QUARTERLY REVIEW OF INTELLECTUAL PROPERTY LEGISLATION AND COURT PRACTICE NEWS

#02

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GORODISSKY

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1. STATUTORY REGULATION NEWS:

The procedure for tax accounting of R&D expenses has been made more specific, in particular:

• The income in the form of the property rights to the results of intellectual activity, identified during the inventory check from January 01, 2018, to December 31, 2019, inclusive, is not included in the tax base;
• Insurance premium is recognized as part of the expenses on salaries to the employees involved in R&D;
• Up to December 31, 2020 inclusive, the expenses for acquisition of exclusive rights to the results of intellectual activity used exclusively for R&D may be recognized as R&D expenses;
• R&D expenses may be recognized not only as part of other expenses, but also as part of acquisition expenses of the intangible assets subject to amortization.
(Federal Law No. 166-FZ dated July 18, 2017, On Amendments to Articles 251 and 262 of Part II of the Tax Code of the Russian Federation.

From October 01, 2017, it will be possible to get the mirrors of pirate websites blocked. The copy of the blocked website may also be blocked upon complaint of the right holder if:

• The website is confusingly similar to the website, access to which was previously restricted by the Moscow City Court;
• The judgment of the Moscow City Court on the blocking of the main website relates to the repeated infringement of copyright and neighbouring rights.
The following procedure for blocking a copy of the blocked website has been introduced:
• The Ministry of Communications and Mass Media of Russia considers the right holder's application within one day, determines whether the website is a mirror site and informs Roskomnadzor (Federal Service for Supervision of Communications, Information Technology, and Mass Media);
• Within one day, Roskomnadzor demands that providers restrict access to the website and that the search system operators should not display the website in the search results;
•Further, the providers and the operators must comply with the demand of Roskomnadzor within one day.
(Federal Law No. 156-FZ dated July 01, 2017, On Amendments to the Federal Law On Information, Information Technologies, and Information Protection.

From July 12, 2017, a prejudicial procedure for settlement of disputes of several categories, related to protection of the exclusive rights to the results of intellectual activity and means of identification has been introduced:

It is mandatory for the right holder to lodge a complaint before filing a claim to a court for damages or compensation if:
• The right holder and the infringer of the exclusive right are legal entities or individual entrepreneurs;
• The dispute is under the commercial court jurisdiction.
It is not required to lodge a complaint for the following claims:
• For the recognition of right;
• For publication of the court judgment on the committed infringement with the indication of the right holder;

• For suppression of actions infringing or threatening to infringe the right and for seizure of a tangible medium;
• For seizure and destruction of tools, equipment or other means primarily used or intended for infringement of the exclusive rights to the results of intellectual activity or means of identification.

The law also sets forth a special procedure for early termination of legal protection of a trademark due to its continuous non-use by the right holder during three years. The interested party believing that the right holder does not use the trade mark sends to such right holder an offer to file an application for waiver of trade mark rights to the patent office or to enter into an agreement for assignment of the exclusive right to the trade mark with such interested party.

If, within two months from the date such offer has been sent by the interested party, the right holder fails to file an application for waiver of trade mark rights or to enter into an agreement for assignment of the exclusive right to the trade mark with the interested party, such interested party may, within thirty days upon expiration of the said two months, file a statement of claim to the court for early termination of the legal protection of the trade mark due to its non-use.

The mandatory pre-court settlement is provided also with regard to civil disputes for funds collection under the claims arisen out of agreements and any other transactions due to unreasonable gains. Any other disputes arising out of the relations under civil law are referred to a commercial court for consideration after observance of the pre-court dispute settlement procedure only if such procedure is set forth in the federal law or agreement (Federal Law No. 147-FZ dated July 01, 2017, On Amendments to Articles 1252 and 1486 of Part IV of the Civil Code of the Russian Federation and to Articles 4 and 99 of the Commercial Procedure Code of the Russian Federation).

2. COURT PRACTICE NEWS:

2.1. TRADE MARKS

The court shall not decrease the amount of compensation for the infringement of the exclusive right to the trade mark below the minimum limit (double cost of the goods, on which the trade mark is illegally placed, or double cost of the right to use the trade mark) set forth by law at its initiative. The party claiming that such decrease shall be obliged to prove the need to apply such measure by the court. A decrease in the compensation amount below the minimum limit set by the law, taking into account the reasonableness and justice requirements, must be explained by the court and supported by relevant evidence (the Ruling of the Supreme Court dated April 25, 2017, on case No. A40-131931/2014).

The font size of the registered designation, its placement on a package, and its dominant position in relation to any other designations and trademarks placed on the package have no legal significance for deciding the issue whether the trade mark is actually used. Only the use of the registered Russian trademark in the Russian Federation may be recognized as its use. Actual production of goods in a foreign country has no legal significance for determining

whether the registered Russian trade mark is actually used (Resolution of the Presidium of the Intellectual Property Rights Court dated April 03, 2017, on case No. SIP-502/2016).

The restrictions on registration of trade marks identical to the characters of the works known in the Russian Federation from the application filing date are established for the benefit of the right holders and their successors, that is why the persons entitled to file objections against grant of legal protection of a trade mark for such reason are only the right holders of the works known in the Russian Federation and their successors.
The interest of any other persons (including licensees) in the use of the relevant designation does not evidence that the person may be recognized as interested in filing an objection.
When considering the objection filed for the above reasons, it is necessary to ascertain that the character that has been protected before the filing date of an application for trade mark registration is used in the disputed trade mark; that the right holder of the disputed trade mark has no consent of the right holder of the work or his/her/its successor to use such item (Resolution of the Presidium of the Intellectual Property Rights Court dated April 21, 2017, on case No. SIP-414/2016).

Liquidation of the legal entity being the assignor of the exclusive right to the trade mark before registration by Rospatent (Federal Service for Intellectual Property) of the assignment of right does not entail refusal to register the transfer of the exclusive right (Resolution of the Presidium of the Intellectual Property Rights Court dated April 28, 2017, on case No. SIP-577/2016).

Not allowed is existence of two or three equal exclusive rights to the same means of individualization since, in such case, the right ceases to be exclusive.
Repeated grant of the exclusive right to the same subject matter contradicts the very nature of the recognition of right, since it is sufficient to record the relevant legal fact once in order to vest any rights in the holder.
The state registration of identical trade marks in the name of one right holder with regard to matching or crossing goods contradicts the nature of the exclusive right and public interests (Resolution of the Presidium of the Intellectual Property Rights Court dated May 02, 2017, on case No. SIP-711/2016).

Chances of misleading the consumer by a designation shall not be evaluated abstractedly with regard to any goods, but with regard to those particular goods for which legal protection for a designation is sought.
For this reason, the fact whether the applicant carries out business activities in the country, which name is included in the designation claimed as a trade mark as well as the fact whether he/she/it has any agreements with the business entities of the said country cannot have any effect on evaluation of compliance of the claimed designation with the provisions of subclause 1 of clause 3 of Article 1483 of the Civil Code of Russia. The same approach is applicable to the ability to mislead the consumer with regard to the place of manufacture of goods and location of the manufacturer of goods.
Since no express prohibition to use the names of foreign countries in trademarks is contained

in the legislation, it is necessary to prove that there is a risk of misleading the consumers (Resolution of the Presidium of the Intellectual Property Rights Court dated May 22, 2017, on case No. SIP-680/2016).

2.2. PATENTS

The right of post-use is not limited to production or manufacturing only. Other methods of use of a utility model are not ancillary to production or manufacturing, but represent separate ways of use and may constitute the right of post-use both along with production of goods and as separate components of the right of post-use.
The burden of proving all facts of the post-use should be with the person referring to the existence of the right of post-use (Determination of the Supreme Court of Russia dated April 14, 2017, on case No. A40-72694/2014).

The presumption of authorship (this case relates to an industrial design) takes effect only in the case, where the information on the copyright is made known to any third parties in the manner strictly determined by law, i.e. if it is contained on the original work or its copy, attached to it or is made public due to broadcasting or broadcasting by cable or by making such work available to the public. Any other information does not allow to use the presumption of authorship set forth by law but may be merely evaluated by the court among other pieces evidence when establishing authorship (Resolution of the Presidium of the Intellectual Property Rights Court dated April 10, 2017, on case No. SIP-350/2016).

2.3. COPYRIGHT

Any works of science, literature, and arts protected by copyright, including photographic works, may be freely used (quoted) without the author's consent and payment of fee subject to the following four conditions: use of the work for informational, scientific, educational or cultural purposes, with a mandatory reference to the author, the source of borrowing, and to the extent appropriate to the purpose of quoting. In this case, quoting is allowed if the work, including a photograph, has become publicly available on a legal basis (Ruling of the Supreme Court of Russia dated April 25, 2017, on case No. A40-142345/2015).

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