



Fresh guidance from the Russian IP Court on interested party requirements in trademark cancellation cases

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The Russian Intellectual Property Court recently issued a landmark decision on case SIP-666/2022, supplying additional guidance and elaboration on the notion of interested party in trademark cancellation cases.

The term “*interested party*” is used in Part IV of the Russian Civil Code regulating intellectual property, namely, with regard to trademarks in articles 1486, 1511, 1513 and 1514.

Article 1486 of the Civil Code provides that in case of non-use of a trademark, an interested party may claim its cancellation. The same subjective qualification is required by article 1486 for the filing of a cancellation action on grounds that a trademark was registered in breach of the law. According to the provision of article 1514, a party filing a cancellation action against a trademark, which became a commonly used name

of goods, should also prove its interest. Finally, article 1511 likewise refers to the interest requirement that needs to exist for a party claiming cancellation of a collective trademark used for goods lacking unified and equable characteristics. It, therefore, follows that the interest requirement amounts to a horizontal, overarching common denominator for third parties to avail themselves of a number of statutory provisions that in the abstract justify the removal of a previously granted trademark from the system.

The Supreme Court of the Russian Federation in its Resolution of the Plenum no. 10 dated 23 April 2019 (Resolution) provided explanations in the matter of interested party assessment in cases of trademark cancellation for non-use. In item 165 of the Resolution, the Court held that, for there to be found interest, all circumstances of the case in their entirety should indicate that the claimant is truly focused on the further



use of the same or a similar mark for similar goods.

There are, though, no listed criteria to be looked at by a claimant or the court seized for measuring the sufficiency of the interest that needs to underly a trademark cancellation action. The assessment is, therefore, made by court on case-by-case basis.

The less recent case law had held that, besides other evidence, claimants should always provide application(s) for registration of similar marks for similar goods as a confirmation of their interest in the further use of the challenged trademark. The current case law tends to find instead that this is not sufficient.

By its decision in case SIP-666/2022 the IP Court shed fresh light on the assessment of interest in this context.

The case (case no. SIP-666/2022) had been initiated by French beauty and fragrances multinational L'Oréal, claiming cancellation of mark AZZARO protected in Russia under international registrations on the ground of non-use during the previous three consecutive years. L'Oréal, as the owner of family of trademarks comprised of the AZZARO word element, and protected for cosmetics and perfumery (03 Class of the Nice Classification), claimed cancellation of the AZZARO trademark of French company Loris Development, registered in Russia for alcoholic drinks and tobacco (33, 34 Classes of the Nice Classification).

L'Oréal had devised its cancellation action to forestall the potential launch of alcoholic drinks and tobacco products on the Russian market under the same name. It argued that the marketing of alcoholic and tobacco products under the AZZARO mark may lead to its dilution, namely, by blurring the association of the AZZARO brand with L'Oréal and causing harm to its reputation. More particularly, L'Oréal was keen on avoiding the appearance on the market of goods whose image was increasingly less socially acceptable, such as alcohol and tobacco products.

Before commencing a legal action against the AZZARO trademark of Loris Development, L'Oréal had filed an application itself seeking protection of the AZZARO mark for alcoholic drinks, tobacco and tobacco related products, which was predictably denied registration due to existence of the AZZARO trademark sought to be cancelled.

The IP Court recalled that there is no legal definition of "*interested party*", and a non-use cancellation action can be filed by any third party showing a lawful interest therein. It furthermore specified that producers of goods similar to those which are protected by the trademark, who have a genuine intent to use the mark and engaged in relevant preparatory work to that end, can qualify as an interested party for the purpose of a cancellation action. The Court moreover relied on item 165 of the Resolution.

Further, the IP Court specified that interest can rest on the need to remove a mark resulting in the dilution of the trademark of the claimant, where the co-existence and use of similar marks may lead to confusion among consumers and uncertainty in identifying the origin of goods.

According to the ruling, the assessment of potential confusion includes an evaluation of the similarity of the goods concerned, which is thus of the essence to identify interest.

The IP Court found that L'Oréal was producing and marketing cosmetic products and its trademarks were registered and protected for cosmetic products, whilst the challenged trademark covers non-similar goods. Thus, the Court drew the conclusion that there was no risk of confusion between the marks, and the existence of the similar mark did not preclude L'Oréal from using its AZZARO marks for cosmetic products.

At the same time, the Court held that the mere fact of filing an application, which was denied registration, could not amount to sufficient proof of interest and intent of the claimant to use the

trademark for alcoholic drinks and tobacco products.

L'Oréal also relied on the foreign "dilution doctrine", which was explained by the Court to result in the need for enhanced protection of marks with a reputation for dissimilar goods that may evoke associations with the protected mark. The higher the reputation of the mark, the more it is exposed to dilution. L'Oréal claimed that both variants of dilution, namely, dilution by blurring and dilution by tarnishment, were relevant to the case.

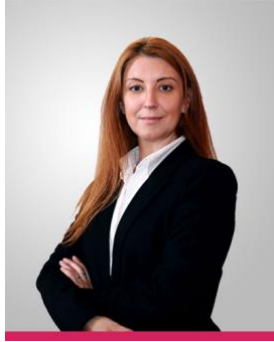
The IP Court, though, held that the claimant failed to prove that L'Oréal was widely known to Russian consumers as a producer of relevant goods in 03 Class of the Nice Classification affixed with the AZZARO mark. Information provided by L'Oréal about press news, publications on the purchase of the AZZARO brand and its history was considered by the Court insufficient, as it did not prove that consumers knew the mark and associated L'Oréal with the AZZARO brand. As a result, the Court found that the high reputation and notoriety of the AZZARO mark and its claim for

enhanced protection were not substantiated by the claimant.

Besides, the Court found the argument whereby the use of the mark for alcoholic and tobacco products harmed the reputation of L'Oréal ungrounded as well as speculative. This stance was moreover adjudged inconsistent, as the claimant itself had filed an application for registration of the mark for alcoholic drinks and tobacco products.

According to the judgement, the ownership of a trademark with an earlier priority is neither sufficient as sole evidence, nor mandatory, to prove interest in the cancellation of a later trademark on non-use basis.

To sum up, the IP Court drew the conclusion that L'Oréal failed to prove its interest in using the mark for alcohol and tobacco products, and dismissed the claim. A trademark can be cancelled on non-use grounds if both requirements are met, namely, proved interest of the claimant and absence of evidence of use of the mark by the rightholder, so that the lack of either is sufficient to deny the claim.



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