

Enforcement of Patents and Trademarks in Russia

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Partner

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Enforcement Related Laws

- Civil Code - Parts I, II, III, IV
- Code of Administrative Offences
- Code of the Customs Union and Russian Law on Customs Regulation
- Law on protection of competition
- Criminal Code
- Law on Advertisements
- Consumers Rights Law

Lines of Action

- Amicable (c/d letter)
- Administrative (one of the parties a government body, IP owner a third person)
 - Police
 - Customs
 - Antimonopoly body
- Civil (parties: IP owner against infringer)
- Criminal (victim: IP owner or government body depending on the importance of the case – private or public; accused – always a physical person)

EFFECT OF WARNING LETTER

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EFFECT OF WARNING LETTER

VOLUNTARY DESTRUCTION



EFFECT OF WARNING LETTER

VOLUNTARY DESTRUCTION



Law Enforcement Bodies

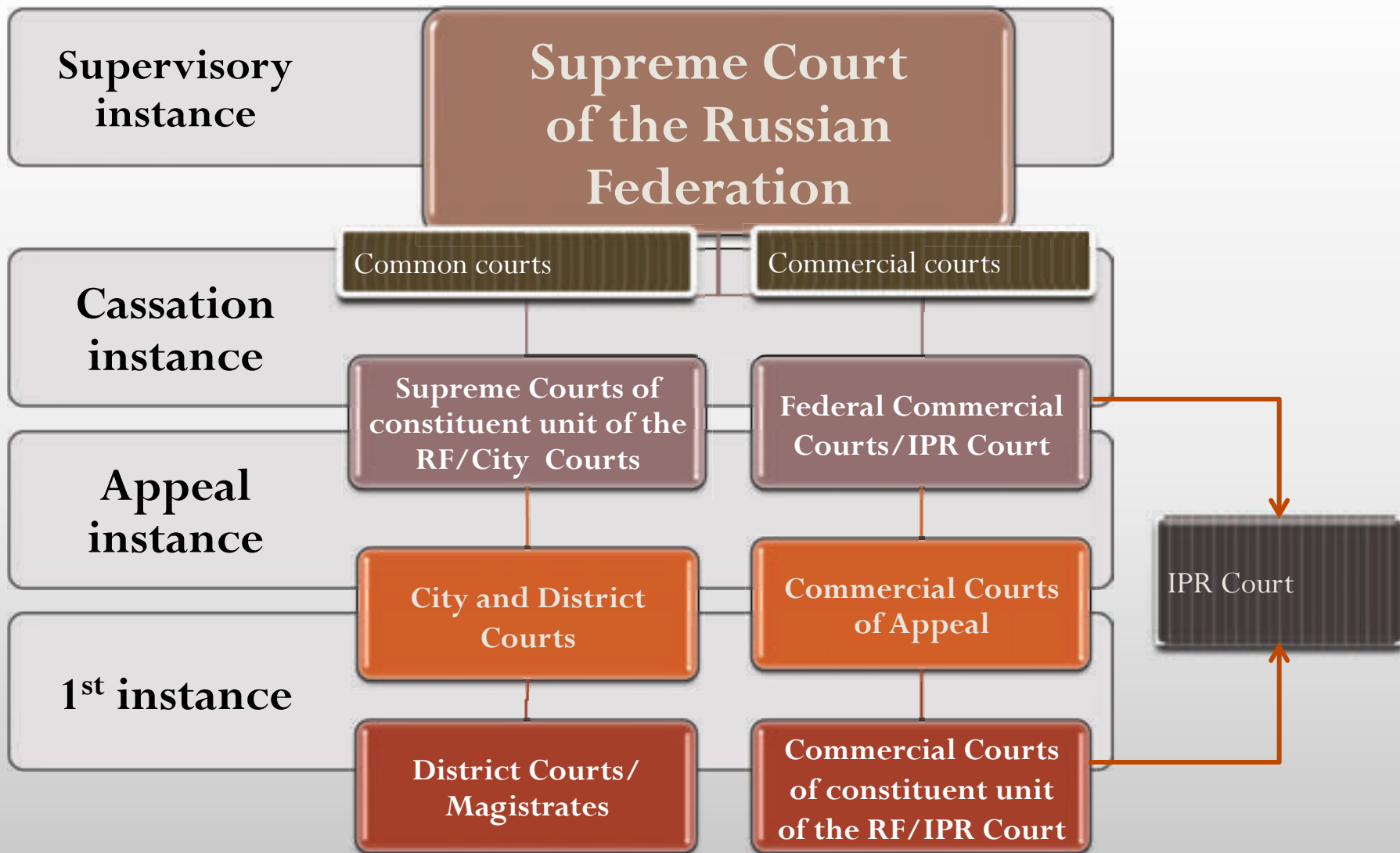
- COURT

- Police —————→ Court

- Customs —————→ Court

Antimonopoly Service

(examination of case, appeal in court possible)



Intellectual Property Rights Court

- 30 Judges
- Technical experts are part of the Court staff
- IPR Court is located in Moscow
- **July 3, 2013 - the IPR Court started work**



Dr. Lyudmila Novoselova

Head of IPR Court

[11]

The Intellectual Property Rights Court (IPRC)

Cassation Instance

- Cases considered by IPRC as a court of the first instance (*to be considered by the Presidium*);
- IP infringement cases considered by commercial courts of the constituent units of the Russian Federation and courts of appeals (*to be considered by a Panel of Judges*).

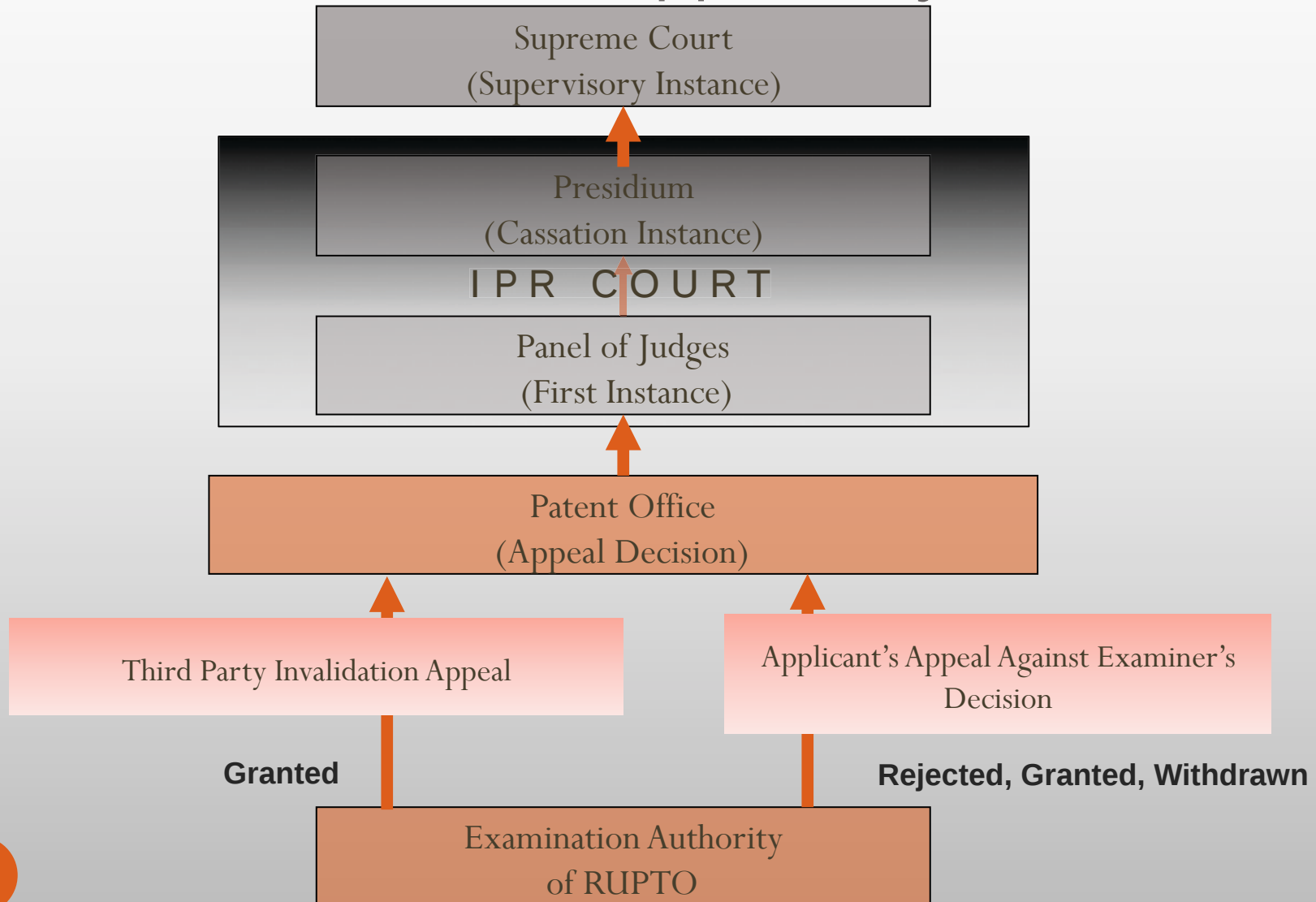
~~Appeal Instance~~

• **NO APPEAL INSTANCE**

1st Instance

- Appeals on decisions of the Patent Office (expertise, oppositions, etc.) and FAS RF;
- Validity of legal and non-legal acts in the IP field;
- Trademarks non-use cancellation actions;
- Cancellation of Patents and Trademarks (except those handled by PTO)

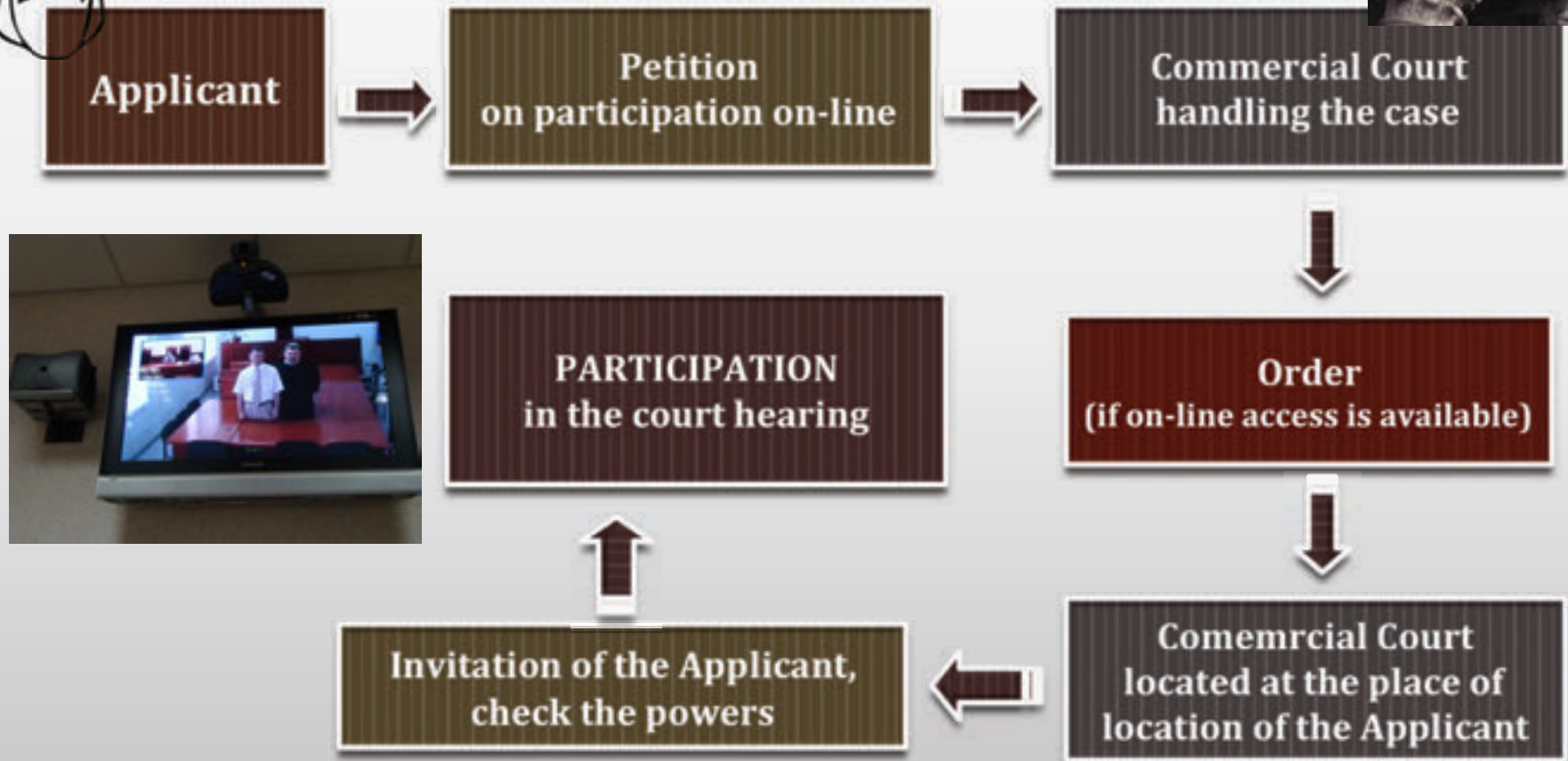
Consideration of Appeals by IPR Court



IP Infringement Cases



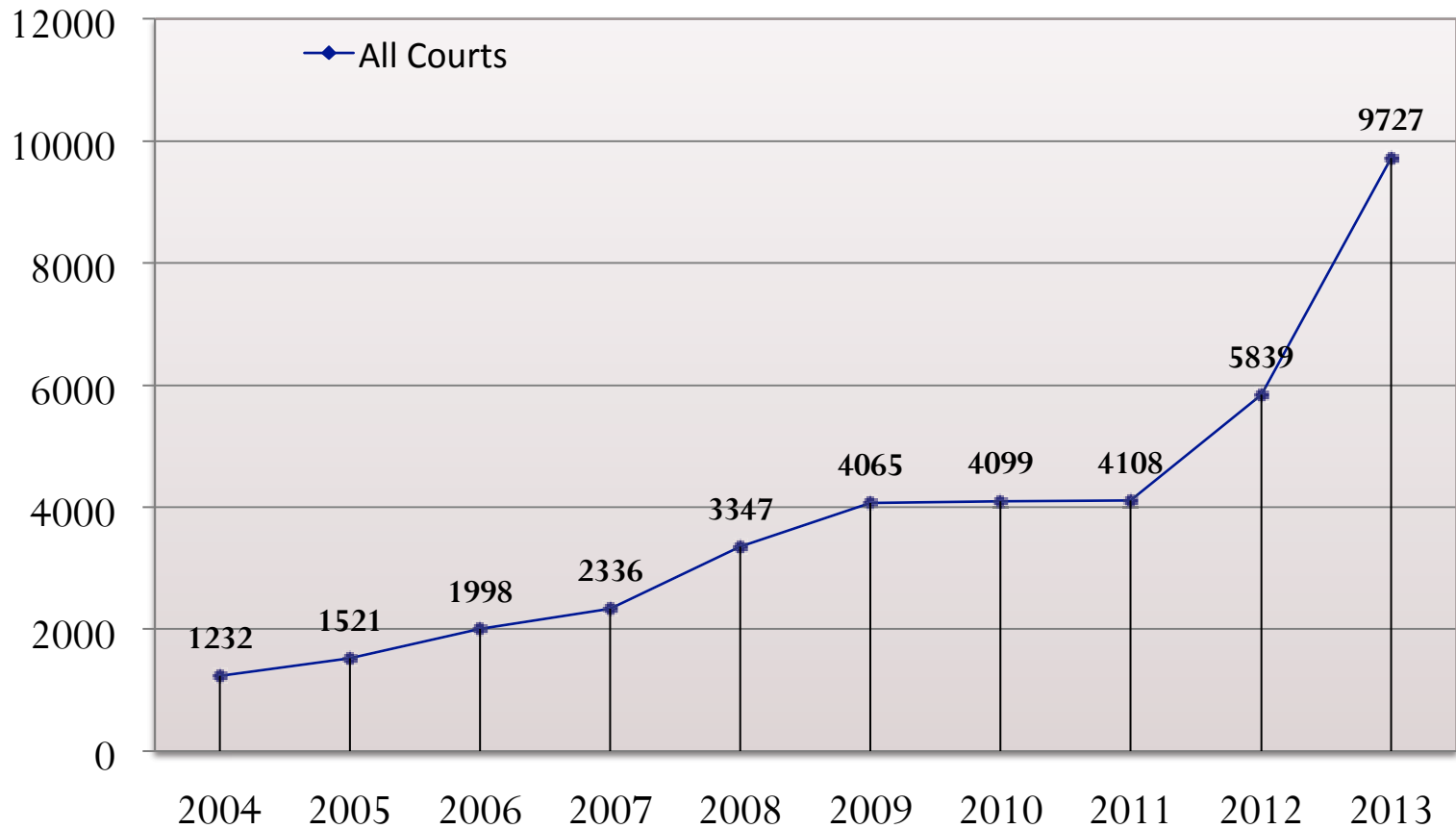
Participation in court hearing on-line



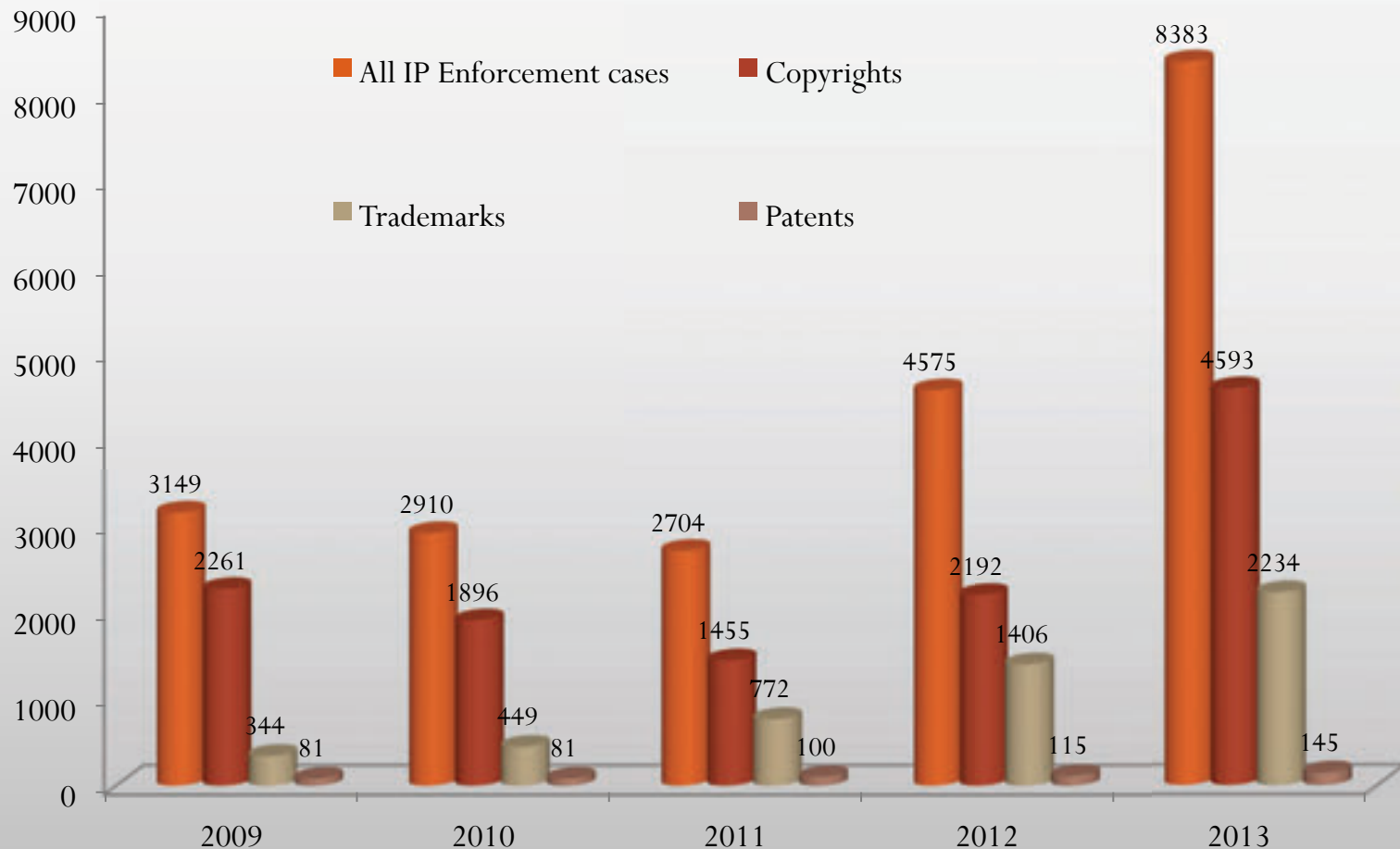
IPR Court Activity: July 2013-June 2014

- As a first instance court:
 - More than 900 suits were filed with the IPR Court
 - 582 suits were examined
 - 52% - non-use cancellation actions
 - 42% - appeals against the Patent Office decision
- As a court of cassation:
 - Over 800 appeals were considered
 - 48% - TM infringement
 - 26% - Copyright & Related Rights infringement cases
 - 5% - Patent infringement cases

Civil Prosecution (all courts)



Commercial Courts Statistics (2009-2013)



Administrative Action

(Code of administrative offences)

- Art. 7.12 Infringement of copyright, inventors' and patent rights:
- Art. 14.10 Unlawful use of a trademark:
- Fines up to \$70 (individuals), up to \$700 (officers), \$1000 legal persons
- Confiscation of infringing items
- Art. 14.33 Unfair competition
- Fines: up to \$1700 (officers), \$17000 legal persons

Administrative action

(Art. 7.12, 14.10, 14.33)

- Preparation of case and filing to court by police, customs (Art. 7.12; 14.10)
 - IP owner helps them
- Antimonopoly Service (Art.14.33)
 - (examination of case, appeal in court possible)

Trademark Infringement: Administrative Case

- Trademark _____  No. 83957
- ✓ The importer of sporting clothing was recognized as infringer of the trademark UMBRO
 - ✓ The Infringer was fined in the amount of 10,000 rubles (~ \$400)
 - ✓ Confiscation of counterfeit goods (total value ~ \$330,000)



Administrative Case – Trademarks

May 2014 - Russian Far East

- Inteco LTD. Imported toys showing image of Winnie the Pooh
- Case initiated by customs
- Expert report
- No evidence that TM owner allowed import
- Fine \$1000, goods destroyed

Civil Remedies

Trademark owner may claim :

- Injunction - cessation of the infringing actions
- Removal from the channels of commerce and destruction of the counterfeit goods, labels and packages, the equipment and materials used for infringement
- Full recovery of real and circumstantial damages including unfair profits
- Compensation (instead of damages) for the fact of violation (the TM owner is not obliged to prove the amount of damage) in the amount of:
 - ~3,500 – 165,000 USD;
 - in the double amount of the total cost of the counterfeit products, or royalties which would have been due if the infringer had requested authorization to use the trademark
 - (same provision for patents becomes effective from Jan.1,2015)
- Publication of court decision
- Liquidation of legal entity if infringement is recurrent!!

PRELIMINARY*/INTERIM** INJUNCTION

- SEIZURE OF PROPERTY OR MONETARY FUNDS
- BAN ON PERFORMING CERTAIN ACTIONS
- ORDERING TO PERFORM CERTAIN ACTIONS
- TRANSFER OF DISPUTED PROPERTY TO PLAINTIFF
- OTHER

INJUNCTIONS SHOULD BE ADEQUATE TO THE CLAIMS

* *Before filing the lawsuit (suit to be filed within 15 days)*

** *After filing the lawsuit or along with the lawsuit*

Interim patent injunction against generic product

➤ Situation in the Russian market:

- ✓ Sales of the generic product were launched despite existence of the patent for medical use of a medicine

➤ Position of the generic company:

- ✓ Patent does not cover the product but rather a method of treatment (the patent covering the substance expired by that date) and therefore could not be used against distribution of the product

➤ Actions of the patent owner:

- ✓ Police raid and seizure of products with the market value of USD 5 million
- ✓ Criminal action against the main local distributor
- ✓ Civil action against the main local distributor
- ✓ Interim injunction was granted by the court

Civil Action

- Time frame:
 - 4 months first instance
 - 3 months second instance
 - 3 months cassation instance
 - 3 months supervisory instance
- Overall, duration of case approximately 24 months
- Cost : \$20,000 - \$30,000 judgment of first instance court

Civil Action – patents

2012 - 2014

- Patent for UM No 27767 for a cell phone with two or more SIM cards
- Claims against manufacturer
- Technical expertise sought
- Claims dismissed
- Judgment appealed
- Appeal dismissed, expenses for expert collected from plaintiff (\$1000 approx.)
- Manufacturer refused to claim court expenses
(though he could)

Criminal Liability

- Fines, imprisonment (up to 6 years)
- + the same remedies as in civil action
- Civil action can be part of criminal case
- Threshold: damage to exceed \$50,000
 - (Trademarks, no threshold for patents)

Criminal Liability

- Repeated offence:
 - A Shop simultaneously sold:
 - One counterfeit jacket, trademark X
 - One counterfeit jacket, trademark YY
 - Criminal action initiated!

Trademark Infringement: Criminal Case



VS



➤ THE PUBLIC PROSECUTOR CLAIMED:

✓ a fine in the amount of ~\$7,000

➤ SENTENCE

✓ Owner of the shop (right photo) was found guilty in illegal use of the combined trademark “5”

✓ The infringer was fined in the amount of ~\$2,000

Differences in Prosecution (administrative, civil, criminal)

Administrative

- A State body v. Infringer
- Patent owner as a third person
- Fine, no damages

Civil, Criminal

- Plaintiff v. infringer
- Damages, etc.
- Fine/imprisonment (criminal only)

Customs Union

- Current: Russia, Belorussia, Kazakhstan
- -----
- Future: Armenia, Kyrghyzstan, Tadjikistan

Customs Union

- Generation of free market zone
- Elimination of customs duties between member-states
- Enhancement of trade between member-states
- Eurasian Economic Union
 - operative from Jan.1, 2015

Customs CU Code Chapter 46

- Suspension term 10 + 10 days
- Suspension of IP not included in Customs Register – national regulation – ex officio (Russia 7 days)

Common Customs Register

(to be created, perhaps from Jan.1, 2015?)

- Requirements:
 - IP subject matter to be protected in all three countries
 - Petition in Customs office of **one** country

Common Customs Register

- Recommendations
- trademark registration in all three countries:
- same mark, owner name and address, list of goods

Application to RF Customs Register

- License/distribution agreements (if any)
- List of authorized/unauthorized exporters/importers
- Customs checkpoints (where counterfeits expected to go)
- Distinctive features of original/counterfeit goods
- Insurance: \$10,000 coverage per application

Recent Parallel Import Practice

- TMs: Rado, Longines, Omega
- Commercial court prohibited sales of watches in S-Petersburg
- Compensation to TM owners: \$300,000
- Judgment was appealed but Supreme Commercial Court refused to reconsider the case (June 16, 2014)
- **The biggest compensation so far!**

Parallel import to be legalized?

- Antimonopoly body lobbies liberalization of parallel import

Parallel Import (trademarks)

Civil Code Part IV

Proposal:

- Article 1487. Exhaustion of rights for trademark
- *Use of a trademark by other persons with respect to goods that were introduced onto the market ~~on the territory of the Russian Federation~~ directly by the rightholder or with his consent is not infringement of the exclusive right to a trademark*

Antimonopoly Body Proposal:

Parallel import to be legalized!

- Rightholder shall be able to forbid/limit import into Russia of goods placed on the market outside Russia if he (or another person on his approval) has taken actions aimed at **localization of production of goods**
- Proposed to enforce from the year 2020

Regional exhaustion

- In order to legalize parallel import it would be necessary to change international commitments of Russia within the framework of the Customs Union

Outline of Border Controls

- Customs detain suspicious goods
- Informing the rights owner
- Reaction of the rights owner
- Customs to draw an administrative report
 - (on the basis of information supplied by the rights owner)
- Filing suit to court
 - OR
- TM owner himself initiates a civil case
- Court hearing, damages claimed, goods destroyed

Federal Property Foundation

- Confiscated goods with unlawful use of trademarks **have to be destroyed in all cases**
- Authorized company engaged to destroy

Destruction

- Report on destruction
 - Place and time
 - Basis for confiscation
 - Quantity
 - Description of goods
 - Cost of goods



ЭКЗ.ТУ РОСИМУЩЕСТВА

МИРЭКОНОРАЗВИТИЯ РОССИИ
ФЕДЕРАЛЬНОЕ АГЕНТСТВО ПО
УПРАВЛЕНИЮ ГОСУДАРСТВЕННЫМ
ИМУЩЕСТВОМ

ТЕРРИТОРИАЛЬНОЕ УПРАВЛЕНИЕ
ФЕДЕРАЛЬНОГО АГЕНТСТВА ПО
УПРАВЛЕНИЮ ГОСУДАРСТВЕННЫМ
ИМУЩЕСТВОМ В
СМОЛЕНСКОЙ ОБЛАСТИ
(ТУ РОСИМУЩЕСТВА В
СМОЛЕНСКОЙ ОБЛАСТИ)

г. Смоленск, д. 1, г. Смоленск, 21-0005
Тел.: (4812) 68-62-32, факс: 38-69-94
E-mail: smolensk@rosimushchestva.ru

04.04.2011 № 03-2419/АН

№ № _____ от _____

ООО «Юридическая фирма
Городской и Партнер»

Б. Спасская улица, дом 25, стр. 3
г. Москва, 129090

2419
8145

Территориальное управление Федерального агентства по управлению
государственным имуществом в Смоленской области на Ваше заявление от
10 ноября 2010 года №2419-1602427/АН сообщает.

« 08 » 04 2011 года будет производиться уничтожение конфискован-
ного, движимого безхозяйного и иного имущества, обращенного в собствен-
ность государства на основании протоколов об уничтожении имущества №01
от 28.01.2011 года, №02 от 18.07.2011 года и №03 от 24.03.2011 года (дело об
АП №10113000-605/2010).

Прошу Вас обеспечить присутствие Вашего представителя.

Место проведения уничтожения – на полигоне «Кучино» ООО «Смо-
ленская экологическая компания» в городе Смоленске, контактный телефон
68-36-80.

И.о. руководителя

И.Н. Лунькова

под. Ж.Л. Давыдова; тел. (4812) 68-36-80

проверено - 180
наличие документов - 40

С 11/5/10

В АРР 2011

Territorial department of the Federal Agency for the
Management of State Property in the Smolensk
Region notifies you in connection with your petition
of November 10, 2010 No 2419-1602427/AN:

Destruction of confiscated movable, unowned and
other property turned over to the State on the basis
of decisions on destruction of property No 01 of
28/01/2011, 0 of 18.02.2011 and 03 of 24.03.2011
(case No АП No 10113000-605/2010) shall take
place on April 8, 2011.

You are requested to ensure presence of your
representative .

Site of destruction: “Kuchino” site of Smolensk
Ecological Company Ltd. In the city of Smolensk,
contact phone No 68-36-80

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Thank you for your attention!

biriulinV@gorodissky.ru