

Naphtyzinum: 'Soviet' Trademark or Public Interest?

In Kazakhstan's judicial practice there are growing disputes related to the early termination of legal protection for trademarks that have come into common use for the designation of goods of a certain type by virtue of Article 6.1.1 of the Law of the Republic of Kazakhstan 'On Trademarks, Service Marks and Appellations of Origin of Goods' No. 456-I, dated 26 June 1999 (hereinafter - the 'Trademark Law'). This trend is most likely due to the fact that in Kazakhstan, like in neighbouring states, there is a 'battle' for Soviet (retrospective) trademarks between the copyright holders, who registered the trademark rights, and actual users, who did not manage to do this after Kazakhstan gained independence.

In this article we would like to share our expert opinion and give a legal assessment of the judicial acts that have entered into legal force and which turned the trademarks (names) of well-known medicines into the common use designations. To make it more understandable, we suggest replacing “designation that has come into common use to designate goods of a certain type” with the wording 'common designation' throughout the text.

First, let us consider what is a 'common designation'. Pursuant to the Rules for the Examination of Applications for Trademarks and Appellations of Origin (Appendix 3 to the Order of the Minister of Justice of the Republic of Kazakhstan No. 1349, dated 29 August 2018), this term is defined as follows: 'a common designation, is a designation that became an indication of a certain products type, i.e., a generic notion, as a result of its long-term use by various manufacturers for the same product or the same product type.' In other words, the transition of a trademark into a common designation is a consequence of the widespread use of the trademark by various business entities for a long time, when manufacturers and consumers cease to treat a particular designation as a trademark. The trademark loses its distinctive ability and is transformed from an individual designation into a generic one. As an example, we can cite the well-known notions: THERMOS, ESCALATOR, LINOLEUM, SCANNER, JEEP, MAYONNAISE, WINCHESTER, etc.

The 'battle' for the name of 'Naftizin' medicine was led by the trademark owner in the competent authorities and courts for about 2 years. On 13 August 2018, the Civil Board of the Supreme Court of the Republic of Kazakhstan completed the 'Нафтизин Naphtyzinum' proceedings.

Case Background

The trademark 'Нафтизин Naphtyzinum' was registered in the Republic of Kazakhstan in 1996 in relation to goods of the 5th ICGS class (pharmaceutical chemicals) for famous Ukrainian pharmaceutical company. The trademark was used in relation to 'Нафтизин' medicine, which is a vasoconstrictor agent. The trademark has been used on the territory of the Republic of Kazakhstan by the trademark owner for over twenty years.

On 29 June 2016, the Appeal Board of the Ministry of Justice of the Republic of Kazakhstan (hereinafter - the 'Appeal Board') received an objection to the 'Нафтизин Naphtyzinum' trademark under international registration No. 661786. The objection was filed by competitor on the pharmaceutical market (third party), which requested the Appeals Board to invalidate the registration of 'Нафтизин Naphtyzinum' trademark, since the word 'Нафтизин' is a commonly used designation.

In accordance with the decision, dated 1 March 2017, the Appeal Board recognised 'Нафтизин Naphtyzinum' trademark as a common designation based on the following facts:

'Нафтизин' designation has been known since 1939, as confirmed by the Article of Т.К. Trubitsina *Naftizin, the Vasoconstrictor (Сосудосуживающее средство - Нафтизин)* published in 'Medical Industry of the USSR' magazine;

- 'Нафтизин' designation has been mentioned in medical encyclopedias, manuals for doctors, and dictionaries since 1967;
- the State Program for the Development of the Pharmaceutical and Medical Industry of the Republic of Kazakhstan, approved by the Decree of the President of the Republic of Kazakhstan, dated 20 August 1997, instructed to establish a naphthyzine production facility at Khimpharm OAO, Shymkent;
- as of 1 June 2000, 33 enterprises in the former Soviet Union had a license to manufacture various dosages of the medicinal form of naphthyzine;
- a private monopoly established for Soviet trademarks impedes the realisation of public interests. Such trademarks, therefore, shall be free for use by any persons.

A Ukrainian company (right holder of the 'Naphtyzinum' trademark), having disagreed with the decision of the Board of Appeal, appealed to the court for invalidation of the said decision dated 1 March 2017.

Judicial Acts Passed

The courts of three instances (by a decision, dated 13 September 2017, and judgements, dated 6 December 2017 and 13 August 2018) supported the conclusions of the Appeal Board, rejected the arguments a Ukrainian company that these conclusions did not correspond to the actual case file and that Article 23 of the Trademark Law was misapplied.

Comments on the Courts Legal Position

We are of the opinion that such a conclusion of the courts was not based on law and contradicts the case file.

Given that the disputes such as those regarding the termination of legal protection of a trademark in case when a registered trademark becoming a common designation are quite new for Kazakh judicial practice, we will refer to Russia's experience. Russia and Kazakhstan are parties to both international and regional IP conventions and stick to same approaches to legal regulation of intellectual property in general. A more detailed description of the signs characterising a common designation is given in the Guidelines for Classifying Declared Designations, Trademarks and Service Marks as Commonly Used as Designations of Goods and Services of a Certain Type approved by Order of Rospatent No. 26, dated 27 March 1997 (hereinafter - the 'Guidelines').

Let us go back to the dispute. First, please note that at the time when the legal protection was granted to the 'Нафтизин\ Naphtyzinum' trademark under international registration No. 661786 (in 1996), the Kazakh Trademark Law, as effective in 1993, had provisions indicating the prevention of registration for trademark consisting exclusively of common designations. An examination by the Patent Office of Kazakhstan in 1996 did not reveal the existence of these grounds that led to the refusal to register a trademark, which means that the burden of proof is on the person, who declares the illegal trademark registration, i.e. third party.

Second, pursuant to the Guidelines, as well as the definition of 'common designation' given in the legislation of Kazakhstan, to recognise a trademark as a common designation, an interested person must prove the presence of following several signs:

- use of the designation as the goods name by experts of the relevant industries, trade workers, consumers;

- use of the designation as the name for the same product or same type goods produced by various manufacturers;
- use of the designation for a long time.

At the same time, the decision to deprive the right holder of the right to the trademark can be only made when all the above signs are simultaneously present.

A designation becomes a generic name of a product when it is firmly included in the everyday life of both a wide range of consumers, and specialists of the relevant industries, representatives of trading circles, while among the last two categories the use of the designation as the name of the product is not of highly specialised or slang nature. In the minds of all these categories, there is a stable and firm relationship between a product that has certain properties and qualities, and the designation used as the product name. The foregoing can be supported by an example of the word 'eskimo' (эскимо). This word evokes a strong association with a certain type of an ice cream - a certain form and chocolate glazed, therefore, it cannot be registered as a trademark for an ice cream, since it will directly indicate the type of product.

Analysis of Common Designation Signs

Having studied the first sign and a number of articles of leading chemists and pharmacists, we can conclude that the name of a medicine cannot be used as a designation of goods of a certain type, since it can designate only a specific product rather than the type of goods. With regard to naphthyzine, this means that the specific name of medicines, like naphthyzine, in chemical terms is 'naphazoline nitrate', and in the therapeutic terms – 'vasoconstrictor'. Given that 'Naphthyzin' name became well known and is mentioned in many sources, it should be noted that 'naphthyzine' is not a generic notion for a certain group of medicines.

'Naphthyzin' cannot be a simple indication of goods, since on the market there are many analogues of this medicine with similar effect, but under different names, for example: 'Sanorin', 'Xymelin', 'Tyzine', 'Lazolvan Rhino' and many others. If a consumer asks for Naphthyzin in the pharmacy, then certainly no Xymelin, Sanorin, and no other medicine will be offered by the pharmacist. The pharmacist will give Naphthyzin. This means that there is no such group of goods, for which 'Naphthyzin' would become a common designation.

Thus, the Appeals Board decided to cancel the registration of 'Naphthyzin' trademark without a third party providing the evidence that Naphthyzine is treated by consumers as any medicine with a vasoconstrictor effect, each of which has specific features similar to Naphthyzine.

The use of a designation in reference and informational publications as a generic notion can not always be considered as an indisputable fact of the transition of this designation to the category of commonly used designations.

For example, at present, the advertisements published in periodicals sometimes use the name 'pampers' (памперсы). However, manufacturers of goods for newborns do not use this name as the generic name of the product. They use the word 'diapers' (подгузники) to denote this type of product, and to personalise the manufacturer they use designations such as Bi-Bou, Libero, Pampers, etc. Another example, The Modern Dictionary of Foreign Words contains the designation 'Coca-Cola' and gives the following meaning: 'soft tonic beverage with an extract from cocoa leaves and cola nuts'. At the same time, there is no indication that this designation is a trademark, although 'Coca-Cola' designation is registered as a trademark for soft drinks, syrups and other products for making drinks both in Kazakhstan and in many other countries, and is used only by the owner of the trademark and other manufacturers on the basis of the owner permit (license).

In the description of the second sign, the term 'various manufacturers' means manufacturers independent of one another, i.e., not subsidiaries or parties bound by commercial agreements (franchise agreement, license agreement, etc.).

No evidence of the establishment of the production of 'Naphthyzin' medicine by other manufacturers both before and after the breakup of the USSR were provided neither by the Appeal Council nor by a third party.

The third sign of the transformation of a designation that individualises a product into the name of a product or certain type products is the duration of the use of such a designation as a generic name. The duration in this case can be determined by the dynamic development processes of market of a particular type of product. In any case, independent manufacturers must use such a designation as the name of the product more than once.

The documents submitted to the court do not contain information on the duration and volume of the medicine production, and also do not indicate the manufacture, sale and use of the goods in Kazakhstan.

It is worth noting that the wide popularity of Naphtyzin indicates a high degree of recognition of this trademark based on the intensive use for many years in the Republic of Kazakhstan and other independent states formed after the USSR breakup.

Among other things, the courts of first and appellate instances also failed to give a legal assessment to the expert's opinion on the application of the trademark law, as well as to the sociological and marketing research mainly aimed at the determination of consumers' perception of 'Naphthyzin' trademark.

No proof to the circumstances confirming the termination of 'Naphtyzin' trademark, no evidence that the trademark was included in the commonly used designation were given in the courts; the courts' findings are not based on the studied and established case file.

Thus, the disputed judicial acts testify to the misinterpretation and misapplication by the courts of Article 23 of the Trademark Law in terms of assessing the necessary conditions for recognition of a registered trademark transformation into a common designation.

Key Findings

There are similar precedents with the owners of ROTOKAN and VALIDOL trademarks (judgements of the civil board of the Supreme Court of the Republic of Kazakhstan dated 15 May 2017 and 13 February 2019).

When challenging protection documents for retrospective trademarks, specific justifications are needed when establishing the type and the type elements that clearly fall under it. At the same time, excessive generalisation (for example, 'aspirin' - a generic designation for anti febrile medicines) shall not serve as conclusive proof for this verbal designation becoming a commonly used generic notion, since a type generally cannot but generalise and include other subtypes (except for extremely rare cases). If the persons objecting to cancelling the registration of a retrospective trademark do not have evidence that 'aspirin' means any anti febrile medicine, each of which has specific features similar to 'aspirin', then cancelling the registration on this legal basis shall have no chances.

Right holders shall anticipate this situation and take relevant actions to prevent the trademark from becoming a commonly used designation. Otherwise, the existence of the indicated public interest will allow depriving the trademark of legal protection in the territory of the Republic of Kazakhstan.

The annulment of Soviet trademarks will undoubtedly put all manufacturers on an equal footing. However, it should be kept in mind that a trademark is the legally acquired property of the owner and the destruction of an intellectual product on the principle of 'pick up and hand out to the poor' will lead to a decrease in the quality of the relevant goods and violation of consumer rights.