General approach
Over the years, Russia has demonstrated its willingness to reinforce its efforts in combating the infringements of intellectual property rights.

Russia has been a member of the World Trade Organisation since 2012. In the run-up to WTO accession, Russia adopted new legislation matching international standards for the protection of intellectual property rights by, in particular, increasing sanctions for, and improving legal mechanisms to combat infringements of intellectual property rights. The resulting legal framework in the field of intellectual property is generally in line with international standards, allowing right owners to adequately protect their intellectual property rights.

Examples of Russia’s commitment to advancing the fight against copyright infringements include the adoption of:
— a law that connected administrative fines for the production of fake goods with the number of fake goods produced in summer 2013;
— the so-called “Anti-piracy Laws”\(^1\) which deal with the procedure for blocking almost all types of copyright infringing content on the Internet and mirror websites; and
— a set of amendments to the Russian Civil Code (the “Civil Code”) in spring 2014 expressly providing for:
  · the presumption of guilt of intellectual property rights infringers; as well as
  · the legal possibility of contacting Internet providers with a request to stop infringement of intellectual property rights on the Internet.

In addition, the online industry in Russia took a step towards self-regulation in the sphere of anti-piracy. Accordingly, Russian associations for the protection of rights of owners and licensees, large Russian media holdings and TV companies, as well as Russian search engines and large Russian platforms that host video content, have signed a memorandum on cooperation for the protection of exclusive rights over digital technologies. This memorandum is aimed at more efficiently combating illegal content online.

International standards
Russia is a party to a number of the most important international treaties and conventions covering different intellectual property aspects, including:
— the Convention establishing the

World Intellectual Property Organisation;
— the Universal Copyright Convention;
— the Berne Convention for the Protection of Literary and Artistic Works;
— the Paris Convention for the Protection of Industrial Property;
— the Madrid Agreement on the International Registration of Marks and the Madrid Protocol;
— the Singapore Treaty on the Law of Trademarks;
— the Nice Agreement on the International Classification of Goods and Services for the Purposes of Registration of Trademarks;
— the Patent Cooperation Treaty (PCT);
— the Eurasian Patent Convention;
— the Locarno Agreement Establishing an International Classification for Industrial Designs;
— the Geneva Convention for the Protection of Producers of Phonograms against Unauthorised Duplication of their Phonograms;
— the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS); and
— the Hague Agreement Concerning the International Registration of Industrial Designs.

**General legal framework**

**Civil Code**
The need to ensure consistency in the legal regulation of intellectual property has led to the adoption of Part IV of the Civil Code. This codifies the existing general legal rules concerning intellectual property rights whilst introducing some new provisions and principles.

Part IV of the Civil Code includes an exhaustive list of intellectual property rights and the various legal methods for protecting these rights. It also sets out some general requirements concerning their use and their enforcement.

**Regulatory orders**
In addition to Part IV of the Civil Code, certain intellectual property issues are regulated by orders of the Federal Service for Intellectual Property (“Rospatent”).

Rospatent is subordinated to the Ministry of Economic Development and is responsible for the registration of intellectual property rights to trademarks, patents, software, databases, as well as for the registration of, alienation of, and encumbrances over these registered rights.

**Specialised court**
The Russian Intellectual Property Court (the “IP Court”) has been operating since 2013. As expected, this has led to an increase in professionalism and a sound legal approach with regard to judgments in this field, not only from the newly established court but also across the Russian court system as a whole².

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² Please see the IP Court section on page 132.
Contractual aspects of intellectual property rights

License agreement

General
A licence agreement grants the right to use intellectual property rights within the limits set out in the agreement.

Under the Civil Code, licence agreements must set out the following information:
— the licensed object;
— the duration of the licence;
— the territories for which the licence is granted;
— the manner in which the licensed object may be used; and
— the amount of remuneration (i.e. the royalty payments) or its method of assessment.

The licence may be granted on an exclusive or on a non-exclusive basis. By granting an exclusive licence, the licensor is not only unable to issue subsequent licences to others, but is also prohibited from itself using the rights transferred under such licence, unless otherwise agreed by the parties. If the licensee is entitled to issue sublicences, this must be expressly provided for in the agreement.

Licences are deemed to be granted for consideration, even if the licence agreement is silent on remuneration. The agreement may fix the amount of remuneration (royalty payments), or set out a method to determine it. Remuneration may take the form of a lump-sum fixed in advance and delivered as a single payment, periodical royalties, or as a percentage of revenues.

Commercial entities are prohibited from entering into exclusive licence agreements worldwide and for the whole term of the respective intellectual property protection on a free-of-charge basis.

Shrink-wrap licences
Shrink-wrap licences for software and databases are where the conditions of the licence are provided for on the plastic wrapping of the CD or in electronic form, and the first use of the software or database by the consumer means they agree to adhere to the conditions of the licence. The Civil Code permits the use of shrink-wrap licences for software and databases which may be granted to each user.

Open licences
The legal concept of an open licence to use works of science, literature or art exists in Russian law. In essence, this type of licence is deemed to be a contract of adhesion. Therefore, the law requires the terms and conditions to be freely accessible to anyone who wishes to review them.

Licence conditions must contain the scope of the use of the work. Unless otherwise stated in the licence conditions, licences will be granted free-of-charge and be valid throughout the world for five years (if the open licence is for computer programmes and databases, this will be for the duration of the exclusive rights).
Assignment of exclusive rights
According to the Civil Code, this contract involves transferring the full and exclusive rights and title to an object of intellectual property rights for the entire period during which these rights are protected. Notably, free-of-charge assignment agreements between commercial entities are expressly prohibited (unless otherwise regulated by the Civil Code).

State registration of contracts
If a trademark, software, database, invention, utility model or design is registered with Rospatent, then any licence, assignment contracts or pledge contracts (as expressly provided for by the Civil Code) also require registration with Rospatent in order for the contract to be valid for third parties.

Rights over the results of intellectual activity
Copyright and related rights
Copyright
Copyright covers scientific, literary or artistic work that is the product of creative activity regardless of the value, type or mode of expression of the work. Copyright protects both disclosed and undisclosed works. Copyright protection arises when a work is created. There are no registration requirements.

Chapter 70 of the Civil Code gives an author certain rights over his/her work. It sets out exclusive property rights over the work, as well as moral rights for the author of the work.

These exclusive rights include (among other things) the:
— right of reproduction;
— right of distribution;
— right of demonstration to the public;
— right to import or export originals; and
— right to provide access to the work by any means of telecommunication (including the Internet).

Moral rights include in particular the:
— right of authorship;
— right to the name;
— right to preserve the integrity of the work; and
— right of publication.

The exclusive rights to the works are protected for the lifetime of the author plus 70 years.

Infringement of copyright may lead to civil, criminal and/or administrative liability.

Neighbouring rights
Neighbouring rights cover the creation and use of performances, phonograms, broadcasting programmes, cable distribution organisations, and databases.

The owner of neighbouring rights may be the performer of phonograms, the creator of databases or the broadcaster of media.

Under the Civil Code, performers enjoy both exclusive property rights and moral rights, whilst radio and television
broadcasters only enjoy exclusive property rights.

The holding and the exercise of neighbouring rights is not subject to any mandatory registration formalities.

The rights enjoyed by owners of neighbouring rights may be granted by virtue of a licence agreement, or a contract for the exclusive assignment of rights.

**Online audio-visual platforms**

Regulations governing online platforms used for the creation and distribution of audio-visual works came into force on 1 July 2017. The regulations cover the following platforms, in particular:

— websites;
— information systems; and
— computer programmes.

The regulations will, however, only apply to platforms:

— that provide access to audio-visual works for a fee or on the condition that the viewers watch advertisements; and
— having a daily audience of at least 100,000 Russian-based users.

The owners of audio-visual platforms must comply with a number of obligations. These include, for example, a prohibition on the dissemination of certain information, specific requirements on the dissemination of information to the general public and the ensuring that its content is subject to age-based restrictions, where appropriate.

The liability of legal entities for violations ranges from RUB 300,000 (EUR 4,290) to RUB 3m (EUR 42,900). Violations can also lead to the blocking of the audio-visual platform by order of the court.

\[
\text{RUB} 70 = \text{EUR 1} \quad \text{notional exchange rate used for convenience}
\]

The Russian Federal Service for Supervision in the Sphere of Telecom, Information Technologies and Mass Communications (i.e. “Roskomnadzor”) maintains a register of such audio-visual platforms.

Moreover, such platforms can only be owned by Russian legal entities or Russian citizens that are not also citizens of other countries. Foreigners are permitted to own such Russian legal entities but there are some limitations on specific foreign operators.

**Patents**

**National registration**

Patent protection covers:

— *inventions*, which are a technical solution in any field related to a product or a process;
— *utility models*, which are the devices that are the result of intellectual activity in the scientific and technical spheres; and

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— **industrial designs**, which are the result of intellectual activity in relation to the appearance of the product.

Chapter 72 of the Civil Code regulates the protection of inventions, utility models and industrial designs.

Patent protection is subject to conditions, which depend on the type of object being protected.

An invention can only be protected if it:
- is new;
- has an inventive step; and
- is capable of industrial application.

A utility model can only be protected if it is:
- new; and
- capable of industrial application.

An industrial design can be protected only if it is:
- new; and
- original.

The concepts of dependent invention, dependent utility model and dependent industrial designs are defined in the Civil Code. To use them, it will be necessary to be authorised by the patent holder of the inventions, utility models or industrial designs. Without such authorisation, the dependent objects of intellectual property cannot be used. Unlike copyright, which protects the author’s work from the day of its creation, a patent is only protected after being registered with Rospatent. The right to obtain a patent belongs to the inventor, his/her employer (in case of an employee’s invention) or to their assignee(s). The patent application is filed with Rospatent for examination. Rospatent will grant the patent if the relevant criteria are met.

The maximum duration for patent protection is as follows:
- 20 years from the filing date of a patent application for an invention, with the possibility of up to a five-year patent term extension for pharmaceutical products, pesticides and agrochemicals;
- ten years from the filing date of a utility model application; and
- five years from the filing date of an industrial design application, with the possibility of up to a five-year term extension, which may be renewed so that the entire period of life of a design patent may be up to 25 years.

According to the Civil Code, inventions and, as of June 2019 industrial designs, are also subject to temporary protection during the registration process. Once the relevant patent is granted, the owner may demand payment of remuneration for the use of the invention/industrial design during the registration term.

The patent licence and/or any assignment agreement need to be registered with Rospatent. It is also possible to obtain a compulsory licence, following the decision of a court. Rospatent also registers open patent licences, which may be chosen by the owner of the patent.
Industrial design applicants no longer need to file a list of essential features of the design by registration, which had traditionally been serving as the basis for determining the scope of protection of the design. This means that designs are protected within the scope of the image of the design and its description. This change has narrowed the scope of protection of industrial designs.

**International and regional registration**

In addition to national registration, there are also two levels at which inventions can be protected, namely: at international and regional levels.

At international level, an invention can be protected by the International Patent System. By filing one international application under the Patent Cooperation Treaty (PCT), applicants can protect an invention in more than 153 PCT contracting states.

Russia has been a party to the Hague Agreement Concerning the International Registration of Industrial Designs since 28 February 2018. This enables the protection of industrial designs in Russia (as well as in many other countries) through a new procedure that is faster and cheaper than filing an international application for data protection.

Alternatively, an invention can be protected at regional level on the basis of a single Eurasian patent valid within the territory of the nine member states of the Eurasian Patent Convention (EAPC).

On 9 September 2019, the member states of the Eurasian Economic Union adopted the Protocol on the Protection of Industrial Designs to the EAPC which entitles applicants to receive a single Eurasian patent on industrial designs by filing a single application. The Protocol has not yet been implemented in Russian law, but is likely to come in force in 2020. If so, this will make the regional patent registration procedure much more convenient.

**Trade secrets and know-how**

IP-related information and professional activity methods which have actual (or potential) commercial value can be defined as a trade secret or know-how as long as the necessary criteria are met. In particular, the information must be unknown to third parties because there is no free access to it. Further, the owner of the trade secret must take active measures to protect the secret and ensure that there is no free access to it (in particular, by implementing the so-called “trade secrecy regime”).

The Law on Trade Secrets[^1] defines the information that constitutes a trade secret and lists the measures that the right owner should take in order to ensure the protection of know-how. The law also provides for civil, administrative and criminal liability for a breach of trade secret rights.

Employees’ work and employees’ inventions
The Civil Code regulates employees’ work. This includes copyrighted works and patented objects that are created by employees as part of their employment duties or the tasks instructed by the employer.

As a general rule, exclusive rights to the results of an employee’s intellectual activities belong to the employer.

However, if the employer fails to use, license or assign its employees’ work within a prescribed period, or the employer fails to notify the employee that it has decided to keep the work secret, the exclusive rights to the work (or invention) will be transferred to its author, i.e. the employee. This does not apply to know-how.

If the employer has started to use the work, assigned the rights to it, or has decided to keep it secret, the employee is entitled to be remunerated as agreed by the parties. If the parties fail to agree on the amount, then a competent court may determine the remuneration.

Specific rules regulate the amount of remuneration of employee inventors of patentable inventions, industrial designs and/or utility models (“IP Objects”). They set minimum amounts for three different types of compensation, namely for: (i) the creation of a patentable IP Object; (ii) use of an IP Object by the employer; and (iii) the licensing or assignment of an IP Object by the employer.

The right to remuneration from the employer is not inheritable. However, the rights from the agreement concluded between the employee and the employer, as well as any outstanding remuneration which the employer has not paid, are transferred to the employee’s heirs.

Company names, trade names, trademarks and appellations of origin
Chapter 76 of the Civil Code provides for the protection of means of individualisation, i.e. the protection of those intellectual property rights that are used to distinguish and identify companies or the goods or services they offer.

Company names
The company name is indicated in the corporate documents of the company, and it is reflected in the Unified State Register of Legal Entities. The company name is protected in Russia upon the company’s registration with the tax authorities.

The exclusive right of a company over its company name may not be transferred or licensed to third parties. This exclusive right allows the owner of the company name to use the name freely, in particular, (i) on signs; (ii) on letterheads; (iii) on official documents; (iv) in advertising; (v) on products; (vi) on packaging; and (vii) on the Internet.

5 Russian Government Decree No. 512 dated 4 June 2014.
Additionally, the company name may be protected as a trademark or as a commercial name (a trade name).

**Trade names/commercial names**
Legal entities may use trade names separately from their company name. Unlike the company name, the trade name is not necessarily mentioned in corporate documents or in the Unified State Register of Legal Entities. The trade name may be used to distinguish different enterprises of a legal entity. A legal entity can have only one trade name. A legal entity may not use a trade name which would create confusion with a third party’s company name or trademark or which would mislead consumers. The right to use a trade name to individualise a Russian company is valid throughout Russia.

This exclusive right ceases to exist if the owner does not use the trade name for one year. The right to use a trade name is protected independently, regardless of the company name or trademarks. It may be transferred by a franchise agreement or by a contract for the lease of an enterprise.

**Trademarks/service marks**
A trademark is a designation which is used to distinguish the goods or services of companies. A trademark can be a word, a figure or a three-dimensional designation, or a combination of all of these elements. The Civil Code provides a list of words and designations that may not be used as trademarks.

To be protected in Russia, the trademark needs to be registered with Rospatent in the Register of Trademarks. Alternatively, it may be protected in Russia under the Madrid System of the International Registration of Marks.

The duration of trademark protection is ten years, which is calculated from the date of filing of the application with Rospatent. There is an option to renew this ten-year protection period, subject to the necessary petition and payment being made.

As a general rule, the exclusive rights to a trademark are transferable to third parties, unless this assignment would be misleading for consumers. The exclusive right to use a trademark may also be licensed to allow a third party to use that trademark within the framework of the licence and in accordance with the quality requirements set out by the licensor.

Trademark protection may be terminated early if the trademark is not sufficiently used during any three consecutive years after the date of registration. Any interested person may file an application for non-use invalidation with the Chamber of Patent Disputes under Rospatent.

Information on applications for the registration of a trademark is to be published in the official gazette of Rospatent, as well as in Rospatent’s online database.

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6 www1.fips.ru/registers-web/action?acName=ciskRegister&regName=RUTMAP
Any person may object to a particular trademark as soon as this information has been officially published.

**Appellations of origin of goods**
The appellation of origin of goods is the name of the place where the goods come from. It may designate a country name, a city or any geographical area referring to the place of origin of the product.

An appellation of origin registered with Rospatent is protected throughout Russia. Any producer (or group of producers) acting within the geographical area designated by the appellation of origin may enjoy the right to use that name provided it has first obtained a certificate from Rospatent and, if the appellation of origin has not yet been registered, to register it.

The system of official publication of trademark registration applications and right to object described above applies to appellations of origin.

**Geographical indications**
From 27 July 2020, geographical indications will be protected in Russia and it will be possible to register them with Rospatent. The corresponding amendments to the Civil Code were signed on 26 July 2019.

The geographical indication is a new form of intellectual property which will co-exist with appellations of origin of goods.

The geographical indication is a designation used on products that have a specific geographical origin and possess special qualities or a reputation that are due to that origin. At least one stage of the product manufacturing process must be conducted on the territory specified in the geographical indication.

**Intellectual property rights infringements**

**Situation in Russia**

**Background**
Counterfeiting and piracy are difficult to quantify in general, and this is especially true in Russia. They affect all areas of the Russian economy, including: consumer products, automotive, pharmaceuticals, etc. Counterfeit and pirated products are mainly distributed through “open-air” markets and online shops, although they may often be found in reputable department stores.

Recognising the magnitude of the problem and its potential impact on consumers’ health and well-being (especially with regard to pharmaceuticals), Russia has demonstrated a willingness to fight counterfeiting and to ensure the compliance of its laws and enforcement mechanisms with international standards.
**Protection through customs**
When counterfeit or pirated goods are imported to Russia, Russian customs officers can assist right owners in stopping the infringement of their intellectual property rights provided the right owners applied to have the relevant rights entered into a special Customs Intellectual Property Register. Customs officials can also in some cases take action on their own initiative by virtue of their status. The powers of customs officials are limited to copyrights and trademark rights (they do not cover inventions, utility models or designs). The maximum protection period for registered rights is two years, renewable at the request of the right owner.

**Issue of parallel imports**
Parallel importation is considered as a trademark infringement in Russia, although recent trends in the court practice and relevant legislative initiatives are controversial in this respect.

Since the spring of 2015, the Russian authorities have been pushing for parallel imports to be allowed, at least in relation to certain types of goods (such as pharmaceuticals, medical devices, automotive parts, cosmetics, perfumes, alcoholic beverages (except beer) and hygiene products).

In 2017, the Eurasian Intergovernmental Council was provisionally authorised by the Eurasian Economic Council to allow parallel imports of certain goods. The authorisation is, however, subject to the unanimous agreement of all the members of the Eurasian Economic Union and to date, no such agreement has been reached.

In 2018, the Russian Constitutional Court decided that parallel importation may be allowed if the trademark owner follows unfair practices such as price regulation or restriction of competition.

Such an approach was also set forth in Resolution No. 10 “On Applying Part Four of the Russian Civil Code” issued in April 2019 by the Plenum of the Russian Supreme Court.

**Liability**
Russian legislation provides for civil, administrative and criminal liability for the infringement of intellectual property rights. The sanctions depend on the amount of the counterfeit goods involved and on whether the individuals or legal entities involved are repeat offenders.

**Civil penalties**
The civil law route entitles the trademark owner to file a claim in court for the:
— termination of the infringement;
— seizure/destruction of the counterfeit goods (or removal of counterfeit signs or labels); and
— payment of compensatory damages or statutory liquidated damages (in an amount of RUB 10,000 - 5m (i.e. from EUR 143 - 71,500), or double the value of the infringing goods or of the right to use the infringed trademark under regular market conditions).
The Anti-piracy Law provides copyright and neighbouring rights owners with an efficient tool of copyright enforcement – web blocking injunctions. This law covers all copyrighted works and objects of neighbouring rights, except photographic works.

Sanctions under the Russian Code on Administrative Offences
The trademark infringer is administratively liable if the damage caused by the infringement is less than RUB 250,000 (EUR 3,575). Different sanctions apply to different infringements.

For example, the levels of the applicable fines for the production of fake products depend upon the scope of the infringement, which will be based on the value of the counterfeit goods seized.

The most serious sanctions apply to legal entities that produce or sell counterfeit goods. The fine that may be imposed in this case would be five times the value of the counterfeit goods seized, and in any event not less than RUB 100,000 (EUR 1,430). The counterfeit goods will also be confiscated.

Sanctions under the Russian Criminal Code
If the damage caused by the infringement reaches or exceeds RUB 250,000 (EUR 3,575) or if the offender repeats the offence, he/she may be held criminally liable.

The unlawful use, disclosure or appropriation of an invention or patent that has caused significant damage to the author will result in a fine of up to RUB 200,000 (EUR 2,860) or equal to the offender’s income for 18 months, or imprisonment for up to two years.

Similar sanctions apply to infringement of copyright and to the sale of counterfeit goods.

When the offender is a legal entity, criminal sanctions will be applied against the entity’s officials, as legal entities cannot be held criminally liable under Russian law.

IP Court
The IP Court is part of the Russian commercial (“arbitrazh”) court system. It is located in Moscow.

The IP Court reviews:
— as a court of first instance – challenges of regulatory and legal acts of Rospatent;
— as a court of first instance – claims for the invalidation of the registration of intellectual property rights for non-use and disputes over the ownership of intellectual property rights; and
— as a court of third instance (i.e. a second appeal or a cassation) – cases concerning the infringement of intellectual property rights between legal entities and/or individual entrepreneurs.
The cassation rulings of the IP Court can be further appealed to the Supreme Court of Russia. Other rulings are appealed against at the IP Court.

Intellectual property disputes (including those associated with intellectual property prosecution issues) in Russia are reviewed by judges specialising in this area of law. Accordingly, intellectual property owners can expect a professional review of their IP-related claims in Russia and a sound legal approach in the judgments adopted as a result.

**Procedural aspects**

**Pre-trial disputes settlement**

In June 2016, a mandatory pre-trial procedure for resolving most commercial disputes was introduced through the adoption of amendments to the Russian Commercial Procedure Code.

Many court disputes have, since 11 July 2017, been excluded from the scope of the mandatory pre-trial disputes settlement procedure. Certain types of IP disputes were not initially excluded from the procedure, but special regulatory arrangements were later adopted to address such cases.

In respect of claims for damages or compensation for exclusive rights infringements, the compulsory requirement to send a pre-trial demand letter has been preserved in cases where the parties to the dispute are legal entities or individual entrepreneurs. Despite the fact that sending a pre-trial demand is compulsory, filing a statement of claim is possible in the event of:

— a total or partial denial of the claims; or

— no response to the demand letter within a period of 30 days from the date of sending such letter.

Moreover, in cases where an interested party intends to terminate the trademark of another party for non-use, it must follow a special pre-trial settlement procedure. Under this procedure, the interested party must send a proposal to the trademark owner to:

— apply for a waiver of the trademark rights; or

— enter into a contract for the alienation of such rights.

If no action is taken within two months following the date of the proposal, the interested party has a right to start legal proceedings. The time limit set for launching such legal proceedings is 30 days from the end of the two-month period.

The pre-trial procedure requirement is not applicable if so-called “intangible demands for the protection of exclusive rights” are made. These cover, for example, claims for the seizure and destruction of counterfeit goods, and claims to suppress actions violating the rights of the right owner or threatening the violation of such rights.
Parallel importation is considered as a trademark infringement in Russia, although recent trends in the court practice and relevant legislative initiatives are controversial in this respect. In particular, the courts have defined situations when parallel importation is allowed.

Recent court practice
In its Resolution No. 10 “On Applying Part Four of the Russian Civil Code” issued in April 2019, the Plenum of the Russian Supreme Court clarified the procedure for applying the Russian intellectual property legislation in court disputes.

Clarifications are traditionally based on specific court cases and relate to different issues, for example, jurisdiction over disputes on the means of individualisation and evidence in intellectual property cases.

Although the Resolution does not carry the status of a statutory regulation, its provisions are often crucial for the courts when taking a decision on a particular issue, and the courts are already relying on the Resolution when resolving disputes.