



The Russian customs register of intellectual property as a tool of protection and enforcement of trademark rights

 05/02/2021  INTELLECTUAL PROPERTY, RUSSIA

Alisa Pestryakova

Customs intervention is tool of enforcement of IP rights and prevention of counterfeiting known to many national and regional systems, including the Russian Federation. It is chiefly aimed at protecting the rights of the trademark holders at the stage of custom clearance of imported goods. Whilst the purpose of border control of is the same in all jurisdictions, each country has its own special system, including the rules and requisite for entering IP rights in the customs register.

This power was never used since the adoption of the Civil Code in 2006, and it is unclear whether it should be assimilated to a particular form of expropriation in the public interest, or rather a particular form of compulsory licensing.

In accordance with the Russian law, it is prohibited to import goods affixed with a trademark without the consent of the trademark owner. Article 1484 of the Civil Code of the Russian Federation (Civil Code) expressly provides that no one can use a trademark for the registered or similar goods without the consent of its owner. From the perspective of cross-border trade this means that all goods affixed with a trademark imported without the consent of the rightholder are infringing goods.

Article 1487 of the Civil Code contains the principle of exhaustion of the trademark right, whereby the use of a trademark in connection with goods no longer infringes the exclusive right of the owner, from the moment such goods are released in Russia by it or with its consent. The trademark owner may



import and market goods directly or authorize other persons and entities to do so. The consent may consist of a license agreement, a franchising agreement, a sale agreement or other contracts or unilateral declarations.

Registered trademarks, in the same way as copyright and appellations of origin that are entered in the Russian customs register (Register) of IP objects are placed under the control and powers of intervention of the Russian customs authority. Section 57 of the law "On customs regulation" no.289-FZ dated 03.08.2018 (Customs Law) pertains to the protective measures that fall within the competence of the Russian customs authority, and provides that the clearance and release of goods that are the object of IP rights listed in the Register may be suspended.

The Customs Law defines the main criteria and requirements of system, the term of registration, the reasons for rejection of an application for recording of an IP object in the Register, and the cancellation of such recordal, leaving the administration of the procedure to the Russian Federal Customs Service, which by its order no. 131 adopted a specific regulation dated 28 January 2019 (Regulation).

Paragraph 1 of article 328 of the Customs Law provides that the application for recording IP the object in the Register may be filed by the rightholder, which has serious grounds to believe that its trademark, copyright, related rights or appellation of origin right might be infringed by the import into or export from Russia of goods affixed by or associated with the relevant IP object. It is important that the rightholder should provide proof of an actual risk of infringement of its right.

The Regulation provides the details of the procedures of registration of IP objects in the Register, and a list of information and documents required. Certain documents are the same for all IP rights, others are different due to the specific characteristics of each. All applications must be accompanied by charter documents of the applicant or an extract from a company register

confirming the incorporation and existence of the applicant, its third party liability insurance, its commitment to pay damages which can arise from the undue delay of goods eventually release. The applicant also needs to attach documents confirming its ownership of the IP right (trademark, appellation of origin, copyright or related right).

The Federal Customs Service reviews applications and takes a decision within 30 days after registration. The review can be suspended for verification of the information provided. The verification is made by sending a request to confirm and supply evidence addressed to the applicant, third parties or state authorities, which will be expected to answer within one month. Additional information may be requested from the applicant, to be provided not later than 2 months from the date of the request. In accordance with the Regulation, the application is rejected in the following cases:

- a.the documents provided do not prove the ownership of IP right or the authority of the representative of the rightholder;
- b.the application does not contain all necessary information as set out in article 328 of the Customs Law;
- c.the owner of the IP right has not provided the requisite commitment to pay damages;
- d.a civil liability insurance policy was not provided by the rightholder (for the minimum coverage of 500 000 Rubles);
- e.the applicant failed to provide any information or documents requested by the Federal Customs Service.

There is no official fee for registration of an IP object in the Register. Both the review of the application and the recording in the Register are exempt from any official charges.

The duration of the recordal in the Register may be up to 3 years, and can be further extended at the rightholder's request to be filed before expiry.

Once the IP object is listed in the Register, the Customs authorities shall notify the rightholder or its nominated representative of any goods comprised by such IP object, which were placed

under customs proceeding in Russia by unauthorized persons. The rightholder shall need to answer the request of Customs to advise if the owner of the goods (i.e. the importer) holds the authority to use the IP object. On the basis of the information provided by the rightholder Customs will determine if the goods are counterfeited and suspend clearance, or genuine and release them.

The Customs authorities may suspend the release of goods infringing IP rights for 10 working days and may extend such term for another 10 working days at the request of the rightholder. If upon expiry of the suspension period the goods are not seized, arrested or confiscated, they will be released. The suspension of the release of non-counterfeited goods may cause the owner costs and disbursements, which may be claimed back from the rightholder.

The information provided to the rightholder by the Customs authorities in connection with the enforcement of IP rights recorded moreover gives the rightholder an account of unauthorized parallel imports of original goods. Although the authorities cannot suspend the release of original products, the rightholder may file a civil action against the unauthorized importer claiming infringement of its trademark right and payment of compensation. Thus, the Register is not only a tool to counter counterfeits, but also a valuable source of information on parallel imports that paves the way towards enforcement options.

It is important to note that Russia is a member of the Eurasian Economic Community (EAEC) and a member of the Customs Union of the EAEC, and principle of regional trademark exhaustion applies in the Russian Federation in consequence. This means that the trademark right in connection with goods imported from EAEC countries - namely Kazakhstan, Belarus, Armenia, and Kyrgyzstan – will not be deemed infringed by exhaustion when the goods were first released in another country of the Customs Union. The infringement may have taken place in the

country where the goods first entered the Customs Union, if the trademark was registered and covered by protection in that country. The goods released on the market of other EAEC members States without the authorization of the trademark owner in breach of national law could be considered infringing goods.

In order to protect its right from falling under the regional exhaustion principle, the trademark holder will need to:
-register it in all member States of the EAEC Customs Union; and
-see to it that the trademark is recorded in all customs registers of such member States.

In order to ensure a yet more effective protection of trademark rights and fighting counterfeits, the EAEC member States are contemplating to set up a new Union trademark and a joint customs register.

The idea of creating a Union trademark of the EAEC was inspired by the European Union trademark (EUTM) and should similarly provide automatic protection in all member States as a result of the filing of a single trademark application. However, the Union mark will need to successfully pass examination in all national trademark offices, otherwise the application will be rejected.

The Agreement on trademarks and appellations of origin of the Eurasian Economic Community was signed in February 2020 by Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia, and was ratified by the Russian Federation on 09 November 2020. Its implementation ought to be presently under way, and will provide specific rules and procedures for filing applications, examination and registration.

The Agreement on the joint customs register of the EAEC was signed back in 2010. Whilst until now the Register hardly operates and no single trademark was listed, one may expect the implementation of the necessary mechanisms to make the EAEC register a reality in close connection with the launch of the Union trademark.




Alisa Pestryakova

ASSOCIATE

 a.pestryakova@dejalex.com

 +7 495 792 54 92

 Ulitsa Bolshaya Ordynka 37/4
119017 - Moscow

MILANO

Via San Paolo, 7 · 20121 Milano, Italia
T. +39 02 72554.1 · F. +39 02 72554.400
milan@dejalex.com

ROMA

Via Vincenzo Bellini, 24 · 00198 Roma, Italia
T. +39 06 809154.1 · F. +39 06 809154.44
rome@dejalex.com

BRUXELLES

Chaussée de La Hulpe 187 · 1170 Bruxelles, Belgique
T. +32 (0)26455670 · F. +32 (0)27420138
brussels@dejalex.com

MOSCOW

Ulitsa Bolshaya Ordynka 37/4 · 119017, Moscow, Russia
T. +7 495 792 54 92 · F. +7 495 792 54 93
moscow@dejalex.com

