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# Trademarks — the Wind of Change

## The Consequences of the Changes Made to the Ukrainian IP Legislation

By Tatiana V. GLUHOVSKAYA

With the new *Ukrainian Civil Code* coming into effect, the legal relationship for the registration and use of trademarks in the Ukraine will take on renewed features. Firstly, formality of these relations will be changed to some extent — we will protect rights not to a *mark for goods and services*, but to a *trademark*. It is not known how this will be reflected on the essence of such protection. However, this change of terminology is rather justified, as the notion of *trademark* is actively used in international practice in respect of merchandise marks, which is identical to the newly introduced name for the Ukrainian merchandise mark.

The positive aspect of new provisions is the long-awaited emergence of the notion of *international registration* in the Code, which, in accordance with item 3, Article 494 of the Code, does not need to be attested by a certificate. This will enable the avoidance of, during court sittings, the need to prove that international registration has the same legal effect in the Ukraine as the

certificate itself in spite of the fact that it is not legalized by any document establishing rights, and is proved only by publication in the WIPO official bulletin.

Regarding property rights, there is some confusion in the Code, as, under Article 495, the following persons are holders thereof:

- The certificate holder
- The proprietor of international registration
- The proprietor of a trademark acknowledged, in accordance with established procedure, as well-known.

We will not draw attention to the fact that there is no established procedure for acknowledgment of a trademark as a well-known one, barely hoping that our legislators will take this necessity into account. We will draw attention to the fact that, according to current legislation, there are successors of the certificate holder, as well as successors of the proprietor of an international registration who were forgotten for some reason.

Another interesting point is the provision of item 3, Article 497 of the Code, stipulating the possibility of reparation of damages to a license holder by a licensor in two possible

cases of premature termination of property rights:

1. In connection with the trademark conversion into a commonly used designation of certain type of goods and services
2. On the initiative of the property rights holder.

Actually, premature termination of property rights on the initiative of the holder may violate the interests of persons who have acquired a license to exercise such rights, and cause significant losses to them. That is why reparation of damages will be justified in such situations, and the only proper decision for the license-holder will be to stipulate in an agreement with the rights holder a prior flat obligation by the latter not to terminate the effect of a certificate before the appointed time. The situation differs somewhat in the case of trademark conversion into a commonly used designation of goods and/or services. The right holders are hardly likely to be named guilty in such a situation. Neither producer of “cellophane”, nor producer of “zipper” are guilty of the fact that their products became so widespread all over the world due to their quality, entered a conventional

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list of essential commodities for humanity, and the trademarks, under which the mentioned goods were sold, became common designations as a result.

Can we talk in this case about reparation of damages by license-holders who have acquired the right to use similar trademarks and who, by the way, make every effort to widen markets for their production under a certain trademark, and, respectively, for conversion thereof into a commonly used term? Most likely, such a requirement is somewhat improper, without saying that it contradicts one of the major principles of civil law — an obligation to pay damages arises only in the event of guilt.

Quite new is the provision of Article 500 of the Code introducing the notion of the “right of prior use” in legal relations related to registration and use of trademarks.

According to this Article, any person who used the trademark submitted for registration in the Ukraine or carried out significant and profound preparation for such use before the date for submitting the application or before the priority date shall have the right to free continuation of such use or the use envisaged by the mentioned preparation.

Several questions arise even after initial reading of this provision. Firstly, which criteria will be applied to the definition of the preparation “significance” and “profoundness”? In general, what is *preparation for the use of a trademark*?

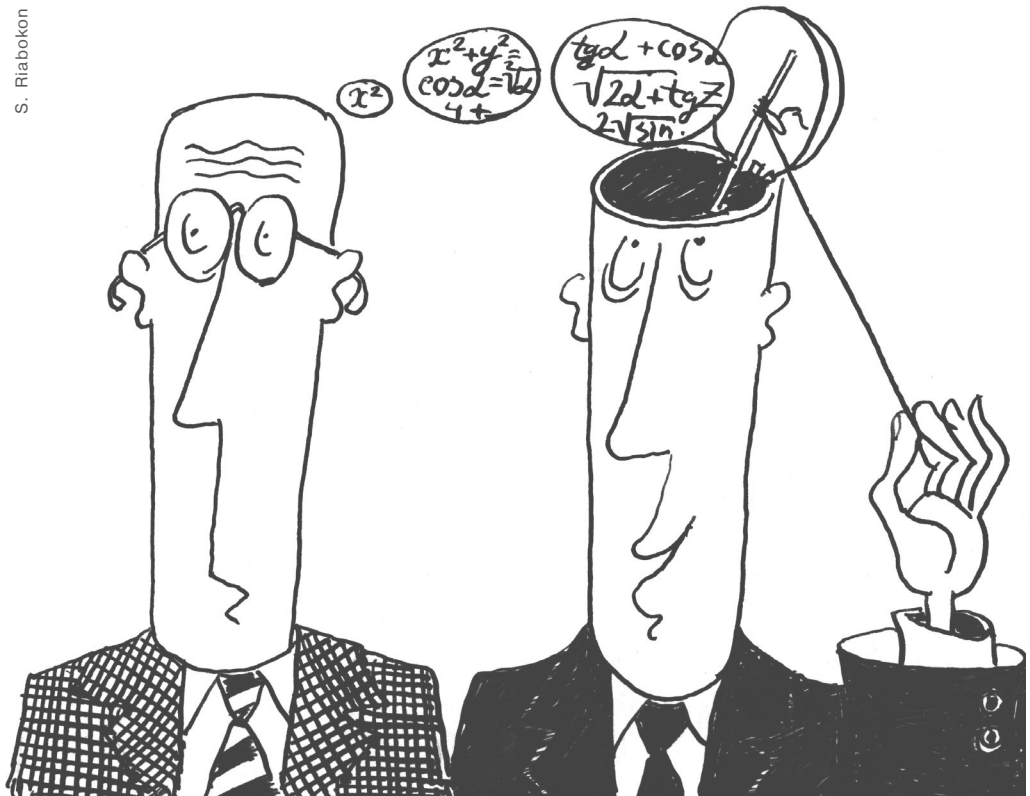
The fact is, that the closest source of this article is found in the identical provision of Article 31 of the currently valid *Protection of Rights to*

*Inventions and Utility Models Act* of the Ukraine stipulating the right of prior use regarding inventions and utility models.

But when we speak about preparation to use an invention, then everything becomes extremely apparent — this preparation may include development and approval of technical (technological) documentation, acquisition of various permits for starting produc-

goods, economic documentation would mean its use?

Another question arises. Unlike in Article 500 of the Code, there is a restriction in the *Protection of Rights to Trademarks for Goods and Services Act* for prior users, according to which the right of previous use is limited to the scope of identical invention use at the level of its use before the application was submitted.



tion, purchase of necessary equipment, development of industrial test designs, and so on.

The situation is quite different in the case of a trademark. According to the valid *Protection of Rights to Trademarks for Goods and Services Act*, the use of a trademark (a mark for goods and services) means its application on goods and while providing services, in advertisements, mass media, sign-boards, and so on. How can you prove that anybody was *preparing* to use the trademark on goods, while providing services, in ads, if any marking of a trademark on

In the new Code, this restriction regarding prior users of the trademark is absent. Does it mean that any use of a trademark by an enterprise even in the form of a letterhead for invoices will allow this enterprise to use it in the future in any scope — on goods, in ads and so on — though the certificate on identical mark is issued to another person?

There are still many questions. It is not known when they will be resolved. Perhaps, answers to them will be found through judicial practice or, maybe, — legislatively. So, let's hope, apply and learn. ■