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MECHANISMS OF RUSSIAN LAW:
PROTECTION OF MEANS OF
INDIVIDUALIZATION ON THE
INTERNET**

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CHANGING TRADITIONAL MECHANISMS OF RUSSIAN LAW: PROTECTION OF MEANS OF INDIVIDUALIZATION ON THE INTERNET

This article is motivated by the growing interest in the problem of Internet trademark usage and the comparatively low interest in the non-Internet equivalent. . Despite the fact that differences in the regulation of on-line and off-line trademark utilization have been recognized over a long period of time, there is still no harmonization among the numerous Russian laws in the field of ‘other means of individualization’. . Although recent research studies have been numerous, lawmakers still haven’t decided on how the Internet has influenced the exclusive rights granted within Chapter 76 of the Civil Code of the Russian Federation. The issue at hand is affected by the significant growth of the Internet and electronic commerce. Moreover, the problem discussed in this paper arises from the fundamental question of limits on the exercise of subjective civil rights.

The aim of this paper is to analyze different means of individualization under Russian legislation; to show key aspects of usage and protection of the means of individualization on-line; to reveal the doctrinal theories stipulating the emergence of new distinctive objects; to describe the current and potential pitfalls of the legislative framework; and to demonstrate modern legal trends in this field. In addition, this paper suggests different steps for and models of further regulatory development.

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INTRODUCTION

The advent of new technology and transition to more innovative methods of development in the economy has determined the extensive changes in the national legal regulation of relations which have arisen in the sphere of creation, legal protection and usage of results of intellectual activity and means of individualization². Thus, the development of information technology, primarily the Internet, has revealed a number of internationally recognised problems and changes that are necessary within traditional intellectual property law institutions³.

Information technology has a significant impact on almost all areas of human activity, including economic, political and legal. According to statistical data⁴, the global income from electronic and mobile commerce now exceeds \$1.5 billion per year. Such rapid development of online business requires an updating of the international legal regulation of the industry. For example, UNCITRAL model law "On Electronic Commerce"⁵ has been in effect for almost twenty years. Moreover, in 2000 the EU Directive "On Electronic Commerce"⁶ was adopted. Despite the attempts made by both academic and parliamentary communities, a special law on electronic commerce has not still been adopted in the Russian Federation⁷.

Means of individualization (as used under Russian legislation) play an important role in the process of carrying out business activity online as they distinguish between certain traits of the goods and services offered to the consumer, legal entities and individual entrepreneurs

² S.M. Mihajlov, E.A. Morgunova, A.A. Ryabov. Pravo intellektual'noj sobstvennosti: aktual'nye problemy. M.: NORMA, INFRA-M, 2014. S.176.

³ The present paper defines intellectual property as the set of rights in respect of the intangible results of intellectual activity and means of individualization. This understanding of the term corresponds to both Russian doctrine and international law practice. See, for example, Novoselova L.A., Rozhkova M.A. Intellektual'naya sobstvennost': nekotorye aspekty pravovogo regulirovaniya: monografiya. M.: Norma, INFRA-M, 2014, S.128; Sudarikov S.A. Pravo intellektual'noj sobstvennosti: uchebnik. Moskva: Prospekt, 2014; The agreement on trade-related aspects of intellectual property rights (TRIPS), Geneva: WIPO, No. 223(E), 1996 // [Mode of access: <http://www.wipo.int/wipolex/ru/details.jsp?id=12746>, date of access 21.09.2015].

⁴ Internet retailer portal. [Mode of access: <https://www.internetretailer.com/2014/12/23/global-e-commerce-will-increase-22-year>, date of access 21.09.2015].

⁵ UNCITRAL Model Law on Electronic Commerce (1996). Adopted in New York in 28.05.1996 – 14.06.1996 at 29th UNCITRAL session. [Mode of access: http://www.uncitral.org/uncitral/en/uncitral_texts/electronic_commerce/1996Model.html, date of access 21.09.2015]

⁶ Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market ('Directive on electronic commerce'). Official Journal L 178, 17/07/2000 P. 0001 - 0016. [Mode of access: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32000L0031:en:HTML>, date of access 21.09.2015]

⁷ See, for instance, Draft law "Proekt Federal'nogo zakona № 310163-4 «Ob elektronnoj trgovle»" dated 03.10.2000 // SPS Consultant Plus»

themselves. However, all of these means of identification taken together represent one product or one market player in general. In other words, all such means individualize a whole brand.

In foreign literature the concept of brand involves a set of means of individualization, including a variety of different characteristics. For example, certain aspects of antitrust regulation on brands are analysed via economic theory⁸ and business strategies⁹. Besides, brand is considered as an alternative to trademarks in jurisdictions where official registration procedures are too complicated¹⁰ or as a new legal category competing with the trademark¹¹.

Unlike a trademark, a brand is outwith the scope of official regulation, and this gives producers greater freedom in defining visual, audio, reputational and even associative implementations of the brand. On the other hand, such a gap in regulation means that the brand on the whole is not embodied in any formal part of the business. Thus, separate components such as name, reputation, and signs fall into different areas of legislative framework. Consequently, brand becomes almost impossible to protect from misuse by third parties¹². A trademark or an unregistered trademark in the form of the name or logotype of the company can produce relationships and proprietary rights, as opposed to a brand, which itself is not transformed into some other form. In addition, a brand can be presented with any name, word, sign, symbol, drawing, element, colour or sound that distinguishes goods, services or a producer among other goods, services and market players. Obviously, this definition is very similar to the definition of a trademark. However, the wide category of brand is replaced in Russian law by certain means of individualization and these will be discussed later in this paper. Means of individualization can be divided into two large groups: means of individualization of products and means of individualization of participants of the turnover¹³.

Under Russian law, means of individualization of products include trademarks, service marks and geographical indications (appellations of the origin of goods in terms of current legislation). Means of individualization of the participants of the turnover include company

⁸ Lianos, Ioannis, Brands, Product Differentiation and EU Competition Law (September 1, 2014). (Cambridge University Press, 2015); CLES Research Paper No. 7/2014. [Mode of access: <http://ssrn.com/abstract=2542970>, date of access 21.09.2015].

⁹ Desai, Deven R. and Lianos, Ioannis and Waller, Spencer Weber, Brands, Competition Law and IP (March 24, 2015). Cambridge University Press (2015) (Forthcoming). [Mode of access: <http://ssrn.com/abstract=2584509>, date of access 21.09.2015]

¹⁰ Kate Gillespie, Kishore Krishna, Susan Jarvis, Protecting global brands: toward a global norm // Journal of International Marketing. Vol. 10. No. 2, 2002, P. 99-112.

¹¹ Verhoestraete, Florence, The Court of Justice of the European Union Confirms the Obvious and Clarifies the Trade Marks and Brand Names Derogation // Eur. Food & Feed L. Rev. 338 (2013) P. 338-343

¹² Toader Gherasim, The Concept of Brand // Economy Transdisciplinarity Cognition;2014, Vol. 17 Issue 1, p8

¹³ Dem'yanec M., Elin V., Zharova A., Op.cit.

names and commercial names. Part 4 of the Civil Code of the Russian Federation contains an exhaustive list of means of individualization protected under Russian law¹⁴.

Specific characteristics of on-line individualization protection are not embodied enough into statutory Acts, despite the interest in telecommunication networks from the doctrine, law enforcement and the judicial community. This lack of regulation coupled with a vast number of relationships in the field make the issue at hand very real and important for further discussion. Among other problematic issues some researchers suggest that the list of means of identification should also include domain names and names of non-profit organizations¹⁵. In addition to the Civil Code, some issues relating to the use of means of individualization are covered by other laws¹⁶.

The purpose of this paper, therefore, is to investigate the mechanisms involved in the protection of means of individualization on-line and compare these with off-line usage. This paper focuses on some fundamental and practical differences existing between the regulations of certain kinds of these means. As a result of this investigation, some findings on recent Russian law enforcement practice and potential paths for future development will be suggested.

The paper is divided into four parts. The first part describes existing issues with trademark protection of . The next sections demonstrate modern approaches to protection of other means of individualization on the Internet. Finally, the conclusion will present the summary, the main findings of the work and some proposals for future development.

PROTECTION OF TRADEMARKS ON THE INTERNET

In contrast to works protected by copyright or patent law, trademarks are not merely the results of intellectual activity. Article 1477 of the Civil Code of Russian Federation differentiates between the terms “trademark” and “service mark”. Russian law defines a trademark as a sign used for the individualization of goods. A service mark is used for the individualization of works or the services provided by legal entities or individual entrepreneurs.

¹⁴ Grazhdanskij kodeks Rossijskoj Federatsii ot 30.11.1994 N 51-FZ [The Civil Code of the Russian Federation] // "Rossijskaya gazeta", № 238-239, 08.12.1994.

¹⁵ See, for example, Gavrilov E. Sredstva individualizatsii tovarov i kachestvennye kharakteristiki tovarov// Hozyaistvo i pravo, 2014. № 3. S. 13-27, and Ryabchikova A.S. Pravovoe regulirovanie sredstv individualizatsii nekommercheskih organizacij: Avtoref. dis. ... kand. jurid. nauk. M., 2013.

¹⁶ See, for example, the Federal law № 135-FZ dated 26.07.2006 “O zaschite konkurentcii” (On protection of competition) // “Rossijskaya gazeta” №162, 27.07.2006, articles 10(4), 11, 13, etc.; Federal law № 38-FZ dated 13.03.2006 “O reklame” (On advertising) // “Rossijskaya gazeta”, № 51, 15.03.2006, article .2,3,5,7, etc.

Such interpretation of terms has prompted various discussions and studies among lawyers¹⁷. It would be reasonable to say that various regulatory sources contain different explanations of a product and of its connections with the term “service”¹⁸. Differentiation of means of individualization based on the division of objects between goods and services is quite ambiguous and can cause problems for legal qualification.

However, the greatest number of disputes over trademark protection on the Internet are connected, primarily, with the use of the domain name. The concept of an Internet site is closely associated with the concept of a domain name, which provides access to a website. Therefore, it is necessary to characterize the legal nature of a domain name in order to determine the status of an Internet site¹⁹. For consumers, an Internet site is recognized through its domain name, thus the domain serves as an identifying sign²⁰.

A legislative definition of domain name was first stated in 2012 under the Law “On information”²¹. Thus, the domain name is a designation of symbols designed to address sites on the Internet in order to ensure access to information placed in the Internet network. Therefore, the domain name is used for access to information and for the identification of such information. This approach is reflected in Russian legal doctrine²². In addition, the practice of Russian courts has also highlighted an identifying function of a domain. For example, the Presidium of the Supreme Arbitration Court of the Russian Federation has held that “domain names have actually transformed into a means that performs a function of a trademark which gives the possibility to distinguish the goods and services of particular legal entities or individuals from similar goods and services of others legal entities or individuals. In addition, domain names containing trademarks or trade names that have commercial value”²³.

¹⁷ Kommentarij k stat'e 1477, Grazhdanskij kodeks Rossijskoj Federatsii: Firmennoe naimenovanie. Tovarnyj znak. Mesto proiskhozhdeniya tovara. Kommercheskoe oboznachenie. Postatejnij kommentarij k glave 76 (pod red. P.V. Krashennikova). Statut, 2015

¹⁸ Although the Civil code does not expressly define the term, a product means a thing that can be freely alienated and passed from one person to another. In addition, the Tax code of the Russian Federation defines products as any property sold or marketed. See, for example, article 38 the Federal law №146-FZ, dated 31.07.1998 “Nalogovyj kodeks Rossijskoj Federatsii, 31.07.1998 №146-FZ” // “Rossijskaya gazeta” ot 6 avgusta 1998 g. № 148-149; furthermore, the definition of goods is given in the Law №135-FZ dated 26.07.2006 “O zashchite konkurencii”, according to which a product is the subject of civil rights (including work, service, financial service) intended for sale, exchange or other introduction into circulation.

¹⁹ Kondrateva E. Domennoe imya kak ob'ekt prav // Hozyaystvo i pravo (prilozhenie). 2009. №7.

²⁰ Kalyatin V.O. Domennye imena v proekte chetvertoy chasti GK RF // Rossiyskaya yustitsiya. 2006. №8, S. 5-7.

²¹ Federal law 149-FZ, dated 27 July 2006, “Ob informacii, informacionnyh tehnologijah i o zashchite informacii” [“On information, information technologies and protection of information”] // “Rossijskaya gazeta”, № 165, 29.07.2006.

²² See, for example, Sergo A.G. Domennye imena v svete novogo zakonodatel'stva. M., 2010. S. 10; Frolova N.M. Otdel'nye voprosy zashchity prav vladel'cev domennyh imen pri stolknovenii s interesami vladel'cev tovarnyh znakov // Sud'ya. - M.: ANO Redakciya zhurnala “Sud'ya”, 2014, № 3. S. 42-46

²³ Postanovlenie Prezidiuma Vysshego Arbitrazhnogo Suda Rossijskoj Federatsii ot 16 yanvarya 2001 g. № 1192/00 // Vestnik VAS RF. 2001. № 5.

Moreover, numerous Court decisions regarding intellectual property rights²⁴ evidence that there is a large and varied number of relations in the field of Internet²⁵. Among these cases there are several Court decisions on intellectual rights that are worth mentioning:

- 1) The perfecta.ru case. In their decision, the Court acknowledged that use of the domain name (perfecta.ru) was confusingly similar to the plaintiff's trademark and violated the exclusive rights of the plaintiff for a trademark²⁶.
- 2) Decision №C01 70/2013, in which the Court held that “the mere fact of placement in the domain name designation confusingly similar with a registered trademark already indicates the violation of the exclusive rights of the plaintiff, and violates the requirements of article 10 bis of the Paris Convention”²⁷.
- 3) Decision №C01 325/2013. The Court protects the rights of the administrator of a domain that was registered before the priority date of the trademark. The administrator was not registered as an individual entrepreneur and did not conduct commercial activity in respect of goods for which the trademark is registered, i.e. did not carry out unfair competition²⁸.
- 4) Decision №SIP-150/2013. The Court held that the protection of the disputed trademark may be terminated in connection with its disuse²⁹.

Consequently, analysis of current legislation and court practice leads to several findings in reference to trademark protection on the Internet:

1) Russian law recognizes that an exclusive right to trademark can be exercised by placing a trademark in the domain name (or other ways of Internet addressing). The rightful owner of a

²⁴ The Court was created as one of the measures of reforming the legal system of the Russian Federation in response to emerging problems of IP protection. Its main task is to ensure a uniform judicial practice in the field of protection of intellectual property rights in the business sphere.

²⁵ See, for example, Gladkaya E.I., Pod"yapol'skij V.V. Analiticheskij obzor praktiki po sporam v sfere intellektual'noj sobstvennosti. Osparivanie predstavleniya pravovoj ohrany tovarnomu znaku // SPS Consultant Plus, 2015.

²⁶ Postanovlenie Suda po intellektual'nym pravam ot 05.08.2014 N S01-671/2014 po delu № A40-101725/2013 // https://kad.arbitr.ru/PdfDocument/6c17369e-9bae-4852-8b24-99c3822ecc05/A40-101725-2013_20140805_Reshenija%20i%20postanovlenija.pdf

²⁷ Postanovlenie Suda po intellektual'nym pravam ot 02.10.2013 №S01-70/2013 po delu №A40-111177/2012 // https://kad.arbitr.ru/PdfDocument/a9fde3a8-ddef-4ec0-8177-e6a7bf08c68d/A40-111177-2012_20131002_Reshenija%20i%20postanovlenija.pdf

²⁸ Postanovlenie Suda po intellektual'nym pravam ot 11.02.2014 №S01-325/2013 po delu №A60-52709/2011 // https://kad.arbitr.ru/PdfDocument/3193c7bb-64cc-4312-887b-9472acf2f9cd/A60-52709-2011_20140211_Reshenija%20i%20postanovlenija.pdf

²⁹ Reshenie Suda po intellektual'nym pravam ot 19.12.2013 po delu №SIP-150/2013 // https://kad.arbitr.ru/PdfDocument/206ee23a-2c49-4fc9-ae3e-82c5717931cb/SIP-150-2013_20131219_Reshenija%20i%20postanovlenija.pdf

registered trademark has priority in registering the domain name (one used for the purposes of carrying out business activities). Therefore, not only the use of a domain name, but the mere act of registering a domain name which is identical or confusingly similar to a well-known trademark will constitute a violation of the exclusive right to any well-known trademark. Moreover, the criterion of bad faith is the key to resolving domain name disputes. The court should determine the existence of a legal interest of the parties to determine bad faith in a corresponding domain name case³⁰.

At the same time, provisions of the Russian Civil Code stating liability for unlawful use of a trademark do not mention domain name usage. Thus, the main form of legal regulation in the field of online trademark protection is court action. The Court for intellectual property rights remains the official authority in providing recommendations to the lower courts³¹. This is why a trademark owner in a case of unlawful use can choose from the various tools of protection provided for exclusive rights in general.

2) Article 1252 of The Civil Code established that in a case of violation of exclusive rights the rights-holder may bring a case before the court with the following claims: to claim recognition of the exclusive rights; to stop action infringing on their rights or creating a threat of violation; to reimburse damages; to payment compensation; to seizure of material counterfeit objects; to publish the court decision stating the actual rights-holder. Besides this, article 1515 states the right of the right holder to claim for withdrawal of counterfeit goods, labels, or packaging of the goods at the expense of the infringer.

So if the court finds a violation of exclusive rights, the rights-holder is entitled to demand the infringer to pay compensation of the amount of 10,000 to 5,000,000 roubles at the court's discretion based on the nature of the infringement; or an amount equal to double the value of the goods on which the trademark has been illegally placed; or double the value of the right to use the trademark, assessed on the basis of the fee normally charged in comparable circumstances for the legal use of the trademark.

In the case of web pages, compensation is calculated based on the number of items of a product offered for sale on the website, regardless of the number of pages on the site containing the trademark or concerning the number of pages of the website containing designations that are

³⁰ Postanovlenie Prezidiuma Suda po intellektual'nym pravam ot 28 marta 2014 g. № SP-21/4 «Ob utverzhdenii spravki no voprosam, voznikayushchim pri rassmotrenii domennyh sporov» // Zhurnal Suda po intellektual'nym pravam [Mode of access:<http://ipcmagazine.ru/official-cronicle/the-questions-that-arise-when-considering-domain-disputes>, date of access 21.09.2015]

³¹ Goloviznin A.V. Zashchita prav na domennye imena: opyt pravoprimereniya // Vestnik arbitrazhnoj praktiki, 2014, №3.

confusingly similar with the trademark. In 2014 several important amendments were made to article 1252 of The Civil Code. Thus, if one action violates the rights in several means of individualization, the total amount of compensation is determined by the court for each wrongfully used means of individualization. Therefore, if the rights on the corresponding means of individualization belong to the same rights-holder, the total amount of compensation for infringement of rights can be reduced by the court below the limit of double price per item. But the total amount of compensation cannot be less than half of this limit.

3) In disputes concerning illegal trademark usage on the Internet, rights-holders often, in addition to the payment of compensation, need to prohibit the infringer to use or to transfer the administration of the domain name. . In judicial practice there are such requirements, i.e. the annulment of the domain name registration with an obligation on the infringer to send an application for the cancellation of the domain to the Registrar³²; an obligation to transfer the domain administration correctly³³; and an obligation on the infringer to cancel the domain registration and provide domain name registration priority to the ownership of the rights-holder³⁴.

In addition to problems of illegal usage of trademarks and service marks, some unsolved issues of “quasi” illegal usage are now coming to the fore.

Firstly, there is the use of a trademark in a domain name of a website created and used for educational or other non-commercial purposes. Different fan sites or pages with critical reviews about the product and the rights-holder also fall into this category. Although administrators of such domain names don't carry out business activity or produce counterfeit products, the legal status of these non-commercial web sites is still not clear. While the general

³² Postanovlenie FAS Severo-Zapadnogo okruga ot 04.07.2012 po delu №A56-43689/2011 // http://kad.arbitr.ru/PdfDocument/3cf59255-6905-4a8c-b799-b7a1b8984396/A56-43689-2011_20120704_Postanovlenie%20kassacionnoj%20instancii.pdf

³³ Postanovlenie Suda po intellektual'nyh pravam ot 11 marta 2015 po delu №SIP-440/2013 // http://kad.arbitr.ru/PdfDocument/b893a331-d85b-48e9-9449-3b9025a1ef5f/A79-1204-2014_20150311_Reshenija%20i%20postanovlenija.pdf

³⁴ Postanovlenie Federal'nogo arbitrazhnogo suda Moskovskogo okruga ot 15.10.2012 po delu №A40-55153/11-27-450 // http://kad.arbitr.ru/PdfDocument/97a5263a-1330-401e-ae70-c791c818a9e9/A40-55153-2011_20121015_Reshenija%20i%20postanovlenija.pdf

position of Russian courts seems to be to analyse the intentions of the parties and their faith³⁵, there are some decisions granting the right of priority to the rights-holder against the fan clubs³⁶.

Secondly, usage of means of individualization on the Internet in contextual (search) advertising via a search engine constitutes another problematic “quasi” illegal issue³⁷. The information placed in the search engines is classified as advertising in accordance with current legislation³⁸. Since trademarks are often used as a search keyword, there is the problem of the qualification of such actions as the illegal use of the protected means of individualization³⁹.

In this respect it is worth mentioning a particular decision of the Court regarding intellectual property rights⁴⁰, in which the Court held that the use of trademarks as context search keywords does not violate the exclusive rights of the rights-holder. The integrated practice of the Russian Court also shows that keywords, being a technical attribute, are used solely for information searches and do not constitute individualization of goods and services that can violate exclusive rights⁴¹.

PROTECTION OF APPELLATION OF ORIGIN OF GOODS ON THE INTERNET

As discussed earlier, legal protection of the means of individualization serves the purposes of market competition. Consequently, demand for goods is based primarily on the reputational characteristics of the goods’ producers⁴². A brand includes numerous components and is aimed at achieving public recognition and familiarity. This is protection of the appellation of origin of goods (out of all the means of individualization) to present and reflect the

³⁵ Postanovlenie Prezidiuma Suda po intellektual'nym pravam ot 28 marta 2014 g. № SP-21/4. Op.cit.

³⁶ Reshenie Arbitrazhnogo suda goroda Moskvy ot 09 iyunya 2010 g. po delu №A40-22747/2009 // <http://docs.cntd.ru/document/454039418>

³⁷ Savel'ev A.I. Elektronnyaya kommerciya v Rossii i za rubezhom: pravovoe regulirovanie. M.: Statut, 2014. S. 543.

³⁸ Postanovlenie Devyatogo arbitrazhnogo apellyacionnogo suda ot 2 avgusta 2011 g. № 09AP-17064/2011-AK po delu №A40-21456/11-72-121 // http://kad.arbitr.ru/PdfDocument/a8739816-d09b-4eaf-aea6-2232cba705df/A40-21456-2011_20110802_Postanovlenie%20apellyacionnoj%20instancii.pdf

³⁹ Perevalov V.A., Blinov O.I. Poiskovaya reklama s točki zreniya prav na tovarnye znaki i zakonodatel'stva o zashchite konkurencii v Rossii i za rubezhom // Zakon. 2014. №9. S. 102-110

⁴⁰ Postanovlenie Suda po intellektual'nym pravam ot 26.11.2013 №S01-198/2013 po delu №A40-164436/2012 // http://kad.arbitr.ru/PdfDocument/34912101-ddcf-498b-bbd8-2644ce4bd4da/A40-164436-2012_20131126_Reshenija%20i%20postanovlenija.pdf

⁴¹ See, for example, Reshenie Suda po intellektual'nym pravam ot 15 dekabrya 2014 goda po delu №A17-7691/2013 // http://kad.arbitr.ru/PdfDocument/9561d471-2f8b-416d-8a50-58a196cbd4fa/A17-7691-2013_20141215_Reshenija%20i%20postanovlenija.pdf; Postanovlenie Suda po intellektual'nym pravam ot 03.06.2014 № S01-423/2014 po delu № A51-11605/2013 // http://kad.arbitr.ru/PdfDocument/6815f82f-c95c-4f92-87b5-7f2859bb7899/A51-11605-2013_20140603_Reshenija%20i%20postanovlenija.pdf

⁴² Gavrilov, op.cit.

quality of the product. In this function this means of individualization is concurrent with a trademark which is also served to connect a product and a certain level of quality.

The appellation of origin of goods is a designation referring to a modern or historical, official or unofficial, full or abbreviated name of a country, city or rural settlement, locality or other geographic object. It is protection for goods understood to have special characteristics that are exclusively or mainly determined by a distinctive geographical object, natural conditions or human factors. It seems logical that the distinct nature of the appellation of origin of goods is geared towards relatively primary business activities, a specific brand or an entity. This is due to the fact that the appellation of origin of goods describes a commonly known quality of goods through characteristic(s) of location, not a brand. Moreover, an interesting feature of this means of individualization is the fact that the appellation of origin of goods is not required to be valid. The quality is predefined with the name of a geographical location. Thus, the consumer cannot be misled, as the very fact of registration of such a geographical indicator implies a correspondence of the goods with the claimed characteristic quality⁴³.

The appellation of origin is protected under Russian law. Protection of the right to use such a name occurs on the basis of registration by one or more legal or natural persons. Any business entity that performs its activities on the same territory and produces goods exhibiting the required characteristics is entitled to register an appellation of origin. Thus, the entity having registered appellation of origin has a limited legal monopoly on the exclusive right to produce and sell products marked with this designation.

Such availability of the registration may cause problems of shared use by several rights-holders and legal competition among these business entities. As none of the rights-holders has priority in the enjoyment of the rights, each of them are limited in their individual rights. Moreover, the limited protection of means of individualization is expressed in the fact that an exclusive right cannot be assigned or transferred⁴⁴.

The appellation of origin is competing with trademarks as a form of identification. In this regard, there can be situations when the interests of trademark rights-holders clash with the interests of those to use the appellation of origin of goods. Thus, in the landmark case of Sarov mineral water, the Court held that a trademark has priority against appellation of origin due to

⁴³ Article 1516 of the Civil code

⁴⁴ Tyul'kin A.A. Soderzhanie ob"ekta, individualiziruemogo kommercheskim oboznacheniem // Vestnik Permskogo Universiteta. YUridicheskie nauki. 2014. N 1. S. 226 - 233.

the earlier date of acquisition of popularity among consumers⁴⁵. The decision automatically striped other rights-holders of their rights and transformed a common limited monopoly into an unlimited one. This case shows the close connection between different means of individualization. More interesting is the absence of court decisions challenging the exclusive rights of the use of appellation of origin on the Internet. This position of the Court might be considered as a direction for resolving future cases.

Procedures for using the appellation of origin are numbered in article 1519 of the Civil Code, and use of such designations on the Internet and in domain names is granted by law. Due to the fact that an unlimited circle of persons can register an appellation of origin, potential grounds for dispute between rights-holders about the registration of the domain name are created. Since appellation of origin is not a trademark, the registrability of such domain names remains unclear. It is reasonable to assume that such disputes should be resolved similarly to the practice of the trademark and take into account the date of priority as a key principle of the protection granted.

PROTECTION OF COMPANY NAMES ON THE INTERNET

A company name is a means of individualization that is, as distinguished from trademarks and appellations of origin of goods, obligatory for any legal entity carrying out business activity. Although a company name is not always displayed on a product and is far less recognized by consumers, a company name constitutes the core of a brand.

In accordance with article 1473 of the Civil Code, a commercial organization shall use its company name in all its business activities and legal relations. A signature feature of this means of individualization is that a legal entity has only one name. Therefore, from the point of view of creating an effective brand, a company name is the most essential object, even if its not the most valuable one. This is why the courts require veracity of the name in cases on the protection of the company name⁴⁶. Current legislation applies certain requirements to company names in order to be registered and protected.

Use of company names is granted by law for both on-line and off-line types of business. Thus, it can be any action, including an indication on signs, letterheads, invoices and other

⁴⁵ See, for example, Reshenie Suda po intellektual'nym pravam ot 17 oktyabrya 2014 goda po delu №SIP-357/2013 // http://kad.arbitr.ru/PdfDocument/3de1d0f3-f0a6-4314-a4e9-9a9ac94166fb/SIP-357-2013_20141017_Reshenija%20i%20postanovlenija.pdf; Reshenie Suda po intellektual'nym pravam ot 20 fevralya 2015 goda po delu №SIP-357/2013 // http://kad.arbitr.ru/PdfDocument/a86e9e9e-2b10-4410-bbeb-bb1f1bf725ea/SIP-357-2013_20150220_Reshenija%20i%20postanovlenija.pdf

⁴⁶ Postanovlenie Odinnadcatogo arbitrazhnogo apellyacionnogo suda ot 4 apr. 2013 g. po delu №A65-28190/2012

documentation, in announcements and advertisements, on goods or their packaging, in the Internet network. Despite the legislative authorization, there is an obvious lack of further legal regulation on the protection of company names on the Internet.

For instance, normative sources do not contain any other provisions governing the use of company names on the Internet. It seems that in such circumstances this means of individualization is subject to the general requirements and regulatory regime. This deficiency of detailed regulation might constitute a concern for the protection of company names in the field of E-commerce. Thus, court decisions become the main source of legal interpretation in disputable situations.

In this respect it is necessary for the study to review some court decisions:

1. The Ruling of the Federal Commercial Court of Moscow District dated 03 April 2012⁴⁷. In its decision, the Court held that priority is assigned to the trademark owner even if his rights appeared later in respect to a domain name similar to the company name and trademark, owned by different persons. This case, therefore, shows that trademarks are more similar to domain names than company names.
2. The decision of the Court for intellectual rights property dated 04.06.2015⁴⁸. The court stated that if various means of individualization (trade name, trademark, service mark, commercial designation) are identical or confusingly similar, and as a result of such identity or similarity consumers and (or) counterparts can be misled, the priority is granted to the means of individualization with an earlier date of exclusive rights creation. Thus, the Court came to the opposite conclusion to preceding decisions and granted priority not to the registered trademark, but to the earlier means of individualization. This particular case shows that general court practice on the problem of protection of company name on-line has not still been formed.
3. The decision of the Court for intellectual property rights dated 15.12.2014⁴⁹. The court held that there had been an abuse of rights, an act of unfair competition. As a

⁴⁷ Postanovlenie Federal'nogo Arbitrazhnogo Suda Moskovskogo okruga ot 03 aprelya 2012 goda po delu №A40-45986 // http://kad.arbitr.ru/PdfDocument/f2647af6-7d9b-4065-ad34-1193e827921d/A40-45986-2011_20120403_Reshenija%20i%20postanovlenija.pdf

⁴⁸ Reshenie Suda po intellektual'nym pravam ot 04.06.2015 po delu № A56-7110/2014 // http://kad.arbitr.ru/PdfDocument/05688c40-f2a7-4104-8a61-50ae4b74d8d8/A56-7110-2014_20150604_Reshenija%20i%20postanovlenija.pdf

⁴⁹ Reshenie Suda po intellektual'nym pravam ot 15.12.2014 po delu № A41-401/2014 // http://kad.arbitr.ru/PdfDocument/64fc9b54-42c9-44d6-9b4b-0757cdd3acb8/A41-401-2014_20141215_Reshenija%20i%20postanovlenija.pdf

result, the Court required the cessation of use of a part of the company name and the trademark "Voentorg" in the domain name "voentorg.biz" on the Internet. Moreover, the Court placed a duty to transfer the domain name voentorg.biz immediately and gratuitously to the rights-holder.

Thus, it is possible to conclude that the lack of legal regulation in the sphere of protection of company names on the Internet is compensated for partly with court practice. In its turn, such practice is starting to refuse giving priority to protection of registered means of identification and is trying to determine the date of an earlier right instead.

Besides this, another problem for legal practice can arise from Internet usage of means of individualization. Under Russian law, non-commercial entities cannot register company names (as they are understood in Russian civil law). However, such entities carry out accompanying activities such as raising money via different crowd finding platforms. As of yet there has been no practice or official comment on the legal status and on-line protection of such names.

PROTECTION OF COMMERCIAL NAMES ON THE INTERNET

Commercial name is the means of identification least discussed among researchers. This is why legal doctrine has yet to develop a clear approach to its understanding⁵⁰. As a rule, rights-holders use commercial names for the individualization of one or more specific companies. The commercial name is not included in the corporate documents of the legal entity, but one company can use only one company name. It should also be mentioned that the commercial name can be used as a whole or as a separate element in the trademark owned by the right holder. In addition, this means of individualization may be transferred to other parties under a franchising contract. The definition of a commercial name is widely used in foreign countries⁵¹.

In Russia commercial names are used for the individualization of Russian enterprises. The exclusive rights include the right to use the name on signboards, forms, in accounts, advertisements, products, packaging, as well as on the Internet. As legal doctrine states, a commercial name refers to the symbol used by a business entity for the purposes of

⁵⁰ Tyul'kin A.A. Op.cit.

⁵¹ See, for example, article 2 of the Convention establishing the world intellectual property organization. Thus, commercial names are recognized as intellectual property. Moreover, national legislation of several countries also implemented the rules about the names on the signs (Spain, Italy, Portugal, France), informal names (USA), symbolic names (Finland, Sweden).

individualization of the enterprise as a property complex famous in a particular area⁵². Therefore, the problem of defining the locality of Internet enterprise arises. The court decides the question of sufficient distinctiveness in a particular area on the basis of a visual examination of a commercial name⁵³. In this regard, the question about the use of a commercial name on the Internet becomes more topical.

A commercial name may be included in a trademark, service mark or company name, however, in each such case the commercial name is protected separately from other means of individualization. However, the incorporation of a company name should not mislead consumers or be confusingly similar to a company name, trademark or commercial name, belonging to another rights-holder⁵⁴. All of the requirements on the use of a commercial name seem to be logical and simple when such use occurs in the traditional off-line form of business. However, since legislation states the legality of the use of this means of individualization on the Internet, a number of other issues remain unresolved.

How to determine the territoriality of commercial names? There are several possible solutions to this problem. For example, the place of residence of the domain name administrator may serve as an indicator of territorial coverage for the web site containing a commercial name. However, the problem of identification of registrants has still not been resolved to its full extent. In addition, entrepreneurial activity may be carried out in a place other than the administrator's place of residence. As it is difficult to determine the recognition of a name of a company in a particular territory, a need for a fundamentally new criterion for granting company name protection on the Internet becomes rather obvious⁵⁵.

In this respect, the Decision of The Court for intellectual property rights dated 26 January 2015 should be mentioned⁵⁶. In this case the Court held that an unregistered commercial name "SIC" gained priority over an almost identical company name "SiC" which was registered and included into the Register of legal entities. Thus, it seems logical to conclude that court practice

⁵² Petrenko O.V. Osobennosti voznikoveniya isklyuchitel'nogo prava na kommercheskoe oboznachenie // Bezopasnost biznesa, 2011. №3. S. 33-35

⁵³ Nauchno-prakticheskij kommentarij k Grazhdanskomu kodeksu Rossijskoj Federatsii. V 2 t. T. 2. CHasti III, IV GK RF (pod red. T.E. Abovoj, M.M. Boguslavskogo, A.G. Svetlanova). - In-t gosudarstva i prava RAN. - 6-e izd., pererab. i dop. - "Izdatel'stvo Yurajt", 2011 g.

⁵⁴ Svishcheva E.I. Priznaki ohranosposobnosti kommercheskih oboznachenij // Vestnik arbitrazhnoj praktiki. 2014. № 3. S. 16 - 21.

⁵⁵ Svishcheva E.I. Zashchita isklyuchitel'nogo prava na kommercheskoe oboznachenie // Vestnik arbitrazhnoj praktiki. 2014. № 4. S. 36 - 41

⁵⁶ Postanovlenie Suda po intellektual'nym pravam ot 26 yanvarja 2015 g. № S01-1328/2014 po delu № A59-592/2014 // http://kad.arbitr.ru/PdfDocument/cfc78c57-61c3-4bdd-a808-32b28a3dfb9d/A59-592-2014_20150126_Reshenija%20i%20postanovlenija.pdf

has started implementing abstract rights-holders' rights on the usage of names on the Internet . Consequently, uniform normative mechanisms for on-line commercial name dispute resolutions may appear in the future. Lawmakers or courts are to establish an order of priority among the different means of individualization.

CONCLUSION

Means of individualization, while remaining unchanged in form, acquire additional, new properties due to the emergence of new types of business activity. The impact of the Internet has had a significant influence on the regulation of the protection of all means of individualization. However it is possible to assume that in the future the interaction between technology and business will get even stronger.

To sum up, we can identify several trends that are likely to appear in Russian law. First, the doctrinal idea of the implementation of new means of individualization into current legislation has generated a fierce discussion that requires the adoption of new laws to be concluded. So, domain names have been discussed as an identifier of goods and producers in the past few decades, and their practical value is comparable to a legal means of identification. Second, as all means of individualization are to be used in the same cyberspace, the differences between them tend to diminish as they come in accordance with the wider concept of a brand. For example, it seems reasonable that a particular sign or word, when used on-line via a domain, can constitute both a trademark and a commercial name. Thus, such practice may be recognized as branding and experience the protection of a uniform legal phenomenon.

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