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Unfair competition in use of trademarks. Problems and Ways to Protect a Trademark. Russia (Samara)

As you know, the main tasks of trademarks are to individualize the goods of legal entities or individual entrepreneurs, attract a consumer and, accordingly, increase the income of the copyright holder, and for the consumer - to ensure a certain quality of the product.

In the context of the development of business relations and, in particular, the use of trademarks by business entities, unfair competition appears in the use of these intellectual property objects.

Today, the most common violation of the rights of a bona fide business entity - the owner of a trademark and other means of individualization, is the acquisition by the infringer of rights to a trademark not for the purpose of its further use in economic activity, but for the purpose of using the established reputation and misleading the consumer.

Federal Law No. 135-FZ of July 26, 2006 "On Protection of Competition" (hereinafter - the Law on Protection of Competition) imposes a direct prohibition on this type of unfair competition, while the legislation of the Russian Federation does not disclose a specific list of those actions that could be recognized as an act of this unfair behavior, limited to the recognition and indication of such signs.

Considering the general provisions of Art. 4 of the Law on Competition, in order to establish an act of unfair competition, it is necessary that the actions of an economic entity contain all the signs of unfair competition established in paragraph 9 of Article 4 of the Law on Protection of Competition, namely, the implementation of actions by an economic entity - a competitor, the focus of actions of an economic entity to obtain advantages in the implementation of entrepreneurial activity, the contradiction of these actions with the provisions of the current legislation, business customs, the requirements of integrity, reasonableness and fairness, causing or the ability to cause losses by these actions to another economic entity-competitor, or damage to its business reputation. Failure to prove at least one of the above signs excludes the recognition of the actions of an economic entity as an act of unfair competition.

Based on the systemic interpretation of Art. 14.4 of the Law on the Protection of Competition and Clause 17 of the Resolution of the Plenum of the Supreme Arbitration Court of the Russian Federation of February 17, 2011 N 11 "On some issues of application of the Special Part of the Code of Administrative Offenses of the Russian Federation" an important criterion for determining these actions as unfair competition is their purpose, nature and orientation of actions.

The purpose of the actions in this case is to use the existing positive business reputation of a bona fide business entity that has proven itself among competitors.

At the same time, an approach has been formed in judicial practice according to which, when assessing the conscientiousness of the behavior of an economic entity, it is necessary to investigate both the circumstances of the direct acquisition of an exclusive right and the subsequent behavior of the copyright holder in terms of the use of the trademark.

According to the position of the Intellectual Property Rights Court, the applicant's bad faith should be established at the stage of filing an application for registration of a designation as a trademark, since it is at this moment that the intention of an unfair competitor is realized, and the subsequent behavior of the copyright holder can only confirm or deny the fact that upon acquisition exclusive rights to a trademark he acted in bad faith.

Based on the generalization of the judicial practice set out in the letter of the FAS Russia dated August 26, 2019 No. AK /

74286/19, in order to recognize the acquisition and use of the exclusive right to a trademark as an act of unfair competition, the Intellectual Property Rights Court (hereinafter referred to as IPC) establishes the following:

- the controversial designation was used by other persons before the defendant (the right holder of the trademark) filed an application for registration of this designation as a trademark;
- the defendant knew that other persons were using the designation before it applied to register it as a trademark;
- at the time of submission by the defendant of the said application, there was a competitive relationship between him and the plaintiff;
- the defendant had the intention (purpose) by acquiring the exclusive right to such a designation (acquiring a monopoly on it) to harm the plaintiff, push him out of the product market by making demands aimed at preventing the use of the controversial designation, or to obtain unjustified advantages through the use of the designation, known to the consumer earlier in connection with the activities of the plaintiff;
- the plaintiff suffered harm or there was a likelihood of causing harm to the plaintiff by filing claims to terminate the use of the disputed designation.

The IPC indicated that it is necessary to establish the totality of the above circumstances. If at least one of the elements of the composition is not proven, the actions of the person are not recognized as an act of unfair competition, while the antimonopoly body refers to judicial practice: No. IPC-131/2017, IPC-501/2017, IPC-522/2017, IPC-754 / 2018 and others.

Thus, with the totality of all the factors of an offense, a subject who finds himself in a situation of violation of his rights, described above, has the right to demand the restoration of his rights by contacting the bodies of the Federal Antimonopoly Service of Russia.

Another, a manifestation of unfair competition, which a bona fide entity may face, and which is directly prohibited by the legislator, is the commission by an economic entity of actions (inaction) that can cause confusion with the activities of a competing business entity or with goods or services introduced by a competing business entity into civil circulation in the territory of the Russian Federation. Including the illegal use of a designation that is identical to the means of individualization of a competing entity or similar to them to the point of confusion, by placing it on goods, labels, packaging or otherwise using it in relation to goods, and copying or imitating the appearance of the goods (Article 14.6 of the Law on the protection of competition).

At the same time, it should be noted that the legislator provides for a violation both in the case of the subject's actions and in the event of his inaction, that is, even passive behavior may contain signs of violation of competition protection legislation, which, if detected, will mean the occurrence of negative consequences for persons who allowed such behavior.

With the development of high technologies, an increasingly widespread manifestation of this type of unfair competition has become the use of other people's means of individualization on the Internet by unscrupulous subjects by using means of individualization, including trademarks, as keywords and the qualification of such actions from the standpoint of unfair competition.

Clause 172 of the Decree of April 23, 2019 No. 10 "On the application of part four of the Civil Code of the Russian Federation" states that the use by an advertiser when placing contextual advertising on the Internet as a criterion for displaying an advertisement of keywords (phrases), identical or similar to the extent of confusion with a means of individualization belonging to another person, taking into account the purpose of such use, it may be recognized as an act of unfair competition.

However, taking into account this position of the Supreme Court, the FAS Russia provides the following clarifications (Letter of

the FAS Russia dated October 21, 2019 No. AK / 91352/19 "On the use of means of individualization as keywords").

Proving the existence of a competitive relationship between the applicant-copyright holder and the alleged infringer will require documentary evidence that the goods (services) of these persons are interchangeable within the meaning of paragraph 3 of Article 4 of the Law on the Protection of Competition and are introduced into civil circulation within coinciding geographical boundaries.

The acquisition of advantages over competitors is possible if, as a result of the actions of the alleged violator on the use of controversial designations as keywords in contextual advertising, there is a change in the structure of consumer demand, namely, an increase in demand for the products (services) of an unscrupulous person. This gives such an economic entity the opportunity to increase the volume of sales of such products and, accordingly, increase the profit received.

In addition, in order to qualify the actions of economic entities as violating the prohibition established by Article 14.6 of the Law on the Protection of Competition, it is necessary to establish a real possibility for consumers to mix the applicant's goods and the goods of the person in respect of whom the application is filed as a result of the latter's actions.

Analyzing the latest judicial practice on the application of Article 14.6 of the Law on the Protection of Competition, which was made taking into account the clarifications of the Supreme Court of the Russian Federation set out in the Resolution of the Plenum of the Supreme Court of the Russian Federation of April 23, 2019 No. 10, we can see a positive trend in the protection of fair business entities from unfair competition.

Thus, in the ruling of the Intellectual Property Rights Court dated 07.04.2021 No. C01-1860 / 2020 in case No. A56-110340 / 2019, the court satisfied the requirement to declare illegal and terminate actions on the use of trademarks, to recover compensation for violation of exclusive rights to trademarks, since The use by the defendant in the title and text of advertisements of verbal designations that are confusingly similar to the disputed trademarks constitutes a violation of the plaintiff's exclusive rights to means of individualization.

Or, in the decision of the Intellectual Property Rights Court dated 11/23/2020 in case No. IPC-276/2020, the court partially satisfied the requirement to recognize actions to acquire exclusive rights to trademarks as unfair competition, since the homogeneity of the services provided by the parties, the existence of competitive relations between them, were established, similarity to the extent of confusion between the trademarks of the parties, the defendant, when applying to Rospatent with applications for registration of designations as trademarks, could not fail to know that designations similar to those declared by him were used by the plaintiff to individualize the services rendered by him.

It should be noted that according to Art. 14.5 of the Law on the Protection of Competition, unfair competition is not allowed by an economic entity performing actions for the sale, exchange or other introduction of goods into circulation, if the results of intellectual activity were illegally used, with the exception of means of individualization belonging to a competing economic entity.

Despite the unambiguity of this rule, in practice there are cases, based on the results of which the courts make decisions, where the specified rule is applied in conjunction with Article 14.6 of the Law on the Protection of Competition.

Thus, in case No.A35-5996 / 2017, the actions of Importtrade LLC on the introduction of liquid nails glue and Megasil silicone sealant into circulation on the territory of the Russian Federation were found to violate the provisions of Art. 14.5 and clause 2 of Art. 14.6 of the Law on the Protection of Competition in Connection with the Illegal Use of the Results of Intellectual Activity of Henkel Rus LLC in the form of processing of packaging design products for glue and silicone sealant, as well as with the introduction into circulation of goods whose packaging is similar to the degree of mixing due to imitation of the appearance of glue and sealant.

The above article describes the main types of unfair competition in the field of violation of rights to means of individualization, in particular to trademarks, however, in the Russian Federation there is a system of protection of bona fide business entities, and with the combination of all factors, the subject whose rights have been violated has the right to claim for their restoration by contacting the bodies of the Federal Antimonopoly Service of Russia.

Note also that the subject's appeal to the Antimonopoly Service does not exclude his right to go to court with a claim for damages, or compensation for the illegal use of his means of individualization.

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