

Non-contractual use of a trademark

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Abstract—As a general rule, using of a trademark is allowed at the discretion of possessor of a right owing to the exclusive right belonging to it, in particular, based on a contract with other persons signed by it. However, the letter of the law also provides non-contractual use of a trademark, a legal ground, which is a norm of exhaustion of the exclusive right to a trademark (Article 1487 of the Civil Code of the Russian Federation). It causes challenges in the interpretation of this norm in law-enforcement practice. The purpose of the article is an analysis of conditions of exhaustion of an exclusive right of possessor of a right to the trademark and development of offers to modify the current version of Article 1487 of the Civil Code of the Russian Federation.

Keywords— *the exclusive right to the trademark, exhaustion of the exclusive right to the trademark, trademark, license contract, contract for alienation of the exclusive right, consent.*

I. INTRODUCTION

It is known that a trademark is a specific designation serving for individualisation of goods of legal entities or individual entrepreneurs (Article 1477 of the Civil Code of the Russian Federation). The exclusive right to the trademark provides its legal use and protection against offences from another alius. At the same time, it is standardly fixed that the owner, working at discretion, can resolve or forbid the use of the trademark as a result of intellectual activity (Article 1229 of the Civil Code of the Russian Federation), thereby setting limits of implementation of personal civil law by other persons [5].

To the legal grounds providing a possibility of use of the trademark by other persons, the law carries the contract on alienation of the exclusive right to the trademark (Article 1488 of the Civil Code of the Russian Federation), the license contract (Article 1489 of the Civil Code of the Russian Federation), it is allowed as well other form of expression of will of the owner on use of the trademark — consent to its use. Such position contains, for example, in the resolution of Intellectual Property Rights Court of December 15, 2014 on case No. SIP-285/2014. Otherwise, use of the trademark is recognised as an offence of the exclusive right and attracts approach of civil responsibility.

At the same time, the law allows actions for the use of someone else's trademark by other persons without the acquisition of the exclusive right to it or receiving on that permissions of the owner. So, by Article 1487 of the Civil Code of the Russian Federation, it is established that use of this trademark by other persons in respect of goods which

were introduced into civil circulation in the territory of the Russian Federation directly by the owner or from his consent is no violation of the exclusive right to the trademark. Such possibility of use of someone else's trademark occurs owing to the exhaustion of the exclusive right to the trademark the fact of the introduction of goods to civil circulation by the owner or expressions on that its consent. "For exhaustion of the exclusive rights to trademarks," O.A. Gorodov notes, "existence of two interconnected legal facts is necessary: placement of the sign on goods, the label or packing (or placement by the different ways provided by Paragraph 2 of Article 1484 of the Civil Code of the Russian Federation) and introduction of goods to civil circulation. Introduction of products to civil circulation is a necessary condition under all other circumstances and ways of placement of designation [4]."

II. MATERIALS AND METHODS (MODEL)

The main normative legal act which formed an empirical base for carrying out scientific research became, the Civil code of the Russian Federation. For the development of recommendations about improvement of the existing civil legislation the analysis of the court arbitration practice connected with the use of the norms regulating the use of the trademark is carried out.

The theoretical basis of a research was made by works of the scientists who devoted the works to a research to implementation of the subjective rights, limits of implementation of the subjective rights, in particular, of E.V. Vavilin, [1], T. V. Deryugina [5]; to legal grounds of use of someone else's trademark O.A. Gorodov [4], A.V. Motilkova [6], studying a trade turnover of Y.V. Vinichenko [2], E. I. Visockaya [3], G. F. Shershenevich [10].

The methodological basis of the research was made by a logical method, the technical and legal method which defined the interpretation of rules of law and legal modelling. In the analysis, the arising legal relationship, the system approach which is a general scientific method of knowledge was used.

III. RESULTS AND DISCUSSION

It should be noted that the wording of Article 1487 in itself of the Civil Code of the Russian Federation about the exhaustion of the exclusive right to the trademark, causes in practice serious difficulties in definition of conditions of

such exhaustion. So, owners of the trademark believe that exhaustion of the exclusive right to the trademark does not happen if the trademark is used by other persons for, not connected with consumption of goods. For example, owners believe, it does not occur in the sphere of the entrepreneurial activity connected with the resale of these goods and therefore receiving explicit the expressed consent of the owner is required. For example, PJSC KAMAZ appealed to arbitration tribunal with the requirement about collecting compensation for violation of the exclusive rights to trademarks. In justification of the requirements referred to the fact that LLC Car Resource Trading House without its consent uses on the official form and an impress of a seal, in the advertising catalog and on the website on the Internet the graphic representation of the running racer and the verbal elements similar to extent of mixture to trademarks, the belonging PJSC KAMAZ. Courts, proceeding from the definition of the Supreme Court of the Russian Federation of April 13, 2018 on case No. 310-ES18-4194, dismissed the stated requirements and specified that LLC Car Resource Trading House uses the trademark on goods which were introduced into civil circulation with the consent of the owner of trademarks by his official dealer. Also, use of the trademark was carried out for advertising of these goods. However, such use of someone else's trademark is admissible as advertising of goods is an integral part of the process of promotion of goods and the offer to sale of goods is impossible without informing the consumer on the producer of goods and the sphere of its application.

On another matter, proceeding from the resolution of Intellectual Property Rights Court of May 31, 2017 on case No. A40-69858/2016, LLC Silvano Feshn addressed the Company with the requirement about the ban of the use of the trademark because of realisation under this sign of similar goods of other producers. In turn, the Company believing that the exclusive right of the owner to the trademark is exhausted by the acquisition of a consignment of goods at it based on the contract of delivery objected concerning the stated requirements and pointed out the legitimacy of the use of the trademark, including for the promotion of goods of other producers. Court, resolving the arisen dispute in the resolution noted that provisions of Article 1487 of the Civil Code of the Russian Federation, in this case, are not subject to application as the Company used the controversial trademark illegally concerning those goods to which operation of Article 1487 of the Civil Code of the Russian Federation does not extend.

A.V. Motylkova notes that the provision enshrined by Article 1487 of the Civil Code of the Russian Federation designates that the Russian Federation is a supporter of the national principle of exhaustion of the rights. It follows from this that the signature products marked by the protected designation are introduced into circulation in the Russian territory only with the permission of the owner. Otherwise, such actions will be considered as illegal even if the goods in the country of the acquisition were bought legally [7]. It should be noted that legal regulation of actions can be carried out or based on norms of the objective right, or according to conditions of the established legal relationship. Also, the legal effect of this sort of actions cannot be defined randomly [9]. The same should also be told about actions for the use of someone else's trademark when similar

actions are based on the law. It occurs if first, the goods are introduced into civil circulation, and secondly, the goods are introduced into circulation by the owner or with his permission.

Yu.V. Vinichenko reasonably considers that one of key at use of this norm is the question of what actions can be recognised as introduction of an object to civil circulation, namely whether only those which are connected with transition of the rights for objects (in particular, the first sale or other transfer of the goods marked by the trademark). Alternatively, the concept "introduction to civil circulation" covers also cases of production (production) of objects, their import to the territory of the Russian Federation et al., with the transition of the rights not connected [2].

It is represented that the question of the actions connected with the introduction of goods to civil circulation is crucial for recognition of the legitimacy of the use of the trademark. At the same time, neither the legislation nor the doctrine gives a definite answer to a question of what it is necessary to consider the introduction of goods to civil circulation. For example, Yu.V. Vinichenko believes that proceeding from Subparagraph 1 of Paragraph 2 of Article 1484 of the Civil Code of the Russian Federation where it is specified that the exclusive right to the trademark can be carried out by placement of the logo on goods. Which are made, offered to sell, are on sale, shown at exhibitions and fairs or are otherwise introduced into civil circulation in the territory of the Russian Federation. Either is stored or transported for this purpose or are imported on the land of the Russian Federation, follows that production is recognised as the way (moment) of the introduction of goods to civil circulation [2]. Whether very it is possible to recognise this approach as legally correct: still G.F. Shershenevich under a trade turnover considered set of legal transactions during the sale of goods [10]. Thereby, according to the scientist production of goods is excluded from its turn as the production of goods is an intro economic activity of the producer, but not "set of legal transactions". From modern researchers, E.I. Vysotskaya notes that civil circulation can be defined as the right realisable sphere mediating processes of movement of the objects and phenomena carried by the legislator to several objects of the civil rights [3] in the form of civil actions (transactions). Thereby, it is represented to more correct to believe that introduction of goods to civil circulation happens commission concerning these goods of the first realisable civil transaction or the transaction of alienation of goods "on the party". Alienation of goods also means the realisation of the exclusive rights arising and existing in connection with these goods. Also, courts rather logically and reasonably note that the owner cannot interfere with the use of the trademark concerning the same goods which were introduced into civil circulation. It cannot carry out the right twice concerning the same goods supplied to commodity market (for example, the resolution of Intellectual Property Rights Court of 17.03.2015 No. C01-149/2015 on case No. A63-4333/2014). In other words, the transaction confirms the will of the seller on the alienation of goods to the specific buyer not only as of the owner of goods. However, also its will as the owner of the exclusive rights, that is will on the introduction of goods to a turn with its specific

contents (appearance, model, the sizes, quality, et al.) that also means the order the exclusive right to the trademark.

Moreover, if to address the text of the Article 1487 of the Civil Code of the Russian Federation, then it is possible to conclude that it is about goods which were aloof the owner based on the particular transaction. It is impossible to speak about the exhaustion of the exclusive right to goods if it still is at the owner. The same approach is also shown in court practice. So, the Intellectual Property Rights Court in the resolution of 10.10.2014 No. C01-986/2014 on case No. A32-37398/2013 notes that civil circulation is understood as actions (acts, transactions, et al.) as a result of which these or those goods pass from one person to another. On another matter, It was necessary to define what precisely the goods (consignment of products) are realised; the court noted that resolving a question of exhaustion of the exclusive right to the trademark. Also, the action of norms on exhaustion of the exclusive rights to the trademark also extends to these goods (The resolution of Intellectual Property Rights Court of May 31, 2017 on case No. A40-69858/2016). Use of the trademark on the goods which came to civil circulation besides actions of the owner, i.e. without commission by the owner of transactions concerning goods, it is necessary to recognise an offence. Such position contains in the FAS determination of the Volga-Vyatka district of 06.02.2013 on case No. A43-14376/2012.

Thus, the use of someone else's trademark will be lawful in case of introduction of these goods to civil circulation by the owner using the transaction of alienation concerning tangible assets. At the same time, rules about the exhaustion of the exclusive right to the trademark are limited to the use of tangible goods (consignment of goods). In this regard, the decision of the Supreme Court of the Russian Federation the decision on the business of PJSC KAMAZ regarding admissibility of use of the trademark on the official form of the organisation and an impress of a seal seems, in the advertising catalogue and on the website on the Internet is legally incorrect. The legitimacy of the use of the trademark is limited to volumes of realisation of the acquired consignment of goods as in this case, an object of the right for the trademark is the realised goods and only. Also, inadmissible "to extend" action of the exclusive right to the official form, to an impress of a seal, not the advertising catalogue, to the website on the Internet, et al.

One more critical point in the conditions of exhaustion of the exclusive rights to the trademark is the existence of consent of the owner to introduction to the civil circulation of these goods. At the same time, the legislator does not open a legal form of this consent.

In court practice it is noted that use of the trademark is possible: 1) under the license contract; 2) use of the trademark by the person under control of the owner when use of the sign is carried out in the absence of the prisoner; 3) if the owner expressed the will on such use under its control. Such a critical conclusion contains in the resolution of Presidium of Intellectual Property Rights Court of 15.12.2014 No. C01-1023/2014 on case No. SIP-285/2014. Expression of will at the same time is allowed, for example, by the direction of the letter on the permission of sale of goods (The resolution of Intellectual Property Rights Court

of 29.10.2015 No. C01-876/2015 on case No. A03-23400/2014).

In legal literature concerning consent, it is noted that consent by the legal nature - unilateral will, the auxiliary transaction which commission is a prerequisite of the validity of the initial transaction [6]. At the same time, the position is represented more logical, that consent - it is a form of participation of a third party, but not in the transaction, and "in the expression of a will to the transaction" one of exchanging parties. [8]. Therefore, it is logical to conclude that the consent of the owner to the introduction of goods to civil circulation is connected with the transaction of alienation concerning goods. Also, consent can affect, or the transaction connected with the introduction of goods to civil circulation, or any other transaction within the civil circulation.

IV. CONCLUSION

Thus, a condition of exhaustion of the exclusive right to the trademark is an introduction by the owner or from his consent of tangible goods (consignment of goods) in civil circulation in the territory of the Russian Federation based on the perfect transaction. At the same time, it is impossible to draw an unambiguous conclusion on it proceeding from the text of Article 1487 of the Civil Code of the Russian Federation. In this regard, for the most accurate legal regulation it is necessary to make changes and standard of Article 1487 of the Civil Code of the Russian Federation to the existing civil legislation to state in the following edition: "Use of this trademark by other persons in respect of those goods which were introduced into civil circulation in the territory of the Russian Federation directly by the owner by means of commission concerning these different goods of transactions or from its consent, or on the basis of the signed contract on alienation of the exclusive right to the trademark (Article 1488 of the present Code) or the license contract (Article 1489 of the present Code) is not violation of the exclusive right to the trademark. Introduction into the circulation of goods by the owner based on the transaction leads to exhaustion of the exclusive right to the trademark". Such specification, undoubtedly, will serve the improvement of law-enforcement practice and stability of civil circulation of goods.

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