Russia Practice

April 2017

Legal remedies in the case of unfair competition

While Russia is by no means close to China in this respect, unfortunately counterfeits in Russia are still fairly common, first and foremost when it comes to fast moving consumer goods. At the same time, if you are the trademark holder, you can effectively combat corresponding violations.

However, what happens if your trademark in not protected in Russia, or the design of your goods is not registered as an industrial prototype? Can you protect your rights in this case and demand a stop to the sale of counterfeit goods?

In this newsletter, we want to inform you about the other remedies that are available to safeguard your products from copying.

Unfair competition

As a rule, companies protect their trademarks in Russia in particular in the case of fast moving consumer goods. Sometimes the respective design of a product or labelling of the goods is also protected as an industrial prototype. Furthermore, the product or design can be registered as a shape (three-dimensional) trademark. In this case, the chances of success are good if a competitor launches on the market goods that are easy to confuse with the original.

As in the past, however, problems can arise if a company did not protect the trademark or industrial prototype. Who thinks about comprehensive protection of exclusive rights to intellectual property when entering a market? At first sight in this case there are no grounds for filing claims against competitors. At the same time, however, there is also another way out in this case.

The Federal Law On the Protection of Competition (the "**Competition Law**") contains the grounds for filing claims to restrain the infringement of rights regarding counterfeits. Corresponding provisions were only introduced to the Competition Law in January 2016 and it is only now, one year later, that the respective practice of the antimonopoly authority is starting to be formed[1].

In accordance with Article 14.6 of the Competition Law, any unfair competition aimed at creating confusion is prohibited. In particular, it prohibits the copying or imitation of the packaging of goods, labelling, name, colour range and corporate style in general (brand clothes, design of the retail space, shop windows) or other components that individualize the goods of the competitor and the actual competitor. This is a reference to the norm that can be compared with a claim on restraining an offence in accordance with Germany's Act Against Unfair Competition.

Procedure

As a corresponding provision is not contained in the RF Civil Code, but instead in a separate law, and the antimonopoly authority independently considers violations in the area of unfair competition, the issue arises as to whether it is possible in similar instances of unfair competition to file an application with the antimonopoly authority or to apply directly to a court.

In connection with this fact, judicial practice[2] proceeds from the premise that the applicant may decide independently on which option to select.

Consequently, it may file a corresponding claim directly in court. However, in this case the issue arises as to the specific claims that may be filed as part of the claim, and whether it is possible to file a claim for the reimbursement of damages, in addition to a claim on restraint.

As an alternative, an application may be filed with the Federal Antimonopoly Service. We also recommend filing such an application for the very reason that the Russian antimonopoly authority itself initiates the investigation and as part of such an investigation may request documents from the offender (in particular, accounting documents), and also from the state authorities (for example, the customs service). Compared to court proceedings, the advantage of such an option is that in the event of an appeal to the antimonopoly authority, the applicant may gain access to corresponding information that it did not previously know. According to the general rule, in accordance with Russian procedural legislation, the claimant is entitled to file a petition in court for the disclosure of evidence. However, in practice it is extremely rare for a court to satisfy such applications. The commencement of a case at the antimonopoly authority complies with German pre-trial proceedings in administrative law.

Subsequently, the claimant will be able to use documents obtained as part of such an investigation in court, for example, so that it is able, when filing a claim for the reimbursement of damages, to confirm their size.

As in a court, the applicant may demand that the antimonopoly authority terminate the unfair competition.

The deadlines stipulated by law for the consideration of a dispute by the antimonopoly authority and by a court are identical (three months from the date of the receipt of the application/claim). In practice these deadlines also coincide (from three to five months).

Evidence

In any dispute related to unfair competition, it is necessary to submit evidence that the applicant and defendant are competitors. In general, this tends to be easy to confirm, in particular if the applicant manufactures its goods in Russia.

In addition, the applicant must prove that it is the rights holder of a corresponding design. In accordance with Russian legislation (Article 1259 of the RF Civil Code), the design is the subject of copyright. The rights holder must confirm its rights to the design. These rights

[1] Decision of the Federal Antimonopoly Service on Case No. 03-05/47-2016, Decision of the Federal Antimonopoly Service on Case No. 1-14-73/00-08-16, and Decision of the Federal Antimonopoly Service on Case No. 1-14-93/00-08-16, etc.

[2] Judgment No. 30 of the Plenum of the RF Supreme Commercial Court dated 30 June 2008.

may arise due to the fact that the rights holder either acquires the exclusive right to the design, or obtains it as a result of its creation. In the first case, a corresponding sale and purchase agreement must be submitted, and in the second case the internal regulations of the company confirming the creation of the work.

As a rule, the likelihood of confusion is confirmed by an opinion. Furthermore, as a rule, the graphics, colours, texts, the type of font being used, etc., are examined. A consumer survey may also serve as evidence of the likelihood of confusion. Furthermore, the period of time that the goods of the applicant have been sold on the market plays an important role: the longer this period, the greater the chances of proving the bad faith nature of the competitor during the sale of goods, whose similarity might cause confusion.

Conclusion

In cases when the design or the labelling of your goods are not protected as a trademark or industrial prototype, it is possible to act on the basis of article 14.6 of the Competition Law if a competitor offers similar goods for sale. However, this does not rule out the importance of registering trademarks or industrial prototypes, as the latter provides additional opportunities to protect your rights.

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Imprint

This publication is issued by
BEITEN BURKHARDT Rechtsanwaltsgesellschaft mbH

Ganghoferstrasse 33, D-80339 Munich
Registered under HR B 155350 at the Regional Court Munich /
VAT Reg. No.: DE811218811

For more information see:
http://www.beiten-burkhardt.com/en/references/imprint

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