



AEB Intellectual Property subcommittee

LEGAL ALERT

Higher Courts Adopt Joint Resolution on Matters of Dispute in Applying Intellectual Property Law

Please be advised that joint Resolution of Plenary Sessions of the Supreme Court of the Russian Federation and the Supreme Arbitration Court of the Russian Federation No. 5/29 “On Certain Issues Arising on Enactment of Part Four of the Civil Code of the Russian Federation” (hereinafter – the “Resolution”) was adopted on 26 March 2009.

The Resolution clarifies a number of questions that have arisen among courts and trade mark owners since part four of the Russian Federation’s Civil Code was enacted. In particular, the Resolution explains the approaches taken by courts in deciding the jurisdiction for cases associated with application of the provisions of part four of the Russian Civil Code, application of transitional provisions connected with entry into force of the new part of the Russian Civil Code, and specific matters of copyright and patent law, allied rights, rights to trade secrets and means of identification.

We believe the following are the most interesting of the explanations offered by the higher courts.

1) The position has been formalised for determining damages for infringement of copyright and rights to means of identification. The damages are to be determined by the court and do not depend on the actual loss suffered by the owners. For instance, clause 43.3 of the Resolution indicates that, in calculating damages, the courts are to be guided by the following factors: the nature of the violation committed; the period of unlawful use; the extent of the offender’s guilt; any offences previously committed by the party against the owner’s rights; and any losses the owner might potentially suffer. The determining principle in the given situation is that the damages awarded should be proportional to the impact of the offence.

2) The procedure for contributing exclusive rights to the capital of a legal entity has also been decided. Clause 11 of the Resolution stipulates that, in this event, apart from provision for transfer of rights in the foundation agreement, a separate agreement is to be concluded on disposal of exclusive rights or licence agreements, this being subject to state registration in cases envisaged by law.

3) In addition, the higher courts explained liability for public performance of a work without consent. The party that organises the performance on publicly accessible premises or in the presence of a significant number of persons not belonging to the performer’s usual family circle is made liable by the Resolution for unsanctioned public performance of a work. This rule also applies to a live performance (clause 32 of the Resolution).

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In order to collect royalties, including when the royalties are collected by a body for collective management of rights (for instance the Russian Copyright Society), there will, therefore, be no need to address each performer. It is the event organiser that bears responsibility for it and for paying the royalties.

4) The courts also expressed their opinion regarding the grounds and procedure for contesting registration of rights to trade marks (clauses 62-63 of the Resolution). For instance, a trade mark owner may not be refused protection of its trade mark right until the trade mark registration is invalidated as prescribed by law or until legal protection of the trade mark is terminated. Even so, the trade mark owner may be refused judicial protection if the court, on the basis of the case files and actual circumstances, concludes that actions to protect the trade mark right constitute an abuse of the right.

5) Signs of abuse of a right, in conjunction with unfair competition, constitute grounds for recognising legal protection granted to a trade mark as invalid. With respect to unfair competition, Rospatent (the Russian Federal Service for Intellectual Property, Patents and Trade Marks) must also invalidate trade mark registration as soon as it receives objections to such registration, with a resolution of the antimonopoly authority attached. The resolution must indicate that not only use but also registration of the trade mark is recognised as unfair competition. Moreover, objections may be lodged only by an interested party, meaning one whose rights have been violated by the act of unfair competition.

6) Rospatent's decisions to cancel trade mark registration may be contested on the grounds of absence of signs of unfair competition in the actions of the trade mark owner only once the relevant resolution of the antimonopoly authority has been cancelled by the court. The courts do, however, allow for both the decision and the resolution to be contested in a single suit.

7) It should be noted that the court may also invalidate trade mark registration on its own initiative. This is possible if, on the basis of the actual circumstances of the case, the court concludes that actions on the part of the trade mark owner in registering and using the trade mark contain signs of abuse of the right or unfair competition. At the same time, the higher courts specifically emphasised that such a conclusion may be drawn by a court only within the scope of considering a case contesting a Rospatent decision to refuse invalidation of a trade mark's registration.

8) In addition to expressly banned use of full and abbreviated names of states and interstate organisations, the courts determined that corporate names of entities may not contain names of interstate alliances (for instance, the Commonwealth of Independent States, CIS).

Please note that, unlike commercial companies, non-commercial entities are not entitled to have corporate names, so they are not limited in the choice of their name (clause 58 of the Resolution).

Trade mark owners should be guided by the provisions of the given Resolution in any actions they might undertake to exercise, transfer or protect their intellectual property rights.

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