

RUSSIA AND THE INTERNET: RUSSIA’S NEED TO CONFRONT AND CONQUER TRADEMARK INFRINGEMENT IN DOMAIN NAMES AND ELSEWHERE ON THE WEB

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I. INTRODUCTION

A western tourist visiting Russia will certainly be overwhelmed by the quantity of readily available pirated goods. Compact discs, DVDs, and computer software—some of which has not made it to the theatres or shelves of western stores—abound both on the streets and in city markets. Our hypothetical visitor is most likely to blame the sellers for breaking the law or the government for failing to properly enforce anti-piracy laws.¹

1. Much has been written about the lack of intellectual property protection in both the Soviet Union and the Russian Federation. See e.g., Ambassador Alexander Vershbow, *Why Getting Tough on Protecting Intellectual Property Rights is the Right Thing to Do*, Nov. 25, 2003, at http://www.usembassy.it/file2003_11/alia/A3112505.htm (also published in Vedmosti and the Moscow Times—both prominent Russian newspapers); Bruce A. McDonald, *Intellectual Developments in the Russian Federation*, Journal of the Newly Independent States of the Former Soviet Union Committee, ABA Section of the International

Unfortunately, the booming market for pirated goods is not a problem that can be easily fixed. It is symptomatic of much deeper legal, social, and cultural problems that run through Soviet and post-Soviet Russian history generally, and the development of intellectual property (“IP”) protection specifically.

The sixty-year rule of the Communist Party in the former Soviet Union resulted in a nearly total freeze on the development of IP culture and protection. As a result, Russia has had neither the background nor the time to develop a working system of IP protection. Nowhere is this problem as pervasive and visible as in the sphere of the rapidly developing Internet. Specifically, the lack of sufficient legislation and the failure to enforce the legislation that does exist are especially clear in the context of domain names².

The Internet in Russia is the cultural equivalent of the Wild West. Cybersquatting³ is a pervasive problem. Individuals register trademarks of both local and foreign companies, and then either are unwilling to return them to the companies or offer to sell them back for large sums of money.⁴ This poses a problem for many foreign companies who seek to protect their trademarks in global commerce. Many have spent considerable amounts of

Law and Practice, 1996, at <http://www.wrf.com/publication.asp?id=1359206182003> (last visited May 21, 2005); Richard Miller, *Protection First! Guard Your Intellectual Property in Russia and China*, PRINCETON BUSINESS JOURNAL, Feb. 1, 2001, at <http://www.pacpubserver.com/new/business/2-1-01/protection.html>; Tim Burt, *Music Groups Tackle Russian Piracy*, Asia-Pacific & International Economy, FINANCIAL TIMES, Dec. 19, 2003, available at 2003 WL 69469302. See also Richard Miller, *Protection First! Guard Your Intellectual Property in Russia and China*, (for) PRINCETON BUSINESS JOURNAL, Feb. 1, 2001, at <http://www.pacpubserver.com/new/business/2-1-01/protection.html> (discussing piracy and the need for foreign companies to protect their interests in Russia).

2. Domain names, which are used globally to locate websites are “the unique identifiers used to find web pages, route e-mail, and otherwise use the Internet.” Stephen Ware, *Domain-Name Arbitration in the Arbitration Law Context: Consent to and Fairness In the UDRP*, 6 J. SMALL & EMGERGIN BUS. L. 129, 144 (2002). Domain name refers to “any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the internet.” Catherine Palo, *Causes of Action for Cybersquatting Under the AntiCybersquatting Consumer Protection Act*, 15 U.S.C.A. § 1125(d), 16 COA2d 453 § 5 (2003) (citing 15 U.S.C. § 1127). “A domain name is made up of two components: a top level domain and a secondary level domain.” *Id.* at § 2. RU is the top-level domain name for the Russian Federation.

3. Cybersquatting is defined as “the registration as an internet domain names of well-known trademarks by non-trademark holders who then try to sell the names back to the trademark owners.” Catherine Palo, *Causes of Action for Cybersquatting*, *supra* note 2, § 5 (citing *Morrison & Foerster, LLP v. Wick*, 94 F.Supp.2d 1125 (D. Colo. 2000)); see also *Interstellar Starship Servs. v. Epix*, 404 F.3d 936, 946 (2002) (“Cybersquatting is the Internet version of land grab . . . cybersquatting [threatens] ‘the continued growth and vitality of the Internet as a platform’ for ‘communication, electronic commerce, [and] entertainment.’”) (quoting *Virtual Works, Inc. v. Volkswagen of America*, 238 F.3d 264, 267 (4th Cir 2001)).

4. *Wick*, 94 F. Supp. 2d at 1125.

time and money litigating trademark infringement, trademark dilution and unfair competition claims in the Russian courts.⁵ The results have been unpredictable, with the courts reaching different decisions based on the same or similar fact patterns. The lack of a reliable enforcement mechanism offers little security to the rightful trademark holders.⁶

This article will focus on the protection of Russian and international trademarks in the top-level country domain name “.RU” in Russia.⁷ Specifically, this paper looks at the development of trademark law in the Russian Federation as it relates to domain name protection, and the legal response to the problems created by the globalization of trade.⁸

To help explain the lack of current reliable IP protection, section II of this article addresses the emergence of Russian intellectual property laws over the last century. It demonstrates that although the development of an IP culture has been slow to emerge, Russia has made significant progress towards embracing trademark protection in the last fifteen years. However, as section III discusses, as the growth of Internet users and companies conducting business on the Internet increases, the necessity of protecting trademarks in the .RU domain names and on the websites increases as well.

Section IV then examines the World Intellectual Property Organization’s (“WIPO”)⁹ medium term goals and strategic direction plan, and utilizes the plan as the standard against which Russia’s IP laws, institutions, and enforcement are measured. Specifically section IV considers the effectiveness of Russian trademark laws with respect to domain names in the following areas: (1) the integration of an IP policy for the protection of domain names, including applicable laws, regulations, and possible outreach; (2) status and functions of IP institutions, including the Patent Office and the courts; and (3) the possible expansion of alternative dispute resolution systems in the domain name arena.

Section IV concludes by proposing concrete steps that the Russian government could take to significantly enhance protection against trademark

5. See *infra* Section IV for a discussion of domestic and foreign companies litigating domain name disputes.

6. See e.g. *Eastman Kodak* discussed *infra* Section IV.

7. “The top level domain is the suffix of the domain name. The Internet is primarily divided into six top level domains . . . [including] a national specific domain,” which is .ru for Russia.” Palo, *Causes of Action for Cybersquatting*, *supra* note 2, § 5.

8. This article will consider the emergence of Russian trademark law in general, and the attempts of the Russian government to alleviate the concerns of American and other foreign companies who are interested in doing business in Russia but who cannot be certain that their trademarks or business names will be protected under Russian law.

9. For more information on WIPO, see <http://www.wipo.org>. Both Russia and the United States are member states. In addition, Russia and the United States are signatories to the Trademark Law Treaty. Trademark Law Treaty, Oct. 27, 1994, S. Treaty Doc. 105-35, 2037 U.N.T.S. 298.

infringement in the domain names and otherwise on the Web. Specifically, the Russian government should amend its trademark law to include clear definitions of domain names, prohibit trademark infringement on websites as well as in domain names, and define and specifically prohibit cybersquatting. In addition, by mandating actual use of a trademark following its registration, broadening the well-known trademark status to include trademarks well known outside of Russia, and adopting a uniform dispute resolution system, the Russian government would come closer to both meeting the goals of the WIPO's medium term plan protecting legitimate business interests of Russian and foreign trademark holders.

II. IP LAW DEVELOPMENT IN RUSSIA IN THE LAST CENTURY

A. *Origins of Russia's IP Laws*

Russia's current ability to protect brand names, trademarks, and identities on the Internet is limited. The relevant IP legislation is insufficient, and enforcement of that legislation is weak. Yet one must be careful not to judge the current problems too quickly. In light of Russia's virtual lack of a modern history of IP legislation, the current IP protections represent significant progress.

Russian intellectual property laws have deep roots.¹⁰ Under the Soviet regime, however, the protection of intellectual property and the development of IP law came to a practical standstill.¹¹ For sixty years between 1931 and 1991 there was no progress in the former Soviet Union in relation to intellectual property rights. Only in 1991, the Soviet government, and shortly thereafter in 1992, the government of the Russian Federation began to scrutinize and modernize Russian intellectual property law.¹² Thus, the 1992 Russian law on intellectual property is arguably the first modern intellectual property law in Russian history.

10. In 1812, Emperor Alexander I signed the first law for the protection of innovations and inventions, entitled "About Privileges For Various Inventions and Innovations in Artistic and Other Professional Endeavors." Rospatent, Historical Information (in Russian), (translated by the author), available at http://www.fips.ru/ruptoru/histor_ros.htm (last visited February 5, 2006). This manifesto was intended as a patent law, which was fairly comprehensive and included, among other things, the procedures for obtaining a patent, the length of protection, the filing fee, and the reason for termination. *Id.* This law was amended in 1896, and included more extensive provisions for reviews of patent applications, set the length of protection to fifteen years and included a description requirement. *Id.*

11. In 1924 the Soviet government recognized that patents should be protected but in 1931 the government recognized the Soviet Union as the true holder of the patent, not the individual creator. Rospatent, Historical Information. *See supra*, note 10.

12. *Id.*

B. Russia's 1992 "Law of the Russian Federation # 3520-01 on Trademarks, Service Marks, and Appellations of Origins of Goods" ("1992 Trademark Law")¹³

Russia made its first real attempt at codifying intellectual property law when it passed a variety of intellectual property protection laws in 1992. The new legislation included laws on trademarks,¹⁴ patents,¹⁵ computer programs and databases,¹⁶ and topologies of integrated circuits.¹⁷ The copyright law soon followed in 1993.¹⁸ This newfound respect for intellectual property found voice in Article 44 of the Russian Constitution, which now provides for intellectual property protection.¹⁹

Although the 1992 trademark law defined trademarks and granted trademark protection for the first time, it was silent about domain names and other Internet issues.²⁰ With the emergence of the Internet and growth of international business presence in Russia, implementation of the original 1992 law raised a number of problems resulting in numerous domain name disputes, and no coherent intellectual property law policy.²¹

13. Law of the Russian Federation on Trademarks, Service Marks, and Appellations of Origins of Goods, *Sobr. Zakonod. RF*, 1992, No.3520-01 [hereinafter 1992 Trademark Law], <http://www.fips.ru/ruptoen2/law.htm>. This law is discussed in greater detail, *infra* Section IV.

14. *Id.*

15. Patent Law of the Russian Federation, *Sobr. Zakonod. RF*, Sept. 23, 1992, No. 3517-1, *available at* http://www.fips.ru/ruptoen2/law/patent_law.htm.

16. Law of the Russian Federation On the Legal Protection of Computer Programs and Databases, *Sobr. Zakonod. RF*, Sept. 23, 1992, No. 3523-1, *available at* http://www.fips.ru/avpen/pr_db.htm.

17. Law of the Russian Federation On the Legal Protection of Topologies of Integrated Circuits, *Sobr. Zakonod. RF*, Sept. 23, 1992, No. 3526-1, *available at* <http://www.fips.ru/avpen/TIMS.htm>.

18. Law on Copyright and Neighboring Rights, *Sobr. Zakonod. RF*, 1993, No. 5351-I, <http://www.fips.ru/avpen/docs.htm> (last visited Feb. 8, 2006).

19. "Intellectual Property shall be protected by law." KONST. RF art. 44(1) (1993). A related provision in the Russian Constitution includes Unity of economic space, free movement of goods, services and financial resources, support for "competition and freedom of any economic activity shall be guaranteed in the Russian Federation." KONST. RF art. 8(1) (1993).

20. *See* 1992 Trademark Law, *supra* note 13, at 7. For a discussion on the silence of the 1992 Trademark Law on domain names and other Internet issues, *see infra* section IV.

21. For a discussion of the 1992 Trademark Law in addition to the litigation it sparked, *see infra* section IV.

C. *The 2002 Changes and Amendments to the 1992 Trademark Law (“2002 Trademark Law”)*²²

There is no legislative history for the 2002 Trademark Law.²³ However, the growth of the Internet in the domain name sphere took place. Specifically, the amended law prevents trademark infringement in domain names.²⁴ This was probably a response to various lawsuits that raised the issue of whether the use of a trademark in a domain name constitutes infringement.²⁵ While the changes in the amended version of the law were an important step in bringing Russian IP law closer to international standards, much more needs to be done.²⁶

D. *Russia and International Agreements*²⁷

Russia is a signatory to various international intellectual property agreements, including several trademark specific agreements. Among the notable trademark treaties are: the WIPO Trademark Law Treaty,²⁸ the Madrid Protocol,²⁹ and the Paris Convention.³⁰ International agreements are

22. Law of Russian Federation # 3520-1 On Trademarks, Service Marks and Appellations of Origin of Goods of September 23, 1992 with changes and amendments introduced by Federal Law No. 166-FL on December 11, 2002, and entering into force on December 27, 2002, *Sobr. Zakonod. RF, 2002, No.3520-1*, <http://www.fips.ru/ruptoen2/law/tm.htm> [hereinafter 2002 Trademark Law]. This law is discussed in greater detail *infra*, section IV.

23. See The Law of the Russian Federation on Trademarks, Service Marks, and Appellations of Origin in Addition of December 27, 2002, (discussing the 2002 law and its lack of legislative history), <http://www.euromarkpat.com/nw-rus2.htm> (last visited Feb. 8, 2006).

24. See 2002 Trademark Law, *supra* note 22. See also Kathryn Szymczyk, Pavel Arieivich & Dmitry Semenov, *Changes to Russian Intellectual Property Laws Aim to Stop Cybersquatters, Pirates, and Counterfeiters*, UNITED CORP. LAWYERS OF RUSSIA NEWSLETTER, 2003, (discussing the 2002 Trademark Law), at <http://www.rcca.com.ru/resources/read.html?27> (last visited May 21, 2005).

25. See *infra* section IV.

26. For a thorough discussion of what this paper proposes, see *infra* section IV.

27. See Rospatent, Intellectual Property Legislation (Russian and English versions), <http://www.fips.ru/ruptoen2/laws.htm> (last visited May 21, 2005).

28. Trademark Law Treaty, *adopted on* Oct. 27, 1994, 2037 U.N.T.S. 298, http://www.wipo.int/clea/docs_new/en/wo/wo027en.html (last visited Feb. 8, 2006). The treaty applies “to marks relating to goods (trademarks) or services (service marks) or both goods and services.” *Id.*, art. 2(2)(a). Russia is a party to this treaty.

29. Madrid Agreement Concerning the International Registration of Marks, Apr. 14, 1891, 828 U.N.T.S. 391, http://www.wipo.int/madrid/en/legal_texts/trtdocs_wo015.html (last visited Feb. 8, 2006).

30. Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, 21 U.S.T. 1629, 828 U.N.T.S. 307, http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html (last visited Feb. 8, 2006). This treaty applies to well-known marks, stating that the owner of a mark acknowledged to be well known can get priority over other applications for identical or similar trademark registration. See *id.*, art. 6*bis*.

important in Russian law because they take precedence over contrary state law.³¹

While Russia's IP laws are still in the process of change and development, the recent years have shown that the legislature is committed to improving IP protection in the Russian Federation. Moreover, the more recent amendments to the trademark law show an understanding and sensitivity to the special need for trademark protection in the domain names and otherwise on the web. The greater need for protection is especially necessary in light of the growth of international businesses and on-line sales.

III. THE NEED FOR DOMAIN NAME PROTECTION

A. Trademark Registration and Websites in Russia are on the Rise

Many companies are now choosing to have international business presence by either opening up local branches of their business abroad, selling their products internationally on the web, or both. This trend is particularly true in the emerging international markets, such as Russia. Many American, Asian, and Western European businesses have expanded their markets to include the former Soviet republics, including the Russian Federation.³² Because of the Russian first-to-file system,³³ foreign trademark owners are encouraged to file their applications as soon as possible to get the utmost protection of their marks.³⁴ The available evidence indicates that foreign companies have, in fact, seen the need to register their trademarks in Russia. In 2002,³⁵ the total registration for

31. The Russian Constitution provides that "[i]f an international treaty of the Russian Federation stipulates other rules than those stipulated by the law, the rules of the international treaty shall apply." KONST. RF, art. 15(4) (1993).

32. The Russian Constitution provides that "[i]f an international treaty of the Russian Federation stipulates other rules than those stipulated by the law, the rules of the international treaty shall apply." KONST. RF, art. 15(4) (1993).

33. First-to-file system in Russia's trademark law means that (with few exceptions) the person or corporation who first files to have a trademark protected will be automatically granted the protection of the trademark. This is so even if the person does not plan to use this trademark in business or if another company owns the trademark in a foreign country. This allows cybersquatters to register the names of well-known (and not so well-known) foreign trademarks and domain names without having any connection to the original foreign trademark owner. *See, e.g.* Miller, *supra* note 1, at 3 (discussing the necessity for US businesses to protect their assets in Russia).

34. Miller, *supra* note 1, at 3.

35. Although the most recent statistics available from the Russian Patent Office are from 2002, they nevertheless indicate the extent of foreign interest in both conducting business in Russia and protecting IP rights of foreign companies.

trademarks from foreign companies amounted to 13,042.³⁶ German companies registered the most trademarks in 2002 with 2,596; United States companies came in second with 1,829 registrations, and French companies registered 1,273 trademarks.³⁷ Because there is such a large international interest in doing business and registering trademarks in Russia, it is imperative that the Russian government amend its current trademark laws to meet the demands of the global economy.

Not only is Russia experiencing an upward climb in trademark registrations, it is also seeing a significant growth in the number of Russian-based websites and website users. As of August 2003, there were 47,700 registered websites in the .RU domain.³⁸ The number of Internet users is also increasing at a rate of about 150% annually, and in 2002, more than nine million people had Internet access.³⁹ These numbers are expected to increase. As of 2000, Russia had one of the highest projected levels of growth of on-line sales between 2000 and 2005.⁴⁰ The increased Internet use in Russia along with the projected numbers of on-line sales indicates an increased potential for cybersquatting⁴¹ and other forms of trademark infringement. Due to such an increase in Internet use and the high interest in trademark registration by both local and foreign companies, there is a dire need for the Russian government to enact potent legislation or amend its existing laws to better protect rightful trademark holders both within the Federation and abroad.

36. Rospatent Annexes, Annual Report, Trademark and Service Marks: 2002 Registration of Marks of Foreign Applicants from 15 Countries with the Greatest Number of Registrations, at 170 (in Russian and English), <http://www.fips.ru/rep2001/pdf2/R18.pdf> (last visited May 12, 2005).

37. *Id.*

38. Lovells, E-COMMERCE IN RUSSIA: THE NEW REVOLUTION, 1 (2001), at <http://www.lovells.com/NR/rdonlyres/BDAC8BEC-E1C5-4791-85BC-E520BCD8E573/0/EcommerceinRussiathenewrevolution.pdf>.

39. Clifford Chance Attorneys, *E-Commerce in Russia*, AMERICAN CHAMBER OF COMMERCE IN RUSSIA (NEWSLETTER), (Jan. 16, 2003), at <http://www.amcham.ru/amcham-v14/page.php?pageid=105033663100486&date=01/16/03&item=697621512431336&> (last visited May 21, 2005).

40. Lovells, *supra* note 38, at 1 (citing AMCHAM E-COMMERCE TASKFORCE, E-COMMERCE IN RUSSIA: OPPORTUNITIES FOR GROWTH & DEVELOPMENT 17 (2000), http://www.amcham.ru/amcham-v14/upload/354040945520281_Final%20English%20e-com%20paper.doc).

41. Cybersquatting is a major problem in Russia. See Palo, *supra* note 2, at 464 (defining "cybersquatting"). See also Szymczyk, *et. al.*, *supra* note 24, at <http://www.reca.com.ru/resources/read.html?27> (last visited May 21, 2005) (discussing piracy and cybersquatting problems in Russia). See generally Lovells, *supra* note 38.

B. The Importance of Domain Name Protection and Registration

Because of the increased international business presence in Russia and the increased use of the Internet, trademark registration is an important step in avoiding brand name dilution, trademark infringement, and cybersquatting.⁴² In addition, the presence of a localized domain name can positively impact a company's website and e-commerce performance in country-specific search engines, increase brand awareness, and signal to the local on-line audience that the content of the website is regionally relevant.⁴³

Because the Internet is gaining importance in Russia's commercial sector,⁴⁴ it is imperative that foreign companies doing business in Russia protect their brand names, trademarks, and identities on the Internet.⁴⁵ This is especially so in a first-to-file system, where the first applicant to file a trademark application gains the rights to its exclusive use. In addition, because Russia's IP protections are generally weak, it is especially important for foreign businesses to assert their rights early, and thus register the marks as soon as they are able to. Early registration is important because it assures at least the possibility of enforcement at a later date, should enforcement become necessary.

IV. PROBLEMS WITH AND PROPOSED SOLUTIONS FOR RUSSIAN TRADEMARK LAW WITH RESPECT TO DOMAIN NAMES

*A. WIPO'S "Medium-Term Plan for WIPO Program Activities, Vision, and Strategic Direction of WIPO"*⁴⁶

In spite of Russia's increasing commitment to intellectual property protection, the current IP scheme does not yet meet international standards. One of the main goals that Russia should strive to achieve is the development and maintenance of respect for intellectual property.⁴⁷ To

42. 1 Global Place, *Role and Value of Global Domains*, at <http://www.1globalplace.com/Reseller/moreinfo.asp> (last visited May 21, 2005).

43. *Id.*

44. *See supra* notes 32-36 and accompanying text.

45. *Id.*

46. Memorandum of the Director General, World Intellectual Property Organization, *Medium-Term Plan for WIPO Program Activities – Vision and Strategic Direction of WIPO* [hereinafter *WIPO Medium-Term Plan*], Strategic Goals § 11, *available at* <http://www.wipo.int/about-wipo/en/dgo/pub487.htm> (last visited on February 10, 2005). Every four years, WIPO's Director General presents a medium-term plan, the main objective of which is "maintenance and further development of the respect for intellectual property throughout the world." To accomplish this, WIPO sets out a policy framework, which encourages each country to develop "an Internet culture appropriate to its needs," and the "fostering of a wide perception of IP (both at the policy and grass-roots levels) as a powerful tool in economic, social and cultural development." *Id.* at §§ 1, 3.

47. *Id.*

determine how well Russia has done in developing a culture where intellectual property generally, and trademark law in domain names specifically, is fostered and respected, this paper will use WIPO's medium-term goals as a useful framework.⁴⁸ Assuming the 2006-2009 medium-term goals WIPO set out for itself and its member states are ideals to strive for, we can attempt to objectively measure how close or how far Russia is from those ideals. The closer Russia is to meeting all medium-term goals set out by WIPO, the closer it is to meeting international standards of IP protection, and the more comfortable foreign businesses could feel about bringing their business to Russia.

In evaluating the success of WIPO's programs, WIPO looks at numerous factors including the integration of IP policy into a country's cultural and socioeconomic policies, the status and functions of intellectual property institutions, such as courts and offices for IP enforcement, as well as the expansion of centers for alternative dispute resolution.⁴⁹ Similarly to WIPO's evaluation of its programs, this section will consider the status and functions of IP institutions in Russia, including the Patent Office and the courts to determine whether they are meeting the demands of increased trademark registrations and the consequent rise in disputes. This section will then examine whether Russia is fostering an intellectual property culture by creating and amending laws, regulations, and social outreach. Lastly, this section will discuss whether a possible expansion of alternative dispute resolution in domain name disputes is necessary and proper.

B. Integration of IP Policy that Protects Domain Names

One of the WIPO's medium-term goals is the integration of sound IP policies into the social, cultural, and economic structure of the member states.⁵⁰ The first step is the implementation of sound IP laws.

1. The 1992 Trademark Law⁵¹

The 1992 trademark law recognized trademarks for the first time, defined them,⁵² and gave them legal protection⁵³ by granting trademark

48. This is an especially useful way of looking at Russia's progress in the IP arena because Russia is striving to cooperate with WIPO. Rospatent, Russia's equivalent of the US Patent and Trademark Office, stated that "[p]articipation in the process for integrating the national system of intellectual property protection into the global process for harmonizing various national systems under the aegis of WIPO remains the prime objective of Rospatent-WIPO cooperation." 2002 ROSPATENT ANN. REP. 67 *available at* <http://www.fips.ru/rep2001/pdf2/R09.pdf>.

49. WPIO Medium Term Plan, *supra* note 46, at §§ 13, 14.

50. *Id.* at § 10(b).

51. 1992 Trademark Law, *supra* note 13, *available at* <http://www.fips.ru/ruptoen2/law/tm.htm>.

owners the exclusive protection of the mark.⁵⁴ This law also included a laundry list of trademarks that were ineligible for registration.⁵⁵ More important, however, the law denied registration to trademarks that were confusingly similar to trademarks either already registered in the Russian Federation, or that were in the process of such registration, and to those which were protected without registration by virtue of international treaties to which the Russian Federation was a party.⁵⁶ By denying registration to confusingly similar marks, the legislature gave the law some “teeth,” albeit weak ones, which provided some reassurance to the rightful trademark holders.

Although the provision for trademarks indicated that Russia took a step forward to protect trademarks, many of the provisions of the new law are ambiguous, and others are simply unhelpful. For example, Article Eight of the current trademark law sets out application procedures for trademark registration. It allows either “natural persons” or “legal entities,” Russian or foreign, to file trademark applications in the Patent office.⁵⁷ The application, to be completed in Russian, had to contain the following exclusive list of requirements: a request for registration, the name and address of the applicant, the trademark and its description, a list of goods to which the trademark would apply,⁵⁸ and a registration fee.⁵⁹ Any “natural person” or

52. Article 1 defines trademarks as “signs capable of distinguishing goods and services respectively, of a certain person or legal entity from similar goods and services...of other natural persons or legal entities.” *Id.* at art. 1.

53. *Id.* at art. 2(1).

54. The owner of the trademark was granted the “exclusive right to use and dispose of the trademark and to prevent others from using the trademark.” *Id.* at art. 4(1).

55. The trademarks could not be registered if they “d[id] not have a distinguishing capacity or consist only of the elements: that [were] commonplace to designate a certain kind; that are generally adopted symbols and terms; that point to the kind, quality, properties, application, value of goods and the place and time of their manufacture or sale; that represent the configuration of goods which is determined exclusively or mainly by the property or function of the goods.” *Id.* at art 6.

56. *Id.* at art 7. It is clear, from article 7, that Russia has a “first-to-file” system, meaning that the person who first registers the trademark holds the rights to it. *See also Id.* at art 9(1) (Stating that “[p]riority of a trademark shall be fixed as of the date of filing of the application.”) This article also includes a provision allowing the date of the application to be set “as of the date of filing of first application in a country member of the Paris Convention for the Protection of Industrial Property . . . provided that the application is filed with the Patent Office within six months of the above-mentioned date.” *Id.* at art 9(2). For literature discussing the first-to-file system, see *supra* note 33.

57. 1992 Trademark Law, *Sobr. Zakonod. RF*, 1992, No.3520-01, art 8. <http://www.fips.ru/rupoen/law/htm>.

58. *Id.*

59. *Id.*

“legal entity” could file the trademark applications⁶⁰ and use the registered marks.⁶¹

These two provisions, taken together, demonstrate how relatively easy it was to acquire a trademark pursuant to the 1992 law. Anybody who could afford an application fee was able to register a trademark with the Patent Office as long as there was not a confusingly similar mark already registered or pending registration, and no foreign company had asserted its rights to the mark. While at first glance these provisions may seem unproblematic, considering the political and economic climate of that time⁶² and the fact that many foreign companies had not yet started doing business in any of the former Soviet republics, these provisions appear inadequate.

Another example of the inadequacy of the law is the non-use provision, which provides that three years of non-use can result in full or partial termination of legal protection.⁶³ The Supreme Patent Board, however, would only impose this penalty if it received a petition from some other interested entity.⁶⁴ In effect, this meant that any private individual was able to register any mark, with or without intent to use it in commerce, and hold it without use so long as nobody else was interested in obtaining the mark.⁶⁵ This provision amounted to a safe haven for cybersquatters, since it allowed them to buy up and retain, without use, domain names of well-known companies—which is exactly what they did.⁶⁶

In addition to refusing registration for confusingly similar trademarks,⁶⁷ the 1992 law provided for judicial enforcement of its provisions.⁶⁸

60. *Id.*

61. The Trademark Law also included an appeal process, and if the applicant was dissatisfied with the Patent Board’s “preliminary examination” or “the examination of the sign.” *Id.* at art 13. After receiving the decision of the Board, the applicant had three months to appeal with the Patent Office Appeal Board. *Id.*

62. The Soviet Union was formally dissolved and Russia formally became its successor at the very end of 1991. Therefore when this law was enacted in 1992, Russia was in its very infancy. Moreover, the Soviet Union’s Communist Party had a general distrust of the West, and therefore discouraged private international investments. Seen in this light, it seems that the 1992 law did not anticipate the future growth of international business presence in Russia, and thus a greater need for well-known trademark protection. For an abbreviated history of the Soviet Union and Russia, see Russians Abroad, *Russia, Historical Background*, at http://www.russiansabroad.com/russian_history_251.html (last visited May 21, 2005).

63. Trademark Law, *Sobr. Zakonod. RF*, 1992, No.3520-01, art 22. <http://www.fips.ru/ruptoen/law/htm>.

64. *Id.*

65. See “*Domain Name Issues in Russia*,” CIRCLE ID (ARTICLE), May 7, 2003 (“No documents evidencing exclusive rights to a certain domain name are required), at http://www.circleid.com/article/119_0_1_0_C/ (last visited May 21, 2005).

66. See *infra* Section IV(C)(2)(c) for a thorough discussion of the post-1992 trademark infringement litigation.

67. 1992 Trademark Law, *Sobr. Zakonod. RF*, 1992, No.3520-01, art 7. <http://www.fips.ru/ruptoen/law/htm>.

According to this provision, all disputes related to implementation of the law, including infringement disputes over the exclusive use of a trademark, were to be heard by a court or an arbitration tribunal.⁶⁹ The plain language of the statute seems to imply that trademark disputes could be heard either by the courts, or extra-judicially by an arbitrator or a panel of arbitrators. This interpretation of the law would be consistent with the way trademark disputes are heard elsewhere, including the United States.⁷⁰ However, because Russia's civil law system has not traditionally been based on case precedent, it is difficult to gain access to all decided cases. Because many courts do not publish their opinions, and those that do publish them do not collect the opinions in any systematic manner, it is difficult to establish exactly how many cases went to court or to arbitration pursuant to this provision.

Overall this law was a great step towards implementing a working intellectual property scheme. It defined a trademark for the first time, prohibited registrations of confusingly similar marks, and established an enforcement mechanism for trademark infringement claims. Many of the provisions, however, were too broad and left many unanswered questions, such as whether a trademark in a domain name would be protected, and what exactly constitutes a confusingly similar mark. In addition, the enforcement mechanisms under this law appeared weak⁷¹ and allowed many improper trademark registrations to take place.⁷²

2. The 2002 Amended Trademark Law

After a ten-year run, in 2002 the Russian legislature amended its 1992 Trademark Law⁷³ by introducing substantive changes for the protection of domain names. Unfortunately, there is no legislative history available for this law,⁷⁴ however, the scope of the changes indicate the legislature's

68. *Id.* at art. 45.

69. *Id.*

70. For a further discussion of this topic, see *infra* section IV(D).

71. See 1992 Trademark Law, *Sobr. Zakonod. RF*, 1992, No.3520-01, art 46. <http://www.fips.ru/ruptoen/law/htm> ("Any use of trademark . . . shall entail civil and . . . criminal responsibility under the law of the Russian Federation.") Yet there were no effective civil and criminal laws in place to enforce this article. See also Ethan S. Burger, *Corruption in the Russian Arbitrazh Courts: Will There Be Significant Progress in the Near Term?*, 38 *The International Lawyer*, 15 (2004) (discussing the corruption of the Russian *Arbitrazh* courts and how it has rendered the civil provision of this article almost meaningless (in at least some situations)).

72. For a discussion of litigation sparked by the 1992 law, see *infra* section IV(D).

73. 2002 Trademark Law, *supra* note 22.

74. See Euromarpat, *The Law of the Russian Federation on Trademarks, Service Marks and Appellation of Origin in Addition of December 27, 2002, 2003*, at <http://www.euromarpat.com/nw-rus2.htm> (last visited January 28, 2006).

concern with eliminating or at least reducing trademark infringement generally, and on the Internet specifically.

Most notably for the purposes of this paper, the 2002 amendment included a provision for trademark protection in domain names. The relevant article now states:

[t]he commercial use of a trademark or a confusingly similar sign on the territory of the Russian Federation in respect of goods for which this trademark has been registered, or similar goods shall be regarded as an infringement of rights of the right holder (illegal use of a trademark), including the use of the trademark or a confusingly similar sign . . . *in the Internet, particularly in domain names and in other forms of addressing.*⁷⁵

Because all past domain name disputes had to be brought under the overall umbrella of trademark law, this addition to the article shows sensitivity to domain issues, and the understanding that a problem in this sphere exists. However, the language presented here is still too broad because it only directly forbids using a trademark in a domain name, and says nothing about the content of the website itself. This still leaves ample opportunity for the infringer to use a trademark within the site, as long as the mark is not used within the domain name.

Another step forward in the new legislation is the creation of a new Chapter Two, relating to “Well-Known Trademark, Its Legal Protection.”⁷⁶ The new Article 19 states:

At the request of a legal entity or natural person, a trademark, protected on the territory of the Russian Federation on the basis of its registration; a trademark protected on the territory of the Russian Federation without registration by virtue of an international treaty . . . can be recognized as *well-known trademarks . . . if such trademarks*...as a result of their intensive use at the date indicated in the application, *became widely known in the Russian Federation* among consumers in respect of the goods of that person . . . [.] A trademark . . . *cannot be considered a well-known trademark* if [it] became widely known *after the priority date of an identical or confusingly similar trademark . . . intended to be used in respect to similar goods.*⁷⁷

75. 2002 Trademark Law, *supra* note 22.

76. *Id.* at art. 19.

77. *Id.* (emphasis added).

This new provision now gives more weight to well-known trademarks, whether they were registered in Russia or in any of the parties to the Paris Convention.⁷⁸ In the latter case, companies have up to a month between the time they register in a Paris Convention contracting state and the time they register their mark in Russia.⁷⁹ This provides for greater flexibility for international applicants.

Article 19 was a necessary addition to the 1992 trademark law because it provides greater protection for trademarks that are well known, yet not necessarily registered in Russia. Yet this article is unclear and is not sufficiently broad. For instance, based on this provision, only trademarks that are well known in Russia are given the special protected status. Therefore, if a company cannot prove that their mark is well known in Russia, it does not get to enjoy the well-known status, although it may be well known in the rest of the world.⁸⁰ This means that even a corporation well known in the West will not be considered well known in Russia unless it has conducted business there. A hypothetical example will illustrate this point. Assume that the Dove Company has never sold soap or any other product in Russia before. Assume additionally that it decided to expand its business to Russia, and is currently working on its marketing and a new website. Although this company is well known in the United States and Europe, it will not be considered well known in Russia. The lack of the well-known status would allow a cybersquatter to slip through the cracks and be the first to register www.dove.ru or www.dovecompany.ru, etc. forcing Dove to buy it back from the squatter.⁸¹ This seems like an unfair result if the legislature's intent was to protect foreign holders of well-known trademarks. The result is especially unfair in light of Russia's fairly new entrance into the international business environment.⁸²

In addition to adding protection for trademarks in domain names, and protections for well-known marks, the 2002 law deleted article 45's language which allowed for arbitration of disputes.⁸³ The new article 45

78. Paris Convention for the Protection of Industrial Property, as last revised at the Stockholm Revision Conference, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 303, http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html.

79. 2002 Trademark Law, *supra* note 22, art. 19.

80. As a general matter, there is no such thing as a worldwide trademark. See Marcelo Halpern and Ajay K. Mehrotra, *From International Treaties to Internet Norms: the Evolution of International Trademark Disputes in the Internet Age*, 21 U. PA. J. INT'L ECON. L. 523, 528 (2000): Worldwide trademarks do not exist; therefore trademark owners cannot restrict the use of their marks by others outside the borders of their home jurisdiction. Instead, trademark holders must ensure that their marks qualify for protection under the domestic laws of the foreign jurisdictions in which they plan to use their marks. (internal citations omitted).

81. Arguably Dove would have other causes of action, such as unfair competition or trademark dilution.

82. See *supra* note 42.

83. 2002 Trademark Law, *supra* note 22, art. 45.

simply states that the “disputes... shall be heard . . . by a court.”⁸⁴ Because so many substantive changes took place in the law, it is fair to assume that deletion of an arbitration provision was intentional. Since there is no legislative history to provide guidance, it is difficult to speculate about the legislature eliminating arbitration as a method to resolve disputes. There are a few possible explanations for this change. The first explanation is the establishment of the system of Treteysky Courts of Arbitration in 2002.⁸⁵ These courts have the jurisdiction to decide any dispute that could have been brought in the *Arbitrazh* Courts.⁸⁶ The second explanation for removing the option of arbitration from the statute would be the unfairness of arbitration, the lack of discovery, and similar reasons proposed against ICANN.⁸⁷ In either case, this paper argues that deleting the arbitration clause is counter-productive and proposes another amendment to the 2002 law which would again insert an arbitration provision into the trademark law. In this case, the legislature could specifically provide for the Treteysky Courts to hear the disputes. Alternatively, the legislature could delegate the responsibility for creating proper arbitration law to either Rospatent or a private company entrusted with domain name registration, like the ICANN.

Overall, the new 2002 law, although a more comprehensive undertaking than its predecessor, suffers from its own deficiencies. The well-known trademark definition needs to be expanded, trademark infringement needs to be prohibited in the web-site content, and an arbitration provision needs to be inserted. These changes would ensure greater protections for trademark holders and would better meet the demands of the new Internet economy.⁸⁸

3. Proposals

a. Written Declaration of Intent to Use the Mark Prior to Domain Name Registration

The Russian trademark law should include a provision which requires either actual use of the mark in commerce or intent to use the mark before a trademark could be registered. This would help prevent cybersquatters from registering a trademark for the purposes of holding it until selling it to a

84. *Id.*

85. For a discussion of these courts, *see infra* note 139.

86. *See infra* note 138.

87. *See* section IV(D).

88. *See supra* section III.

company who owns the mark. The Russian legislature could use the provisions of the Trademark Law Treaty⁸⁹ as its example.

The WIPO Treaty, to which the Russian Federation is a signatory, provides that as a part of a trademark application, a State may require that the applicant file a declaration of intention to use the mark.⁹⁰ The Treaty also provides that either instead of such a declaration or in addition to it, the State may require that the applicant file a “declaration of actual use of the mark and evidence to that effect, as required by the law of the Contracting State.”⁹¹ Furthermore, the treaty suggests that in addition to such declarations, a State may require that the applicant furnish evidence of the actual use of the trademark within a time limit fixed by State law.⁹²

Forcing applicants to file either declarations of intent to use the marks or a history of use seems like a valuable enforcement tool for Rospatent. In theory, it should decrease the number of registrations by cybersquatters who do not have any desire to use the name. Conversely, it would not eliminate the squatters who register the name in hopes of selling products on the website by trading on the popularity of the name. In addition, for the proposed provision to work, Rospatent would have to implement a better enforcement mechanism than the one currently in place.⁹³

In addition, it could be argued that the alleged cybersquatters will ignore the possibility of penalties and nevertheless register infringing domain names. While that is a valid argument, the creation of additional provisions, coupled with a better enforcement mechanism should result in deterrence of potential cybersquatting and as punishment for the infringers.

Because of the problems with cybersquatting that Russia and the rest of the world have had to face, it makes logical sense for Russia to require actual use of the domain name as a pre-requisite for registration. This element could be satisfied by a written declaration at the time of domain name registration or the intention to use the mark, and with civil penalties for failure to do so. The intent to use or actual use coupled with better enforcement would help deter future trademark infringement in the domain names.

89. Trademark Law Treaty, adopted at Geneva, Switz. Oct. 27, 1994, 2037 U.N.T.S. 298, http://www.wipo.int/treaties/en/ip/tlt/trtdocs_wo027.html. The Russian Federation entered into force on May 11, 1998, and the U.S. entered into force on August 12, 2000. See http://www.wipo.int/treaties/en/SearchForm.jsp?search_what=C.

90. *Id.* at art. 3(1)(a)(xvii).

91. *Id.* at art. 3(1)(b).

92. *Id.* at art. 3(6).

93. See *supra* notes 63-66 and accompanying text.

b. Prohibition of the Use of the Trademark not only in Domain Names but also on Websites

The problem of trademark infringement on the Web does not end with domain names. A company's trademark should also be protected within the contents of the website. Because of Russia's lack of common law for courts to draw upon, the legislature should make the statutory language as clear and unambiguous as possible to prevent possible trademark infringement or dilution on the Web. To that end, the Trademark law should explicitly forbid the unauthorized use of trademarks not only in the domain name itself but also on the websites. This would not only clarify the existing law but provide additional protection and possible deterrence for further trademark infringement by cybersquatters and others.

c. Broaden the Provision of the "Well-Known Trademark" Status

Russia is a signatory to the Paris Convention, and so well-known trademarks do enjoy certain protection, such as the ability to register in Russia within six months of registering the mark in another State.⁹⁴ However, it would be useful to further expand the current legislation and give a broader definition to well-known marks. An example of expanding the current law would be to allow foreign companies to demonstrate their well-known status in any of the countries to the Paris Convention. Based on such a showing, the party would be able to acquire a well-known status in Russia, and thus get priority in trademark registration and protection. This would extend the current six-month period⁹⁵ by allowing companies with older and well-known trademarks in other parts of the world to enjoy more protection under Russian laws.

d. Cultural and Social Implementation Problems and Possible Solutions

In addition to lack of proper laws, one of the greatest obstacles in Russia now is the cultural resistance to following the law. Because corruption was so integrated into the citizens' daily lives during the Soviet regime and after, the Russian government has had to struggle to enforce the existing laws and to change the cultural norms of following the law without exceptions.⁹⁶

94. Paris Convention for the Protection of Industrial Property, art. 4(c)(1), July 14, 1967, 21 U.S.T. 1583; 828 U.N.T.S. 303, available at http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html.

95. *Id.*

96. See generally Ethan S. Burger, *Corruption in the Russian Arbitrazh Courts: Will There Be Significant Progress in the Near Future?*, 38 INT'L LAW 15 (2004) (discussing corruption in Russian courts).

One of the ways to foster respect for IP has been to educate the public that piracy is against the law. Before viewing films in Russian theatres (just as in home videos in the U.S.), the viewers are informed that the film they are about to watch has been copyrighted, and that any duplication of the copyrighted material is illegal and subject to civil and criminal penalties. Although this does not solve the problem of piracy or trademark infringement on the net, it could signal the beginning of development of a society that is more informed, sensitive, and obedient with respect to IP rights.

Rospatent has taken other steps to aid in fostering a culture of IP development and respect. For example, in 2002, Rospatent created the Information Council⁹⁷ for the purpose of distributing official information about the activities of Rospatent.⁹⁸ Specifically, the Council's responsibilities include bringing to light the undertakings and laws in the sphere of IP, and bringing about cooperation between Rospatent and the mass media.⁹⁹ In addition, Rospatent has held seminars and conferences with respect to IP rights.¹⁰⁰ The actions of Rospatent could be seen as a sign of the government's appreciation of the problem and its desire to disseminate information with respect to IP protection.

In any case, much more needs to be done to increase cultural awareness and respect for the law, not just in the IP sphere, but generally. Unfortunately this is not an easy task to accomplish, as it requires the successful integration of proper legislation and effective enforcement, as well as a working judiciary to ensure that the law is obeyed. While that's a difficult goal to accomplish, this paper attempts to make suggestions that would ease the implementation and enforcement of IP laws in the limited sphere of trademark protection in domain names and otherwise on the Web.

97. Rospatent, Reg. No. 25, July 21, 2004 (Russ.), Regarding Information Council's Propaganda Support of the Activities of the Federal Service Agency for Intellectual Property, Patents and Trademarks, and all the Subsidiary Agencies Under the Joint Governance of the Head of Rospatent, <http://www.fips.ru/ruptoru/informsovet.htm> (translated by the author).

98. *Id.*

99. *Id.* In the completion of its responsibilities, the Council is bound by the Constitution of the Russian Federation and other applicable state laws which govern the Council's responsibilities; the Law of the Russian Federation on "Instrumentalities of Mass Information" Law on intellectual property, patents, and trademarks; Rospatent's Regulation No. 25 and any other applicable Rospatent regulation.

100. Federal Service for Intellectual Property, Patents and Trademarks, (Rospatent), О Роспатенте (About Rospatent), Научная деятельность (Scientific Activity), Конференции, семинары (Conferences, Seminars), available at <http://www.fips.ru/ruptoru/sins/confers.htm> (Feb. 23, 2006).

C. Status and Functions of IP Institutions

In light of WIPO's medium-term goals, this section examines the two institutions charged with implementing and enforcing the intellectual property protections available in Russia today—Rospatent¹⁰¹ and the *Arbitrazh* Courts.¹⁰² Rospatent, a relative new federal agency, is vested with a large number of responsibilities, from assisting in drafting IP legislation, to participating in international agreements, to conducting the daily business as the nation's patent, trademark, and copyright office.¹⁰³ Because of its relatively new position in the Russian infrastructure, Rospatent has faced obstacles such as being able to meet registration demands and having to computer train its staff.¹⁰⁴ On the other hand, Rospatent has been successful in helping amend the 2002 trademark law,¹⁰⁵ in promulgating its own regulations to help develop an IP culture in Russia,¹⁰⁶ and in improving its registration services.¹⁰⁷

The second group of important IP institutions in Russia is the *Arbitrazh* courts. While these courts have had a long, historic presence in Russia, they have been both plagued with failures and blessed with successes. Furthermore, the judges of these courts have been continuously accused of corruption and the tendency to side with large businesses.¹⁰⁸ Likewise, these courts came out with wildly different decisions based on the same fact patterns with regard to domain name disputes under the 1992 Trademark Law.¹⁰⁹ Conversely, since the enactment of the 2002 Trademark Law, these same courts have had a much more uniform application of the laws. Whether the corruption has been eliminated or reduced, however, is not yet clear. However, it is fair to say that the courts have gained more uniformity, thereby probably increasing the trust and respect for their decisions. Whatever one's views on the topic of corruption, however, it is clear that both Rospatent and the courts have great power in interpreting, implementing, and enforcing Russian IP laws.

101. For information about Rospatent, see <http://www.fips.ru/ruptoru/index.htm>. See discussion *infra* Part IV.C.1.

102. *Arbitrazh* Courts are Russia's business courts. See discussion *infra* IV.C.2.

103. See generally Rospatent, <http://www.fips.ru/ruptoru/index.htm>.

104. The Basic Results of Activities of Rospatent in 2002, at 4-6, <http://www.fips.ru/rep2001/pdf2/R01.pdf>.

105. *Id.*

106. *Id.*

107. *Id.* at 9-10.

108. See *infra* Part IV.C.2.

109. See *infra* Part IV.C.2.b.

1. The Russian Patent and Trademark Agency

The Federal Service Agency for Intellectual Property, Patents, and Trademarks, otherwise known as Rospatent,¹¹⁰ is Russia's federal executive agency charged with intellectual property protection.¹¹¹ Rospatent's duties consist of administering and managing Russia's IP laws.¹¹² As part of its functions, this agency allocates IP rights, including trademark registration, and protects the interests of both the Russian Federation and private individuals.¹¹³ As it relates to this paper, Rospatent is the agency charged with registering the .RU top level domain names in Russia.

Rospatent has been continuously working on improving its services, staying actively involved with the legislature¹¹⁴ and the international community,¹¹⁵ and sharing the importance of intellectual property protection with the public.¹¹⁶ To that end, starting in 2002, it has published yearly reports summarizing its activities, progress, and any challenges it encountered.¹¹⁷

110. Rospatent was formerly known as the Committee on Patents and Trademarks. See ФЕДЕРАЛЬНАЯ СЛУЖБА ПО ИНТЕЛЛЕКТУАЛЬНОЙ СОБСТВЕННОСТИ, ПАТЕНТАМ И ТОВАРНЫМ ЗНАКАМ [The Federal Service for Intellectual Property, for Patents and for Trademarks Historical Information], http://www.fips.ru/ruptoru/histor_ros.htm (last visited February 1, 2006). In 2004, however, President Putin issued Executive Order No. 314, which required structural changes that transformed the old Committee into the Federal Service Agency for Intellectual Property, Patents, and Trademarks (Rospatent). See *Sobranie Aktov Prezidenta i Pravitelstva Rossiiskoi Federatsii* [Collection of Acts of the President and Government of the Russian Federation] 2004, No. 314, available at <http://www.fips.ru/ruptoru/ukaz.htm>. Rospatent was finally reorganization under the umbrella of the Department of Education and Science in May 2004. See *Вопросы Федеральной службы по интеллектуальной собственности, патентам и товарным знакам* [Questions of the Federal Service for intellectual property, patents, and trade marks], <http://www.fips.ru/ruptoru/ukaz.htm> (last visited February 1, 2006).

111. See ПРАВИТЕЛЬСТВО РОССИЙСКОЙ ФЕДЕРАЦИИ ПОСТАНОВЛЕНИЕ от 16 июня 2004 г. № 299 [GOVERNMENT OF THE RUSSIAN FEDERATION DECISION of 16 June 2004, № 299], June 16, 2004 (Rus.), available at <http://www.fips.ru/ruptoru/pologenie.htm>. For unknown reasons, the Russian government chose to distinguish between intellectual property, patents, and trademarks. For the purposes of this paper, however, the term intellectual property encompasses both trademarks and patents. *Id.*

112. *Id.*

113. *Id.*

114. *Id.*

115. See ПРАВИТЕЛЬСТВО РОССИЙСКОЙ ФЕДЕРАЦИИ ПОСТАНОВЛЕНИЕ от 16 июня 2004 г. № 299 [GOVERNMENT OF THE RUSSIAN FEDERATION DECISION of 16 June 2004, № 299], June 16, 2004 (Rus.), available at <http://www.fips.ru/ruptoru/pologenie.htm>.

116. *Id.*

117. To view the reports, see *About Rospatent*, <http://www.fips.ru/ruptoen2/reports.htm> (last visited Feb. 6, 2006).

In 2002,¹¹⁸ for example, the Rospatent worked with the Russian legislature to amend Russian IP laws and bring them closer to meeting both international standards and the Russian Constitution.¹¹⁹ In addition to working towards greater international cooperation,¹²⁰ Rospatent worked on standardizing and modernizing its application screening procedures to provide quicker, more efficient examination of applications.¹²¹

Rospatent's work in updating Russian IP laws to bring them in line with international standards and in fulfilling international obligations continued into 2003.¹²² With the structural changes in 2004,¹²³ Rospatent gained additional control, oversight, and enforcement responsibilities in all areas relating to intellectual property protection.¹²⁴ Specifically, since 2004 one of Rospatent's direct responsibilities includes monitoring and preventing illegal economic uses of intellectual property.¹²⁵ In addition, with the increase of international interest in trademark registration, Rospatent has implemented measures to better process international applications.¹²⁶

While Russia's IP laws may be relatively recent and Rospatent's functions fairly new, this agency has set high goals for itself and has had many accomplishments in the recent years.¹²⁷ Since 2000, Rospatent has

118. 2002 is the first year for which a report of Rospatent activities is available. *See Id.*

119. *The Basic Results of Activities of Rospatent in 2002*, at 5, <http://www.fips.ru/rep2001/pdf2/R01.pdf>.

120. In 2002, Rospatent was working with the EU in adjusting the EU Partnership and Cooperation Agreement. *Id.* at 8. Rospatent was also working closely with the World Trade Organization regarding Russia's future accession to that organization. *Id.* In addition, Rospatent trained its specialists in the IP domain pursuant to its Program of Cooperation with WIPO. *Id.* at 8-9.

121. *Id.* at 9-10.

122. *See* Вступление. Основные итоги деятельности Роспатента в 2003г. [Entrance, Basic Sums of the activity of the RF Committee on Patents and Trademarks into 2003], available at <http://www.fips.ru/rep2001/rep2003/R01/R01.htm>.

123. The structural changes resulted from an Edict from the President of the RF. *See* *Sobranie Aktov Prezidenta i Pravitelstva Rossiiskoi Federatsii* [Collection of Acts of the President and Government of the Russian Federation] 2004, No. 314, available at <http://www.fips.ru/ruptoru/ukaz.htm>.

124. 2004 ROSPATENT ANN. REP., available at <http://www.fips.ru/rep2001/rep2004/S1.htm> (last visited Jan. 27, 2006). The 2004 Report is the last report available on the Rospatent website.

125. *Id.* Exactly how this is to be done is left unclear.

126. To this end, Rospatent has enacted several structural changes, conducted employee trainings, and in 2004, implemented IMPACT, a WIPO-recommended computer processing system. *Id.* This new system has proven successful in shortening processing time for international applications in comparison with paper applications previously utilized. *Id.*

127. *See id.* In 2000, Rospatent processed a total of 42,809 trademark applications (30,338 of them from Russian trademark holders and 12,471 from international holders). In 2001, the number of applicants rose to a total of 53,124 (39,801 Russian and 13,323 foreign). While the number of foreign applicants continued to rise steadily between 2002 and 2004, the number of Russian applications dropped. In 2002, Rospatent received 43,258 applications (29,279 of them from Russian holders and 13,979 from foreign holders). In 2003, the numbers

registered at least 16,000 trademarks and has processed at least 34,000 trademark applications annually.¹²⁸ Rospatent has kept a close eye on international developments and has worked closely with foreign and international organizations.¹²⁹

To ensure further compliance with current laws, help develop statutory changes, and create incentives for future compliance, Rospatent took a major step by creating the Advisory Council.¹³⁰ This entity was created for the express purpose of solving problems and recommending solutions to IP problems arising in Russia.¹³¹ The main responsibilities of the Advisory Council include making recommendations to improve existing IP laws, ensuring compliance and enforcement of applicable laws and regulations, creating incentives for the creation of various forms of IP, and working closely with national and foreign organizations committed to IP protection.¹³² In conjunction with the Information Council,¹³³ the Advisory Council's creation demonstrates the growth of Rospatent's activities since its restructuring. Not only is Rospatent involved with its most direct function, which is processing applications for copyrights, trademarks, and patents, but it is actively participating in improving IP protection within Russia's borders.¹³⁴

The foregoing indicates that Rospatent is alive and well, and is probably the closest to meeting WIPO's medium-term goals than any other Russian institution or measurement.¹³⁵ Rospatent recognizes that a country's

dropped even more to 34,954 total applications (of which 20,644 were Russian and 14,310 were foreign). In 2004, the number of trademark applications filed totaled 40,877 (23,779 from Russian applicants and 17,098 from foreign applicants). *Id.* The number of actual registrations for both Russian and foreign applications is significantly smaller than the number of applications. The number of actual registrations are as follows:

2000 2001200220032004; Total Registrations 21,72516,92034,81833,51127,540;
Russian Holders11,4217,65721,77622,04315,257; Foreign Holders10,3049,26313,04211,468
12,283. This data was taken from a table in the 2004 Annual Report of Rospatent. *Id.*

128. 2004 ROSPATENT ANN. REP., available at <http://www.fips.ru/rep2001/rep2004/S1.htm> (last visited Jan. 27, 2006).

129. *See id.*

130. *See* B.P. Simonov, Chair of the Advisory Council of Rospatent, Decree Regarding Advisory Committee for the Federal Service of Intellectual Property, Patents, and Trademarks, enacted Oct. 15, 2004, available at <http://www.fips.ru/ruporu/konsovet.htm> (establishing the Advisory Council). The chair of the Advisory Council is a position statutorily filled by the head of Rospatent. *Id.* This committee has the authority (among others) to enter into agreements with other federal agencies and IP organizations, and to create standing committees on important issues. *Id.* at § 3.

131. *Id.* at § 1.

132. *Id.* at § 2.

133. Regulation No. 25, *supra* note 97.

134. *See* 2004 ROSPATENT ANN. REP., available at <http://www.fips.ru/rep2001/rep2004/S1.htm> (last visited Jan. 27, 2006).

135. WIPO Medium-Term Plan, *supra* note 46.

level of use and protection of intellectual property is the key to establishing a prominent place in the international community.¹³⁶ It has entered into agreements with federal agencies responsible for criminal prosecution and enforcement of IP laws, as well as various national and international organizations designed to garner respect for IP.¹³⁷ It has worked toward creating a positive climate for innovators and formulating a public opinion of respect toward innovative ideas.¹³⁸ Rospatent's proactive attitude and its desire to meet international standards of IP protection demonstrate the importance of its presence and functionality in protecting intellectual property in Russia.¹³⁹

2. The Courts

a. The Arbitrazh Court System

Russia's judicial system is vastly different from the U.S. system in that the Russian courts are divided into a few different court systems. Russia has Constitutional Courts,¹⁴⁰ Courts of General Jurisdiction,¹⁴¹ *Arbitrazh* Courts,¹⁴² and most recently Treteysky Courts.¹⁴³ *Arbitrazh* Courts are

136. See Simonov, *supra* note 130.

137. Available at <http://www.fips.ru/ruptoru/konsovet.htm> (last visited Feb. 10, 2006).

138. *Id.*

139. Available at <http://www.supcourt.ru/EN/supreme.htm> (last visited Jan. 27, 2006).

140. Constitutional Courts are established under the Russian Constitution and hear disputes over :

- a) federal laws, normative acts of the President of the Russian Federation, the Federation Council, State Duma and the Government of the Russian Federation;
- b) republican constitutions, charters, as well as laws and other normative acts of subjects of the Russian Federation published on issues pertaining to the jurisdiction of bodies of state power of the Russian Federation and joint jurisdiction of bodies of state power of the Russian Federation and bodies of state power of subjects of the Russian Federation;
- c) agreements between bodies of state power of the Russian Federation and bodies of state power of subjects of the Russian Federation, agreements between bodies of state power of subjects of the Russian Federation;
- d) international agreements of the Russian Federation that have not entered into force.

KONST. RF Art. 125.

141. These courts hear non-commercial cases that do not follow within the ambit of the constitutional courts. The highest court of general jurisdiction is the Supreme Court of the Russian Federation. KONST. RF Art. 126.

142. *Arbitrazh* courts also derive their power from the Russian Constitution. The highest *Arbitrazh* court is the Supreme Arbitrazh Court. KONST. RF Art. 127.

143. Treteysky literally translates as "third" courts. These courts are the most recent in Russia and were created specifically because the Russian legislature recognized the importance of private arbitration in commercial disputes, especially in light of the growth of international transactions. Law on International Commercial Arbitration, *Sobr. Zakonod. RF*, No. 5338-1, July 7, 1993, Preamble, <http://www.nns.ru/sudy/444.html>. The Law on International Arbitration specifically defines Treteysky Court as an arbitrator or a panel of

Russia's business courts that only decide commercial disputes.¹⁴⁴ Just as in the U.S. system, the complaining party must start out at the lower circuit court level, but has the possibility to appeal to the Appellate level courts, and then to the Supreme *Arbitrazh* Court.¹⁴⁵

Another similarity between the U.S. court system and the Russian one is that many of the powers and responsibilities of the different courts are written directly into the Russian Constitution.¹⁴⁶ Such rights include the right to have one's case heard in the court of law¹⁴⁷ and in some cases the right to a jury trial.¹⁴⁸ These particular rights become important in deciding whether alternative dispute resolution—an extrajudicial process—is an appropriate way of deciding domain name disputes in Russia. The recent emergence of the Treteysky courts makes this inquiry somewhat easier but at least implying that certain disputes may be decided in a forum outside of the traditional *Arbitrazh* and the Courts of General Jurisdiction. Because of the increase of Internet popularity, there has been an increase in domain

arbitrators. *Id.*, art. 2. They were created in 1992 by the Code of Arbitration Process, art. 23, 50, 85, 87, 91, 107, *Sobr. Zakonod. RF*, Apr. 5, 1995, *available at* <http://www.nns.ru/sudy/arbprcod.html>; the Law on International Commercial Arbitration, *Sobr. Zakonod. RF*, No. 5338-1, July 7, 1993; and the Decree of the Federal Assembly of the Russian Federation on the Temporary Decision About Treteysky Court, *Sobr. Zakonod. RF*, 23 June 1992, No. 3115-1, *available at* <http://www.nns.ru/sudy/vrpolts.html>.

The Treteysky Court is more or less extra-judicial tribunals for parties to arbitrate their disputes. Treteysky Court, *available at* <http://www.nns.ru/sudy/ts.html>. The parties may choose by agreement to have their disputes heard by these courts. *Id.* The different varieties of Treteysky courts include the courts for real estate transactions, courts for Russian banks, and courts for financial institutions. *Id.* According to Article 23 of the Code of Arbitration Process, any dispute which may have been submitted to an *Arbitrazh* Court, may instead be submitted to a Treteysky court as long as the parties file in the Treteysky court before an *Arbitrazh* Court reaches a final decision. Code of Arbitration Process, *Sobr. Zakonod. RF*, Apr. 5, 1995 § art. 27, *available at* <http://www.nns.ru/sudy/arbprcod.html> (last visited Feb. 10, 2006).

144. *Arbitrazh* is not to be confused with arbitration courts. *Arbitrazh* is simply the name for Russian Arbitration courts. The *Arbitrazh* courts are “institutionally distinct from the courts of general jurisdiction, which resolve criminal and civil disputes involving individuals,” Kathryn Hendley, *Enforcing Judgments in Russian Economic Courts*, 20 POST-SOVIET AFFAIRS, 46, 47 (2004).

145. KONST. RF Art. 127 (1993), Judicial Power of the Russian Federation, <http://www.nns.ru/sudy/arsud.html>; *See also* Ethan S. Burger P. 20 (describing the Arbitrazh court system).

146. *See supra* notes 143, 144 and accompanying text.

147. Article 46(1) states that “Everyone shall be guaranteed protection of his or her rights and liberties in a court of law”; Article 47(1) provides that “No one may be denied the right to having his or her case reviewed by the court and the judge under whose jurisdiction the given case falls under the law”; and Article 118 states that “[j]ustice in the Russian Federation shall be administered only by law courts The creation of extraordinary courts shall be forbidden.” KONST. RF Arts. 46, 47, 118 (1993).

148. Art. 118(4). The Constitution does not specify which cases must be heard by a jury, instead explicitly leaving that decision to further legislative enactments.

name disputes. Thus, searching for an alternative forum for resolution of such disputes is a pressing problem in Russia.

b. Pre-2002 Domain Name Litigation

As the Internet gained popularity in Russia between 1992 and 2002, so did the popularity of trademark litigation in domain names. The most common causes of action were trade name violation claims, unfair competition claims, and trademark infringement claims.¹⁴⁹

In *Eastman Kodak Company v. Grundul*,¹⁵⁰ for example, the plaintiff brought an unfair competition claim and a trademark infringement claim against the defendant for administering a www.kodak.ru website.¹⁵¹ The defendant was a former dealer for the plaintiff.¹⁵² The plaintiff originally wrote a letter to the Ministry of the Russian Federation for Anti-Monopoly Policy in May of 1999.¹⁵³ When the Ministry found no unfair prosecution and failed to prosecute this case, the plaintiff appealed.¹⁵⁴ The Moscow *Arbitrazh* Court¹⁵⁵ upheld this decision.¹⁵⁶

With respect to the trademark infringement claim, the *Arbitrazh* Court held that since “a domain name is neither a good nor a service [it is] therefore... not governed by the Trade Mark Law.”¹⁵⁷ Consequently, the court found no infringement of the “Kodak” mark in the domain name.¹⁵⁸ Kodak appealed.¹⁵⁹ On May 6, 2000, the appeal reached the Deputy Chairman of the presidium of the Supreme *Arbitrazh* Court of the Russian Federation, who remanded the case back to the lower court.¹⁶⁰ In his ruling, the Deputy Chairman reasoned that “domain names have, in essence, been transformed into something that fulfills the function of a trade mark.”¹⁶¹ By issuing this finding, the Deputy Chairman recognized that domain names

149. See *Russian Court Practice on the Resolution of Domain Name Disputes*, 2000 (discussing various intellectual property cases).

150. *Eastman Kodak Co. v. Grundul*, Decision of the Federal Arbitration Court of the Moscow District No. KA-A40/6520-00 (25 January 2001).

151. *Id.*

152. *Id.*

153. *Id.*

154. *Id.*

155. The Russian Court system is divided up differently than the U.S. system. The *Arbitrazh* courts are set up especially to hear commercial disputes.

156. *Eastman Kodak Co. v. Grundul*, Decision of the Federal Arbitration Court of the Moscow District No. KA-A40/6520-00 (25 January 2001).

157. *Id.*

158. *Id.*

159. *Id.*

160. *Id.*

161. *Eastman Kodak Co.*, Decision of the Federal Arbitration Court of the Moscow District No. KA-A40/6520-00.

are something greater than a string of letters on a computer screen—instead, they are “symbols that identify the source of particular products and services” on the Internet, in much the same way as trademarks are symbols of products and services in the tangible world.¹⁶² The Deputy Chairman’s decision in this case opened the possibility for a plaintiff to bring a viable trademark infringement claim of a domain in Russia.¹⁶³

As could be seen from the foregoing, the 1992 Trademark Law left the courts unsure of whether trademarks in domain names were or should be protected.¹⁶⁴ The changes in the 2002 legislation, however, have led to more consistent results.¹⁶⁵

c. Post-2002 Domain Name Litigation

The Russian litigation landscape has changed somewhat since the enactment of the 2002 trademark law. This change is exemplified in the well-publicized case of *Google, Inc. v. Google.ru, LLC*.¹⁶⁶ The www.google.ru website was a Russian language Internet search engine, which provided essentially the same services as www.google.com.¹⁶⁷ In August 2003, Google, Inc. sued Google.ru, LLC in the Moscow City Arbitration Court for trademark infringement and unfair competition.¹⁶⁸ After considering the merits of the case, the Court decided for the plaintiff on both claims.¹⁶⁹ The Court ruled that the defendant company violated plaintiff’s “google” trademark and ordered the defendant to cease and desist the use of the infringing mark.¹⁷⁰

162. Marcelo Halpern & Ajay K. Mehrotra, *From International Treaties to Internet Norms: the Evolution of International Trademark Disputes in the Internet Age*, 21 U. PA. J. INTL. ECON. 523, 527 (2000).

163. Similarly in *Quelle Aktiengesellschaft v. TF Tandem-Yu LLC*, a German plaintiff succeeded in both a trade name violation claim and a trademark infringement claim. *Lovell*, *supra* note 38, at 18.

164. See discussion *infra* Part IV.B.1.

165. See discussion *infra* Part IV.B.2.

166. For a discussion of the case, see Gowlings Moscow Wins Victory for Web Giant: Russian Court Returns “google.ru” to Google Inc., <http://www.gowlings.com/news/index.asp?intNewsId=143&strShowWhat=all> (March 2004). The domain name www.google.ru was originally registered to a private individual, however the individual later transferred the name to a limited liability company google.ru, also owned by him. *Id.*

167. *Id.*

168. *Id.*

169. *Id.*

170. *Id.*

The defendant appealed the decision of the Moscow Court.¹⁷¹ It argued that www.google.ru's services were substantially different from those provided by www.google.com.¹⁷² Google, Inc. responded by providing evidence which showed senior rights to the Google mark and firm name.¹⁷³ The court of appeals upheld the lower court's decision, finding that Google, Inc. had senior rights to use the trademark.¹⁷⁴

The defendant again filed for appeal.¹⁷⁵ In February 2004, the two prior decisions were upheld by the Federal Arbitration Court.¹⁷⁶ The registrar of the www.google.ru domain name cancelled the domain, and allowed Google, Inc. to register it.¹⁷⁷ All in all, this case was resolved and enforced within six months of the original claim.¹⁷⁸

In a similar situation, the Gillette Company sued a Russian firm named Cameo in the Moscow City *Arbitrazh* Court for infringing on Gillette's name and trademark on the www.gillette.ru and www.gilette.ru domains.¹⁷⁹ RosNiros¹⁸⁰ was added as a third party defendant to the lawsuit.¹⁸¹ At the time of the filing, Cameo was distributing the Gillette company products in Russia,¹⁸² thus strengthening the conclusion that Cameo was simply trying to trade on Gillette's well-known trademark. Basing its decision on the 2002 trademark law, the Court came to the same conclusion on the trademark issue, finding that Cameo willfully violated the trademark law by

171. Gowlings Moscow Wins Victory for Web Giant: Russian Court Returns "google.ru" to Google Inc., <http://www.gowlings.com/news/index.asp?intNewsId=143&strShowWhat=all> (March 2004).

172. *Id.*

173. *Id.*

174. *Id.*

175. *Id.*

176. Gowlings Moscow Wins Victory for Web Giant: Russian Court Returns "google.ru" to Google Inc., <http://www.gowlings.com/news/index.asp?intNewsId=143&strShowWhat=all> (March 2004).

177. *Id.*

178. *Id.*

179. *Gillette v. Cameo*, *Gillette.ru*, and *Gilette.ru* Lower Moscow Arbitrazh Court Judicial Opinion (in Russian, translated by the author), available at <http://www.internet-law.ru/intlaw/domens/gillette-2.htm> (October 15, 2003). See also *Gillette Takes Back Gillette.ru Through the Court System* (discussing the case and its implications) (in Russian, translated by the author), available at http://www.info.nic.ru/st/44/out_594.shtml (October 28, 2003). The court decision can be viewed in Russian at <http://www.internet-law.ru/intlaw/domens/gillette-2.htm>. Additional discussion of the case can be viewed, also in Russian, at http://www.info.nic.ru/st/44/out_594.shtml.

180. RosNiros stands for the Russian Scientific Research Institute for the Development of Public Connections. Prior to the restructuring of Rospatant, RosNiros was the administrator of the .RU domains.

181. Gillette takes the domain *Gillette.ru* through a court order, Nov. 28, 2003 at http://www.info.nic.ru/st/44/out_594.shtml (translated by author).

182. *Id.*

registering the two domain names.¹⁸³ In reaching its conclusion, the court considered the similarities of the marks, the likelihood of confusion, and the similarity of the products.¹⁸⁴

The enforcement mechanism in Gillette was also similar to that of Google's. By bringing in RosNiros as a party, in one big swoop the Court was able to enjoin Cameo from using the trademark and order RosNiros to cancel Cameo's registration of both domain names.¹⁸⁵ The defendant immediately appealed the decision, and the appellate court affirmed. Consequently, the Gillette Company had the option of registering both domain names itself. As of May 2005, Gillette has not exercised that option.

The foregoing cases are great examples of statutory amendments gone right. While under the 1992 trademark law the courts were unsure whether trademarks were capable of protection in domain names, the 2002 amendments resolved that question in favor of protection. Thus, while the 2002 trademark law has its flaws, and may need further work, it should be praised for clarifying its intent to protect domain names and providing uniformity within the courts.

*d. Corruption*¹⁸⁶

Corruption has been a prevalent problem in Russia in both the legislative and judicial branches.¹⁸⁷ While discussing the extent of corruption in the Russian government is well outside the scope of this paper, it is important to note that corruption has been of great concern to not only scholars but also to domestic and foreign businesses looking to invest and do business in Russia.¹⁸⁸ This concern is especially acute in the context of the judiciary. Such a concern is understandable in light of Russia's weak laws and poor criminal enforcement of the laws which do exist. A private right of action, therefore, may be the only viable enforcement mechanism for trademark protection.

183. *Id.*

184. *See, supra* note 179 (three-factor test utilized by the Russian court in this case is very similar to the test used by the U.S. courts in analyzing trademark disputes under the Anti-cybersquatting Consumer Protection Act of 1999, Pub. L. No. 106-113, 15 U.S.C. § 1051 (2002) (originally enacted as the Trademark Act of July 5, 1946, ch. 540, 60 Stat. 427).

185. Gillette change of domain name, *supra* note 179.

186. Ethan S. Burger, *Corruption in the Russian Arbitrazh Courts: Will There Be Significant Progress in the Near Future?*, 38 *The International Lawyer* 15 (2004) (analysis of the corruption in the Russian Arbitrazh Courts).

187. *See, e.g., id.*; Ethan S. Burger & Evgenia Sorokina, *Vladimir Putin's Dictatorship of Law: Its Potential Implications for the Business and Legal Communities*, 13 *BNA's E. Eur. Reporter*, No. 12 (Dec. 2003); Louise L. Shelley, *Putin's Russian: Why a Corrupt State*, *RFE/RL Newslines*, Jan. 15, 2001; Ronald R. Pope, *An Illinois Yankee in Tsar Yeltsin's Court: Justice in Russia*, *Democratizatsiya* (Fall 1999).

188. *See* Burger, *supra* note 186.

For this reason, this paper proposes that arbitration, or another alternative dispute resolution scheme may be better suited for domain name disputes.¹⁸⁹ Because any arbitration scheme results in the parties hiring their own arbitrator or a panel of arbitrators, the parties' concern about corruption would be alleviated. The use of Treteysky Courts would lead to the same conclusion, as the parties still have the option to choose their decision-maker.

D. Alternative Dispute Resolution and Its Future in Russian Domain-Name Disputes

1. The 1992 and 2002 Legislation

Although the original 1992 trademark law included a provision for arbitration,¹⁹⁰ this language was deleted by the 2002 Amendments.¹⁹¹ Because no legislative history exists to explain why this happened, this paper proposes that mandatory arbitration should be set in place to resolve trademark violation and dilution disputes with domain names. This paper uses the Uniform Dispute Resolution Procedure ("UDRP")¹⁹² of Internet Corporation for Assigned Names and Numbers ("ICANN")¹⁹³ to discuss the benefits and problems of an alternative dispute resolution system for such disputes. This paper recommends that Russia (1) accede to UDRP, or (2) contract with a private organization similar to ICANN to provide ICANN-like arbitration services, or (2) create a government agency/entity to provide the arbitration services.

2. ICANN and the UDRP: A Quick Background of the Controversy

In the United States, a registration agreement for a domain name includes a mandatory administrative dispute resolution procedure to be conducted according to the ICANN Dispute Resolution Policies and Rules.¹⁹⁴ Under the Uniform Dispute Resolution Procedure a trademark holder files a complaint, which is then answered by the alleged infringer,

189. See *infra* Section D.

190. 1992 Trademark Law, *Sobr. Zakonod. RF*, 2002, No. 3520-01, Art. 45, available at <http://www.fips.ru/ruptoen/law/htm>.

191. *Id.*

192. ICANN, Uniform Domain Name Dispute Resolution Policy (Oct. 24, 1999), at <http://www.icann.org/udrp/udrp-policy-24oct99.htm> (last visited May 21, 2005).

193. ICANN is a non-profit California entity created in conjunction with the United States Department of Commerce. ICANN monitors the registration and dispute resolution of domain names in .com, .org, and .net domain names. See Richard E. Spiedel, *ICANN, Domain Name Dispute Resolution, the Revised Uniform Arbitration Act, and the Limitations of Modern Arbitration Law*, 6 J. SMALL & EMERGING BUS. L. 167, 168 (2000).

194. *Id.*

and both sides pick an arbitrator or a panel of arbitrators to decide their dispute.¹⁹⁵ Under the UDRP, the complaining party can choose either a one- or a three-member arbitration panel.¹⁹⁶ If the complaining party picks a one-member panel, the other party has the option to request a three-member panel.¹⁹⁷

Under the UDRP, the parties contractually¹⁹⁸ agree to arbitrate¹⁹⁹ their disputes by an ICANN-approved arbitrator, and the arbitration awards are reviewable in courts under a de novo review.²⁰⁰ The UDRP is the most effective method available to a trademark owner to retrieve a domain name from a cybersquatter.²⁰¹ Proponents of this extra-governmental system have argued that under the economic theory, a private organization that performs a private function is preferential to governmental intervention.²⁰²

3. Benefits of ADR

Alternative Dispute Resolution has been very popular in the United States because it is generally faster, cheaper, and more confidential than litigation.²⁰³ Thus parties can contractually “opt out” of the judicial system, and have their disputes decided by qualified arbitrators.²⁰⁴ Because litigation in Russia is also a very long and expensive process, with a somewhat

195. *Id.*

196. ICANN § 3(b)(iv), *supra* note 192.

197. ICANN, Rules for Uniform Domain Name Dispute Resolution Policy ¶ 5(b)(iv) (Oct. 24, 1999), at <http://www.icann.org/dndr/udrp/uniform-rules.htm>.

198. Elizabeth G. Thornburg, *Fast, Cheap, and Out of Control: Lessons from ICANN Dispute Resolution Process*, 6 J. SMALL & EMERGING BUS. L. 191, 197 (2002).

199. Arbitration is a form of alternative dispute resolution whereby parties agree to have their dispute resolved in an extra-judicial forum by a neutral third party. The judgment rendered by an arbitrator is usually binding and will typically be upheld in court. The arbitrator need not be (and much of the time is not) a judge. Arbitration is a contractual mechanism, whereby the parties choose to opt out of the judicial system, usually because ADR is faster, cheaper, and more confidential. *See generally* Edward Brunet & Charles B. Craver, *Alternative Dispute Resolution: The Advocate's Perspective* 315-18 (2d ed. 2001).

200. Stephen J. Ware, *Domain-Name Arbitration in the Arbitration Law Context: Consent to, and Fairness in, the UDRP*, 6 J. SMALL & EMERGING BUS. L. 129, 161 (2002).

201. Jason M. Osborn, *Effective and Complementary Solutions to Domain Name Disputes: ICANN's Uniform Domain Name Dispute Resolution Policy and the Federal Anticybersquatting Consumer Protection Act of 1999*, 76 NOTRE DAME L. REV. 209, 239 (2000).

202. *See e.g.*, Edward Brunet, *Defending Commerce's Contractual Delegation of Power to ICANN*, 6 J. SMALL & EMERGING BUS. L. 1, 5, 6, 17 (2002). In his article, Professor Brunet argues that under the economic theory, it is the government's role to step in and do something when the private market has failed on its own to fulfill the needed function. *Id.* at 5. He then argues that ICANN has done just that; fulfilled the necessary public function. *Id.* He then explains that because the Internet and the domain name systems were created by the private market, the private market should retain control over the system. *Id.* at 12, 17.

203. *See generally* Marion M. Lin, 6 CARDOZO J. CONFLICT RESOL. 155, 158 (2004).

204. *Id.* at 197.

arbitrary outcome, it seems as though an alternative dispute resolution system would be a useful tool to consider in dealing with some of the problems that arise.

Corruption in the Russian courts has been the center of much research and discussion.²⁰⁵ An effective ADR system, especially one administered by a private third party, seems like the logical solution to remove some of the disputes out of the court systems, and to address the issue of corruption.²⁰⁶ By allowing the parties to choose their arbitrators from a list, approved by the agency/organization, a market control is placed on the quality of the services rendered. Arbitrators that are perceived or known as unfair or corrupt would be less likely to get business in this type of model, and would probably be more likely to render impartial and fair decisions.

4. Problems and Concerns

The critics of the UDRP consistently bring up the same concerns and problems with ICANN's current system of dispute resolution.²⁰⁷ UDRP's critics are mostly concerned with the adhesiveness element of arbitration in the parties' domain name registration contracts.²⁰⁸ Under U.S. law, while the courts generally look down on take-it-or-leave-it type contracts, it is now a standard practice in many industries to provide for binding arbitration in their "adhesion" contracts. Under such agreements, one of the parties has no choice but to sign the agreement in order for the deal to go through. However, the UDRP provides an "antidote" to the mandatory arbitration procedure—a *de novo* review by the courts of any arbitral decision.²⁰⁹

In light of these concerns it is questionable whether ADR is the appropriate course of action for the Russian government. A binding decision by an administrative agency with no judicial review would violate the Russian Constitution, which specifically provides for such review.²¹⁰ In addition, the concerns over forced or adhesive binding arbitration would not be resolved. Conversely, allowing judicial review of the arbitrator's decision would result in the same concerns about corruption as discussed

205. Burger, *supra* note 186, at 22-23; *see also supra* text accompanying note 183.

206. *See* Thornburg, *supra* note 198, at 219 (arguing that there is still the possibility of bias in arbitration).

207. Spiedel, *supra* note 193, at 172-73 ("American arbitration legislation . . . requires a written agreement between the parties to a transaction . . . [but] [t]here is no bargaining over these take-it-or-leave it rules between an applicant and a registrar and . . . ICANN by the virtue of its Internet monopoly is the only game in town."); *see also* Thornburg, *supra* note 193, at 214 (arguing that there is no way for the parties to opt out of the mandatory arbitration scheme).

208. Thornburg, *supra* note 198, at 214-15.

209. Spiedel, *supra* note 193, at 188.

210. Конституция Российской Федерации [Constitution of the Russian Federation] ch. 7, art. 127.

earlier. In theory, the courts would be able to overturn the arbitrator's decision with no required explanation. One way of dealing with this concern would be to narrow the scope of the courts' standard of review to something resembling the United States' arbitrary and capricious standard of review under the Administrative Procedures Act Arbitration.²¹¹ While keeping the arbitrator's decisions in check, the courts would have much more narrow grounds to overturn the decisions and less of an opportunity to come out with arbitrary results.²¹²

Another set of problems cited by UDRP's critics is the lack of extensive discovery procedures, and the lack of actual hearings.²¹³ This is a concern that the parties are not getting their day in court, and are thus unable to get a fair result.²¹⁴ One way of overcoming this concern in the Russian context would be to provide for discovery mechanism in the bylaws of the new organization or Rospatent, and to provide for some sort of a hearing, whether by an actual in-person hearing, a phone conference, or through some other newly developed medium. While broad discovery and in-person hearings (especially between international parties) might end up being costly and time consuming, thus arguably erasing any tangible benefits of ADR, the additional benefits may still outweigh these factors. Furthermore, the types of discovery may be more limited in the ADR context, thus making it faster and cheaper than litigation. Perhaps, once litigation and arbitration ensues, the parties may be required to agree to the type of hearings in which they want to participate, thus allowing them to structure ADR to their desires and needs.

Yet another problem cited by UDRP critics is that because of repeat business and other concerns,²¹⁵ UDRP providers might be biased towards the trademark holders and against the alleged infringers. This seems like a valid concern in Russia as well especially in light of the pervasiveness of corruption, in courts specifically, and in society more generally. However, it seems that by implementing a system similar to ICANN, whereby the parties have a list of possible arbitrators to choose from, the private market should be able to control itself, pushing the corrupt or biased arbitrators out of the system. The use of the Treteysky courts is yet another solution. Nevertheless, because the Russian market has yet to reach the proportions of

211. Administrative Procedure Act, 5 U.S.C. §706 (2000).

212. While this may be considered putting a band aid on a gaping wound, in the context of this paper and domain name disputes, the narrow scope of review may be one of the possible solutions to the smaller issue at hand. Greater social and cultural changes must first take place in Russia before the bigger problem of battling judicial corruption can be undertaken and resolved.

213. Thornburg, *supra* note 198.

214. *Id.*

215. *Id.*

the United States', it is less likely that the arbitrators will get a lot of repeat business from large trademark holders, thus making the possibility of bias less pronounced than it would be in the United States.²¹⁶

Two additional concerns arise in ICANN's UDRP context, and that is that ICANN has created its own substantive and procedural law. One way for the Russian government to address this is (1) by allowing the private entity (or Rospatent) to do essentially what ICANN did and create its own substantive or procedural laws; or (2) by compiling its own set of procedural and substantive laws for the arbitrators to follow. The third option, of course, is to use the Treteysky courts, and use the rules and procedures that they allow. Any one of the three options would alleviate some of the concerns of UDRP's critics that the arbitrators conduct their hearings and come up with their decisions arbitrarily. The result should be a quick and fair hearing of the trademark infringement claims without concern about corruption or bias.

5. Ultimate Proposals

Ultimately, the Russian government will have to face the problem of trademark infringement in domain names in a more serious and thorough fashion than it has done up to this point. To that end, the legislature and the president will have to decide whether they want to create a government agency to deal with such disputes and hand that function over to the Rospatent or the Treteysky courts, or follow the lead of the United States and contract with a private agency to handle that function.

Since the private market has not undertaken this function thus far, it is clear that the government must take a role, even if a limited one, in implementing some sort of a resolution. This paper proposes that a contract with a private firm analogous to ICANN, or the use of Treteysky courts, is the best way to go. This is because the alternative dispute resolution mechanisms have proven invaluable in the U.S. for saving the parties' time and money. In the Russian context specifically, removing some of the disputes from the *Arbitrazh* court system should reduce the possibility of arbitrary judgments and create more predictability in the outcomes of disputes. By modifying the UDRP to meet Russia's specific needs, the new

216. Thornburg, *supra* note 198, at 219 (listing factors that make the decision maker neutral: (1) the tribunal should not have a personal stake in the outcome of the case; (2) cultural and professional bias should be kept out; (3) the role of business concerns should be addressed; (4) substantive expertise should be considered.) The cultural bias problem raises interesting issues in domain name disputes where the disputants are from different countries, and there are various cultural differences. While that should probably be addressed by, for example, approving arbitrators from different countries, or ensuring that the panel of arbitrators consists of representatives of different countries, such a detailed treatment of this issue is outside the scope of this paper.

ADR system would meet most of the essential elements of a workable ADR scheme: “independence, low cost, transparency, adversarial procedure, representation, legality, and liberty.”²¹⁷

V. CONCLUSION

Although Russia has made major progress since gaining its independence from the former Soviet Union, it still has a long way to go to have a successful and thriving IP culture. Russia has started integrating IP policy (including domain name protection) in its laws and regulations as well as through better enforcement in the courts. However, much more specific and stringent laws are necessary for effective enforcement and a broader development of respect for IP culture.

The IP institutions are also in need of revisions. While Rospatent has been constantly evolving to meet international standards, it still has a long way to go. Similarly, the Russian *Arbitrazh* Court system has to undergo substantive changes in order to result in uniform decisions and gain the respect of the litigants.

Lastly, Russia is far from creating an effective alternative dispute resolution system in the domain name arena. Considering the effectiveness and wide use of UDRP in the United States, where the Internet is booming and the disputes are numerous, it would be highly beneficial to create an effective ADR system in Russia. Not only would this system be cheaper and faster than traditional litigation in the *Arbitrazh* Courts, it would also, arguably, be more predictable and less subject to corruption than the *Arbitrazh* Court rulings. In addition, to alleviate concerns over bias and corruption of the arbitrators, the legislature could ensure that the arbitrator’s decisions be reviewable by the courts, although under a narrow standard of review.

Taken together, such substantive changes would clarify and expand the current law while creating more confidence in Russia’s commitment to an IP culture, and bringing Russia closer to the international standards of IP protection.

217. Thornburg, *supra* note 198, at 203 (citing Center for Law, Commerce & Technology’s list).