



ANALYSIS OF DRAFT PART IV OF THE RUSSIAN CIVIL CODE: TRADEMARKS

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TRADEMARKS

The proposed legislation is quite lengthy and is still being analyzed. Following are examples of some of the problems noted to date in the trademark sections of the draft Part Four.

- As with other portions of the draft, the sections relating to trademarks are full of vague language, ambiguities, internal conflicts, and undefined or vaguely defined terms.
- The draft could be interpreted to make all violations of trademark rights subject only to civil liability, not criminal liability – an enormous step backward in the counterfeiting context, and inconsistent with various IP treaties and international norms. Moreover, the draft provides for destruction of counterfeits under far too few circumstances, and provides far too much discretion to courts in the handling of counterfeit cases.
- The draft law does not add any clarity to the current but vague definition of the standard of confusion requirement to prove infringement.
- The draft fails to identify how conflicts between different forms of IP rights, e.g., trademarks and trade names, will be resolved.
- The draft grants intellectual property rights in domain names, which is contrary to international norms and would enable pirates to trump legitimate trademark owners through the mere registration of a domain name, and regardless of any potential for confusion.
- The draft imposes joint liability on both the licensee and licensor of a trademark for the product of the licensee. This takes the concept of “quality control” far beyond international norms and would cause licensors to refrain from licensing marks in the Russian Federation.
- The draft allows for cancellation of well-known trademark status without due process – Rospatent may decide the issue unilaterally without a hearing.
- The draft fails to correct a number of significant problems that exist under current law. For example the draft maintains an absolute priority of appellations of origin over trademarks (contrary to TRIPs requirements), does not provide for opposition proceedings (contrary to international norms), maintains the registration requirement for trademark license agreements (also contrary to international norms), and fails to impose a standing requirement for non-use actions, thereby allowing pirates to seek to cancel legitimate registrations of brand owners.

There are many more provisions in the Draft that are at least ambiguous and may create issues with their interpretation.

GENERAL REMARKS

- Draft Part IV of the Russian Civil Code fails to identify any principles related to potential conflicts of different IP rights (e.g. company name vs. trademark rights, trademark rights vs copyrights, etc), which is capable of aggravate currently existing uncertainty and creating new conflicts between owners of different IP rights.

- A number of sections of the Draft (company names, commercial designations) are far from being in compliance with other current laws and legal practice and are capable of creating additional conflicts between owners of different types of IP rights, thus jeopardizing the value of current IP assets of both domestic and foreign companies.
- Most of the amendments that have been proposed over the recent period of time for introduction into the IP laws by Rospatent (the Russian Patent and Trademark Office) and various IP associations did not find their way into the draft.

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