

## Three years have gone by: how can foreigners avoid losing their trademarks in Russia for non-use?



### Русская версия

From a legal standpoint, the year 2025 marks an important threshold: three years have passed since a number of international companies began actively discussing their strategy for exiting the Russian market or curtailing their business in Russia and taking steps to implement their decisions in this area.

However, if a trademark holder fails to use its trademark in Russia for three years, it may become a target for trademark squatters that seek to terminate the trademark for non-use and then attempt to re-register the trademark themselves.

This topic is now beginning to feature in current media headlines: "*Russia legalizes trademark theft? Ericsson's case is only the beginning*",<sup>[1]</sup>.

"Russian firm takes over Ericsson brand amid market exit",<sup>[2]</sup> etc.

According to data collected by Jeffrey Sonnenfeld, a professor with Yale University's Yale School of Management, more than 1,000 companies have reduced their Russian business in one way or another, but the scale of this reduction varies.<sup>[3]</sup> Professor Sonnenfeld sorts all companies into six groups, from F – companies that continue to operate in Russia as before (213), to A – companies that have completely ceased working with Russia or have exited the country (546 companies at the time of writing).<sup>[4]</sup>

There is a large block of companies between groups F and A that have reduced their investments in the Russian economy (177), contracted significant business processes in Russia (152), or that have curtailed the majority of their business processes in the country, but retained the prospect of returning (502).<sup>[5]</sup>

The broad palette of business decisions regarding the Russian market and their causes (sanctions, management position, marginality, supply difficulties, international reputation) also has an effect on the intellectual property that many international companies still have in Russia.

In this article we will focus on trademarks that enjoy legal protection in Russia, and how foreign trademark holders can avoid losing them.

### **Legal bases**

In Russia trademarks are protected both under international registration (within the Madrid Protocol framework) and as domestic Russian trademarks registered with the Federal Service for Intellectual Property (Rospatent). As you know, trademarks are protected for specific goods and services, grouped according to the classes of the International Classification of Goods and Services (the "**Nice Classification**").

Thus, foreign trademark holders may have both internationally and domestically registered trademarks in their portfolios.

Under Russian civil legislation, if a trademark holder has not used a trademark for the corresponding goods for a continuous period of *three years*, the legal protection of the trademark may be terminated early.<sup>[6]</sup> This standard is not unique to Russia, but is based on the provisions of Article 5(C) of the Paris Convention for the Protection of Industrial Property of 20 March 1883, to which the Soviet Union became a signatory 60 years ago.

At the end of three years of purported non-use of a trademark, any interested party may send the trademark holder a proposal to abandon

the trademark or to conclude a contract on the alienation of the trademark.

It is no use simply ignoring such a proposal. If the trademark holder does not implement the proposals within two months, the interested party may file a claim in a Russian court for the early termination of legal protection of the trademark for non-use.

In court, the *burden of proof* that the trademark is still in use *lies with the trademark holder*.

As a result, the exclusive right of the trademark holder may be terminated in respect of the trademark as a whole, or in respect of specific goods and services.

### **Current court practice in Russia in 2025**

The most widely publicised court case on the partial early termination of legal protection for a foreign holder's trademarks was probably the recent case on the claim of the Russian company OOO R-Klimat ("**R-Klimat**") against the Swedish company Telefonaktiebolaget LM Ericsson ("**Ericsson**"), which was heard by the Presidium of the Intellectual Property Court.<sup>[7]</sup>

The background to the case is as follows.

R-Klimat is a manufacturer and importer of HVAC equipment. Wishing to expand the line of trademarks that it uses to market HVAC devices, the company filed a request to register "Ericsson" as a trademark for (among other things) goods in Class 11 of the Nice Classification.<sup>[8]</sup>

For its part Ericsson holds a whole array of trademarks in Russia, including for the disputed Class 11 of the Nice Classification, which includes devices for heating, ventilation, and air conditioning.

R-Klimat contacted Ericsson in 2024 with a proposal to voluntarily abandon the trademarks or transfer exclusive rights to R-Klimat, which Ericsson apparently rejected, and R-Klimat filed a claim with the Russian Intellectual Property Court – the first judicial instance for this category of disputes.

The court granted the request of the claimant (R-Klimat) for early termination of legal protection in respect of goods in Class 11 of the Nice Classification for three Russian and one international trademark of Ericsson in Russia due to non-use.

Ericsson's appeal of this decision did not end well, and on 12 February 2025 the Presidium of the Intellectual Property Court dismissed the

company's appeal.<sup>[9]</sup>

Key grounds for the courts' decisions against Ericsson:

- Ericsson failed to prove that it had used the trademarks in respect of the disputed Class 11 of the Nice Classification specifically within Russia during the disputed period (2021-2024);
- Ericsson failed to prove that the disputed goods in Class 11 of the Nice Classification were covered by anti-Russian sanctions (which could serve as a circumstance preventing the use of the trademarks in Russia, thus excluding such a period from the non-use period);
- the court did not take into consideration arguments about the "dilution" of the disputed trademarks, confusing consumers as to the quality of the goods, their manufacturer, etc., since the court found that the company's non-use of the disputed trademarks for three years would exclude such risks;
- probably the court's main conclusion: "If the company wishes to preserve the ability to use these trademarks, then it should take the appropriate actions" – i.e. keep using them.

Important takeaways from this case for foreign trademark holders:

- the dispute concerned only some of the goods for which Ericsson's disputed trademarks are (were) protected. The remaining goods remain covered by Ericsson's protected trademarks;
- the question of Ericsson's withdrawal from the Russian market was not addressed in the court proceedings;
- this case also did not consider the issue of the subsequent possibility of the registration of the disputed trademarks by R-Klimat.

### **Options for preventative measures for foreign trademark holders**

Let us analyse the opportunities that foreign trademark holders have today to substantially mitigate the risk that legal protection of their trademarks in Russia could be terminated should Russian third-party squatters show interest.

#### **Option 1: Start to use the trademarks in Russia (if anti-Russian sanctions do not prevent you from doing so)**

As we noted in the introduction, the reasons why foreign companies have exited the Russian market or reduced their presence in one way or another are quite varied.

If your goods or services are covered by anti-Russian sanctions, then this option is not for you. However, many companies curtailed their business in Russia on the instructions of shareholders or management, taking into consideration the risk to their international reputation or due to disrupted logistics itineraries.

Perhaps now is the time to reexamine these risks and circumstances and to weigh all the pros and cons. The loss of intellectual property in Russia means not only the loss of the Russian market, to which you will most likely be unable to return on the previous scale if some Russian squatter is selling HVAC equipment, automobiles, or computer games under your trademarks, but the loss of trademarks in Russia also turns Russia into a so-called "grey zone". The problem is more global in scale: if a squatter manages to register your trademark in their name after the cancellation of legal protection, the prospect that equipment identical to your equipment will subsequently be delivered to other world markets under your former trademark is not out of the question.

It should be noted that Russia is a member of the Eurasian Economic Union, which includes a customs union between five countries: Russia, Belarus, Kazakhstan, the Kyrgyz Republic, and Armenia. This means that, as a general rule, goods from Russia can freely enter the other countries of the customs union.

The situation surrounding goods and services for sale on online marketplaces and with software licences (computer games, engineering programmes, etc.) could be even more problematic, as territorial boundaries on the Internet are famously arbitrary. Remember, though, compliance with current sanctions must be checked before resuming any use of the trademarks!

It is conceivable that a foreign trademark holder may begin to offer and sell its goods and services, only to realise that for economic or other reasons it is too early to do business on this scale. That's okay: the goal here is simply *to interrupt the continuous period of non-use of the trademark by using it in good faith prior to the end of the three-year period.*

A squatter may only file a claim against a foreign trademark holder for the termination of the legal protection of a trademark or to demand that the trademark be transferred to the squatter if, at the moment when the claim or demand is sent, the trademark holder has not (in the squatter's opinion) used the trademark for three years.

By interrupting this period through *good faith actions* to resume the use of the trademark, you halt this three-year period and ensure yourself protection from bad faith actors for at least three more years.

## How should you use the trademark?

A trademark can be used in various ways: in an advertisement, in offers for sale, on the Internet, etc.

However, the key factor in confirming the use of the trademark is the actual (not feigned) use of the trademark *to introduce goods (or services) into circulation*.<sup>[10]</sup>

The Russian courts explain this issue as follows: "*not every use of the trademark by the trademark holder counts, only the performance of actions [...] directly related to introducing goods into circulation. [...] both circumstances related to the placement of the trademark on the goods and related to the introduction of the goods into circulation (i.e., making them available to the consumer) must be established*".<sup>[11]</sup>

In other words, merely advertising trademarked goods without giving consumers the ability to purchase them, without specific contracts confirming the delivery of the goods to the Russian market or software licensing agreements, the simple use of the trademark on the Internet without the possibility to download the relevant content – none of this by itself will help to protect a trademark.

The main thing is to show that the goods were in fact shipped to Russia (potentially through third countries), that a user from Russia can really download the computer game from the website, and that this takes place at the volition of the trademark holder and not simply due to the resourcefulness of the Russian consumer and the use of VPN or other technologies.

### "Bad faith of the trademark holder"

As noted by the Presidium of the Russian Supreme Court, the actions of the trademark holder to use the trademark may be recognised as bad faith actions and the protection of its rights may be refused "*taking into account all the particulars of the case attesting to unreasonable and unscrupulous behaviour that disrupts the balance of interests of the participants in legal relations*".<sup>[12]</sup>

The position of the Russian Constitutional Court on this issue is also important: "*adherence by the trademark holder to the sanctions against Russia and its companies [established outside proper international legal procedures and in contravention of the multilateral international treaties to which the Russian Federation is a party], expressed in the position taken by the trademark holder toward the Russian market, may in and of itself be seen as bad faith behaviour*".<sup>[13]</sup>

For this reason, a situation where the trademark holder states on its official website that no goods are being delivered to Russia and that it has left the Russian market would be very risky from the standpoint of maintaining trademark protection in Russia. In this regard, we believe that the fact that *de facto* the goods turn up on the Russian market in one way or another (not technically at the volition of the trademark holder) will not play a role in protecting the trademark from cancelation due to non-use.

### **Does the trademark have to be used by the trademark holder itself?**

Not necessarily. The trademark can be used by:

- the trademark holder itself;
- a licence holder;
- another party under the control of the trademark holder.

While the first two cases are self-explanatory, what does the use of the trademark "under the control of the trademark holder" mean? The fact is that there is not always a direct legal relationship between the person who uses the trademark and the trademark holder in the form of a licensing agreement, but this use still takes place *at the volition of the trademark holder*.

The possibility to use the trademark "under the control of the trademark holder" is based on Russian civil law, which in turn reflects the provisions of Article 19(2) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) (signed in Marrakesh on 15 April 1994).

Some examples:

- the trademark holder's will to use the trademark is expressed in another agreement with a third party (commercial concession, simple partnership, fee-based services agreement, preliminary agreement, etc.);
- a licensing agreement was in effect, but the provision of a licence was not registered with Rospatent, or this agreement was deemed invalid or null and void;
- there is a contracting agreement on the manufacture of the goods bearing the trademark and the distribution of these goods;
- use of the trademark on the instructions of the trademark holder;

- there are corporate relations between the trademark holder and the person using the trademark (for example, a foreign parent company and a Russian subsidiary);
- if the trademark was included in the Russian Customs Intellectual Property Register – the issue by the trademark holder (or its representative in Russia) of a permit to import the goods into the country;
- domain administration or administration of the trademark as a whole on the Internet by a third party for the distribution of the trademark holder's goods;

As you can see, the list of possible actions "under the control of the trademark holder" is quite extensive, and this list is not exhaustive. The main thing is that all of these actions are aimed at realising the trademark's economic goal – to introduce the trademarked goods into circulation in Russia.

### **Option 2: Collect evidence that the trademark cannot be used for reasons beyond the trademark holder's control**

If your company belongs to group A in Professor Sonnenfeld's classification or is close to this group, and company management and shareholders do not have plans to return to the Russian market in the near future, it would still be worthwhile to assess the circumstances that could objectively prevent the trademark holder from using its trademark in Russia.

According to the Civil Code, a court may take account of "*evidence that the trademark had not been used due to circumstances beyond the trademark holder's control*".<sup>[14]</sup>

This provision is also based on an international agreement – Part 1 of Article 19 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which actually provides some examples of such circumstances:

- import restrictions;
- other requirements of a country on goods or services protected by the trademark.

If the trademark holder manages to prove that there is a link between such circumstances and the objective impossibility of using the trademark, then the respective period will not be included in the calculation of the three-year period of non-use.

The following is the key question that a trademark holder might ask: do the sanctions against Russia constitute such an objective circumstance?

As there has not been much judicial practice on this issue in Russia, we will consider existing cases in greater detail:

- the case of individual entrepreneur Trefimov vs OOO Avalon Perfume Production Plant.<sup>[15]</sup> The respondent cited the fact that it had effectively been unable to produce goods in connection with the introduction of economic sanctions. However, the court disagreed with the argument and stated that the company had *"failed to submit adequate evidence confirming that the introduction of the economic sanctions had prevented the respondent from using the trademark. The references to the location of all the suppliers and buyers of the products of Avalon PPP in Europe (France, Switzerland, Poland, the Baltic States) have not been confirmed by supporting documentation"*;<sup>[16]</sup>

- the case of R-Klimat vs Ericsson mentioned earlier.<sup>[17]</sup> Here the court noted: *"The arguments cited by the respondent are attributable to sanctions which concern dual-purpose goods, whereas the interest of the claimant is limited solely to the designated goods of class 10 of the (Nice) Classification. At the same time, the company did not submit evidence of the use of the disputed trademarks for the requested goods in the period that preceded the restrictions that it cited"*.<sup>[18]</sup>

In other words, the court held, in particular, that termination of the use of the trademark was not attributable to the sanctions, but rather to other factors, as it had happened earlier than the date when the sanctions were introduced.

- In the case of individual entrepreneur Efremian vs OOO YugBusinesspartner<sup>[19]</sup>, the court stated that the *"company has failed to submit [...] supporting evidence confirming that the introduction of economic sanctions and restrictions related to COVID-19 prevented it from using the trademark under consideration"*.

Consequently, at present the trademark holder retains the opportunity in theory to cite the fact that the non-use of the trademark in Russia was attributable to the sanctions.

However, it will be necessary to prove the causal link between the sanctions that have been introduced and the inability to use the trademark in respect of the specific goods. If the trademark holder stopped using the trademark of its own free will, and subsequently sanctions were introduced against deliveries of respective goods to Russia, then we see from judicial practice that it is highly likely that the court would not rule in favour of the trademark holder based on this fact.

### **Option 3: Do nothing**

There is another option used in practice by foreign trademark holders regarding their intellectual property in Russia – do nothing, even if a statement of claim has already been filed in court in Russia against the trademark holder.

It should be borne in mind that cases on the non-use of trademarks are considered in the Russian Intellectual Property Court even in instances when the trademark holder – respondent is a foreign person.

However, in accordance with Part 3 of Article 253 of the Commercial Procedure Code of the Russian Federation applicable here, foreign persons with no presence in Russia are notified of court proceedings through the justice department or other competent authorities of the respective countries. In this case, the court may adjourn consideration of the case for up to one year for the due notification of the trademark holder. On occasion the courts violate this procedure and send notices by Russian Post or vest this obligation with the claimant.

Nevertheless, it is highly likely that the court proceedings, even if there is no resistance on the part of the foreign trademark holder, will drag on for months. Meanwhile, the situation might change, management and shareholders might change their decision regarding the Russian market or the sanctions policy of the states might be adjusted.

As court hearings in Russia are open to third parties, while court orders in the overwhelming majority of cases are published online on the centralised website of the card file of commercial court cases in Russian, it is advisable at the very least to contact a Russian-speaking legal advisor who will be able to track the course of the judicial proceedings online. In addition, a Russian lawyer may be present in the court room in a respective case as a listener, further to the respective assignment of the foreign trademark holder.

Consequently, the trademark holder will receive all the information on court developments and will at the same time preserve their anonymity – a lawyer does not have to present any power of attorney to attend a case as a listener.

If the trademark holder decides not to take any proactive measures to protect its trademark, it is highly likely that it will forfeit the right to the legal protection of some of the goods or possibly the entire mark, although we assess the first option (partial termination) to be most likely, rather than the total loss of the trademark.

At the same time, however, everything is contingent on the actual facts of the case. Consequently, it is preferable in any case "to keep one's finger

on the pulse".

#### **Option 4: Registration of a series (family) of marks**

The practice of terminating the legal protection of a trademark in connection with its non-use is based on the assumption (presumption) that the trademark holder did not use the trademark. This is specifically why the rights holder is vested with the burden of proving the contrary to be true. Furthermore, a key issue is the time period – three years. This means that if three years have not elapsed from the time of registration of the trademark or from the time when the trademark was subject to legal protection in Russia, then the Russian squatter will not be able to terminate its legal protection *on these grounds (although there are other risks)*.

Accordingly, the trademark holder may create a so-called series or family of marks that are similar to each other (for example, word marks and word and design marks) and arrange for their registration with a periodicity of once every three years. Here it should be borne in mind that, as the underlying goal of registering the series of marks is to identify the respective goods and services, such trademarks should be used to demonstrate the good faith of the trademark holder.

Accordingly, the loss of an older trademark would not result in the loss of all other similar trademarks in Russia. Please note that Article 1483(6) of the Civil Code establishes restrictions on the registration of trademarks that are confusingly similar to the trademarks of other persons protected for similar goods. This means that even if the squatter were to somehow manage in this scenario to terminate the legal protection of one trademark from a family of marks of a trademark holder, it may have problems when attempting to register such a trademark, as such a mark will be counterposed against the other trademarks of the trademark holder.

#### **Conclusion**

It goes without saying that each of the options presented here for preventive legal protection against squatters on the Russian market has advantages and drawbacks and is subject to risks and countermeasures which can only be assessed during the analysis of specific trademarks and the specific situation of a respective company.

After the elapse of the three-year period after a number of companies decided to exit the Russian market, curtail or suspend their business in Russia, one should expect an inevitable increase in the activity of parties acting in bad faith – squatters – that will try in future to terminate the legal protection of the trademarks of foreign trademark holders in Russia.

Nevertheless, the adoption of provisional measures, the timely assessment of risks and the facts of a case will in any case greatly increase the likelihood that the goods and objectives set by management and shareholders regarding their Russian business will be achieved.

Should you have any questions related to the protection of exclusive rights to trademarks, rest assured that ADVANT Beiten is always at your disposal.

[1]. <https://eutechloop.com/russia-legalizes-trademark-theft-ericssons-case-is-only-the-beginning/>

[2]. <https://www.msn.com/en-gb/money/other/russian-firm-takes-over-ericsson-brand-amid-market-exit/ar-AA1BiEmD>

[3]. <https://som.yale.edu/story/2022/over-1000-companies-have-curtailed-operations-russia-some-remain>

[4]. *ibid.*

[5]. *ibid.*

[6]. Article 1486(1) of the Civil Code of the Russian Federation (the "**Civil Code**").

[7]. Judgment No. S01-2602/2024 of the Presidium of the Intellectual Property Court dated 12 February 2025 in case No. SIP-334/2024.

[8]. <https://new.fips.ru/iiss/document.xhtml?faces-redirect=true&id=6de6c102e0c34e51b8f9bc8216defcca>

[9]. Judgment No. S01-2602/2024 of the Presidium of the Intellectual Property Court dated 12 February 2025 in case No. SIP-334/2024.

[10]. Article 1486(2) of the Civil Code.

[11]. Decision of the Intellectual Property Court dated 27 March 2023 in case No. CIP-1180/2022

[12]. Judicial Overview of Cases Involving an Assessment of the Actions of Trademark Holders, approved by the Presidium of the Russian Supreme Court on 15 November 2023.

[13]. Clause 5 of Ruling No. 8-P of the Russian Constitutional Court dated 13 February 2018 "On the Constitutional Review of the Provisions of Article 1252(4), Article 1487, and Article 1515(1, 2, and 4) of the Civil Code of the Russian Federation in Connection with the Action of PAG Limited Liability Company".

[14]. Article 1486(3) of the Civil Code.

[15] Decision of the Intellectual Property Court dated 10 September 2021 in case No. SIP-487/2021.

[16] Ibid.

[17] Judgment No. S01-2602/2024 of the Presidium of the Intellectual Property Court in case No. SIP-334/2024.

[18] *ibid.*

[19] Judgment No. A01-2647/2024 of the Presidium of the Intellectual Property Court dated 27 February 2025 in case No. SIP-227/2024.

Kind regards,

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**Imprint**

This publication is issued by Beiten Burkhardt Rechtsanwaltsgesellschaft mbH

Ganghoferstrasse 33, 80339 Munich, Germany

Registered under HR B 155350 at the Regional Court Munich / VAT Reg. No.: DE811218811

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