

1993

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Recommended Citation

Janet L. Hoffman, *Trademark Developments in the Former U.S.S.R. and Eastern Europe*, 4 Fordham Intell. Prop. Media & Ent. L.J. 317 (1993).

Available at: <https://ir.lawnet.fordham.edu/iplj/vol4/iss1/20>

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Trademark Developments in the Former U.S.S.R. and Eastern Europe[†]

Janet L. Hoffman*

Historically, as many of you know, for the most part, trademark developments in Eastern Europe and what used to be the Soviet Union were relatively uneventful compared to other countries. We are distinctly aware, however, that recent political and economic events have changed that.

Not only do we face the practical reality of multiplying trademark jurisdictions—where there were once nine, there are now twenty-six, at least at this moment—but developments in trade over the past few years, the demise of state-controlled economies, and the emergence of market economies will bring, and have already brought, an increase in counterfeiting and infringement activity, as well as more conflicts in the registration process. With this increase in commerce, the securing and enforcement of trademark rights have become increasingly important.

Our experience, however, is that reliable and consistent information on many of these developing jurisdictions is very difficult to come by. It is therefore very important and necessary to become comfortable in most of these countries with the concepts of uncertainty and flux.

As might be expected with new jurisdictions—especially where there is scant or no history of intellectual property rights or enforcement, let alone property rights—we are facing a transition from no property, to private property, to intangible private property, which is a quantum leap. Much of what we learn can only be

[†] This speech was presented at the Fordham Conference on International Intellectual Property Law and Policy held at Fordham University School of Law on April 15-16, 1993.

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termed "work in progress."

I note at the outset that it is much too early to analyze the jurisprudence in this part of the world. Moreover, enforcement efforts have been sporadic and, in some territories, totally absent. It is difficult to know how such efforts will fare in the future. For the same reason—lack of history—we cannot predict with great comfort how certain of the various new regions will act on trademark applications and other types of patent office proceedings.

The main and present issue, rather, is how to obtain protection in the first place, and that will be the principal focus of these remarks.

Allow me, first, to address the current status of trademark developments in the former U.S.S.R., and then the other countries in Eastern Europe where, although there have been some recent changes, particularly relevant to (now, former) Yugoslavia and Czechoslovakia, those changes have been less dramatic.

A. *Former U.S.S.R.*

The splitting-up of the Soviet Union has made us distinctly aware, if we were not already, that this country was not just Russia; the Soviet Union was a conglomerate of many different republics, representing very different cultural and historical backgrounds, with Russia itself being only one of fifteen republics and one of only three culturally and historically Slavic republics. The other fourteen are: Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. Now and then it helps to recite all of them because it gives us the full impact of these recent events.¹

Thus, we have fifteen jurisdictions from one jurisdiction. Today, all but Armenia, Kyrgyzstan, Turkmenistan, and Tajikistan have been accepting trademark applications, whether or not a law is in effect.² All of the states which have established patent offices

1. See Janet L. Hoffman, *From Order to Chaos to . . . Order: Summary of Comments 1* (Apr. 5, 1993) (unpublished manuscript, on file with the *Fordham Intellectual Property, Media & Entertainment Law Journal*).

2. [Eds. note: Armenia, Kyrgyzstan, and Tajikistan have since begun accepting

and have begun to accept applications are expected to recognize previously registered Soviet marks (and, in most cases, pending applications) if revalidation of those marks is undertaken by certain dates, thus, preserving the original priority of the Soviet mark. There is no reason to believe that the other countries will not follow suit.

It is also expected that these states will accede to the Paris Convention and the Madrid Arrangement on the International Registration of Trademarks, although, so far, Kazakhstan, the Russian Federation, and Ukraine are the only ones that have officially done so.³

I should add a brief note on the Commonwealth of Independent States. Back in December of 1991, there was some reason to hope that a common registry or some type of interstate system would be established, at least for several of the republics. In December of that year, six Member States of the Commonwealth of Independent States signed a provisional agreement in Minsk to continue former Soviet laws until each of the republics could enact its own. Those countries were Armenia, Belarus, Moldova, Russia, Tajikistan, and Ukraine. Kazakhstan participated as an observer.

However, no common registry has been established and we do not expect one in the near future. It is critically important, therefore, to monitor events in all fifteen of these states, particularly with a view to tracking the deadlines for revalidating prior Soviet rights. I set forth below a quick rundown of the current status in all of the fifteen republics in alphabetical order.

The Republic of *Armenia* has established a patent office, but applications are not being accepted.⁴ There are provisional regulations for protection of rights on the basis of prior U.S.S.R. laws. *Azerbaijan* is accepting applications. No law has been enacted yet.⁵ *Belarus* enacted a law just weeks ago. It is possible to revalidate prior Soviet registrations and applications if effected by Octo-

trademark applications.]

3. [Eds. note: Most of the other states have now acceded.]

4. *But see supra* note 2.

5. [Eds. note: Azerbaijan has since set a deadline of December 31, 1993.]

ber 5 of this year. *Estonia* enacted a statute in October of 1992. Prior Soviet registrations may be revalidated by December 31 of this year. Pending applications, however, that have not gone to registration cannot be revalidated.

Unique to the Estonian law, at least so far, is a provision whereby the proprietor of a trademark well known in Estonia can prevent use of its mark by another on different goods if such use "takes unfair advantage of the distinctive character of the mark." The statute similarly prohibits registration of a mark which is identical or similar to an earlier registered mark designating goods or services of a different kind without the consent of the proprietor of the previous mark, if the registration is likely to take unfair advantage of the distinctiveness of the prior mark. Thus, that would prevent a third party, for example, from registering KODAK for bicycles, even though the true proprietor of the well-known KODAK mark might have registered in Estonia only for photographic equipment. Also, Estonia specifically provides that trademarks that are well-known but not registered in Estonia cannot be registered there by third parties. A recent draft of the Lithuanian law has a similar provision.

Estonia also specifically excludes registrations of numerals or letters as trademarks. No such exclusion is specifically set forth in the Russian or Kazakh laws; and, interestingly, the Lithuanian draft specifically includes such designations as registerable. And, like Lithuania and Latvia, Estonia provides for opposition.

Recently, Estonia announced that it would be accepting extensions of the Madrid Arrangement international registrations that had been extended to the former U.S.S.R.

Georgia has been accepting applications since May of 1992. Legislation came into force that month, based on prior U.S.S.R. patent and trademark laws, providing interim protection. Based on current information (which unfortunately keeps changing), it appears that it will be possible to revalidate prior Soviet rights by August 1; but, you cannot, at least as far as the progress shows now, revalidate U.S.S.R. pending applications unless a decision to register already issued.

Kazakhstan passed a trademark law earlier this year. Prior U.S.S.R. trademark registrations, and applications that were approved by December 31, 1991, may be revalidated.

In *Kyrgyzstan*, no trademark law has been enacted yet. *Kyrgyzstan*, like *Kazakhstan*, however, entered into a trade agreement with the United States in May of 1992, requiring that its intellectual property laws will meet certain standards.

Latvia has been accepting applications for well over a year. The current deadline is June 30, 1993.⁶

Lithuania has also been accepting applications for over a year. The current deadline is September 30, 1993. The recent draft law is expected to come into force May 1, 1993, and has some unique provisions compared to the laws of certain other former republics. For example, *Lithuania* is expected to have a formal opposition proceeding allowing for oppositions two months after publication of the mark. The draft also specifically allows for use of another's trademarks in fair comparative advertising, and has relatively elaborate enforcement provisions including, like the *Czech Republic*, a provision for customs seizures of infringing goods.

Moldova is currently accepting new applications, but no law has been passed yet. It is highly likely that this jurisdiction, like the other countries, will be recognizing Soviet rights subject to revalidation.

The *Russian Federation* law, after lengthy debates in the Supreme Soviet, came into effect on October 17, 1992. Any prior Soviet or Russian registrations that had already issued before that date do not need to be revalidated to be effective in the territory of the *Russian Federation*. However, any applications that had not matured to registration by that date must be subject to a request for continued prosecution by June 30, 1993.

Interestingly, during the course of the debates concerning this legislation, issues arose as to the constitutionality of the federal law vis-à-vis the rights of the other nineteen autonomous republics. This debate delayed the effective date of the law. It was resolved

6. [Eds. note: The deadline was later extended to December 31, 1993.]

by inserting a preamble to the law that, in effect, creates certain as yet not defined rights in the republics within the Russian Federation to regulate in the field of trademarks, although it does provide that those republics will be subject to the federal law. The preamble could be seen as a form of supremacy clause, but it does give some comfort to the autonomous republics of the Russian Federation to regulate in this sphere. It is unclear what that means, but its inclusion did expedite passage of the law.

I note, in addition, that the Russian Federation Law on Competition and the Restriction of Monopolies in the Commodities Markets, which was published in March 1991, has an unfair competition provision that prohibits unauthorized use of another's trademark or trade dress.

Tajikistan and *Turkmenistan* have not passed trademark laws yet, and they are not accepting applications.⁷

Ukraine, along with *Kazakhstan* and the Russian Federation, as I noted before, is one of the first three republics officially to accede to the Paris Convention and the Madrid Arrangement on International Registration. Ukraine has not yet passed a law, but the Patent Office has been accepting applications for some time and has set a date of June 18, 1993 to revalidate prior Soviet applications and registrations.⁸

Ukraine is notable in part because of its very high official fees for trademark applications. Although an initial new application fee is \$300, an additional \$900 is to be imposed for examination of the application. That means that for a new application, the government fees alone, without agent's fees or attorney's fees, will start at \$1,200, with additional charges for additional classes. Revalidations are much less costly, and that is true overall in all of these jurisdictions. Unfortunately, *Belarus* and *Uzbekistan* have also imposed rather substantial fees, at least for new applications, exceeding the official fees in many other countries, including the Russian Federation. This has been the subject of debate. I do not

7. [Eds. note: *Tajikistan* is now accepting applications.]

8. [Eds. note: This date was recently extended to November 1, 1993.]

expect we will see a reduction, certainly in the near future.

Finally, *Uzbekistan* has not enacted a law, but it has been accepting applications and prior Soviet rights—registrations only—may be revalidated by July 1, 1993.⁹

Generally speaking, the laws that have been enacted have certain common features. Trademarks and service marks are registrable. International classification has been adopted. The laws permit multi-class applications. There is examination for absolute and relative grounds for refusal. (Latvia is an exception, where no examination is made for prior conflicting marks.) For the most part, and with the exception of Estonia, Latvia, and Lithuania, opposition proceedings are not available. The term of registration is ten years. There are five-year user requirements, and fairly broad definitions of marks. Licensing is permitted, and there is a grace period for renewal. Especially important, like many other European laws, rights derive from registration and not use. In addition, in a number of the new jurisdictions, there is prohibition on registration of firm names, as well as registration of names of works of art and literature.

It is also worth noting some differences among these laws that I did not mention before. With respect to the use requirement, in Estonia, Kazakhstan, and in the Lithuanian draft, use in advertising and business documents might suffice to maintain or defend a registration. In the Russian Federation, however, use in advertising can be relied on only if there is a reasonable excuse for not applying the mark to goods or services commercially.

A shared feature of the Russian and Kazakhstan laws is that a licensing contract is required by law to provide that the quality of the goods and services of the licensee not be lower than that of the licensor. This is in addition to the more general quality control requirement. This provision is absent from the Estonian law and the Lithuanian draft, for example.

So far, the Russian Federation is unique in specifically providing that sale and distribution of parallel imports does not constitute

9. [Eds. note: This date was recently extended to December 31, 1993.]

trademark infringement.

Russia, Kazakhstan, and Estonia require recordal of licenses for those licenses to be valid and for use of the mark by the licensee to inure to the licensor. In the Lithuanian draft, recordal is only necessary vis-à-vis notice to third parties.

One note on all of the former Soviet jurisdictions is the question of locating competent counsel or agents to handle the filing of applications and other trademark work. In this regard, some of the jurisdictions are more populated than others. In Estonia, Latvia, and Lithuania—countries which first established patent offices, aside from the Russian Federation, which already had one—there appear to have evolved a number of firms and agencies from which to select a representative.

However, in the other republics that had not had prior patent offices, the profession has been evolving more slowly. Probably the best approach is to obtain lists of registered agents from the patent offices themselves and/or to work through experienced agents in Moscow or elsewhere.

Finally, now that we have gone to all of the trouble and expense of achieving registration in the new jurisdictions, what good are those pieces of paper? In short, what about enforcement?

To put this into context, I note that probably the last trademark infringement case decided in a Soviet court took place in 1962. Enforcement was principally handled administratively by the ministries in charge of various industries. For example, if Ivan was infringing Boris's trademark for widgets, Boris went to the ministry that governed widgets with his trademark certificate and had the relevant ministry tell Ivan to stop. Such matters were generally resolved either that way, or by agreement of the parties.

How such situations will be handled in the future in Russia, or any of the jurisdictions, cannot be predicted, although there are mechanisms for doing so. One thing is certain, however, and that is that rights in all of these jurisdictions—as in many other European jurisdictions and other jurisdictions worldwide—derive from registration and not use. It would thus appear foolhardy to forgo the opportunity at least to extend Soviet rights to these new juris-

dictions, or, at the very least, to register one's principal or most valuable marks, especially in view of the fact that trademark piracy is already becoming active in certain of the new countries.

Given the new spirit of entrepreneurship and the new market economies, coupled with severe economic problems, it may be some time before law enforcement is actively sensitive to the needs of trademark owners. That is a topic for the future. For now, it is a risk of doing business in this region.

B. *Eastern Europe*

Having run that marathon, let us turn to all of Eastern Europe: Albania, Bulgaria, the Czech Republic, the Slovak Republic, Hungary, Poland, Romania, Federal Republic of Yugoslavia (Serbia and Montenegro), Croatia, Slovenia, and Macedonia.

Interestingly, although many of these countries, enacted their trademark laws during the prior socialist period, for some time, technically speaking, they have had fairly modern laws. With the exception of Albania, they all provide for registration of service marks. Also, the Bulgarian, former Czechoslovakian (which still governs in the Czech Republic and Slovak Republic), Hungarian, Polish and Romanian laws, provide very broad definitions of marks, including not only words, letters, numbers, and two-dimensional marks, but also three-dimensional marks. The most recent law applicable to the Czech and Slovak Republics provided for registration of acoustic marks. The Czech law is unique among these countries in that it also provides specifically in the trademark law for seizure of counterfeit goods by customs.

I will briefly review the current status of the two countries that have subdivided and then go on to the others, if time permits.

Yugoslavia. I am sure you are all aware that Slovenia and Croatia became independent of Yugoslavia and, in 1992, enacted their own trademark laws. Both of these countries initially recognized the continuing validity of prior Yugoslav registrations and applications throughout the new territories. In Croatia, applications pending as of October 8, 1991 may be revalidated in the Zagreb Patent Office before November 4, 1993.

In addition, Slovenia is expected to require revalidation of prior

Yugoslav registrations probably by the end of this year.¹⁰

More recently, Macedonia has started to accept trademark applications. Prior Yugoslav marks can be revalidated, but no law has yet been enacted.¹¹

As to the Federal Republic of Yugoslavia, trademark registration continues to be governed by the Patent Office in Belgrade and by the pre-existing Yugoslav law on trademarks.

Czechoslovakia. Since January of this year, when the Czechoslovak Federal Republic became the Czech Republic and the Slovak Republic, trademark applications must be filed in each jurisdiction separately and renewed separately to cover the whole territory. At the moment it does not appear that there will be a reregistration requirement. The latest law governing this region was made effective on January 1, 1989.

Albania. Albania has been actively working on a trademark law. Its latest law is dated 1957. The law does not contain provisions common to some of the more modern laws, such as service mark protection. I expect that this law is going to be replaced very soon by an entirely new law, likely to conform to many of the other new laws. The three-year user requirement, for example, will probably become a five-year user requirement; service mark protection will be included, and the like.

Bulgaria. The most interesting recent development with respect to Bulgaria is that the Chamber of Commerce—which handled all the work for foreign applicants—is going to transfer all of that work to private practitioners by the beginning of December of this year.

Hungary. In Hungary, the latest trademark law is 1970. Hungary also has unfair competition laws which have been relied upon to enforce trademark rights.

10. Slovenia now requires revalidation of prior Yugoslav applications and registrations by March 1, 1994. The deadline in Croatia is November 4, 1993; revalidations and reregistrations after November 6, 1993, will be subject to additional government fees.

11. [Eds. note: A law has now been enacted and deadlines set: July 15, 1994, to reregister pending Yugoslav applications and July 15, 1995, to reregister granted Yugoslav registration.]

Given the time constraints, allow me to summarize trademark regulation in Eastern Europe as follows: like the laws that are developing in the former U.S.S.R., rights arise almost exclusively from registration and not use; there is adherence to international treaties; examination for inherent registrability and prior marks; service mark, as well as trademark, protection; ten-year terms; provision for licenses and assignments; the usual grounds for cancellation—e.g., non-use and registration contrary to law—and, for the most part, the laws do not provide for oppositions.

As to the differences, prior users have rights over subsequent registrants in some cases in Bulgaria, Hungary, and Yugoslavia. A provision favoring prior users was being considered in Czechoslovakia before the country was split up. We do not know what the fate of that development is going to be, however. Court appeal from a final administrative decision is not available in Albania, the Czech Republic, and Yugoslavia. It is available in Bulgaria, Hungary, Poland, and Romania. Unfortunately, time does not permit more detailed discussion, particularly of enforcement activity in Poland and Hungary, for example, where there has been some active trademark-related litigation in recent years.

A final note—much of this information is provided with a major caveat, because things are changing constantly and new laws in some jurisdictions are being amended almost immediately after their enactment. This material must therefore be used as a guide rather than gospel.

I think we can look forward to a very interesting future.

