

September 30, 2014

Dear Sirs,

We would like to update you on the latest news regarding amendments to the Russian Civil Code in the field of intellectual property.

On March 12, 2014 a new Federal law 'On amendments to Parts I, II and IV of the Russian Civil Code and relevant legal acts of the Russian Federation' was adopted, under which the substantial amendments to the Civil Code are about to take effect from October 1st 2014 (except for some provisions which come into force from January 01, 2015). Hereby, we would like to kindly attract your attention to the amendments in the field of intellectual property.

To start with, in order to register transfer or granting of the intellectual property right the party to the right transfer is not obliged to register the agreement itself in the RU PTO, but can register the notification of the disposition of the exclusive right which has already been performed and signed by both parties, or the extract from the agreement of such disposition certified by a notary.

The novel prohibits commercial legal entities to conclude agreements on alienation of intellectual property rights for free, otherwise, the agreement is to be recognized invalid.

Pursuant to the Civil Code the rightholder of the exclusive right as a general rule forfeits the right to use the intellectual property within the scope in which the license agreement is providing an exclusive license to the licensee. According to the earlier version of the Civil Code, as a general rule the rightholder retained the right to use the intellectual property.

New provision will entitle the rightholder of the exclusive right to unilaterally renounce the contract on alienation of the exclusive right in case the recipient commits substantial breach of payment obligations. In the earlier version of the Civil code a simple breach of the recipients' obligation to pay royalty was enough for unilateral renouncement. However the notion of 'substantiality' is not disclosed as such, so we may not say whether it refers to the term provided in the agreement or to the sum to pay.

In the field of copyright the amendments provide for an unlimited group of people to be entitled on initiative of the rightholders to benefit from free use of works including the related rights.

Pursuant to another amendment the list of actions that might be performed without the rightholder's consent and without payment of royalty regarding works has been expanded to include the following: where the quotation of legally published works takes place, in particular, with the purpose to disclose the creative idea of the author; where a public live performance of legally published works takes place not aimed at making profit, in particular, in educational, medical entities, by its employees; where the fixation in electronic carrier takes places, including fixation in the memory of a computer, and bringing electronic versions of a dissertation to the public. However it is worth mentioning that when enjoying such rights there is a strong requirement to indicate the author's name together with the resource where the work is settled.

New provisions on the right to use computer programs and databases provide registration of the Agreements in electronic forms. In this case the license provided might be only simple (non-exclusive). Such license agreement concluded in electronic form is considered free.

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Open licenses might be granted in the form of agreements of adhesion in relation to works. New provision requires the open license to be available to unlimited number of persons and to include the actions required for the license agreement to be concluded. The license agreement concluded in this form is considered free unless otherwise provided by its terms.

New amendments regulate the situation with an employee's work where under a labor contract the exclusive right to the result of intellectual activity belongs to the author. Here the employers will be granted the right to use employee's works on conditions of a simple (non-exclusive) license.

In the field of Patent law the technical decision which will be subject to protection as an invention has been expanded to the application of a product or method for a certain purpose.

Starting on January 1st 2015 a patent on industrial design will be subject to protection for 5 years from the date of filing the application, as opposed to 15 years provided in the earlier version. The new 5 year term may be prolonged for 5 years more, but may not exceed a total of 25 years.

The amendments to the Civil Code introduce a notion of 'dependent invention', 'dependent utility model' and 'dependent industrial design' which are recognized as such if their use is not possible without other invention, other utility model or other industrial design protected by the patent of earlier priority.

Starting from January 1st 2015, new means of protection of the exclusive right to invention, utility model or industrial design will be available, in particular, the amount of compensation claimed may be calculated in two ways: firstly, within the range of 10 thousand rubles to 5 million; and secondly, as a double amount of the value of the right to use the invention, utility model or industrial design.

As for the means of individualization, the novel to the Civil Code provides a legal entity with the possibility to use its trade name also in the Internet. Moreover, if the legal entity's right to a trade name is violated, the legal entity that committed violation will be on demand of the rightholder granted the right to choose either to discontinue the usage of the trademark, or to change it.

For more information please visit our web-site or contact directly Irina Anyukhina (ianyukhina@alrud.com), Partner, Head of Intellectual property practice.

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Kind regards,

ALRUD Law firm

Note: All information was obtained from publicly available sources. The author of this information letter assumes no liability for the consequences of decision-making based on such information.

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