

TECHNOLOGY TRANSFER AND IP PROTECTION IN RUSSIA:

Accessing the Legacies of Mendeleev and Sputnik

Paul Jones

Jones & Co.

Russian technology has often been among the most advanced in the world. But western companies have sometimes expressed concerns about accessing Russian technology, in part because of concerns about the development of legal protection for intellectual property rights.

In fact there have been significant developments in the protection of intellectual property rights in Russia and in the development of more orderly market conditions. Access to Russian technology and researchers through technology transfer agreements and licenses has been greatly improved.

Codification of the IP Laws

One of the most significant developments was the replacement of most of the existing intellectual property legislation with the new Part IV of the Civil Code on January 1, 2008. The importance of this is not easily understood by those who are not familiar with civil law jurisprudence. Civil codes are statements of general principles of the law that are considered to be of higher authority than individual statutes.

Further one of the purposes of the codification was to improve the legal regime for the licensing of IP rights. The first chapter of Part IV sets out general provisions including how intellectual property rights may be shared or transferred. These provisions now take precedence over the general provisions of the Civil Code on contracts and transfers, where these provisions conflict. In other words intellectual property rights are now more fully integrated into the overall Russian legal framework.

Enforcement

Article 1252 of Part IV sets out the basic provisions for the enforcement of IP rights. It makes provision for claims with respect to the recognition of the IP right, stopping infringement, damages, seizure of infringing material and publication of the court's decision in the matter. In addition owners of IP rights can rely on the preliminary injunctions available under Chapter 8 of the Arbitrazh Procedural Code.

There is also the possibility of criminal enforcement as well as civil enforcement. On July 31, 2009 *Деловой Петербург* reported that two individuals were sentenced in separate cases to jail terms of two years and 18 months respectively for selling counterfeit "Photoshop" software.

In civil enforcement recent cases include the seizure by the Customs Authority of an authentic Porsche Cayenne because the importer did not have the consent of Porsche, the owner of the Russian trademark registration. Although ultimately the car was released to the Russian owner, the decision of the Federal Arbitration Court for the North West District on June 26, 2009 only limited the right of Customs to seize such authentic imports. It did not preclude a civil suit by Porsche or its exclusive Russian licensee.

Federal Anti-Monopoly Service

One of the most significant changes has been the recent increase in the activity of the Federal Anti-Monopoly Service (the “FAS”). Although FAS has existed for a number of years it has recently received increased support from the government and has become much more active in initiating actions against barriers to competition. In 2008 it commenced 6,540 cases, of which almost half or 2,978 were against Russian authorities, particularly with respect to improper tendering of state contracts.

FAS also undertakes the administrative enforcement of IP rights. The Russian Law on the Protection of Competition has provisions prohibiting unfair competition with respect to intellectual property.¹ Unfortunately there are not yet Guidelines on what constitutes “unfair competition” with respect to intellectual property rights, as have been developed in Canada and the United States. Guidelines have recently been developed on permitted contracts between competitors, which would include license agreements in some instances.

FAS is active in the enforcement of IP rights. In the case of the Russian retailer of oil products that used the mark “LUXOIL,” after Rospatent had taken action to invalidate the registration of “LUXOIL” on the basis of its similarity to the mark “ЛУКОЙЛ” for the same products, FAS proceeded to fine the infringer 320,000 Roubles (about \$11,000.00 CDN).

Enforcement of Contracts

Outside observers have begun to notice the improvements in the Russian legal system. Recently the World Bank, based in Washington DC, undertook a survey of the difficulties of doing business in 181 countries.² One of the categories assessed was the enforcement of contracts, as evaluated on procedures, cost and time. The United States ranked 6th in this field. Russia and China tied for 18th. Canada was a distant 58th, just behind the Kingdom of Tonga in the South Pacific.

Access to Russian technology is improving.

¹ Article 14.

² Available online at: www.doingbusiness.org/EconomyRankings .