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Russian Supreme Court plenum adopts ruling providing guidance on IP issues

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- Supreme Court provides guidance and clarification on number of IP issues.
- Guidance covers issues relating to jurisdiction, applicable agreements, licensing and litigation and disputes.
- Clarity welcomed by IP community but further explanation required on other key issues.

Shortly before World IP Day on 23 April 2019 the plenum of the Supreme Court adopted a ruling on IP issues. The ruling document contains important guidelines and clarifications of the law, which are obligatory for all courts.

Jurisdiction

First, the plenum ruled on jurisdictional issues and confirmed that all domain name disputes must be considered by economic (arbitration) courts, even if they involve a domain name holder who is an individual. Moreover, the plenum prescribed that all trademark infringement disputes – including those involving individuals – must be considered by the arbitration courts.

Applicable agreements

Second, the plenum provided clarity on relevant agreements. It granted the courts extensive powers to define the scope of a licensee's obligations to use an IP right under a licence agreement. The plenum guidelines aim to protect a licensor as a weak party (which applies in an agreement where the licensor is an innovating company and the licensee is an industry member, but is not the case in relationships between two commercial enterprises). The guidelines state that a licensor can seek damages if the licensed IP right is not used by the licensee or is used insufficiently, even if no guaranteed amount of use was provided in the licence agreement.

Licensing

The plenum confirmed the right to license and to pledge rights under applications, which was not previously allowed. The Supreme Court explained that the licence in such a case is considered to be granted after the trademark is registered (or a patent or design is granted), and only after this point can such a licence be recorded.

Litigation and disputes

The plenum provided important information regarding procedural and material issues in trademark litigation. For example, it clarified that the use of website printouts without additional certification is allowed as due evidence.

In addition, the plenum indicated that the courts can request certain evidence against a defendant from the defendant. Previously, even obtaining evidence from a third party (eg, customs declarations from the Federal Customs Service) through a court request was difficult (in approximately half of the cases, the courts refused) and taking evidence from a defendant was done only in exceptional cases (due to the broad application of Article 51 of the Constitution).

The Supreme Court also focused on the recovery of damages and provided guidance, which explicitly pointed out the possibility of recovering damages from an entity, even in cases where it is not at fault.

Controversially, the Supreme Court prohibited the appointment of an in-court examination to resolve questions of confusing similarity of marks and signs in a dispute. At the same time, since this discretion should be formed on the basis of the evidence presented (including arguments, consumer positions and opinion polls), this approach which was introduced after the Information Letter of the Supreme Arbitration Court 122, 13 December 2007 should generally be recognised as reasonable and fair.

The plenum proposed a balanced approach to determining in which cases a website owner is considered to be an infringer, and in which cases it should be considered to be a so-called 'informational intermediary', whose liability is limited by law.

The provisions provided by the plenum on the use of keywords that are identical or confusingly similar to trademarks are particularly useful and clarify that such use can constitute unfair competition, even if there is no trademark infringement (since confusion does not occur among consumers and the corresponding norms of the Civil Code are not formally applicable).

The plenum explained that in order to initiate an unfair competition case against the acquisition of a trademark, it is sufficient that the acquisition of the right was unfair, while it is irrelevant whether the competitor further provided any claims based on such a right. The previous Federal Antimonopoly Service practice on this issue was controversial.

Despite the fact that the Supreme Court raised the issue of applying interim measures in IP disputes, the plenum ruling does not clarify in which cases the court considers a preliminary injunction to be relevant to the claims, and in which cases the court believes that preliminary injunctions will not create an unreasonable imbalance between the economic situation of the parties when applying interim measures.

Comment

Ultimately, a comprehensive resolution of the plenum of the Supreme Court on the application of Part IV of the Civil Code is required. While the IP community welcomes explanations from the court regarding a number of pressing issues of judicial practice, explanations on a number of equally important issues that can be resolved only by the courts are expected.

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