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Confusing Practice of Russian IP Court

Slobodan Petošević (PETOSEVIC) · Thursday, May 11th, 2017

The Russian IP Court was a welcome addition to the Russian court system back in July 2013. It's recent decisions seem to collide with Russian legislation regulating what is and what is not a trademark infringement, as well as, with established practice.

Different definitions

A trademark infringement can incur civil, administrative or criminal liability under Russian legislation. Civil proceedings that are initiated by a trademark owner can be combined with either administrative or criminal proceedings. Applicability of either administrative or criminal liability depends on the degree of the trademark infringement (amount of damages caused, repetitious character of offence).

Russian state bodies like the Police, Public Prosecutor, Customs, or the Federal Antimonopoly Service initiate administrative or criminal proceedings, which usually results in a fine paid in favor of the state budget. The right owner is an aggrieved party in the proceedings, and it plays a rather passive role in collecting evidence and handling the court action.

Because of the different definitions of trademark infringement and of illegal use of a trademark in the Russian Civil Code, Russian Code On Administrative Offences and the Russian Criminal Code, it now transpires that an infringer can be liable for trademark infringement under the Russian Civil Code, but released from administrative or criminal liability for the same offence. That said, before initiating trademark infringement proceedings, the trademark owner should consider all aspects of the case carefully and choose a proper strategy. Here is recent case law to demonstrate this.

Russian IP Court Rules That Selling Genuine Goods Does Not Eliminate Trademark Infringement When Third Party Trademarks are Used Without Authorization

On April 4, 2017 the Russian Intellectual Property (IP) Court issued a ruling concerning the applicability of administrative and civil legislation in cases involving the use of third party trademarks.

A shop selling car spare parts, owned by Mr. Roman A. Fedorov, featured a wall display that included the trademarks of AVTOVAZ PJSC, a Russian automotive company that manufactures and sells vehicles under the Lada and Zhiguli brand names. It should be pointed out that Mr. Fedorov's shop offered **genuine** AVTOVAZ PJSC goods for sale.

The police initiated administrative proceedings against Mr. Fedorov for trademark infringement, while AVTOVAZ PJSC also initiated civil proceedings. **While the administrative action was dismissed, AVTOVAZ PJSC won the civil case before the specialized IP Court.** The Court found Mr. Fedorov guilty of trademark infringement and ordered him to pay AVTOVAZ PJSC compensation in the amount of 167 EUR (178 USD) and to cease with the infringement.

Back in December 2016, the same IP Court rejected a similar administrative action in a case involving similar circumstances. **They stated that using third-party trademarks does not constitute infringement if the seller offers genuine trademarked goods.**

This leads to the conclusion that resorting to administrative proceedings in Russia is not a preferred way in cases where genuine goods are sold, and that civil proceedings should be initiated in such cases. **Administrative actions will be successful in cases involving counterfeit products only.**

Russian IP Court Issues Controversial Decision Regarding Trademark Infringement

On February 9, 2017, the Russian Intellectual Property (IP) Court issued a ruling that presents a radical shift away from Russian administrative case law regarding trademark infringement.

As a cassation instance, the IP Court focused on one issue – whether importing goods to Russia, bearing trademarks registered in their country of origin, could be infringement in Russia.

Customs authorities in Smolensk near the Belarusian border seized goods bearing the TRISOLEN trademark, which were imported from Germany by the Russian company, Trisolen-Polimer LLC. The goods were manufactured and sold by the German company, LEUNA EUROKKOMERZ GmbH. They own the TRISOLEN trademark in Germany. The TRISOLEN trademark is similar to the trademark ???????? (TRIZOLEN in Latin), which is registered in Russia by the Russian company, MVT Trade LLC.

In line with existing case law, the first instance and appellate courts issued decisions stating that importing the TRISOLEN branded goods is illegal and unauthorized use of the trademark ‘????????’.

The IP Court, however, cancelled the lower instance Courts’ decisions. Despite the territorial principle of exclusive rights established under the Paris Convention, in the Russian Civil Code and in previous Russian case law, the IP Court declared that **goods imported into Russia that are manufactured in another country and bear a trademark registered in that country of origin, despite bearing a mark that is highly similar to a trademark registered in Russia, cannot be considered counterfeit according to the Code of Administrative Offences.** That said, if a trademark is legally printed on the products or packed in the country of origin, the products are not counterfeit in Russia under the terms of the Code on Administrative Offences.

Similar interpretations can be found in earlier non-binding IP Court documents (e.g. information prospect ? 23/4 dated February 26, 2015 on the application of Article 14.10 of the Code of Administrative Offenses), and in the binding ruling of the Plenum of the Supreme Arbitration (Commercial) Court #10458/08 dated February 3, 2009. However, case #10458/08 was, in fact, related to parallel imports.

The IP Court therefore issued a decision that contradicts existing practice and the spirit of law in general. This approach derails the administrative IP rights protection system through Customs and

the Police, and **allows companies that have an IP registration in their own country to import and sell their goods in Russia despite not having any IP registration in Russia. This practice could be particularly dangerous in view of possibilities this would offer to Chinese and other “usual suspects” when it comes to large-scale trademark infringement.**

This decision is currently being appealed before the Russian Supreme Court. If upheld, it could have a lasting negative impact on existing practice and significantly limit the scope of IPR protection, as well as, legal certainty for trademark owners in Russia.

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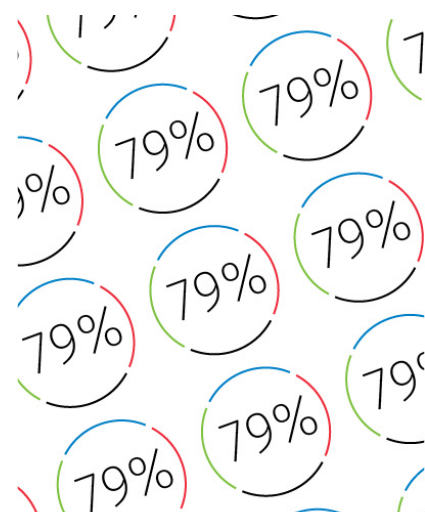
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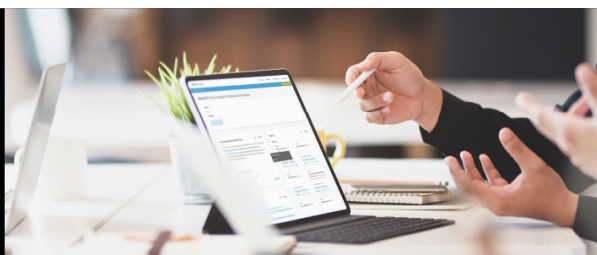


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