A delay in filing a trademark application can result in a challenge of registration by the rightholder's competitors

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Russian company Spetznefteproduct has been trying to protect its trademark "ПЕТРИМ" (PETRIM in Cyrillic), reg. no.569629 used for gas compressor oil, from a cancellation initiated by certain competitors: production company RUSMA and trading firm RUSMA (the "RUSMA Companies"). The cancellation action has been based on competition law grounds.

Spetznefteproduct started using the mark PETRIM in 1999 without registration, and only in 2015 filed a trademark application, which was successfully registered in 2016. After obtaining the registration, the trademark holder sent cease and desist letters to its competitors RUSMA Companies claiming infringement of its trademark rights. It also informed all counterparties to be the only company producing oil PETRIM and owning the trademark PETRIM. In reply, the RUSMA Companies filed a complaint with the Russian Federal Antimonopoly Service (the "FAS") claiming that the PETRIM trademark registration constituted an act of unfair competition aimed at eliminating competition, and arguing that on the trademark application date the mark was used by several companies for the same products. The FAS did not consider the registration of the trademark in 2016 to constitute unfair competition. The relevant decision was based on information to the effect that that Spetznefteproduct used the mark since 1999, while the two competitors started using the same mark only in 2012. The FAS eventually ruled that Spetznefteproduct enjoyed a right of priority for the use and registration of the mark.

In 2018 the RUSMA Companies challenged the rejection decision of the FAS before the Russian Court for Intellectual Property (case SIP-277/2018). The Court annulled the FAS decision holding that it had not correctly assessed all facts and made wrong conclusions. The Court remanded the case for review by the FAS.

The Court explained that the assessment of a trademark registration as an act of unfair competition should be made on the basis of the market environment on the date of filing the trademark application (consequently, the market situation in 2015). Conversely, the information about the use of the mark and competitive environment during 1999-2014 preceding the trademark application was irrelevant. The Court held that on the trademark application date the mark was used by several companies, and the applicant was aware of this circumstance. In the absence of evidence that Spetznefteproduct was known to be the main producer of the oil commercialized under mark PETRIM, and that consumers associated the mark with Spetznefteproduct, the Court found that the trademark was registered only in order to obtain an unfair advantage on the market.

The Court also found that the FAS had failed to assess all relevant evidence provided and it should review the application of RUSMA Companies afresh.

The trademark holder challenged the Intellectual Property Court's decision by cassation in 2019. The Court upheld the ruling of the lower instance.

In accordance with the Court decision, the FAS reviewed on remand the application of RUSMA Companies, and again decided that the trademark registration was not an act of unfair competition.

The RUSMA Companies, then appealed the new FAS decision for the second time (case SIP-566/2019). The new claim contained not only the plea for cancellation of the FAS decision but also a claim to adjudge the PETRIM trademark registration by Spetznefteproduct to constitute unfair competition. The Court for Intellectual Property is competent to find a trademark registration an act of unfair competition, even in the absence of a decision of the FAS and its decision may be the basis for the cancellation of the trademark registration by the PTO.

The appellate court confirmed the same decision as in 2018, cancelling the new decision of the FAS and afresh review of the unfair competition complaint of the RUSMA Companies. The other claim (to hold the PETRIM trademark registration by Spetznefteproduct an act of unfair competition) was separated into a distinct case, which is currently pending.

The cassation instance appeal on the case SIP-566/2019 was postponed until the issuance of the decision of the Court with respect to the unfair competition claim and should be the core for the whole case. If the PETRIM trademark registration is finally adjudged to constitute unfair competition, this will confirm that the use of a mark without registration does not provide effective protection. Moreover, the simultaneous use of the mark by competitors without registration and the absence of evidence that the mark is clearly and strongly associated with one of trademark users, can result in grounds to question even registered trademark rights.

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