Does a trademark right supply better protection to a character than copyright? A fashionable issue is becoming popular in Russian IP law too

17/07/2020 INTELLECTUAL PROPERTY, RUSSIA

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It is quite common in the modern world that right owners of popular characters protected by copyright use them in commerce for producing toys, gadgets, clothing and other merchandising articles. Some producers, like typically Disney, protect the appearance of characters as trademarks registered for wide ranges of goods, from cosmetics and electronics, to beverages and furniture.

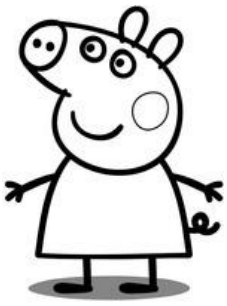
We have taken two recent cases as interesting examples of the differences in approach to the assessment of similarity in case of use of a trademark and use of character (work) protected by copyright and the potential outcome of litigation.

1. The company Entertainment One UK Limited registered the image of the immensely popular character Peppa Pig from the eponymous British TV series with international registration number 1212958, designating among other countries the Russian Federation. As we informed in our previous article ("Rightholder of Peppa Pig claims more than US$ 500.000 for infringement of its copyright by Russian toy producer" available at Lexology https://www.lexology.com/library/detail.aspx?g=918c6c01-514b-478d-b775-beb8172fc7b4), the trademark owner had filed a lawsuit against two Russian companies that were selling in the Internet constructor kit series "Craftsmen Town" named House of Pig, car of Pig, train of Pig, etc all with the figure of a pig

recalling famous Peppa. The owner of copyright and trademark right claimed compensation for infringement of its rights in the amount of almost 33 million Rubles, which is beyond compare to any previous claimed sums in similar cases.

Half of the sum was claimed by the rightholder for infringement of the trademark right and half for the infringement of copyright. The case A40-156970/2019 was heard by the Moscow Commercial Court. The claimant provided evidence of commercial offers of constructor kits in the Internet commercialized by the defendants. The defendants argued that they could not be jointly responsible as they were not acting together; however, the Court found that they were commercial partners in the wholesaling of infringing goods.

This is the picture of one of the infringing goods (taken from Internet shop OZON and not currently available https://www.ozon.ru/context/detail/id/149627220/?utm_source=google&utm_medium=cpc&utm_campaign=RF_Product_Shopping_Smart_merchant_SSC&gclid=EAIaIQobChMI4NPp95vH6QIVio2yCh0qawTDEAQYASABEgJlmfD_BwE)



This is the trademark protected by international registration 1212958 and the character of the Peppa Pig series.

The assessment of similarity is within the regular competence of Russian commercial court and does not require any special external expertise; however, parties quite often refer to expert opinions on the similarity of trademarks in support of their position. Entertainment One UK Limited provided an expert opinion as evidence of the similarity with the registered mark of the images affixed on the packaging of the defendants. Besides, the claimant provided a sociological survey, which proved that most consumers considered the images on the packaging similar to the Peppa Pig character. The defendants had not challenged the expert opinion, the sociological survey, or the similarity of goods and images on the packaging. The Court held that the goods offered for sale by the defendants were similar to the trademark of the claimant and infringed its rights. Further, the Court found that the image on the packaging was a derivative work of the Peppa Pig character and that the defendants had infringed the copyright of Entertainment One UK Limited too.

Based on the provision of Article 1515 of the Civil Code of the Russian Federation, the proprietor may claim compensation for infringement of its trademark right either in amount up to 5 mln. Rubles, as determined by the court, or in amount of twice the cost of the infringing goods (or twice the cost for securing the use of the trademark in a similar situation). The claimant does not need to actually prove damages and their amount; the proof of the infringement is enough to claim compensation. Entertainment One UK Limited made a calculation of compensation based on the number of items offered by the defendants and the price of the goods, which amounted to 16 470 845.50 Rubles. The same calculation and sum was claimed for infringement of copyright, so the total sum of the claim was one of unprecedented scale. The court found the calculation reasonable and pertinent, and awarded Entertainment One UK Limited compensation in the amount of

32 941 691 Rubles and as well as legal costs.

The defendants had not appealed the decision of the Moscow Arbitrazh (Commercial) Court, but an appeal was filed by the Chinese company that produced the constructor kits. However, the Court of second instance dismissed the appeal on the grounds of absence of locus standi, since the Chinese company was not a party to the case and its rights had not been affected.

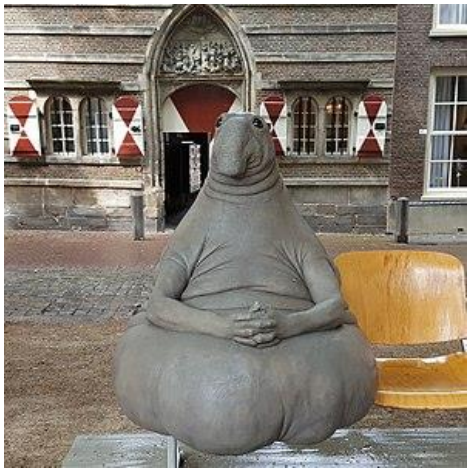
2. Another recent case, where a copyright holder was claiming compensation for infringement was not that successful instead (case A31-9334/2018).

The licensee of Margriet van Breevoort, the author of sculpture *Homunculus loxodontus*, filed a lawsuit with the Russian Commercial Court in Kostroma against an individual entrepreneur claiming copyright protection on the same object.

The sculpture depicts a character of fantasy comprising the head of a sea elephant, human arms and the body of a worm without legs, sitting in a waiting position with locked fingers in front of it, known as “the Awaiter”. The claimant relied on a license agreement and industrial design protected in the EU and Russia as the proof of its copyright.

The entrepreneur had sold fluffy toy (pendant) under the name “the Awaiter”. The claimant argued that the entrepreneur sold counterfeit products, which were derivative works of the famous sculpture and infringed its copyright.

In its ruling, the court explained that a copyright is infringed when a work is copied (by making an identical copy) or used for creating a derivative work, which is a new work maintaining the substantial elements of form of the original work. It further clarified that ideas alone are not protected by copyright and that it was essential to understand if the toy was the result of a variation of the original work or an independent embodiment of the idea of the author.



Homunculus loxodontus, picture taken from https://en.wikipedia.org/wiki/Homunculus_loxodontus

Example of a toy, picture taken from https://igrushkidetyam.com/p586568895-myagkij-brelok-zhdun.html

The claimant provided an expert opinion in support of its position, which was rejected by the court as the author was not an art professional, but a person trained by the claimant. The court found that the opinion was ill-grounded; the assessment approach was unclear; and the details of the comparison and conclusions on similarity of the elements and the reasons for conclusions were missing. The application of the claimant for a forensic examination was dismissed by the court as well. The court noted that the assessment of the facts of infringement and similarity of an art work fell within its competence.

The ruling did not refer to the registered industrial design and did not contain a comparison of the industrial design features with the counterfeit goods. It seems that the claimant had not argued the infringement of industrial design and had not provided any documents or expert opinion in support of such argument, so the court did not address this issue.

The defendant in turn provided evidence that the goods had been purchased before the date of the license agreement.

In the end, the court of first instance concluded that the claimant had not proved the infringement of its rights and rejected the complaint. The decision was challenged at the appellate and cassation levels, but neither court found procedural irregularities or errors of law, whilst the assessment of facts remained outside the scope of their competence.

3. To sum up, the Moscow Commercial Court protected the copyright for the Peppa Pig character, whilst another Russian Commercial Court found no infringement of copyright for sculpture *Homunkulus Loxodontus*.

Should one conclude that copyright stands better chances than trademark alone?

The assessment of similarity, be it in a trademark or copyright context, is within the competence of the court and is made by it. However, the comparison criteria are different in case of trademark infringement and copyright infringement respectively. For trademarks, the similarity assessment is based on special guidelines of the Russian Patent Office (Rospatent), which are not applicable to the assessment of similarity between works protected by copyright.

The Resolution of Plenum of the Supreme Court of the Russian Federation “On application of part 4 of the Civil Code of the Russian Federation” no.10 issued on 23.04.2019 indicated that the similarity approach applied to trademarks should not be used with regard to copyrighted works. A formal resemblance is only one of the criteria for assessing the use of a character. The character is used when its individual characteristics (image, character, personality or appearance details) that make the character recognizable are used. Even if not all characteristics are used, or some of them are changed, but the character is recognizable as a part of a certain work, the character should be considered used.

Notwithstanding the similarity assessment falling within the competence of the court, the parties may submit expert opinions, sociological surveys or other documents in support of their arguments on similarity or non-similarity. An expert opinion from a competent professional person in the field (e.g. a patent attorney for trademarks, an art expert for works) could be accepted as admissible and amount to sufficient evidence.

Arguments on similarity between trademarks may indeed be strengthened by a trademark attorney opinion and a sociological survey made on the basis of the Rospatent guidelines. The comparison with the character, however, should not refer to the level of similarity used for trademarks, but provide strong evidence of use of critical details of appearance, image, personality of the character that makes it known and recognizable.

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