adverse consequences for the patent holder's licensee or other related parties that might arise from the invalidation of the patent to the utility model were also outside the scope of the dispute before the IPC.

4. Rules for Defining the Features of a Device Patent Formula

An invention's formula (patent claims) may not be fragmented into the smallest possible components with a view to finding out its features; the content of the invention's features shall be determined on a case-by-case basis by analysing the content of the formula and the inter-relationships among its components.

IPC Presidium Ruling of 28 January 2022 in Case No. SIP-403/2021

A company brought a challenge before Rospatent, objecting to the issue of a patent to a group of inventions named 'Plastic Keychain with a Built-in

Radio Frequency Tag, and Method of Manufacturing This' on the grounds that the invention failed to meet the 'inventive step' requirement, stating that all the features of that invention had been known from prior art. After the challenge was dismissed, the applicant contested the Rospatent decision before the IPC.

The first instance judgement, later upheld by the IPC Presidium, dismissed the applicant's claims.

Rospatent established that the prior art sources attached to the challenge contained no information about the feature in the independent Claim 1 formulated as the 'presence of a rugged surface on the external protective lamination layers for better adhesion precisely to composite lenses'. That led Rospatent to conclude that the design reflected in the independent Claim 1 of the disputed patent did not expressly follow from the information contained in the prior art documents, and met the 'inventive step' test.

In objecting to Rospatent's position, the applicant pointed out that Rospatent had wrongly merged multiple features into one and thus arrived at an erroneous conclusion that no such collective feature was known from the state of the art. In the applicant's opinion, the feature of the 'presence of a rugged surface on the external protective lamination layers for better adhesion precisely to composite lenses' contained a number of features whose disclosure was confirmed by the prior art documents he provided in the claim.

In rejecting the company's argument that the feature should be split into a number of individual features, the first instance court concurred with the administrative authority in that individual features should not be arbitrarily identified without regard to their inter-relationship during the examination of an invention's formula.

As the IPC Presidium dismissed the cassation appeal, it concurred with the first instance court in that an invention formula should not be split into the smallest possible components with a view to finding out its features (e.g. the cassation appeal suggested that the feature formulated as 'for better adhesion precisely to composite lenses' should be considered separately), and the content of the invention claims must be determined on a case-by-case basis by analysing the content of the formula and the inter-relationship among its components.

In that connection, the appellant's call for finer fragmentation of the feature under scrutiny was rejected, for it actually aimed at re-assessment of the facts of the case.

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