

**Case file No.**            **A40-73286/10-143-625**

**Court:**                    **Arbitrazh Court of Moscow**

**Claimants:**            **Richemont International  
S.A.; Vacheron & Constantin  
S.A.**

**Defendant:**            **Russian Patent and  
Trademark Office ("Russian  
PTO")**

**Third Parties:**        **Tessir Partners Ltd.; Federal  
Institute for Industrial  
Property**

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**AMICUS BRIEF  
INTERNATIONAL TRADEMARK ASSOCIATION**

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## **INTRODUCTION**

The International Trademark Association (INTA) is pleased to submit this Amicus Brief in relation to this case.

In part 1 of this Amicus Brief, INTA sets out what it is and why it is has prepared this Amicus Brief. In part 2, INTA provides comments for the Court to consider in relation to the case.

### **1 BASIS OF INTERVENTION**

#### ***What is INTA?***

- 1.1 INTA is a 133-year-old not-for-profit organisation of trademark owners and practitioners from more than 190 countries throughout the world. INTA is dedicated to the support and advancement of trademarks and related intellectual property concepts as essential elements of commerce. Its current membership of over 5900 companies and firms crosses all industry lines, including manufacturers and retailers of all sizes in industries ranging from aerospace to consumer goods and service providers. INTA's membership includes approximately 1,000 brand owners, law firms and trademark attorneys in Europe of which more than 50 are located in the Russian Federation. Both Richemont International S.A. (Richemont International) and Richemont International's lawyers in this case are members of INTA.
- 1.2 An important objective of INTA is to protect the interests of the public by the proper use of trademarks. In this regard, INTA strives to advance the development of trademark and unfair competition laws and treaties throughout the world, based on the global public interest in avoiding consumer deception and confusion. INTA has been an official non-governmental observer to the World Intellectual Property Organization

(WIPO) since 1979 and has contributed to various WIPO trademark initiatives such as the Trademark Law Treaty and the 1999 WIPO Joint Recommendation on Provisions Concerning the Protection of Well-Known Marks. INTA also is active in other international arenas, including the Asia Pacific Economic Cooperation Forum (APEC), the Association of Southeast Asia Nations (ASEAN), the European Union (EU) and the World Trade Organization (WTO).

***Reasons why INTA is submitting this Brief***

- 1.3 Since 1916, INTA has acted in the capacity of advisor and has appeared as amicus curiae ("friend of the court") in various jurisdictions including the United States, Indonesia, China and the United Kingdom. (More information on the amicus curiae briefs and similar interventions or comments the association has filed in cases around the world is given in Annex A to this Amicus Brief). In Europe it has most recently intervened as a party before the Court of Justice of the European Union in *Nokia Corporation v. Her Majesty's Commissioners of Revenue and Customs (HMRC)* (Joined Cases C 446/09) concerning the transshipment of counterfeit goods.
- 1.4 The circumstances in which INTA will file an Amicus Brief are set out in the Policy Statement set out at Annex B to this Amicus Brief. A key factor is whether the case in question involves a general principle of the law of trademarks, trade names, or trade dress, or the law of unfair competition, that is sufficiently significant to warrant a filing. In the present case Richemont International through its lawyers has also requested that INTA file a brief.
- 1.5 The present case raises an important issue of principle; namely the extent to which Russian law provides a remedy in the case of bad faith registrations.
- 1.6 The interests of INTA's membership are diverse. Even though its membership has a diversity of interests, INTA has adopted several policy positions that represent a general consensus amongst its members. These positions are likely to be recorded in a resolution of INTA's Board of Directors, which informs and regulates INTA's activities. Such resolutions are publicized and made available on INTA's website at [www.inta.org](http://www.inta.org).
- 1.7 The issue of bad faith registration is one of those areas where there is such a consensus and INTA has formulated a clear policy position. That position was recorded in a Board of Directors' resolution dated September 22, 2009 and titled "Bad Faith as a Ground for Opposition Proceedings" (the "Bad Faith Resolution"). A full copy of the Bad Faith Resolution is included as Annex C. This states that:

*"the filing of a trademark application or procuring a registration in bad faith should be an available ground for trademark owners to oppose or seek to cancel the trademark application or registration."*
- 1.8 It is against that background that INTA has decided to prepare this Amicus Brief, in the respectful hope that INTA's views may be of some assistance to the court.

## 2 INTA'S POSITION

### *Underlying Facts*

2.1 Although INTA does not express a view in relation to any matter of fact where there exists a dispute between the parties, it nevertheless understands the underlying facts in this case to be as follows:

- (i) Richemont International is the owner of the International Trade Mark Registration 436637 in respect of the words VACHERON CONSTANTIN in combination with a Maltese cross device. The International Registration *inter alia* designates Russia and is in class 14 in respect of *inter alia* watches and jewellery. The Richemont VACHERON CONSTANTIN mark is said to be one with a worldwide reputation.
- (ii) These proceedings relate to the registration of the trademark VACHERON CONSTANTIN (Reg. No. 278829) by Ritter Gentlemen LLC in class 25 (clothing) (the "Ritter Registration").
- (iii) The registration by Ritter Gentlemen LLC is one of a number of attempted registrations by Ritter Gentlemen LLC that correspond to the marks of others. Marks identified in this respect are JAEGER-LECOULTRE, BREGUET, BENTLEY and BLANCPAIN.
- (iv) Richemont International and Vacheron & Constantin S.A. applied to the Federal Service for Intellectual Property, Patents and Trademarks ("Rospatent") for cancellation of the VACHERON CONSTANTIN mark (Reg. No. 278829). That application was turned down by Rospatent on February 18, 2010.
- (v) Appeals against that decision by Richemont International and Vacheron & Constantin S.A. were turned down by the Moscow City Arbitrazh Court on March 5, 2011, the Ninth Arbitrazh Court of Appeals on May 19, 2011, and the Federal Arbitrazh Court of the Moscow Region on September 15, 2011.
- (vi) It would appear that a key part of the reasoning of the Ninth Arbitrazh Court of Appeals, which led to the court's findings in that case, was as follows:

*"Watches and garments are not similar goods for the purposes of terminating legal protection since they fall under different classes of the International Classification of Goods and Services, serve different functional purposes, are not mutually, replaceable or complementary, do not share any common selling areas, or the same circle of consumers, and do not compete with each other."*

2.2 It would appear that a key part of the reasoning of the Federal Arbitrazh Court, which led to the court's findings in that case was as follows:

*"The claim made in the cassation appeal about the courts having failed to invoke Article 10bis of the Paris Convention for the Protection of Industrial Property (the "Paris Convention") cannot be taken into account for the following reasons.*

*In accordance with Article 10bis of the Paris Convention, the countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition, with acts of unfair competition including any act of*

*competition that is contrary to honest practices in industrial or commercial matters. The following in particular is prohibited: all acts of such a nature as to create confusion by any means whatever with the establishment, the good, or the industrial or commercial activities, of a competitor, and false allegations in the course of trade.*

*Rospatent and the courts established the failure to prove the well-known status of the trademark concerned in the Russian Federation in regard even to goods in Class 14 of the International Classification of Goods and Services: with no evidence produced to show that the mark registered under No. 436637 had been applicable to goods in Class 25 and that such goods had been imported into the Russian Federation, the courts had no reason to invoke the above provision.”*

- 2.3 For the reasons its explains in greater detail in this Amicus Brief INTA contends that to limit the operation of Article 10bis of the Paris Convention to cases where there is “confusion” or where a mark is well known in the Russian Federation is not justified.

### ***The Concept of Bad Faith***

- 2.4 Article 10bis of the Paris Convention for the Protection of Industrial Property provides as follows:

*“Unfair Competition*

- (1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.*
- (2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.*
- (3) The following in particular shall be prohibited:*
  - (i) all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;*
  - (ii) false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;*
  - (iii) indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.*

- 2.5 It is clear from the text of Article 10bis that the concept of unfair competition is not confined to cases where the “competitors” in question are engaged in dealings in similar goods. Further the concept of “unfair competition” is a broad one. Although Article 10bis (3)(i) refers to “acts of such a nature as to create confusion,” this is just one example of the types of acts that may constitute unfair competition. While customer confusion may be an indicator of unfair competition, it is not a requirement for such a finding.

2.6 INTA accepts that different countries have granted different degrees of protection against what might be deemed “unfair competition” and that there is room for different approaches as to the exact range of activities that are and should be protected by that concept. Nevertheless, INTA submits that there is a core set of activities that fall within the scope of unfair competition and that this includes certain types of bad faith registration of a trademark in line with the requirements stipulated by Article 10bis of the Paris Convention for the Protection of Industrial Property.

2.7 Bad faith registration is a concept that is embedded in many legal systems around the world, including, for example, the trademark law of the European Community. It is a concept that is referred to in the European Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community Trade Mark. Most significantly, Article 52 of that Regulation provides as follows:

*“Article 52*

***Absolute grounds for invalidity***

*1. A Community trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:*

*...*

*(b) where the applicant was acting in bad faith when he filed the application for the trade mark.”*

2.8 The Advocate General of the Court of Justice of the European Union recently commented that the concept of bad faith:

*“(i) cannot be confined to a limited category of specific circumstances such as the existence of a particular kind of prior right, a lack of intention to use the mark or actual or constructive knowledge of the existing use of a similar mark; and*

*(ii) relates to a subjective motivation on the part of the trade mark applicant – a dishonest intention or other ‘sinister motive’ – which will none the less normally be established by reference to objective criteria (of which circumstances such as those listed under (i) may well form part); it involves conduct which departs from accepted principles of ethical behaviour or honest commercial and business practices, which can be identified by assessing the objective facts of each case against such standards.”<sup>1</sup>*

2.9 INTA is of the view (as recorded in the Bad Faith Resolution) that

*“the following requirements be imposed for a finding of bad faith application/registration:*

*1. the applicant/registrant knew of the third-party’s rights or legitimate interests in a mark identical to or substantially identical to the mark applied for/registered,*

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<sup>1</sup> See para 60 of the Opinion of Advocate General Sharpston dated March 12, 2009 in *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*, (Case C-529/07) para 60. That case was concerned with Article 51(1)(b) of Council Regulation No 40/94, the precursor to Regulation No 207/2009. However, the words of the relevant provision are unchanged.

*where such knowledge is actual or may be inferred from the surrounding circumstances; and*

*2. the applicant/registrant's conduct in applying for/registering the mark is inconsistent with norms of reasonable, honest, and fair commercial behavior.”*

2.10 It can be seen from this that INTA takes a slightly more conservative view of bad faith registration, requiring knowledge on part of the applicant / registrant. However, regardless of the exact scope of the bad faith concept, there is agreement that the test is one of departure from the norm of reasonable honest and fair commercial behaviour. INTA submits that this agreement reflects the fact that there is at least a core concept of bad faith registration that can and should be recognized by different legal systems as constituting “unfair competition” whether or not the goods are similar or in direct competition and that pursuant to Article 10bis (1), parties to the Convention are bound to provide a remedy in national law in this respect.

2.11 The assessment of bad faith and what constitutes a departure from the norms of reasonable honest and commercial behaviour is one of an overall assessment of the facts taking into account all the factors relevant to the case.<sup>2</sup> INTA contends (as recorded in the Bad Faith Resolution) that the relevant factors to be taken into account include the following:

1. whether the mark was applied for/registered primarily to appropriate a trademark well known in other jurisdictions or to disrupt the business of a competitor;
2. whether the mark was applied for/registered primarily to sell, license, or otherwise transfer the registration to the party opposing or seeking to cancel or to a competitor of that party;
3. whether the mark was applied for/registered primarily to prevent the party opposing or seeking to cancel from acquiring trademark rights in the jurisdiction in which the application was filed;
4. whether the applicant/registrant has a legitimate interest in the mark applied for;
5. whether the applicant/registrant applied for/registered the mark with the intention of creating confusion as to the source, sponsorship, affiliation, or endorsement of the applicant's/registrant's goods or services;
6. whether the applicant/registrant knowingly made false statements in connection with the trademark application/registration;
7. whether the applicant/registrant has engaged in a pattern of applying for/registering marks in which it had no legitimate interest; and
8. the degree of distinctiveness of the mark applied for.

### ***Application to the present case***

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<sup>2</sup> The European Court of Justice in its decision on June 11, 2009 in the *Chocoladefabriken Lindt* case supra stated:

*“Whether the applicant is acting in bad faith ... must be the subject of an overall assessment, taking into account all the factors relevant to the particular case” (see para 37)*

2.12 Although the facts of the present case are for the Court to determine, it appears to INTA that there are a significant number of factors in this case that strongly point to bad faith registration in this case. In particular:

- (i) the mark in question is highly distinctive (see factor 8 above);
- (ii) the applicant has no obvious legitimate interest in the mark applied for (see factor 4);
- (iii) the applicant appears to have engaged in a pattern of applying for marks in which it had no legitimate interest (see factor 6); and
- (iv) the applicant has by means of the registration sought to appropriate a trademark well known in other jurisdictions (see factor 1).

2.13 INTA would respectfully suggest that the Court allow the claimants in this case to raise these factors as grounds for the possible cancellation the trademark VACHERON CONSTANTIN (Reg. No. 278829) under Russian law (whether pursuant to Article 10bis of the Paris Convention or otherwise).



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