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Intellectual Property Reform in Russia: Analysis of Part Four of the Russian Civil Code

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Summary

After the dissolution of the Soviet Union in 1991, Russia was in the crisis that affected every aspect of the state activity. Among other things, Russia had to enact its own legislation that could serve the establishment of a market economy. The crisis affected heavily the intellectual property rights (IPR) protection: Russia had no IPR laws and no relevant state agency. During 1992-1993, new Russian IPR legislation was adopted. This legislation had certain faults, which was a result of, first, hasty preparation of the legislation; second, the lack of IPR traditions and experience in Russia where the Soviet-regime dominated for many years.

The intellectual property reform that started in Russia in 2006 aims to replace the IPR laws of the transitional post-Soviet era with a new legislation. As a result, the Russian parliament (the State Duma) adopted a new corpus of intellectual property rights legislation – part four of the Russian Civil Code, which was made effective starting from 1 January 2008.

The reform introduced a number of substantial amendments into the legal regulation of the IPR in Russia, including several new concepts previously unknown in Russian legislation. Besides, the reform changed the structure of the Russian IPR legislation by codification of all IPR provisions within the Russian Civil Code.

However, the new law gives a contradictory impression. While some novelties of part four of the Civil Code are able to improve the IPR protection in Russia, certain provisions of the law may affect it negatively.

The purpose of this thesis is to examine what is the matter of the intellectual property reform in Russia, what are the novelties that the reform introduced into Russia legislation, what are advantages and disadvantages of these novelties, and what impact these novelties are able to have on the level of the IPR protection in Russia and other related issues.

Abbreviations

CIPR	Coalition for Intellectual Property Rights
CIS	Commonwealth of Independent States
FPCL	Fundamental Principles of Civil Legislation
ICESCR	International Covenant on Economic, Social and Cultural Rights
IIPA	International Intellectual Property Alliance
IP	Intellectual Property
IPR	Intellectual Property Rights
NEP	New Economic Policy
RF	Russian Federation
RSFSR	Russian Soviet Federative Socialist Republic
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
UDHR	Universal Declaration of Human Rights
UNESCO	United Nations Educational, Scientific, and Cultural Organization
USSR	Union of Soviet Socialist Republics
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

1 Introduction

The intellectual property reform in Russia started on 18 December 2006 when the Russian President signed in force part four of the Russian Civil Code¹ – a new corpus of IPR legislation. The new legislation was made effective starting from 1 January 2008. Part four of the Civil Code replaces all IPR laws enacted in Russia after the collapse of the Soviet Union in 1992-1993.

The period of preparation of the first Russian IP laws is characterized by the post-Soviet crisis that affected every aspect of the state activity and life of ordinary people. Among many other things, the crisis involved the lack of adequate legislation that was able to serve the establishment of a market economy in Russia. During the first years of existence of the Russian Federation the huge amount of new laws were adopted. Hastily prepared and being a product of a transitional era, many of these laws demanded revision and many of them were amended later on.

The IPR legislation was one the most vulnerable in this regard. The Soviet legislation provided for a level of protection that was substantially behind minimal international standards, especially in the author's rights.² Protection of IPR was greatly affected by the Soviet ideology according to which IP products were owned by the state and made available to the people for free or at very low prices.³ Legislation on IPR protection enacted in Russia in 1992-1993 though based on international IP standards reflected the lack of practical experience in the implementation of the latter. Essentially revised several years later and brought into conformity with Russia's international obligations, these laws are abolished with enforcement of part four.

Some provisions of previous IPR laws were basically restated in the new law, while some were changed. However, by abolishment of all previous laws and introducing general provisions applicable to all IP branches, the reform affected all aspects of IPR protection in Russia. Besides, the reform introduced a number of new previously unknown concepts in Russian legislation. In addition, the reform implied codification of Russian IPR legislation within the Russian Civil Code. The latter makes the reform especially interesting to study as codification of all IPR provisions within a

¹ Гражданский кодекс Российской Федерации (ГК РФ) Часть 4 от 18.12.2006 № 230-ФЗ [Civil Code of the Russian Federation (GK RF) Part 4 of 18 Dec. 2006 No. 230-FZ]

² The difference in the terminology between “copyright” and “author's right” is based on the different legal traditions for protecting of literary and artistic works. The copyright tradition is associated with the common law world. The tradition of author's right is rooted in the civil law system and prevails in the countries of the European continent.

³ S. Katz and M. Ocheltree, ‘Intellectual Property Rights as a Key Obstacle to Russia's WTO Accession’, 73:10 *Carnegie Papers* (2006) p. 4

<www.carnegieendowment.org/files/cp73_katz_final.pdf>, visited on 21 December 2007.

civil code with exclusion of specialized laws is practised by very few (if any) countries in the world.

This thesis provides for an analysis of part four of the Russian Civil Code as viewed from two perspectives: the historical perspective of the development of Russian IPR legislation; and the international perspective with respect to compliance of the new law with Russia's current and possible future obligations under international agreements.

This work provides for an outline of part four of the Russian Civil Code and for an overview of fundamentals of IPR protection in Russia. However, the emphasis is laid upon the most significant legislative novelties introduced by the reform and their possible outcomes in the future.

The second chapter of this thesis provides for a general overview of IPR protection in Russia including information about Russia's legal system, fundamentals and main sources of Russian IPR legislation. Chapter three is dedicated to Russian IPR legislation as viewed from a historical perspective, providing also for a brief overview of legislative acts abolished by the reform, and problems of the IPR protection in Russia including human rights issues. Chapter four of this work discusses the substance of the IP reform, which amends Russian IPR legislation on two levels: the structural level (the codification), and the substantial level (amendments of IPR provisions). This chapter also provides for the outline of part four and describes its main novelties. Chapter five deals with possible outcomes of the reform, including an analysis of the main novelties of part four, conformity of provisions of part four with Russia's international obligations and chances of Russia to entering the WTO. The final chapter concludes the analysis of part four of the Civil Code and suggests recommendations based on experts opinions.

The analysis of part four provided in the present work is theoretical in nature, as by the time of completion of this thesis the new law has just entered into force, and there is no practice developed on its basis. The analysis, criticism and recommendations are prepared on the ground of opinion of different Russian and foreign IP experts.

2 Protection of Intellectual Property Rights in Russia: General Overview

Russia has a continental legal system. However, Russian law and the Russian legal system still raise disputes among scholars of comparative law about its attribution to any particular group of civil law. During the nineteenth and the early twentieth centuries, Russia and its legal system were basically unknown and were grouped by default together with continental Europe. Legal system of the Soviet Union is claimed by a number of scholars to be unique amongst all existing legal systems. However, some perceive the Soviet legal system as merely a species of the European Romano-Germanic civil law system though with some ideological peculiarities. One way or the other, Russian legal traditions and legislation have been strongly influenced by Russia's economic, social, and political connections with Europe, particularly with Germany, Poland and Finland, especially in the area of civil law and codification.⁴

Russian concept of IP, in its turn, though based on traditional and widely recognized principles, has its own national peculiarities. First of all, compared to the Western countries the history of the legal regulation of intellectual property in Russia is quite short.⁵ Second, in the great extent the development of IP and its legal regulation in Russia was affected by the Soviet regime and the Soviet ideology, which dominated in Russia during almost the whole twentieth century.

In Russia of the Soviet period, the level of protection of rights of creators in their creations was extremely low and it was totally based on the strong socialist ideology. This manifested itself in the states interference in all kinds of legal relations between creators and users of intellectual creations; and in provided by the law possibility to use widely intellectual creations for the benefit of the state and the society. Soviet legal doctrine did not use the term "intellectual property" until 1990 when this term appeared in the USSR Law on Ownership in the USSR.⁶ Legal protection of IP in general was not

⁴ Russian Legal System at the Russian Law Blog.

www.ruslawblog.com/?page_id=24&language=en, visited on 21 December 2007.

⁵ М.В. Волюнкина, 'Концепция "исключительных прав" и понятие "интеллектуальной собственности" в гражданском праве', *Журнал российского права*, N 6, июнь 2007 (по электронной версии справочной правовой системы КонсультантПлюс) стр. 1 [M.V. Volynkina, 'The Concept of "exclusive rights" and the definition of "intellectual property" in the civil law', 6:6 *Zhurnal Rossijskogo Prava* (2007) (electronic version provided by the reference legal database ConsultantPlus)] p. 1

⁶ А.П. Сергеев, *Право интеллектуальной собственности в Российской Федерации* (Учебник – 2-е издание, перераб и доп.) М., 2001 стр. 15. [A.P. Sergeev, *Law of Intellectual Property in the Russian Federation* (Textbook, 2nd edn., Moscow, 2001)] p. 15.

considered very important and was based on subordinate legal acts.⁷ The remedial mechanism for IPR infringements was very ineffective.⁸

The current legal framework for protection of intellectual property in Russia is very new. After the break up of the Soviet Union in 1991, Russia had to enact its own legislation on intellectual property to replace the relevant provisions of Soviet laws.⁹ In 1992-1993 Russia adopted new laws on protection of patents, trademarks, service marks, appellations of origin of goods, author's right and neighbouring rights, computer programmes and data bases, and selection achievements. These enactments were followed by institutional reforms, creation, and reformation of a number of state agencies dealing with IPR protection.¹⁰ For the first time in Russian history, the legislation provided for a level of IPR protection that corresponded to the reality and demands of the civilised society.¹¹

Russian legal doctrine defines the law of IP as a sub-branch of the civil law system. This is supported by article 2 of the Russian Civil Code according to which exclusive rights to the results of intellectual activity (intellectual property) are regulated by the civil legislation. In its turn the IP law is divided according to Russian legal doctrine into three institutions:

- author's right and neighbouring rights;
- industrial property;
- non-conventional IP objects.

Industrial property legislation is a complex institute consisting of several separate formations:

- patents;
- means of individualisation;
- unfair competition.

Law of means of individualisation includes legal regulation of trademarks and service marks, appellations of origin of goods, firm names and commercial designations. The unfair competition law holds the specific position in the IP law as well as in the law of industrial property. Legal tools of the unfair competition law supplement the means of protection of exclusive rights granted to owners of means of individualisation.¹²

The theoretical statement that intellectual property law is an integral part of the civil law implies the practical conclusion that all rules of the Civil Code

⁷ *Ibid.*

⁸ *Ibid.*

⁹ W.E. Butler, *Russian Law* (2nd edn., Oxford University Press, New York, 2003) p. 397.

¹⁰ *Ibid.*

¹¹ Sergeev, *supra* note 6.

¹² О.А. Городов, *Право на средства индивидуализации: товарные знаки, знаки обслуживания, наименования мест происхождения товаров, фирменные наименования, коммерческие обозначения*, Волтерс Клувер, 2006 г. (по электронной версии справочной правовой системы КонсультантПлюс) стр. 1 [O.A. Gorodov, *Law on Means of Individualisation: Trademarks, Service Marks, Appellations of Origin of Goods, Firm Names, Commercial Designations* (Wolters Kluwer, Moscow, 2006) (electronic version provided by the reference legal database ConsultantPlus)] p. 1.

of the general character are applicable to legal relationship on intellectual property.¹³ This includes the general provisions regulating transactions, legal capacity, dispositive legal capacity, means for the defense of legal rights, and others.¹⁴

Prior to the adoption of part four, the Civil Code was not a direct source of the IP law, however, its norms were applicable to regulation of IP.¹⁵ So, the IP law system in Russia consisted of two successive levels. The first level was the Civil Code providing for general regulation of civil legal relationship applicable also to IP. The separate specialized IP laws constituted the second level.

It is worth to note that the IPR protection is guaranteed by the Constitution of the Russian Federation,¹⁶ article 44: “Everyone shall be guaranteed the freedom of literary, artistic, scientific, technical and other types of creative activity, and teaching. Intellectual property shall be protected by law.” This Constitutional provision corresponds with article 15 of the International Covenant on Economic, Social and Cultural Rights (ICESCR).¹⁷ Article 71(n) of the Constitution contains provision according to which legal regulation of intellectual property is included in the jurisdiction of the Russian Federation separately along with criminal, civil and others branches of the law.

Before entrance of part four into force, provisions of the Civil Code amounted to the following general norms: article 128 of the Code listed “the results of intellectual activity, including exclusive rights thereto (intellectual property); and nonmaterial benefits” among the objects of civil rights. The concept of intellectual property was defined by article 138¹⁸, according to which: “In the instances and in the procedure established by the present Code and by other laws an exclusive right (intellectual property) of a citizen or juridical person shall be recognized to the results of intellectual activity and the means of individualisation of the juridical person equated to them or the individualisation of a product or the work fulfilled or services (firm name, trademark, service mark, and others). The use of the results of intellectual activity and means of individualisation which are the object of exclusive rights (intellectual property) may be effectuated by third persons only with the consent of the possessor of the right.”

¹³ Butler *supra* note 9, p. 402.

¹⁴ Ibid.

¹⁵ Sergeev *supra* note 6, p. 40-41

¹⁶ Конституция Российской Федерации, принята на всенародном голосовании 12 декабря 1993 г. [The Constitution of the Russian Federation, adopted by the nationwide vote on 12 December 1993]

¹⁷ International Covenant on Economic, Social and Cultural Rights, adopted and opened for signature, ratification and accession by Gen. Ass. res. 2200 A (XXI), of 16 December 1966, entered into force on 3 January 1976.

¹⁸ Article 138 of the Civil Code is cancelled with entrance of part four of the Code into force.

It is worth to mention that article 138 did not provide for any list of IP objects protected by the law being limited only to the general note about the *results of the intellectual activity and of the means of individualisation*, which are the object of exclusive rights. However, according to the Civil Code, IP objects are protected only “*in the instances and in the procedure established by the present Code and by other law*”. It is clear that no result of intellectual activity is protected unless specified by the law.¹⁹

The second level of Russia’s system of legal regulation of IP prior to the adoption of part four of the Civil Code consisted of a number of specialized laws regulating author’s right and neighbouring rights, patents, means of individualisation and non-conventional IP objects. These laws will be discussed in the next chapter of this work in more detail.

Norms on regulation of IPR provisions are also contained in the following laws of the Russian Federation: the 1996 Criminal Code,²⁰ the 2001 Code on Administrative Violations,²¹ the 2002 Code of Civil Procedure,²² the 2001 Code of Criminal Procedure,²³ the 2002 Code of Arbitrazh Procedure²⁴ and the 2003 Custom Code.²⁵ Besides, certain provisions of two legal acts of the Soviet period with regard to certain intellectual property provisions remained in force before the entrance of part four into force. These are the 1964 Civil Code of the RSFSR²⁶ (chapters IV, V and VI) and 1991 Fundamental Principles of Civil Legislation of the USSR and Union Republics (FPCL)²⁷ (chapter V).

Russia is a participant of the major international IP treaties including those to or in which the USSR was a party or member. The USSR joined the WIPO in 1968, acceded in 1973 to the 1952 Geneva Universal Author’s right Convention, and was a party to a number of bilateral conventions of

¹⁹ Butler *supra* note 9.

²⁰ Уголовный кодекс Российской Федерации (УК РФ) от 13.06.1996 № 63-ФЗ [Criminal Code of the Russian Federation (UK RF of 13 June 1996 No. 63-FZ)]

²¹ Кодекс Российской Федерации об административных правонарушениях (КоАП РФ) от 30.12.2001 № 195-ФЗ [Code of the Russian Federation on Administrative Violations (КоАП РФ) of 30 Dec. 2001 No. 195-FZ]

²² Гражданский процессуальный кодекс Российской Федерации (ГПК РФ) от 14.11.2002 № 138-ФЗ [Code of Civil Procedure of the Russian Federation (GPK RF) of 14 Nov. 2002 No. 138-FZ]

²³ Уголовно-процессуальный кодекс Российской Федерации (УПК РФ) от 18.12.2001 № 174-ФЗ [Code of Criminal Procedure of the Russian Federation (UPK RF) of 18 Dec. 2001 No. 174-FZ]

²⁴ Арбитражный процессуальный кодекс Российской Федерации (АПК РФ) от 24.07.2002 № 95-ФЗ [Code of Arbitrazh Procedure of the Russian Federation (APK RF) of 24 Jul. 2002]

²⁵ Таможенный кодекс Российской Федерации от 28.05.2003 № 61-ФЗ [Custom Code of the Russian Federation of 28 May 2003 No. 61-FZ]

²⁶ Гражданский кодекс Российской Федерации Социалистической Федеративной Советской Республики (ГК РСФСР) [Civil Code of the Russian Socialists Federated Soviet Republic (GK RSFSR) of 11 June 1964]

²⁷ Основы гражданского законодательства Союза ССР и Республик от 31 мая 1991 г. № 2211-1 [Fundamental Principles of Civil Legislation of the USSR and Union Republics of 31 May 1991 No. 2211-1]

relevance.²⁸ International IP agreements of Russia will be discussed in more detail in the next chapter of this work.

Note that according to article 15(4) of Russian Constitution, “the universally-recognized norms of international law and international treaties and agreements of the Russian Federation shall be a component part of its legal system”, Moreover, “if an international treaty or agreement of the Russian Federation fixes other rules than those envisaged by law, the rules of the international agreement shall be applied”. This constitutional provision stipulates the rule of *primacy of international legal norms over domestic legal norms* and thus places international IP treaties over Russia’s IP laws.

²⁸ Butler *supra* note 9, p. 413.

3 Russian Intellectual Property Rights Legislation as Viewed Through Its Historical Development

3.1 Author's Rights and Neighbouring Rights

Peculiarities of Russian historical development affected in a great extent development of Russian author's rights. More specifically, until the end of the eighteenth century there were no private printing houses in Russia and book publishing industry were practically a state monopoly. Thereafter lack of competition between printing houses prevented appearance of author's rights.²⁹ The first legal norms regulating author's rights emerged in 1828 as a part of the Statute on Censorship and applied only to literary works.³⁰ During the nineteenth century development of Russian author's rights legislation were going towards Western European standards.³¹ Though the Statute on Author's Right adopted in 1911 provided for lower level of protection compared to the 1886 Berne Convention for the Protection of Literary and Artistic Works,³² it was a great step forward.

After the 1917 October Revolution, all civil legislation of the Russian Empire including author's rights lost force. First years of the Soviet governance were the real decline of the author's rights protection:³³ the Soviet state authorities practically intended to establish a state monopoly over the author's rights of certain writers.³⁴ According to new regulations adopted during 1918-1919, all scientific, literary, music and artistic works were declared state property; inheritance of rights was not recognized under the law.

This situation improved slightly after 1928 with the enactment of the Fundamental Principles of Author's right Protection and Law of the RSFSR on Author's right.³⁵ The new law acknowledged the exclusive rights of

²⁹ Sergeev *supra* note 6, p. 38.

³⁰ Sergeev *supra* note 6, p. 39.

³¹ *Ibid.*

³² Berne Convention for the Protection of Literary and Artistic Works (of September 9, 1886, completed at Paris on 4 May 1896, revised at Berlin on 13 November 1908, completed at Berne on 20 March 1914, revised at Rome on 2 June 1928, at Brussels on 26 June 1948, at Stockholm on 14 July 1967, and at Paris on 24 July 1971, and amended on 28 September 1979).

³³ *Ibid.*

³⁴ Butler *supra* note 9, p. 398-399.

³⁵ *Ibid.*

authors on their creations and inheritance of the author's right; using of works protected by author's rights was allowed only under an agreement with the author. Nevertheless, the protection provided by the new legislation was far behind the Berne Convention standards. For instance, the law provided for a great amount of exceptions from the author's exclusive rights (free use of protected works); compulsory buyout of rights was established; provisions of agreements with authors on use of the published works were strictly governed by the law; the duration of the author's right protection was only 15 years after the author's death, etc.

In the beginning of the 1960s during the codification of the legislation, the author's right laws were incorporated into the 1961 FPCL of the USSR and Union Republics. The codification was followed by some improvements of author's right protection standards.

In 1973 the USSR joined the 1952 Universal Copyright Convention³⁶ which involved more significant changes in the level of the protection, such as the extension of the author's right duration to 25 years after the author's death, the expansion of a number of persons who could own author's rights, etc.

The low level of protection of author's rights in the Soviet Union did not allow it to join the Berne Convention. However, since the end of 1970s specialists in author's rights were working on further improvement of the soviet author's rights legislation towards bringing it into compliance with provision of the Berne Convention.³⁷ It resulted in the enactment of the 1991 FPCL, which included the chapter about author's rights protection. The new law excluded different kinds of free use of the protected work, expanded the subject-matter of author's rights protection and extended the author's rights duration to 50 years after the author's death. Besides, the 1991 FPCL was the first legal act that introduced the protection of "neighbouring rights" in Russia.³⁸ The new legislation came into force in 1992, after the collapse of the Soviet Union in 1991. However, it was soon replaced by the 1993 Law on Author's Right and Neighbouring Rights.³⁹ In 1995 Russia has finally joined the Berne Convention and the 1971 Paris Protocol of the Universal Copyright Convention.

The 1993 Author's Right Law was elaborated along with global reformation of the entire legal framework in Russia after the dissolution of the Soviet Union. The law was revised twice, in 1995 and in 2004. The last revision on 2004 was the most notable because it brought the Author's right Law into the full correspondence with the Berne Convention. Among other provisions, it introduced the right to communicate to the public through

³⁶ Universal Copyright Convention signed at Geneva on 6 September 1952 (as revised at Paris on 24 July 1971). However, The USSR did not accede the 1971 Paris Protocol.

³⁷ Sergeev *supra* note 6, p. 39.

³⁸ *Ibid.*

³⁹ Закон Российской Федерации «Об Авторском праве и смежных правах» от 9 июля 1993 г. № 5351-1 (с посл. изм. от 20.07.2004 Фед. закон № 72-ФЗ) [Law of the Russian Federation on Author's Right and Neighbouring Rights] of 9 July 1993 No. 5351-1 (as last amended by Federal Law 20 July 2004 No. 72-FZ]

online access (Internet) and extended duration of author's right protection up to 70 years after the author's death.

Before entrance of part four of the Civil Code into force, the 1993 Author's Right Law was the main source of the author's rights legislation in Russia and the highest enactment in the hierarchy of laws regulating the author's rights.⁴⁰ Computer programs and databases, although treated as works of literature, and databases, as collections, were protected separately by the 1992 Law on Legal Protection of Computer Programs and Data Bases.⁴¹

A number of other laws currently contain norms that are relevant to the author's rights. Among them are the 1991 Law on Mass Media⁴², which contains provisions on issuance of mass media products, the procedure for their dissemination, conditions for the use of author's letters and works. The 1995 Law on Architectural Activity in the Russian Federation⁴³ contains rules on author's right with relation to works of architecture.⁴⁴

On the international level of the author's rights and the neighbouring rights protection Russia acceded to the 1886 Berne Convention (as amended in 1971); the 1952 Universal Copyright Convention (as amended in 1971), the 1961 Rome Convention,⁴⁵ and the 1971 Phonograms Convention.⁴⁶

3.2 Patents

The primary origin and development of the patent legislation in Russia took almost the same route as most of the European countries.⁴⁷ The first patent law was adopted in 1812; prior to this was a long period of granting a variety of special privileges to individual entrepreneurs.⁴⁸ By 1896 the Russian patent legislation was quite well developed and provided for the

⁴⁰ Butler *supra* note 9, p. 400.

⁴¹ Закон Российской Федерации «О правовой охране программ для электронных вычислительных машин и баз данных» от 23 сентября 1992 г. № 3523-1 (с посл. изм. от 02.02.2006 Фед. закон № 19-ФЗ) [Law of the Russian Federation on Legal Protection of Computer Programs and Data Bases of 23 Sept. 1992 No. 3523-1 (as last amended by Federal Law of 2 Feb. 2006 No. 19-FZ)]

⁴² Закон Российской Федерации «О средствах массовой информации» от 27 декабря 1991 г. No. 2124-1 (с посл. изм. от 24.07.2007 Фед. закон № 211-ФЗ) [The Law of the Russian Federation on the Mass Media of 27 Dec. 1991 No. 2124-1 (as last amended by Federal Law of 24 July 2007 No. 211-FZ)]

⁴³ Федеральный Закон Российской Федерации «Об архитектурной деятельности в Российской Федерации» от 17 ноября 1995 г. № 169-ФЗ (с посл. изм. от 18.12.2006 Фед. закон № 232-ФЗ) [Federal Law of the Russian Federation on Architectural Activity in the Russian Federation of 17 Nov. 1995 No. 169-FZ (as last amended by Federal law of 18 Dec. 2006 No. 232-FZ)]

⁴⁴ Butler *supra* note 9, p. 402.

⁴⁵ Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations. Done at Rome on October 26, 1961.

⁴⁶ Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms of October 29, 1971.

⁴⁷ Sergeev *supra* note 6, p. 51

⁴⁸ Butler *supra* note 9, p. 403.

preliminary examination of inventions, obligation of the owner of the privilege to use the invention, the concept of novelty, and the protection of industrial designs.

During the first years of the Soviet regime, the old patent law formally remained in force, though it was practically impossible to apply in practise. In 1919 all the old laws were abolished, and the patent system of protection of inventions was eliminated.⁴⁹ The new legislation adopted by the Soviet government provided for the right of the state to expropriate rights on inventions, which were declared “useful”. Owners of such inventions were receiving the so-called “author’s certificate”, which guaranteed to authors recognition and protection of their rights of authorship and remuneration. The remuneration was extremely small, and most inventors preferred not to seek protection at all, rather than risk nationalisation of their inventions.⁵⁰

The necessity of rehabilitation of the economy destroyed by the First World War and by the Civil War brought the so-called New Economic Policy (NEP), which was characterized by the restoration of elements of a free-market economy in Soviet Russia. The short period of NEP (from 1921 until the early 1930s) was also the period of the restoration of the civilised protection of inventions and industrial designs in Russia. Among other things the protection of inventions under patents was restored with duration for 15 years, and patents granted before the Revolution were renewed. According to experts, the new Patent Law and Government Decree on Industrial Designs both of 1924 were adequate to the standards of Western European laws.⁵¹

By shutting down the NEP in 1931, the 1924 Patent Law was replaced with the Statute on Inventions and Technical Improvements, which restored the author’s certificate as the main title of inventions protection. Formally, the patent as a title of protection and rights granted to the author by the patent remained in the Soviet legislation, but the absence of private enterprises and some legislative provisions made it unlikely to have any practical value.⁵²

The legislation on industrial designs was abolished without replacement, industrial designs protection was provided under the author’s rights legislation a design, or as a “technical improvement” under the Statute on Inventions and Technical Improvements.

In whole, regardless the general low level of protection, the Soviet industrial property legislation was considered satisfactory, which allowed the Soviet Union to join the 1883 Paris Convention for the Protection of Industrial Property⁵³ in 1965. In this connection and at the same time the protection of

⁴⁹ Sergeev *supra* note 6. p. 51.

⁵⁰ Butler *supra* note 9, p. 404.

⁵¹ Sergeev *supra* note 6. p. 52

⁵² Butler *supra* note 9, p. 404.

⁵³ Paris Convention for the Protection of Industrial Property (of 20 March 1883, as revised at Brussels on 14 December 1900, at Washington on 2 June 1911, at The Hague on 6

industrial designs as a separate subject matter of the protection was restored in Russia.

Discussions about the necessity for reformation of the Russian inventions legislation started in the early 1980s and that was followed by *perestroika* resulted in adoption of the new market-oriented legislation in 1991.⁵⁴ It was the Law on Inventions in the USSR, the Law on Industrial Designs and the Statute on Patent Attorneys.⁵⁵ Unfortunately, the collapse of the Soviet Union in 1991 disabled implementation of these laws, as they contradicted several new laws of the Russian Federation, including those on taxation, enterprises, and investments.⁵⁶

In September 1992, the Patent Law of the Russian Federation⁵⁷ was enacted, covering inventions, industrial designs and utility models (80 per cent of the rules provided by the Law are common to all three types of industrial property).⁵⁸ As all other IP laws of the post-Soviet period, the new Patent Law was prepared hastily in the state of the legislative crisis. Together with the lack of an adequate experience in the field of industrial property protection, it resulted in a number of shortcomings of the new law. Specifically, the Patent Law did not provide for adequate protection of industrial designs and utility models, since the text of the law contained a lot of deficiencies and contradictions. The detailed revision of the Patent Law in 2003 eliminated many of these faults.

Until the entrance of part four of the Civil Code into force, the 1992 Patent Law was the main source of patent legislation in Russia. Other legal acts currently providing for patents regulations are the 1993 Regulations on Tariffs,⁵⁹ the 2004 Regulations on the Federal Service for Intellectual Property, Patents and Trademarks (Rospatent),⁶⁰ and the 2005 Statute on the

November 1925, at London on 2 June 1934, at Lisbon on 31 October 1958, and at Stockholm on 14 July 1967, and as amended on 28 September 1979).

⁵⁴ Sergeev *supra* note 6, p. 55.

⁵⁵ Sergeev *supra* note 6, p. 54.

⁵⁶ Sergeev *supra* note 6, p. 55; Butler *supra* note 9, p. 405.

⁵⁷ Патентный Закон Российской Федерации от 23 сентября 1992 г. № 3517-1 (с посл. изм. 02.02.2006 Фед. закон № 19-ФЗ) [Patent Law of the Russian Federation of 23 Sept. 1992 No. 3517-1 (as last amended by Federal Law of 2 Feb. 2006 No. 19-FZ)]

⁵⁸ Butler *supra* note 9, p. 405.

⁵⁹ Положение «О пошлинах за патентование изобретений, полезных моделей, промышленных образцов, регистрацию товарных знаков, знаков обслуживания, наименований мест происхождения товаров, предоставление права пользования наименованиями мест происхождения», утвержденное постановлением Правительства РФ от 12 августа 1993 г. № 793 (в посл. ред. постановлений Правительства РФ от 26.11.2004 № 688) [Regulations on Tariffs for Patenting of Inventions, Utility Models and Industrial Designs, Registration of Trademarks, Service Marks, Appellations of Origin and Granting Right to Use Appellations of Origin adopted by the Decree of the Government of the RF of 12 Aug. 1993 No. 793 (as last amended by the Decree of the Government of the RF of 26 Nov. 2004 No. 688).

⁶⁰ Положение «О Федеральной службе по интеллектуальной собственности, патентам и товарным знакам», утвержденное постановление Правительства РФ от 19 июня 2004 г. № 299 (с изм. от 22 апреля 2005 г. пост. Прав. РФ № 247) [Regulations on the Federal Service for Intellectual Property, Patents and Trademarks, adopted by the Decree of

Federal Institute for Industrial Property (FIPS).⁶¹ Rospatent and subordinate to it FIPS are the state enterprises responsible for all matters of protection of industrial property in Russia. Legal acts adopted by Rospatent also constitute sources of Russia's patent law.

On the international level with respect to patents, Russia is a party to the 1883 Paris Convention, the 1970 Patent Cooperation Treaty,⁶² and the 1994 Eurasian Patent Convention.⁶³

3.3 Means of Individualisation

Historically in Russian law, a number of industrial property objects were given the name "means of individualisation". Means of individualisation are divided into means of individualisation of goods and services, and means of individualisation of participants of the civil turnover. The first sub-division of means of individualisation of goods and services contains trademarks, service marks and names of places of origin (geographical) of goods; the second sub-division consists of firm names and commercial designations.⁶⁴ However, all the aforesaid industrial property objects are closely interrelated.

3.3.1 Trademarks, Service Marks and Appellations of Origin of Goods

The early development of the Russian trademarks legislation is not very different from the Western countries. At first, it was the legislation on branding of goods. The first Russian trademark law was adopted in 1896, and it was considered rather progressive for that time.⁶⁵ The law established the right to affix a trademark on the basis of registering it with the Ministry of Trade and Industry. The protection period was from one to ten years, and the exclusive right to the trademark could be assigned only if the enterprise itself were sold or released.⁶⁶

the Government of the RF of 19 June 2004 No. 299 (as amended by the Decree of the Government of the RF of 22 Apr. 2005 No. 247)]

⁶¹ Устав Федерального государственного учреждения «Федеральный институт промышленной собственности Федеральной службы по интеллектуальной собственности, патентам и товарным знакам» (ФГУ ФИПС). Утвержден приказом Федеральной службы по интеллектуальной собственности, патентам и товарным знакам от 21 февраля 2005 г. № 29 [Statute on the Federal Institute for Industrial Property of the Federal Service for Intellectual Property, Patents and Trademarks (FGU FIPS), adopted by the Decree of the Federal Institute for Industrial Property of Federal Service for Intellectual Property, Patents and Trademarks of 21 Feb. 2005 No. 29]

⁶² Patent Cooperation Treaty. Done at Washington on 19 June 1970, amended on 28 September 1979, modified on 3 February 1984, and 3 October 2001 (as in force from 1 April 2002)

⁶³ Eurasian Patent Convention. Signed at Moscow on 9 September 1994.

⁶⁴ Gorodov, *supra* note 12.

⁶⁵ Gorodov, *supra* note 12, p. 9.

⁶⁶ Butler, *supra* note, p. 408.

During the Soviet period the trademark legislation was not dramatically affected by the Soviet ideology compared to the patent or author's rights legislation. Adopted by the Soviet government during 1922-1926 new regulations on trademarks were market-oriented, influenced by the NEP and mainly based on provisions of the law of 1896.

A number of further revisions of the Russian trademark legislation improved the trademark protection. In 1962 the legal protection of service marks was introduced. A number of significant changes aimed at the modernization of the trademark legislation were inserted in 1974 after Russia joined the Paris Convention and the 1957 Nice Agreement.⁶⁷

In 1991 the new Law on Trademarks and Service Marks was enacted. The new law was elaborated with due consideration of other countries experience and provisions of international treaties, as a result it provided for adequate standard of legal protection of trademarks and service marks.⁶⁸ However, because of the dissolution of the Soviet Union the new law never entered into force. Instead the new Russian Federation law on trademarks was enacted in 1992.

The 1992 Law on Trademarks, Service Marks and Appellations of Origin of Goods⁶⁹ introduced for the first time the protection of appellations of origin of goods, which did not enjoy a separate protection before.⁷⁰ The Law was revised in 2002; the revision brought the law in compliance with a number of provisions of international agreements. Until the entrance of part four of the Civil Code into force, the 1992 Trademark Law was the main source of regulation on trademarks, service marks and appellations of origin of goods.

On the international level with respect to trademarks, Russia is a party to the 1883 Paris Convention, the 1891 Madrid Agreement Concerning the International Registration of Marks⁷¹ and the 1989 Protocol Related to the Madrid Agreement,⁷² the 1957 Nice Agreement and the 1994 Trademark Law Treaty (TLT).⁷³

⁶⁷ Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised at Stockholm on 14 July 1967, and at Geneva on 13 May 1977, and amended on 28 September 1979.

⁶⁸ Sergeev, *supra* note 6, p. 58.

⁶⁹ Закон Российской Федерации «О товарных знаках, знаках обслуживания и наименованиях мест происхождения товаров» от 23 сентября 1992 г. № 3520-1 (с посл. изм. от 24.12.2002 № 176-ФЗ) [Law of the Russian Federation On Trademarks, Service Marks and Appellations of Origin of Goods of 23 Sept. 1992 No. 3520-1 (as last amended by Federal Law of 24 Dec. 2002 No. 176-FZ)]

⁷⁰ Sergeev, *supra* note 6, p. 58.

⁷¹ Madrid Agreement Concerning the International Registration of Marks of 14 April 1891, as revised at Brussels on 14 December 1900, at Washington on 2 June 1911, at the Hague on 6 November 1925, at London on 2 June 1934, at Nice on 15 June 1957, and at Stockholm on 14 July 1967, and as amended on 28 September 1979.

⁷² Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks adopted at Madrid on 27 June 1989, and amended on 3 October 2006.

⁷³ Trademark Law Treaty (TLT) adopted at Geneva on 27 October 1994.

3.3.2 Firm Names and Commercial Designations

There were no rules regarding firm names in Russian legislation either before the 1917 October Revolution, or during the first years of Soviet regime. A number of legislative acts contained some references to the “firm” without a definition but with recognition that for legal purposes a name of an economic entity must be registered and might be transferred by way of inheritance, legal succession, or contract.⁷⁴

Some provisions about firm names were part of the trademark regulation of 1922. The first law regulating grounds and procedure for acquiring rights to a firm name was the 1927 Statute on the Firm. But having been adopted on the eve of the transition to the Planned Economy, this law hardly ever played a significant role in economic life of the country.⁷⁵ Further Soviet legislation did not provide for any development of firm names provisions.⁷⁶ The 1964 Civil Code of the RSFSR stipulated that rights and obligations of business enterprises with regard to the firm name shall be regulated by separate laws. However, no such laws were adopted.

Later on, in the beginning of the 1990s, some separate provisions for firm names appeared in a number of laws regulating banking operations, business activity and some others laws.⁷⁷ Also in 1990 Russian legislation began to acknowledge that the firm name of a juridical person or individual entrepreneur falls within the concept of intellectual property.⁷⁸

No specialized law for regulation of firm names was adopted in Russia up to the enactment of part four of the Civil Code. Part one of the Code⁷⁹ adopted in 1994 contains a number of general provisions on firm names (article 54(4), specifies firm name requirements for different types of commercial organizations (articles 69, 82, 87, 95, 96 and some others), and prior the entrance of part four into force stipulated that firm names fell within intellectual property (cancelled article 138). Part two of the Code⁸⁰ that was adopted in 1995 and that deals with particular kinds of civil obligations, also contains a number of the firm name provisions.

In addition, the 1927 Statute on the Firm is still in force in Russia. Though many of its provisions are contradicted by norms of modern legislation, the

⁷⁴ Butler, *supra* note 9, p. 408.

⁷⁵ *Ibid.*

⁷⁶ Gorodov, *supra* note 12, p. 12.

⁷⁷ *Ibid.*

⁷⁸ Butler, *supra* note 9, p. 407.

⁷⁹ Гражданский кодекс Российской Федерации (ГК РФ) Часть 1 от 30.11.1994 № 51-ФЗ [Civil Code of the Russian Federation (GK RF) Part 1 of 30 Nov. 1994 No. 51-FZ]

⁸⁰ Гражданский кодекс Российской Федерации (ГК РФ) Часть 2 от 26.01.1996 № 14-ФЗ [Civil Code of the Russian Federation (GK RF) Part 2 of 26 Jan. 1996 No. 14-FZ]

Statute is regarded by many Russian jurists as applicable to certain issues of the firm name.⁸¹ Besides, the Statute never was abolished officially.⁸²

The situation with commercial designations before the adoption of part four was very complicated. This IP object introduced by article 2 of the WIPO Convention was represented obscurely in Russian legislation. Commercial designations appear in part two of the Civil Code, in chapter 54 that is dedicated to commercial concession. However, the legislators did not go further than simple reference to a commercial designation as one of the means of individualisation.⁸³ Russian legislation provided neither for any legal definition of the commercial designation, nor for the content of the exclusive rights to it. Absence of legal regulation with regard to commercial designations makes it possible to conclude that there were no rights to use it either.⁸⁴

* * *

Legal norms on regulation of means of individualisation are also contained in the 2006 Law on Protection of Competition⁸⁵ (article 14) and the 2006 Advertising Law⁸⁶ (articles 5 and 10). Subordinate laws, such as government regulations and acts adopted by Rospatent are also important sources of law on means of individualisation. In particular, the significant meaning for regulation of means of individualisation has the above-mentioned Tariffs Regulations.

Besides of the above-mentioned international treaties regarding means of individualisation, Russia is a participant of the 1967 WIPO Convention⁸⁷ and the 1981 Nairobi Treaty on the Protection of the Olympic Symbol.⁸⁸

3.4 Other Intellectual Property Objects

Russian legislation covers a number of IP objects that the Russian legal doctrine refers neither to the author's rights nor to the industrial property. They are called in the literature "non-traditional IP objects". These are *trade*

⁸¹ Butler, *supra* note 9, p. 408.

⁸² Sergeev, *supra* note 6, p. 100.

⁸³ Gorodov, *supra* note 12, p. 37.

⁸⁴ *Ibid.*, p. 38

⁸⁵ Федеральный закон Российской Федерации «О защите конкуренции» от 26 июля 2006 г. № 135-ФЗ (с изм. от 01.12.2007 Фед. закон № 318-ФЗ) [Federal Law of the Russian Federation on Protection of Competition of 26 Jul. 2006 No. 135-FZ (as amended by Federal Law of 1 Dec. 2007 No. 318-FZ)]

⁸⁶ Федеральный закон Российской Федерации «О рекламе» от 13 марта 2006 г. № 38-ФЗ (с посл. изм. от 01.12.2007 № 310-ФЗ) [Federal Law of the Russian Federation on Advertising of Mar. 13, 2006 No. 38-FZ (as last amended by Federal Law of 1 Dec. 2007 No. 310-FZ)]

⁸⁷ Convention Establishing the World Intellectual Property Organization (signed at Stockholm on 14 July 1967 and as amended on 28 September 1979).

⁸⁸ Convention Establishing the World Intellectual Property Organization (signed at Stockholm on 14 July 1967 and as amended on 28 September 1979).

secrets, topologies of integral microcircuits and agricultural selection achievements.

Due to the state-controlled economy that prevailed in Russia during almost the whole twentieth century, the *trade secret* legislation practically was not developed.⁸⁹ The first time when the right to own a trade secret was introduced in Russian legislation was the 1990 Law on Enterprises in the USSR. The 1990 Law on Ownership in the USSR mentioned trade secrets as an IP object.

Nowadays apart from certain provisions of the Civil Code, the Labour Code,⁹⁰ the 1990 Law on Banks and Banking Activity⁹¹ and some other laws, trade secrets are protected by the 2004 Law on Commercial Secrets.⁹²

The history of development of legislation on *topologies of integral microcircuits* in Russia is the shortest.⁹³ The Soviet Union participated in drafting of the Treaty concerning protection of integrated circuits (Washington Treaty),⁹⁴ which was signed in 1989 but has not entered into force. However, the first domestic law protecting topologies of integral microcircuits, the Law on Legal Protection of Topologies of Integral Microcircuits,⁹⁵ was enacted only in 1992 after the break up of the Soviet Union. Since such topologies are regarded as an autonomous IP object, distinct from objects protected by the author's rights or the patent legislation, the Law incorporates rules regulating all types of civil and other relations.⁹⁶

Protection of certain *agricultural selection achievements* in Russia was first introduced in 1937 by the government decree on Measures Relating to the Further Improvement of Seeds of Grain Crops. From 1941, new plant varieties started being protected by rules of the law on inventions under the Statute on Inventions and Technical Improvements of 1941.

⁸⁹ Sergeev, *supra* note 6, p. 61-62.

⁹⁰ Трудовой Кодекс Российской Федерации от 30 декабря 2001 г. № 197-ФЗ [Labour Code of the Russian Federation of 30 Dec. 2001 No. 197-FZ]

⁹¹ Федеральный Закон Российской Федерации «О банках и банковской деятельности» от 02 декабря 1990 № 395-1 (с посл. изм. от 02.11.2007 Фед. закон № 248-ФЗ) [Federal Law of the Russian Federation on Banks and Banking Activity of 2 Dec. 1990 No. 395-1 (as last amended by Federal Law of 2 Nov. 2007 No. 144-FZ)]

⁹² Федеральный закон Российской Федерации «О коммерческой тайне» от 29 июля 2004 г. № 98-ФЗ (с посл. изм. от 24.07.2007 Фед. закон № 214-ФЗ) [Law of the Russian Federation on Commercial Secrets of 29 Jul. 2004 No. 98-FZ (as last amended by Federal Law of Jul. 24 2007 No. 214-FZ)]

⁹³ Sergeev, *supra* note 6, p. 61-62.

⁹⁴ Treaty on Intellectual Property in Respect of Integrated Circuits (done at Washington, D.C., on 26 May 1989)

⁹⁵ Закон Российской Федерации «О правовой охране топологий интегральных микросхем» от 23 сентября 1992 г. № 3526-1 (с посл. изм. от 02.02.2006 Фед. закон № 19-ФЗ [Law of the Russian Federation on Legal protection of Topologies of Integral Microcircuits of 23 Sept. 1992 No. 3526-1 (as last amended by Federal Law of Feb. 2, 2006 No. 19-FZ)]

⁹⁶ Butler, *supra* note 9, p. 411.

Later Soviet legislation on agricultural selection achievements expanded the subject matter towards more plant varieties and animal breeds.⁹⁷ Besides, selection achievements were merged with inventions. Nevertheless, during the post-Soviet period, legislators chose the alternative pathway and excluded plant varieties and animal breeds from the inventions legislation. Until the entrance of part four of the Civil Code into force, agricultural selection achievements were protected in Russia by the 1993 Law on Selection Achievements.⁹⁸

3.5 Problems of Intellectual Property Rights Protection in Russia

The above historical overview indicates two main characteristics of Russian IPR legislation prior to the adoption of part four of the Civil Code. First, this legislation has been developed urgently in the state of the crisis of legislative and economic systems in the country. Second, because of the lack of Russian IPR traditions and experience, most of the Russian IP laws of the post-Soviet period were based on traditions and standards developed by the international community and other countries. For example, the structure and the most of provisions of the 1993 Author's Right Law are based on the 1976 Tunis Model Law on Copyright for Developing Countries. This model law elaborated by IP experts from different countries with assistance of the WIPO and UNESCO provides for high level of protection of literary and artistic works. At the same time, this model law is not free from the certain faults, most of which were simply copied by the drafters of the 1993 Author's Right Law.⁹⁹

Therefore, it is not surprising that most of the IP laws adopted right after the Soviet Union collapse in 1992-1993 were later revised in accordance with gained practical experience of their implementation and international standards. As a result, legal experts and international community recognize the current Russian legal framework on IPR as providing for adequate level of protection and meeting the accepted standards.¹⁰⁰ However, actions taken by the Russian government focusing on legal reforms are meaningless without actual enforcement of legislative provisions.¹⁰¹ The enforcement problem in Russia requires the highest attention of authorities and concrete actions.¹⁰²

⁹⁷ Sergeev, *supra* note 6, p. 63.

⁹⁸ Закон Российской Федерации «О селекционных достижениях» от 06 августа 1993 № 5605-1 [Law of the Russian Federation on Selection Achievements of 6 Aug. 1993 No. 5605-1]

⁹⁹ Sergeev, *supra* note 6, pp. 66-67.

¹⁰⁰ Katz, Ocheltree, *supra* note 2, p.3.

¹⁰¹ 2005 Special 301 Report, Russian Federation, International Intellectual Property Alliance, p. 13 <www.iipa.com/rbc/2005/2005SPEC301RUSSIA.pdf>, visited 21 December 2007.

¹⁰² Katz, Ocheltree, *supra* note 2.

Russia's biggest enforcement failure is the extremely high rate of intellectual property rights infringements. According to official statistic provided by Rospatent, the whole turnover of counterfeited goods in Russia including consumer goods costs 80-100 billion Russian rubles (about 3,2-4 billion US dollars).¹⁰³ The rate of IPR infringements is estimated at 80-95 per cent for different IP branches. Only in China where the rate of video piracy is 98 per cent, the rate of IPR infringements is higher than in Russia¹⁰⁴

According to the Resolution of the Plenum of Supreme Court of the Russian Federation, the most frequent infringements of IPR in Russia are connected to production of counterfeited copies of works and phonograms and the illegal sale of those.¹⁰⁵ More specifically, there are between 45 and 52 optical disk plants operating in Russia with production capacity of more than 450 million discs.¹⁰⁶ Pirated optical disks are sold openly on markets located in big cities, mostly in Moscow and Saint Petersburg.¹⁰⁷ The biggest and the most famous is the Gorbushka market in Moscow that sells huge amounts of not only goods protected by author's right, but different kinds of counterfeited technical and electronic goods. Apart from the physical market, Russia is home to some of the most well-known and widely used pirate web resources in the world, namely mp3search.ru and allofmp3.com.¹⁰⁸

However, a more serious issue of the Russian market of counterfeited goods is food products and medical drugs. The most common counterfeited food products are canned goods, sausages, coffee, tea, vegetable oil and butter. A special matter is counterfeiting of alcoholic beverages, particularly vodka. The turnover of counterfeited food products and alcoholic beverages in Russia is evaluated at 65 per cent of the whole counterfeited goods turnover.¹⁰⁹ About 30 000 people die annually in Russia because of drinking counterfeited poor quality alcoholic beverages.¹¹⁰ The "black market" of

¹⁰³ Что подделывают чаще всего в России? *Российская Газета – Федеральный выпуск №3673 от 14 января 2005 г.* [What are the Most Common Counterfeited Goods in Russia? *Rossiiskaya Gazeta No. 3673 (14 January 2005)*], <www.rg.ru/2005/01/14/poddelki.html> visited 21 December 2007.

¹⁰⁴ И.А. Блинец, Б.Д. Завидов, 'Правовые проблемы совершенствования законодательства об интеллектуальной собственности и необходимости ее защиты', *Подготовлен для системы КонсультантПлюс 01.10.2006*, стр. 2-4 [I.A. Bliznets., B.D. Zavidov, 'Problems of Improvements of Intellectual Property Legal Framework and Necessity to Protect Intellectual Property', *Prepared for ConsultantPlus on 1 October 2006*. pp. 2-4.]

¹⁰⁵ Постановление Пленума Верховного Суда Российской Федерации от 19 июня 2006 г. N 15 «О вопросах, возникших у судов при рассмотрении гражданских дел, связанных с применением законодательства об авторском праве и смежных правах», преамбула, абзац 3. [Resolution of the Plenum of the Supreme Court of the Russian Federation of 19 June 2006 No.15 on Problems with Implementation of Author's right and Neighbouring Rights Legislation in Litigation], preamble, para.3.

¹⁰⁶ Katz, Ocheltree, *supra* note 2, p. 9.

¹⁰⁷ *Ibid.*

¹⁰⁸ *Ibid.*, p. 7.

¹⁰⁹ *Supra* note 103.

¹¹⁰ *Supra* note 101.

counterfeited medical drugs is evaluated at 250-300 millions of dollars, and 67 per cent of them are produced in Russia.¹¹¹ The most common are antibiotics, analgesics, drugs for treatment of gastroenteric and cardio diseases, nervous and endocrine breakdown diseases. Apart from material losses, counterfeiting of alcoholic beverages and medical drugs cause a real harm to the national health and *violations of fundamental human rights*: the right to health and the right to food.

According to article 25(1) of the Universal Declaration of Human Rights (UDHR) and article 11 of the ICESCR, everyone has the fundamental right to adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. The basic necessities of an individual are food, clothing and housing, but an adequate standard of living requires more.¹¹² For instance, the right to adequate food implies the availability of food in quantity and quality, which is sufficient to satisfy the dietary needs of individuals. The food has to be free from adverse substances, which requires certain measures in the field of safety, hygiene and environmental protection.¹¹³

The same article 25 of the UDHR and article 12 of the ICESCR guarantees to everyone the right to the enjoyment of the highest attainable standard of physical and mental health. Note that the right to health is not the “right to be healthy”. States can not guarantee good health, but they should create certain basic conditions under which the health of the individual is protected and possibly even enhanced.¹¹⁴ One of the elements of the right to health is health care, which implies a guarantee of a number of essential basic health services. Among others, these services include appropriate treatment of common diseases and injuries, and provision of essential drugs.¹¹⁵

Most of counterfeited food products and medical drugs are of a low quality and do not comply with the relevant accepted quality standards. Selling these goods under well-known and recognized brands, the producers of counterfeiting goods mislead customers. By buying these goods, people are not aware that they risk their health and safety. These issues fundamentally contradict the task of the state to secure human rights, namely the right to food and the right to health.

Violations of intellectual property rights cause serious concern of foreign states, which markets and economy are getting affected by Russia’s intellectual piracy. This is a key issue as viewed from the Russia’s continuous work on the World Trade Organization (WTO) accession, as the latter depends on bilateral agreements with other states – members of the WTO. For instance, according to data provided by the International

¹¹¹ *Ibid.*

¹¹² A. Eide, *et al*, *Economic, Social and Cultural Rights. A Textbook*. (2nd rev. edn., Kluwer Law International, The Hague, 2001) p. 133.

¹¹³ *Ibid.*, p.134

¹¹⁴ *Ibid.*, pp. 173-174

¹¹⁵ *Ibid.*, pp. 174-177

Intellectual Property Alliance (IIPA), a coalition of associations representing the United States copyright-based industries, infringements of IPR in Russia cost the United States industries more than eight billion dollars since 2000.¹¹⁶

An important factor of Russia's intellectual piracy problem is the lack of an effective governmental mechanism of IPR infringements control, and, therefore, lack of full and effective piracy rate monitoring which implies the absence of a concept and methods of efficient counteracting IPR infringements.¹¹⁷ In distinction from other countries such as the United States, Germany and Sweden, Russia did not have any state body dealing solely with piracy until 2002. Some piracy counteracting actions were performing by social organizations such as Russian Authors Society, Russian Anti-Piracy Organization, Russian Society for Performers' Rights Protection, International Federation of the Phonographic Industry (IFPI), Russian Organization on Collective Management of Rights of Authors and Other Rightholders in Multimedia, Digital & Visual Arts (ROMS) and some others. It is obvious that working separately these organizations can not provide for adequate level of piracy control.¹¹⁸

In December 2002, the Government Commission for Counteracting Intellectual Property Infringements was created as the primary body charged with IPR enforcement efforts. It is, however, hard to speak about results of work of the Commission as no respective report is available in public access. In any case, it has been too short time for the Commission to organize an effective work on piracy control. Apparently, Russia's government addressed oneself to the problem of piracy too late.¹¹⁹

The next reason of the epidemic of piracy in Russia is the involvement of organized crime syndicates, which are attracted to piracy as an extremely profitable business. The latter is aggravated by the fact that legal penalties for IPR infringements are quite mild. Until April 2007, the highest penalty for IPR infringements stipulated by the Criminal Code was 5 years of imprisonment. The illegal use of the trademark was punished only by the monetary penalty. In April 2007, articles 146 and 180 of the Criminal Code dealing with IPR infringements were amended towards the increasing of the penalties up to maximum 6 years of imprisonment for infringements of author's rights and neighbouring rights as well as for unlawful use of a trademark. These amendments have significant importance as they change the degree of IP related criminal offences from the "middle" to the "grave" in accordance with the official classification. This fact has a big influence

¹¹⁶ Katz, Ocheltree, *supra* note 2, p. 3.

¹¹⁷ Bliznets, Zavidov, *supra* note 104, p. 16.

¹¹⁸ С.П. Гришаев, *Авторское право* (Система ГАРАНТ, 2005 г.) стр. 22 [S.P. Grishaev, *Athor's Right* (System GARANT, 2005) p. 22]; Bliznets, Zavidov, *supra* note 104, p. 10.

¹¹⁹ Bliznets, Zavidov, *supra* note 104, pp. 2-4.

on attitude of prosecutors and judges dealing with IP issues towards this kind of offence.¹²⁰

However, according to IIPA, further amendments to the Criminal Code and to the Code of Criminal Procedure may be needed to guarantee effective IPR protections. Police authorities should be allowed *ex officio* to commence and investigate certain IPR criminal cases. The prosecution of IP-related cases should be a “public” matter, meaning should not require a formal complaint from the rightholder, which is still necessary as a matter of practice.¹²¹ The same amendments should be inserted into the Custom Code, which fails to provide for *ex officio* enforcement authority. In case of discovering shipments or obviously infringing products customs officers should be able to act on their own authority without written application from the rightholder to suspend the release of suspect goods.¹²²

Certain faults of Russia’s IPR legislation, weak liability provisions and the lack of enforcement actions are main reasons of the sad plight of the IPR protection in Russia. In certain extent, these factors depend on obvious underestimation of the intellectual piracy problem by authorities and by society as a whole.¹²³ Until very recently state authorities showed too little of enforcement initiatives, besides the society demonstrated strong tendency to neglect the problem of counterfeiting.¹²⁴ As foreign specialists observe, there are “*cultural assumptions and a lack of awareness about intellectual property rights that dates back to the Soviet era*”.¹²⁵

¹²⁰ Bliznets, Zavidov, *supra* note 104, p. 16.

¹²¹ *Supra* note 101, p. 26.

¹²² *Ibid.*

¹²³ Bliznets, Zavidov, *supra* note, p. 15.

¹²⁴ *Ibid.*, pp. 2-4.

¹²⁵ Katz, Ocheltree, *supra* note 2, p. 4.

4 Intellectual Property Reform; Overview of Part Four of the Russian Civil Code

The intellectual property reform in Russia started on 18 December 2006,¹²⁶ when the President signed a new corpus of intellectual property laws into force – part four of the Russian Civil Code, which is made effective starting from 1 January 2008. The changes that the reform represents may be put into the two-level model: the first is the structural level of the reform, and the second is the substantial level.

The structural level of the reform implies changing of the two-level structure of the Russian IPR legislation (the Civil Code – the specialized laws). Instead of a number of separate laws dealing with different intellectual property objects, started from 1 January 2008 all intellectual property regulations in Russia are protected by one legislative act, namely, by the Civil Code.

Putting it in different words, the reform involves codification of all currently existent intellectual property legislation within one law. The idea of codification of IP laws is not unique. Many countries incorporated all or some of their IP laws in one document. Among these documents are the 1995 Industrial Property Code of Portugal, the 1979 Code of Intellectual Property of Sri Lanka, the 1992 Intellectual Property Code of France, the 1997 Intellectual Property Code of the Philippines and others. The significant characteristic of Russia's IP reform is that all IP laws are included into the Russian Civil Code. *Incorporation of IP legislation into a civil code is the unique solution and is not practised anywhere else in the World.*

All the practical changes in the IP regulation introduced by the reform constitutes the substantial level of the reform. The reform affected all IP branches in one extent or another. Some norms were not essentially amended, for example, trademarks and patents regulations. Author's rights and neighbouring rights were a subject to more significant changes. The reform also introduced some new issues previously unknown in Russian IP legislation.

Both the structural and the substantial levels of the reform will be discussed in the present chapter of this work. The overview of the Russian Civil Code and its role in the Russian legal system will be followed by the analysis of

¹²⁶ Федеральный Закон «О введении в действие четвертой части Гражданского кодекса Российской Федерации» от 18 декабря 2006 г. № 231-ФЗ [Federal Law on the Enactment of Part Four of the Civil Code of the Russian Federation No. 231-FZ of December 18, 2006]

part four of the Civil Code. Thereafter, the overview of the most significant substantial changes in the IPR regulation will be provided.

4.1 The Structural Level of the Reform: Codification of Intellectual Property Rights Legislation within the Civil Code

4.1.1 Place of the Civil Code in the Russian Legal System

Prior the adoption of part four, the Civil Code of the Russian Federation consisted of six sections combined into three parts: parts one and two comprise sections I-IV; part three,¹²⁷ sections V-VI. Section I and III are subdivided into subsections. Part one of the Code is dedicated to the most basic provisions of the civil law: section I, called “The General Provisions” defines concepts of the civil legislation, natural persons and legal entities, companies, partnerships, enterprises and deals; section II deals with the right of ownership; section III is dedicated to the law of obligation and general provisions on the contracts. Section IV of part two regulates particular kinds of obligations. Part three consists of section V and VI and is dedicated to the law of succession, and the international private law.

In the hierarchy of sources of Russian law, the Civil Code is merely a federal law amongst others and inferior to the 1993 Russian Constitution and to federal constitutional laws. However, the text of the Code contains several provisions intended to indicate its status as the primary and central source of civil law in Russia.¹²⁸ So, in accordance with article 3(2) of the Code, “the civil legislation shall be comprised of the present Code and of the federal laws., adopted in conformity with it... The norms of the civil legislation, contained in the other laws, shall correspond to the present Code.”

Reflecting the role of the Civil Code in regulation of market economy, it is sometimes referred to as the “constitution of the economy”. Nevertheless, the Code is not of an exhaustive nature, which is provided by the statement that “the civil legislation shall be comprised of the present Code and of the, federal laws...”, and expressly by some other provisions. Therefore, a number of articles dedicated to particular legal issues refer to specialized laws as the sources of more detailed legal regulation (*e.g.* articles 51, 65, 87, 96, 107, 113, 116 and others). This provision is significantly important as it

¹²⁷ Гражданский кодекс Российской Федерации (ГК РФ) Часть 3 от 26.11.2001 № 146-ФЗ [Civil Code of the Russian Federation (GK RF) Part 3 of 26 Nov. 2001 No. 146-FZ]

¹²⁸ Butler, *supra* note. 9, p. 362.

reflects the fundamental nature and generality of rules of the Civil Code, and its central place in the Russian civil law system.¹²⁹

The provision of supremacy also addresses to legislators of future legal acts with an appeal to respect the symmetry, unity, and cohesiveness of the civil law system.¹³⁰ Besides this provision reflects the fact, that though the Civil Code is the primary source in the civil law system, it is not the only one. Apart from the norms of the Code, civil law is regulated by norms of family law, administrative law, land and forest law, natural resources and environmental law, and by various legal acts of the complex nature.

Russian legislators started to prepare the current Civil Code in 1992. The preparation of a new civil code was conducted along with the whole bulk of new laws, including those on intellectual property mentioned above, in the framework of the transition to a market economy. Part one entered into force on 1 January 1995; part two entered into force on 1 March 1996; and part three entered into force on 1 March 2002. At the same time, relevant IPR provisions of the 1991 FPCL and the 1964 RSFSR Civil Code continued to operate before the entrance of part four into force.

The current Russian Civil Code is the third code of the civil law in Russian history after the 1922 RSFSR Civil Code and the 1964 RSFSR Civil Code.¹³¹ Being a product of the transition era in Russian law amongst other laws enacted with the dissolution of the Soviet Union, the Code drew upon the pre-revolutionary Russian civil law tradition and models of continental Europe.¹³² Although market-orientated and major differs from its Soviet predecessors, the Civil Code also inherited some elements of the Soviet era.¹³³ One of those elements is the structure of the Code based on “*Pandectian*” system, namely, the arrangement from the general to the particular that implies the perceived relationship of various legal norms to one another.¹³⁴ This arrangement of the Code has been repeatedly criticised for being intricate in using.

As discussed in the previous chapter of this work, the Civil Code is the important source of the IP law, because, according to the legal doctrine, the IP law is an integral part of the civil law. This is explicitly expressed in article 2(1) of the Code, which says: “The civil legislation shall define the legal status of the participants in the civil turnover, the grounds for the emergence and the order of exercising the right of ownership and the other rights of estate, the exclusive right to the results of the intellectual activity (intellectual property)...”

¹²⁹ Butler, *supra* note 9, p. 362.

¹³⁰ *Ibid.*

¹³¹ Д.А. Медведев, ‘Гражданский кодекс России – его роль в развитии рыночной экономики и создании правового государства’, *Закон № 7, 2007 г.* стр. 25 [D.A. Medvedev, ‘The Russian Civil Code – Its Role in the Development of a Market Economy and the Creation of a Law-governed State’, *7 Zakon (2007)*] p. 25.

¹³² Butler, *supra* note 9, p. 362.

¹³³ *Ibid.*

¹³⁴ *Ibid.*, p. 363.

4.1.2 Part Four of the Civil Code

Following the logic of previous parts of the Code, part four continues division of the whole document into sections, and consists itself of section VII. The section VII itself consists of 9 chapters (327 articles) covering the following intellectual property objects: author's rights, neighbouring rights, patents, agricultural selection achievements, integrated circuit topologies, trade secrets, means of individualisation and unified technology.

Similar to the most of sections of the Code, the first chapter of part four, chapter 69 (30 articles), is dedicated to general provisions that are applicable to all the following chapters of the section.

Chapter 70 is dedicated to author's rights and has a simple structure. Chapter 71 covers neighbouring rights and is divided into several paragraphs. The first paragraph is dedicated to general provisions of the chapter, the following paragraphs deal with different neighbouring rights (performing rights, phonogram rights, broadcasting rights etc.).

Chapter 72 regulates patent rights. Similar to the neighbouring rights chapter, this chapter is divided into paragraphs and starts from general provisions followed by specialized provisions including formalities related to filing, amendment and withdrawal of a patent application, examination of an application etc.

Chapter 73, selection achievements rights, is structured similar to the patent rights chapter. It starts with general provisions that are followed by specialized provisions including formalities related to acquisition of a patent on selection achievements, termination of a patent etc.

Chapter 74 is dedicated to the protection of rights to topologies of integral microcircuits, and Chapter 75 deals with trade secret rights (know-how). Both chapters have a simple structure without subdivision.

Chapter 76 is devoted to rights to means of individualisation of juridical person, enterprises, goods, work or services fulfilled. Provisions of this chapter are divided into four paragraphs each covering the following means of individualisation: firm names; trademarks or service marks; appellations of origin of goods; commercial designations. Paragraphs two and three devoted to trademarks and appellations of origin are subdivided into sections providing for general provisions and specialized matters of protection of these IP objects, including detailed rules on their state registration.

The last chapter 77 of part four is dedicated to the right to use the results of intellectual activity as the unified technology, which is something previously unknown in Russian legislation.¹³⁵

As already mentioned above, part four is based on the concept of full codification of the whole bulk of specialized IP laws and including them in one document. With the new law entering into force the following Russia's laws on intellectual property are being abrogated: the 1992 Patent Law, the 1992 Trademark Law, the 1992 Computer Programs Law, the 1992 Microcircuits Topologies Law, the 1993 Author's right Law and the 1993 Selection Achievements Law. Provisions of these laws some almost without changes though some with significant amendments, are put into part four of the Civil Code.

Besides the aforesaid laws, the reform abolishes in whole or in part 54 legal acts, including the 1961 FPCL and the 1964 Civil Code of the RSFSR. Abolishment of the old Soviet laws is more likely a matter of formality, as these documents were not applicable in practice after enactment of the Patent Law, the Trademark Law, the Author's Right Law and part one of the Civil Code.¹³⁶ However, final cancellation *de jure* of above mentioned legal acts with the insertion of their certain provision into part four is definitely one of positive outcomes of the reform. The presence of these laws overloaded the legal framework of intellectual property in the certain way and burdened its effective work.

Part four of the Civil Code is a result of several attempts to perform a codification of the IP legislation in Russia initiated since 1994. The first draft of the Code was prepared by the President's Private Law Research Centre during 1994-2001. Though this draft also provided for including of detailed IP provisions in the Code along with general rules, all specialized IP laws were supposed to remain in force. This draft, however, was not accepted either by experts or by executive authorities.¹³⁷

¹³⁵ S. Budylin and Y. Osipova, 'Total Upgrade: Intellectual Property Law Reform in Russia', *Columbia Journal of East European Law, Legislative Development* (2007) p. 16

¹³⁶ В.Н. Кастальский, *Основные новеллы Части четвертой Гражданского кодекса Российской Федерации* – Волтерс Клувер, 2007 (по электронной версии справочной правовой системы КонсультантПлюс) стр. 1 [V.N. Kastalskiy, *The Main Novelties of Part Four of the Civil Code of the Russian Federation* (Wolters Kluwer, Moscow, 2007) (electronic version provided by the reference legal database ConsultantPlus)]. p. 1.

¹³⁷ А.П. Сергеев, 'К истории новейшей кодификации законодательства об интеллектуальной собственности в Российской Федерации (1995-2006 годы)' в *«Белая книга: история и проблемы кодификации законодательства об интеллектуальной собственности»*. Сборник документов, материалов и научных статей // под редакцией Лопатина В.Н., М., Издание Совета Федерации, 2007, стр. 228. [A.P. Sergeev, 'The history of the most recent codification of the intellectual property legislation in the Russian Federation', in V.N. Lopatin (ed.), *White Book: the History and Problems of Codification of the Intellectual Property Legislation*. (collection of documents, materials and research articles, the Publication of the Council of the Federation, Moscow, 2007)]. p. 228.

The second draft was elaborated during 2002-2003 by special working group at the Ministry for Economic Development and Trade in cooperation with the Ministry for Print (from 2004 - Federal Agency for Print and Mass Media). The conception of this draft was based on the dispersion of general IP provisions in different sections of the Civil Code. This draft was not supported by authorities either.

Part four of the Civil Code under examination is the third and final attempt of codification of Russian IPR legislation. It was prepared by the working group within the Administration of the Russian President under the supervision of Veniamin Yakovlev, the Adviser to the President and the former Chairman of the Supreme Arbitrazh Court of Russia. The preparation of part four was conducted in secrecy. Until February 2006, when the draft was published for the first time, no legal experts or lawyers were in the know about the drafting of the new IPR legislation.¹³⁸

The above mentioned circumstance raised a lot of criticism towards the new law from specialists and rightholders. For example, The Coalition for Intellectual Property Rights (CIPR), an organization that deals with intellectual property rights protection in the CIS countries and the Baltic states, expressed its concern in the release of 9 March 2006 as following: "Part Four of the Civil Code, which has been prepared for submission into RF State Duma, was not the subject of public discussion... The law was prepared by a group of government lawyers, without preliminary consultations or agreement from those who will be required to follow the law – rightholders."¹³⁹

The elaboration of part four turned out to be a quick process. The working group was formed in June 2005, and in February 2006 the draft was published on the web-site of the Committee on Intellectual Property at the Chamber of Commerce and Industry of the Russian Federation. On 18 December 2006, less than one year after the open publishing of the draft, part four of the Civil Code was signed into force by the Russian President.¹⁴⁰

¹³⁸ *Ibid.*, p. 232

¹³⁹ *Rightholders Encouraged to Work with Russian Government to Revise Part Four of Civil Code*, 9 March 2006, the Coalition for Intellectual Property Rights, para. 3 <www.cipr.org/bulk_emails/CIPR_03_09_06/index.php>, visited on 21 December 2007.

¹⁴⁰ «Белая книга: история и проблемы кодификации законодательства об интеллектуальной собственности». Сборник документов, материалов и научных статей // под редакцией Лопатина В.Н., М., Издание Совета Федерации, 2007, стр. 8. [V.N. Lopatin (ed.), *White Book: the History and Problems of Codification of the Intellectual Property Legislation*. (collection of documents, materials and research articles, the Publication of the Council of the Federation, Moscow, 2007)]. p. 8.

4.2 The Substantial Level of the Reform: the Main Novelties of Part Four of the Russian Civil Code

4.2.1 General Provisions

The starring chapter of part four, chapter 69, is devoted to general provisions of IP legislation. This chapter provides for the unified terminology, and establishes rules applicable to the subsequent chapters.¹⁴¹ Besides, it contains a number of novelties that significantly affects the current legal IPR regulation. First and foremost, chapter 69 changes the definition of intellectual property and introduced the new concept called “*intellectual rights*”.¹⁴²

As mentioned in chapter two of the present work, the definition of intellectual property is contained in article 138 of the Civil Code. According to this article, *intellectual property is an exclusive right* of a citizen or juridical person to results of intellectual activity and means of individualisation equated to them. With entrance of part four into force, article 138 is abolished, and the new term “intellectual rights” is introduced with regard to results of intellectual activity.

The new concept of intellectual property is defined by article 1225 of part four, according to which *intellectual property is the results of intellectual activity* and the means of individualisation equated to them. Article 128 of the Civil Code defining objects of the civil rights was also changed. Now among other civil rights objects it lists “*the protected results of intellectual activity and the means of individualisation equated to them (intellectual property); nonmaterial benefits*”.

Article 1225 provides for protection of the following results of intellectual activity and means of individualization equated to them: (1) works of science, literature, and art; (2) computer programs; (3) databases; (4) performances; (5) phonograms; (6) air and cable broadcasts; (7) inventions; (8) utility models; (9) industrial designs; (10) selection achievements; (11) topologies of integral microcircuits; (12) trade-secrets (know-how); (13) firm names; (14) trademarks and service marks; (15) appellations of origin of goods; (16) commercial designation.¹⁴³

It is notable that the list does not contain protection from unfair competition, although the Paris Convention considers it as an industrial property object on an equal footing with patents, trademarks etc. (article 1 of the Paris Convention). However, the drafters of part four did not include it into the

¹⁴¹ Budylin, Osipova, *supra* note 135, p. 5.

¹⁴² Kastalskiy, *supra* note 136.

¹⁴³ The original draft of part four included also domain names as the protected results of intellectual activity. However, later it was removed from the list.

list of protected results of intellectual activity. Instead, unfair competition continues to be covered by the separate anti-monopoly legislation.¹⁴⁴

Note also that in distinction from the cancelled article 138, article 1225 provides for the exhaustive list of protected IP objects. This novelty gave rise to a lot of criticism expressed by various IP experts both in Russia and abroad (as discussed in the following chapter of this work).

Article 1226 introduces the concept called “intellectual rights” which is new in Russian legislation. According to article 1226, the intellectual rights are the rights to results of intellectual activity and means of individualisation equated to them, and they include “the exclusive right being a property right, and in instances established by the present Code, being also personal non-property rights and other rights (the right of access to work of fine art, resale royalty etc)”.

According to article 1228, an author of results of intellectual activity is always an individual (or several individuals) engaged in this activity (not a legal entity).¹⁴⁵ The right of authorship, the right of name and other personal non-property rights are unassignable.

Article 1232 provides for rules of the state registration of certain results of intellectual activity (patents, trademarks etc.) that is carried out by Rospatent (selection achievements are registered by the separate agency).

Chapter 69 provides for detailed rules on management of exclusive rights including the conclusion and fulfillment of assignment and license contracts, granting a compulsory license, and using of IP objects as a part of a complex object (*e.g.* cinematographic works) (articles 1233-1241).¹⁴⁶

Articles 1242-1244 are dedicated to collective management of author’s right and neighbouring rights. Among novelties in regulation of collective management organizations compared to the 1993 Author’s Right Law, one can distinguish the establishment of the membership principle of functioning of these organizations (article 1242); the establishment of the state accreditation of these organizations (article 1244); the establishing of the principle that these organizations must accept everybody as their members (article 1244 (5)).

Article 1247 regulates the work of patent and trademark attorneys.

In accordance with article 1248, disputes arising from the protection of intellectual rights are generally solved by courts, but in certain cases, the first-instance forum is a specialized board run by the relevant state agency.¹⁴⁷

¹⁴⁴ Budylin, Osipova, *supra* note, p. 4

¹⁴⁵ *Ibid.*

¹⁴⁶ *Ibid.*

¹⁴⁷ *Ibid.*

Articles 1250-1254 are dedicated to protection of the intellectual rights. The novelty of this part is the right of an exclusive right owner to request for publishing of a court decision on exclusive rights infringement regardless of the infringer's fault (article 1250). Another novelty is the rule provided by article 1253 that in case of multiple or gross infringements a juridical person can be liquidated, and an individual can be deregistered as an entrepreneur.

4.2.2 Author's Rights

Chapter 70 of part four is devoted to the author's rights. Though most of the provisions of the 1993 Author's Right Law were transferred into part four, there are a number of important changes in regulation of this IP branch.¹⁴⁸

Article 1255 provides for the definition of the author's rights, which are intellectual rights in the works of science, literature and art. The author's rights include the following: (1) the exclusive right in the work; (2) the right of authorship (to be called the author of the work); (3) the right for the name (to publish the work under one's own name, under pseudonym, or anonymously); (4) the right of integrity (to protect the work against distortions); (5) the right to publish the work;¹⁴⁹ (6) other rights including right to remuneration for use of the work created for hire, right of withdrawal, right of resale royalty; right of access to works of fine art.

The legal protection is provided for works published in Russia or unpublished but existing in a material form in Russia, independently from the author's citizenship; and to works of Russian citizens published outside Russia or unpublished but existing in a material form outside Russia. Other works are protected if covered by Russia's international agreements (article 1256).¹⁵⁰

An author is always an individual or several individuals - co-authors (articles 1257, 1258). According to article 1259, the objects of author's rights are: literary works; dramatic etc. works; choreographic works and pantomimes; musical works with or without text; audiovisual works; pictorial, graphic, sculptural, etc. works; decorative and scene-design works; architectural and town-planning works, including drawings etc.; photographic works; geographical etc. maps; other works. Computer programs are protected as literary works. Ideas, processes, discoveries, facts, programming languages etc. are not covered by the author's rights. Official

¹⁴⁸ И.А. Близнец, 'Изменение правового регулирования авторских и смежных прав в части IV Гражданского кодекса Российской Федерации' в «Белая книга: история и проблемы кодификации законодательства об интеллектуальной собственности», стр. 246 [I.A. Bliznets, 'Changes of Legal Regulation of Author's Rights and Neighbouring Rights in Part Four of the Civil Code of the Russian Federation', in V.N. Lopatin, (ed.), *White Book: the History and Problems of Codification of the Intellectual Property Legislation* (*supra* note 140)] p. 246.

¹⁴⁹ Budylin, Osipova, *supra* note 135, p. 5

¹⁵⁰ *Ibid.*

documents, state symbols, folklore, and news are excluded from the legal protection.¹⁵¹

A registration or other formalities are not required for the legal protection of works; for computer programs and databases a voluntarily registration is available (article 1259(4)).¹⁵²

According to article 1259(7), author's rights cover a part of the work, its title, and *the character of the work* providing that these objects may be considered an independent result of creative work, and that they are represented in an objective form: in written form, in oral form (public pronouncing, public performance etc.), as an image, as a audio- or video record, or in three dimensional form. Protection of the character of the work is a novelty of part four.

According to article 1260, the author of a translation or other derivative work, as well as the author of a compendium or any other composite work (compiler), enjoys the author's rights protection, but must observe the rights of the original works author.¹⁵³

Another notable provision of chapter 70 is the protection of the right of integrity of the work (article 1266), which means the prohibition to insert any alterations, reductions or supplementations into the work, to supplement the work with any illustrations, introductions, conclusions, comments or any clarifications without the consent of the author. After the author's death, the owner of exclusive rights to the author's work may grant the consent for inserting the above mentioned changes into the work providing that these changes do not infringe the meaning and the integrity of the work and do not contradict the author's intentions explicitly expressed in the will, letters, the diary or by any other means in writing.

Previously the right of integrity of the work was mentioned by the 1964 Civil Code of RSFSR (article 479), though without description of its content. The 1993 Author's right Law in article 15 only provided for the right to the protection of the author's reputation defined as "the right to the protection of the work, including the title thereof, against any distortion or other derogatory act liable to prejudice his honour or dignity".

Article 1267 of part four provides for the possibility to protect the authorship, the author's name and the integrity of the work after the author's death by a person assigned by the authors on that purpose, by the author's inheritors or by "other interested person".

According to article 1270, the owner of the author's rights in a protected work has the exclusive right to use the work in any lawful form, *including* the following: to reproduce the work (with some exceptions for temporary

¹⁵¹ *Ibid.*

¹⁵² *Ibid.*

¹⁵³ *Ibid.*

technological reproduction of the work for lawful purposes); to distribute the work in the original or in copies; to display the work publicly; to import the original or copies of the work for the distribution; to rent out the original or a copy of the work; to perform the work publicly; to broadcast the work; to communicate the work by cable; to translate or transform the work; to implement an architectural etc. project; to communicate the work to the public (online access).

As one can see, the list of actions is left open. This is a significant novelty in distinction from article 16 of the 1993 Author's Right Law that contains the exhaustive list.¹⁵⁴

With certain exceptions (most notably for computer programs), the reproduction of a published work by an individual for purely personal needs is allowed without the author's consent (article 1273). It is also allowed, to a limited extent, to use the work for informational, scientific, educational or cultural purposes (article 1274). A number of other exemptions are made, most significantly, granting limited rights for modifying, archival copying, reverse engineering, and decompiling computer programs (articles 1275-1280).¹⁵⁵

The term of protection of the exclusive rights for the work is the life of the author plus seventy years (starting from 1 January of the year following the year of the author's death). If the author was working during the Great Patriotic War (1941-1945), the stipulated term is expanded by 4 years (article 1281). After the expiration of the term, the work falls into the public domain (article 1282).

Chapter 70 introduces changes into the legal regulation of contractual relationship in the author's rights sphere. Articles 1234 and 1285 establish the right to conclude the contract of assignment of the exclusive right to the work in full. According to Article 1285, "under the contract of assignment of the exclusive right in the work, the author or other owner of the exclusive right assigns or undertakes to assign the exclusive right in full to the person to whom the right has been assigned".

The 1993 Author's Right Law contains the different provision in this regard. According to Article 30 of the Law, "the author's contract for the assignment of exclusive rights shall allow only that person to whom the rights have been assigned to exploit the work by a specified means and within the limits set by the contract, and shall confer on that person the right to prohibit any comparable exploitation of the work by third parties... The rights to which an author's contract relates shall be deemed non-exclusive where the contract contains no express provisions to the contrary".

¹⁵⁴ Kastalskiy, *supra* note 136, p. 11.

¹⁵⁵ Budylin, Osipova, *supra* note 135, p. 5

Articles 1235 and 1286 in their turn replace the term “an author’s contract” established by the previous legislation and by the practice with the term “license contract”.

According to article 1295, the author’s rights in the work made for hire belong to the author (moral rights), the exclusive (economic) rights generally belong to the employer.¹⁵⁶

4.2.3 Neighbouring Rights

Chapter 71 is devoted to the neighbouring rights, which are intellectual rights related to (neighbouring with) author’s rights, namely rights to results of the performance, phonograms, air and cable broadcasting, databases content, and the rights of the publisher of a previously unpublished work. These rights include exclusive (economic) rights and some personal non-property (moral) rights (article 1303).

The significant novelty here is the introduction of two new for Russian legislation kinds of the neighbouring rights: rights of the maker of a database (articles 1333-1336), and the rights of the publisher of a previously unpublished work (“*publicator*”) (articles 1337-1344). Both these novelties are adopted from the European Union legislation, namely the Directive 96/6 EC of 11 March 1996, and the Directive 93/98/EEC of 29 October 1993.

According to article 1334, the maker of a database, which requires substantial financial, material, organizational and other expenses (or a database containing at least 10,000 elements), has the exclusive right to extract from the database and use in any form materials contained therein. It is worth to note, that according to the Directive 96/6 EC on the legal protection of databases, the right of the maker of the database to its contents is the *sui generis* right.¹⁵⁷

Article 1335 dealing with the term of protection of a database provides for an important novelty that the term of protection is renewed each time the database is updated. This novelty is recognized by the IP specialists as one of the most controversial provisions of chapter 71 (as discussed in the following chapter of this work in more detail).

The right of the publisher of a previously unpublished work provides that the person who makes lawfully available to the public a previously unpublished work of science, literature or arts, which is in the public domain, shall benefit from a protection equivalent to the economic rights of an author for the term of 25 years. Provisions of part four on the rights of

¹⁵⁶ Budylin, Osipova, *supra* note 135, p. 5

¹⁵⁷ В.И. Еременко, ‘О части четвертой Гражданского кодекса Российской Федерации’, *Законодательство и экономика*, 2007, № 4 (по электронной версии справочной правовой системы КонсультантПлюс) стр. 5. [V.I. Eremenko, ‘About Part Four of the Civil Code of the Russian Federation’, 4 *Zakonodatelstvo i Ekonomika*, (2007) (electronic version provided by the reference legal database ConsultantPlus)] p. 5.

the publisher of a previously unpublished work correspond to the relevant provisions of the European Union Directive 93/98/EEC of 29 October 1993.

Many provisions of chapter 71 reproduced *mutatis mutandis* the provisions of the author's right chapter, including various exceptions from the protection, the assignment and licensing provisions, the protection and liability provisions.¹⁵⁸

4.2.4 Patent Rights

Chapter 72 covers the patent rights, which are intellectual rights in inventions, utility models and industrial designs. The author of an invention, utility model or industrial design owns the exclusive right, the right of authorship and some other rights, including the right to obtain a patent and the right to the remuneration for use of the invention, utility model or industrial design made for hire.

Chapter 72 did not change the substance of the patent regulation provided by the 1992 Patent Law. Most of the changes introduced by the new law are connected to the structural appearance of the norms and terminology.¹⁵⁹ So, article 1345 introduces the term "patent rights", which does not appear in the 1992 Patent Law though it is implied by the text of the law.¹⁶⁰ According to article 1345, the patent rights are intellectual rights to inventions, utility models and industrial designs.

The exclusive rights in inventions, utility models and industrial designs are subject to state registration and must be certified by patents issued by Rospatent, or by patents covered by appropriate international treaties (the Eurasian patent) (articles 1346, 1353).¹⁶¹

An author of an invention, utility model or industrial design is an individual or several individuals – co-authors (articles 1347-1348).

Article 1349(4) establishes the objects, which are excluded from the subject matter of the patent rights on the ground of contradiction with "the public interests, the principles of humanity and morality". The novelty of this provision is the inclusion into the list of *the human cloning methods*,

¹⁵⁸ Budylin, Osipova, *supra* note 135, p. 6.

¹⁵⁹ О.А. Городов, Патентное право в части четвертой Гражданского кодекса Российской Федерации в «Белая книга: история и проблемы кодификации законодательства об интеллектуальной собственности». Сборник документов, материалов и научных статей // под редакцией Лопатина В.Н., М., Издание Совета Федерации, 2007, стр. 253 [O.A. Gorodov, 'Patent Rights in Part Four of the Civil Code of the Russian Federation' in V.N. Lopatin (ed.), *White Book: the History and Problems of Codification of the Intellectual Property Legislation*. (collection of documents, materials and research articles, the Publication of the Council of the Federation, Moscow, 2007)] p. 253.

¹⁶⁰ *Ibid.*, p. 254.

¹⁶¹ Budylin, Osipova, *supra* note 135, p. 7.

methods of human germ line gene modification, and use of human embryos for industrial or commercial purposes.

According to article 1350, an invention is “a technical solution in any field which is related to a product (in particular, a device, a material, a culture of a micro-organism, a culture of plant or animal cells) or a method (a process of manipulating a material object by physical means)”.¹⁶² An invention shall be granted the legal protection if it is new, involves an inventive step and is industrially applicable. Discoveries, scientific theories and mathematical methods, aesthetic solutions, business methods, computer programs etc. are not recognized as inventions. Plant varieties and animal breeds (excluding micro-organisms), as well as topologies of integral microcircuits are not recognized as inventions, but are protected separately.¹⁶³

According to article 1351, a utility model is a technical solution related to a device; it is granted legal protection if it is new and industrially applicable.

In accordance with article 1352, an industrial design is an artistic-design solution of a product manufactured industrially or by artisans, that defines its appearance; an industrial design shall be granted protection if it is new and original. Are not recognized as industrial designs solutions that are determined exclusively by the technical function of a solution; solutions that relate to architectural works (with the exception of minor architectural forms) and industrial, hydro-technical and other stationary structures; solutions that relate to subject matter of unstable shape such as liquids, gaseous and dry substances and the like.

An author of an invention, utility model, or industrial design owns a right to authorship, which is unassignable (article 1356). The author also owns the right to be granted a patent, and this right can be assigned (article 1357). The right to be granted a patent for an invention, utility model or industrial design can be transferred under the universal legal succession, or can be assigned under a contract, including an employment contract. The assignment of a right to be granted a patent is a novelty of part four.

However, the legislator did not provide in part four for the joint ownership of the right to be granted a patent, as well as joint ownership of exclusive rights to the patent, though such provisions are established by many national laws of countries with a developed IPR legislation.¹⁶⁴

The exclusive right of a patent owner to use the invention, utility model or industrial design includes an importation, a manufacture, an application, an offer to sale, and sale of the relevant products (article 1358). Certain cases of free use of a protected invention, utility model or industrial design are provided by article 1359 and include a scientific experimentation with the product and its personal use for non-commercial purposes.

¹⁶² *Ibid.*

¹⁶³ *Ibid.*

¹⁶⁴ Eremenko, *supra* note 157, p. 8

The duration of the protection of a utility model provided by the new law is raised up to 10 years, the duration of the industrial design protection – up to 15 years from the date of filing of the initial application (the 1992 Patent Law provided for the duration of protection of 5 years and 10 respectively). The duration of the invention protection remains the same and is 20 years from the date of filing of the initial application (article 1363).

Article 1364 of part four provides that inventions, utility models and industrial designs enter the public domain after the term of their protection is expired. This is a new institute of the Russian patent legislation and a novelty of part four – under the previous legislation norms on the public domain were applicable only to the author's rights.¹⁶⁵

If an invention, utility model or industrial design is created for hire, the authorship right (moral rights) belongs to the author; exclusive rights (economic rights) generally belong to the employer (article 1370).

Paragraph 5 (articles 1374-1397) is dedicated to formalities related to the filing an application and the obtaining a patent.

In general, as noted above, comparing to the 1992 Patent Law the substantial changes introduced by the new law are relatively minor.¹⁶⁶

4.2.5 Selection achievements

Chapter 73 contains rules on the legal protection of selection achievements. The provisions of this chapter preserve the 1993 Law on Selection Achievements.

The objects of intellectual rights in selection achievement are plant varieties and animal breeds, which are registered in the State register of Protected Selection Achievements. Exclusive rights in a selection achievement are confirmed by a patent issued by the special agricultural state agency. The state agency also may issue an authorship certificate with regard to the selection achievement (articles 1414-1416).

To be protected plant varieties and animal breeds must satisfy the certain criteria defined by article 1413. Patents are issued only for plants and animals of the certain species, the list of which is determined by the governmental agency. To be protectable, a selection achievement must be new; distinguishable; homogeneous; and stable.¹⁶⁷

According to article 1408, an author of a selection achievement owns the following intellectual rights thereto: the exclusive right; the right to authorship; other rights, including the right to obtain a patent, the right to

¹⁶⁵ Gorodov, *supra* note 157, p. 257.

¹⁶⁶ Budylin, Osipova, *supra* note 135, p. 9.

¹⁶⁷ *Ibid.*, p. 10.

the name of the selection achievement, the right to remuneration for use a selection achievement made for hire.

A patent holder owns the exclusive right to use the selection achievement by the means defined by article 1421(3) that provides for the exhaustive lists thereto. Article 1422 provides for the certain cases of free use of selection achievements, such as a personal non-commercial use, an experimentation, and most actions with the plants and animals put into the civil turnover by the patent owner herself. The exclusive right in a selection achievement may be either assigned or licensed (articles 1426-1429). After three years from issuing a patent for the selection achievement, a compulsory license is available for any interested person (article 1423).

The term of the protection of a selection achievement is 30 years from the date of the state registration (article 1424); after the expiration of this term, the achievement falls into the public domain (article 1425).

If a selection achievement is created under a duty assignment (for hire), the authorship rights belongs to the employee (the author), but the exclusive right generally belongs to the employer (articles 1430-1432).¹⁶⁸

Paragraph 5 of chapter 73 (articles 1433-1445) is devoted to the registration procedure of selection achievements: rules of the composing an application, the examination, the state registration of the selection achievement etc.

Articles 1446 and 1447 (paragraph 6) deal with the protection of rights of the author of the selection achievement and other patentowners.

4.2.6 Topologies of Integral Microcircuits

Chapter 74 of part four is dedicated to the legal protection of topologies of integral microcircuits, which are, according to article 1448, “a spatial geometric arrangement of the set of integrated circuit elements and relations between them”.¹⁶⁹ To be protectable, a topology must be original, must be a result of the author’s creative activity and must be previously unknown to the author or other specialists in the field of topologies of integral microcircuits.

According to article 1449, an author of a protected topology owns the following intellectual rights thereto: exclusive rights; the right to authorship; other rights, including the right to remuneration for use the topology made for hire.

The state registration of a topology of integral microcircuits is optional. Rules for such registration are defined by article 1452. However, a license, assignment or pledge of a topology must be registered with Rospatent.

¹⁶⁸ *Ibid.*

¹⁶⁹ *Ibid.*

The owner of exclusive rights to a topology of integral microcircuits has the right to use the topology by any lawful means. A person, who independently created the same topology, also owns an independent exclusive right to use this topology (article 1454).

Rules on the free use of protected topologies of integral microcircuits are defined by article 1456 and include: (1) reproduction of topologies in whole or in part (with certain limitations); (2) personal non-commercial use for evaluation analyses, research or study; (3) distribution of topologies of integral microcircuits, which are put into the civil turnover by the rightholder or with the consent of the rightholder.

The term of protection of topologies of integral microcircuits is ten years from the date of putting the topology into the civil turnover, or from the date of its state registration, whichever is earlier (article 1457).

If a topology was created for hire (under duty assignment or a contract), the general rule is that the author (employee, contractor) has the authorship right in the topology, and the employer owns the exclusive rights (articles 1461-1464).

4.2.7 Trade Secrets

Chapter 75 of part four is dedicated to trade secrets (know-how). Article 1465 presents for the first time in Russian legislation the definition of a trade secret, which is: “any information, data, knowledge of any kind (industrial, technical, economic, organizational or other), including information about results of intellectual activity in the scientific and technical sphere, and also information about methods of carrying out professional activity, which derives a actual or potential commercial value from being unknown to third parties, to which third parties do not have free access on legal grounds, and in respect to which the information owner introduced the regime of commercial secrecy”.

It should be noted that the statutory language regarding trade secrets if translated literally from Russian language, refers to “secrets of production”. The title of chapter 75 in a literal translation is “Right to a Secret of Production (Know-How).” However, as it follows from the meaning of the cited article, this term is defined rather broadly and translation it as a “*trade secret*” is adequate. Note also that “know-how” is used as a synonym for a trade secret.¹⁷⁰

The regime of commercial secrecy mentioned in the cited article is defined separately by the 2004 Commercial Secrets Law. The regime of commercial secrecy includes certain measures established by the law, such as determining the scope of the information constituting commercial secret;

¹⁷⁰ *Ibid.*, p.11.

limiting access to this information; registering the persons having access to the information; contractually regulating the usage of the information by employees and commercial partners; marking secret documents with a stamp “Commercial Secret of...” (article 10 of the Commercial Secrets Law).

The 2004 Commercial Secrets Law is not abolished with entrance of part four into force, but it is a subject to many amendments. First, the scope of legal regulation of the Law is substantively limited. Previously the Law covered matters related to attribution of information to being a trade secret, transferring of this information and protection of its secrecy. With entrance of part four into force the subject matter of the Law was limited to establishing, changing and termination of the regime of commercial secrecy for trade secrets.¹⁷¹

Provisions of part four significantly expand the subject matter of the trade secret legislation. Under the 2004 Commercial Secrets Law, a trade secret is one of several types of information constituting a commercial secret. According to part four, any information containing a commercial secret is a trade secret.¹⁷²

Besides, the new law expands the scope of powers of a trade secret owner. This conclusion is following from the fact, that all general provisions of chapter 69 of part four are applicable to trade secrets, and all scope of powers of an owner of exclusive rights for results of intellectual activity are applicable to trade secrets owners as well.¹⁷³

4.2.8 Means of Individualisation

Means of individualisation are covered by chapter 76 of part four. This chapter is subdivided into four paragraphs according to different means of individualisation: firm names (4 articles); trademarks and service marks (39 articles); appellations of origin of goods (22 articles); commercial designations (4 articles).

4.2.8.1 Firm Names and Commercial Designations

The establishment of provisions on firm names and commercial designations is a very important novelty of part four. As discussed in the previous chapter of this work, these two IP objects were represented vaguely in Russian legislation.

¹⁷¹ В.Н. Лопатин, ‘Ноу-хау вместо коммерческой тайны’, *Информационное право*, 2007, № 1 (по электронной версии справочной правовой системы КонсультантПлюс) стр. 1. [V.N. Lopatin, Know-How Instead of Commercial Secrets’, 1 *Informatsionnoe Pravo*, (2007) (electronic version provided by the reference legal database ConsultantPlus)] p. 1.

¹⁷² *Ibid.*, p. 3.

¹⁷³ *Ibid.*, pp. 3-4.

A notable amendment is inserted into the current provisions of the Civil Code with regard to firm names. Article 54 of part one of the Code providing rules for a name and location of a juridical person establishes the requirement, that a firm name should be registered in due course as a ground for originating of exclusive rights thereof. This provision is cancelled, and according to article 1475(2) of part four, the exclusive right to a firm name originates *from the moment of state registration of a juridical person without any special registration of the firm name itself*. This novelty touches upon the matter of compliance with article 8 of the Paris Convention (as discussed in more details in the next chapter of this work)

Amongst other new rules for firm names deserve attention the setting up of the list of certain words and names that can not be included in a firm name (article 1473(4)). These are words and names connected to the official names of the Russian Federation, its constituent entities, and any other foreign state; the official names of state bodies of all levels; official names of international, inter-governmental and non-governmental organizations; names and words that are contrary to the public interest, principles of humanity and morality.

Another notable novelty is the prohibition for a juridical person to use a firm name, which is *confusingly similar* (not just identical) to a firm name of another juridical person, providing that these juridical persons conduct the same business (article 1474(3)).

According to article 1538, commercial designations are designations, other than firm names, used for individualisation of trade, industrial, and other enterprises. A commercial designation can be used by a juridical person (including non-commercial organizations having the right to perform entrepreneur activity) or by an individual entrepreneur. A commercial designation is not a subject to the state registration or inclusion into constitutive documents of the company.

A commercial designation can be used for individualisation of one or more enterprises. However, one enterprise cannot use two or more designations for individualising (article 1538(2)).

An owner of exclusive rights to a commercial designation can use this designation for individualisation of an enterprise in any legal way, including placing the commercial designation on signboards, letterheads, goods and their packaging, providing that the designation is distinctive and known within a certain territory (article 1539(1)). Using of misleading commercial designations is not allowed. Misleading designations are designations confusingly similar to a firm name, a trademark or another commercial designation belonging to another person (if the exclusive right of this person appeared earlier) (article 1539(2)).

According to article 1541, the exclusive right to a commercial designation is independent of rights to a firm name. A commercial designation or its

elements can be used in a trademark, but the commercial designation is protected independently from the trademark.

4.2.8.2 Trademarks and Appellations of Origin of Goods

Paragraph 2 of chapter 76 is dedicated to trademarks and service marks. In the essence provisions of this subsection restate provisions of the 1992 Trademark Law.¹⁷⁴ The definition of a trademark itself was changed, though insignificantly. According to article 1477(1), a trademark is a designation which is used for individualisation of goods of juridical persons and individual entrepreneurs. The novelty of this definition is, first, the delimitation of a trademark and a service mark; the latter is a similar designation individualising works and services (article 1477(2)). The second, not any person but only individual entrepreneur can be a trademark owner. In the 1992 Trademark Law this rule was contained in the separated article.¹⁷⁵

Exclusive rights to a trademark originate from the moment of the state registration of the trademark with Rospatent (or in other cases under Russia's international agreements). Rights to a trademark are verified by a trademark certificate (articles 1479-1481). A trademark can be a word mark, a device mark, a three-dimensional or other mark, and their combinations. A trademark can be registered in any colour or combination of colours (article 1482). Pure colour, however, can not be registered as a trademark.¹⁷⁶

Article 1483 contains the long list of grounds for refusal in a trademark registration. A notable novelty here is provided by point 8, which says: "Designations can not be registered as trademarks if they are identical or confusingly similar in respect to similar goods to firm names or commercial designations protected in the Russian Federation (or separate elements of those names or designations), or to names of selection achievements, entered in the State Register of Protected Selection Achievements, the rights to which belonged to other persons in the Russian Federation, prior to the priority date of the registered trademark."

In distinction from the 1992 Trademark Law, the above-cited article of part four introduces the prohibition of registration of a trademark, which is not only identical but also *confusingly similar* to the mentioned IP objects. This

¹⁷⁴ Budylin, Osipova, *supra* note 135, p. 12.

¹⁷⁵ А.П. Сергеев, 'Права на средства индивидуализации юридических лиц, товаров, работ и услуг в части IV Гражданского кодекса Российской Федерации' в «Белая книга: история и проблемы кодификации законодательства об интеллектуальной собственности». Сборник документов, материалов и научных статей // под редакцией Лопатина В.Н., М., Издание Совета Федерации, 2007, стр. 265. [А.П. Sergeev, 'Rights to Means of Individualisation of Juridical Persons, Goods, Work and Services in Part Four of the Civil Code of the Russian Federation', in V.N. Lopatin (ed.), *White Book: the History and Problems of Codification of the Intellectual Property Legislation*. (collection of documents, materials and research articles, the Publication of the Council of the Federation, Moscow, 2007)] p. 265.

¹⁷⁶ Budylin, Osipova, *supra* note 135, p. 12.

provision is highly important, as confusing similarity is the most common ground for conflicts between trademarks and the IP objects mentioned in the cited article.¹⁷⁷

The next important novelty of part four concerns rights and obligations of trademarks owners. Article 1484 directly describes actions that a trademark owner has the right to perform. The 1992 Trademark Law does not contain any norm related to powers of a trademarks owner at all. Article 4 of the Trademark Law provides for these powers indirectly through the list of actions that are considered as infringements of exclusive rights to a trademark.

According to article 1486, if a trademark is not used for a period of three years, its protection can be terminated on an opposition filed with the Chamber for Patent Disputes. Rules of the termination of a trademark provided by part four contain a novelty, according to which an opposition against legal protection of a trademark can be filed by an *interested person* (articles 1486, 1513). According the previous rule established by article 28(3) of the 1992 Trademark Law, *any person* could file an opposition against legal protection of a trademark.

Some amendments were made with regard to regulation of licensing of different IP objects including trademarks. So, part four no longer requires that a license agreement should include the specific condition that the quality of the goods/services of the licensee should not be lower than the quality of the goods/services of the licensor established by article 26 of the 1992 Trademark Law. This clause is replaced by the provision of article 1489 (2), according to which “a licensee must ensure that the quality of the goods produces or sold by the licensee under the licensed trademark correspond to the quality requirements established by a licensor”. The same article establishes *joint and several liability for the licensee and the licensor* upon claims raised to the licensee as a producer of the goods. The requirement that a license agreement must be recorded in due course with Rospatent, and that an unrecorded license is not valid and enforceable, remains in part four.

Articles 1492-1507 are dedicated to formalities of the state registration of a trademark, including rules on composing and filing an application, examination of a trademark etc.

According to article 1508, any mark (even unregistered in Russia) can be recognized as a well-known (famous) mark in the Russian territory, providing that this mark is widely known in Russia among relevant consumers in respect to goods of the mark owner as a result of intensive use of the mark.¹⁷⁸ A well-know trademark enjoys unlimited in time legal protection (the normal protection of a trademark is ten years from the application filing date (article 1491).

¹⁷⁷ Sergeev, *supra* note 175.

¹⁷⁸ Budylin, Osipova, *supra* note 135, p. 14

Articles 1510 and 1511 establish rules for collective trademarks, which are trademarks for identifying goods produced or sold by persons belonging to an association, if those goods having common quality or other characteristics. A collective mark is a subject to the state registration. A collective mark can not be assigned or licensed.¹⁷⁹

Paragraph 3 of chapter 76 contains rules on appellations of origin of goods. Prior the adoption of part four, appellations of origin of goods were protected by the 1992 Trademark Law, which provisions are mostly transferred to part four.

According to article 1516, an appellation of origin of goods is the name (or a designation containing the name) of a country, settlement, locality or other geographic place or a derivative of such name, and which became known as a result of its use with respect to goods, which special properties are defined, exclusively or prevailingly, by natural conditions and/or human factors specific for this area.

An appellation of origin must be registered with Rospatent (article 1517). The exclusive rights of an owner of an appellation of origin are similar to the rights of a trademark owner. However, an appellation of origin can not be assigned or licensed.¹⁸⁰ The term of protection is ten years from the application filing date (article 1531).

Articles 1522-1534 are dedicated to formalities of the state registration of appellations of origin of goods.

The only but notable novelty in the regulation of appellations of origin of goods provided by part four is a new approach to the right thereto. According to article 1517, the right to use an appellation of origin registered in due course is an *exclusive right*. The current Trademark Law does not contain references to a right for an appellation of origin of goods as an exclusive right.

4.2.9 Unified Technology

Chapter 77 of part four introduces the right to a “unified technology”, which is previously unknown in Russian legislation.

According to article 1542, a unified technology is a result of scientific and technical activity, expressed in an objective form, and comprising inventions, utility models, industrial designs, computer programs, or other protectable results of intellectual activity that can be a technological basis of certain practical activity in the civil and/or military spheres. A unified

¹⁷⁹ *Ibid.*

¹⁸⁰ *Ibid.*

technology can also include non-protectable results of intellectual activity, including technical data or other information.¹⁸¹

All elements of a unified technology are protected under appropriate rules and are not necessarily owned by the technology owner.¹⁸² However, the right to use them in combination belongs to the person who in accordance with article 1542 organized the creation of the unified technology based on contracts with the respective exclusive rights owners of the technology elements.¹⁸³

According to article 1543, the provisions of chapter 77 are applicable only to the technologies created using federal or regional state financing.

The person who organized the creation of the unified technology has the obligation to implement the technology in practice (article 1545).

In certain cases (such as defence technologies) the rights in a certain technology belong to the state; in certain cases the state can assign its rights in the technology to another person (articles 1546, 1547).¹⁸⁴

According to article 1551, a unified technology should preferably be used in the Russian Federation; exporting of the unified technology required the permission of the state.¹⁸⁵

4.2.10 Other Provisions

4.2.10.1 Image of a Person

With entrance of part four into force, article 151 of part one of the Civil Code dedicated to defence of honour, dignity and business reputation is supplemented with article 152.1 – “Protection of an Image of a Person”. According to this article, an image of a person (including a photographic image, video record or work of fine art) can be published and used only with the permission of this person. After the person’s death, the image of the person can be used only with the permission of the children, the spouse, or the parents of the person. The exceptions from this rule are applicable in cases when (1) the image is being used for the state, community, or other public benefits; (2) the image was made at a place available for free public admittance, or at a public event (meetings, conferences, concerts, shows, sport events etc.); (3) the person was posing for hire.

The protection of an image of a person is not new for Russian legislation. Article 514 of the 1964 RSFSR Civil Code contains this norm but only with regard to works of fine art. Besides, the new article 152.1 of the Russian

¹⁸¹ *Ibid.*, p. 16.

¹⁸² *Ibid.*

¹⁸³ *Ibid.*

¹⁸⁴ *Ibid.*

¹⁸⁵ *Ibid.*

Civil Code expanded the scope of exceptions from the general rule by adding that the permission of the person to use her image is not required if the image was made at a public place or public event. Also parents of the person were introduced as entitled to give the permission.

The provisions of article 152.1 limit the rights of the author's rights owner for a photographic work, video record or work of fine art, if this work or record contains an image of a person. The respective right of the person for her image is a personal non-property right, which is included in the category of non-material benefit under article 150 of the Civil Code, and is respectively protected.

4.2.10.2 Results of Intellectual Activity for Hire

Part four introduces a number of changes into the regulation of intellectual property objects created for hire, or, according to the new terminology, results of intellectual activity created for hire. These changes concern employment-related results of intellectual activity, and results of intellectual activity created under contractual relationship.

The results of employment-related intellectual activity are mentioned in several articles of part four: employment-related works (article 1295); employment-related performances (article 1320); employment-related inventions, utility models or industrial designs (article 1370); employment-related selection achievements (article 1430); employment-related topologies of integral microcircuits (article 1461); employment-related trade secrets (article 1470).

The general rule for all employment-related results of intellectual activity is that personal non-property (moral) rights to a creation belong to the author, while exclusive (economic) rights belong to the employee.

One can distinguish the following novelties in the legal regulation of employment-related intellectual creations. First, article 1295(2) establishes the rule that if the employee does not start using the work within three years since the work was put under its disposal, the employee forfeits its exclusive right to the work.

Another novelty is provided by article 1370. If an invention, utility model or industrial design created by the employer using financial, technical or other means of the employee, but not under performing the employer's duties and not under a duty assignment, this invention, utility model or industrial design is not considered employment-related. Personal non-property rights as well as exclusive rights including the right to be granted a patent, in this case belong to the employer. However, the employee has the right to obtain a free non-exclusive license on the creation for the whole term of protection. Alternatively, the employee has the right to the reimbursement of expenses.

Notable is the difference in definitions of an employment-related author's right object and other employment-related intellectual property objects. So,

a work protected by the author's rights legislation is considered employment-related if it has been created *by performing the employer's duties*; inventions, utility models, industrial designs, selection achievements, topologies and trade secrets are considered employment-related if they have been created *by performing of the employer's duties, or under specific duty assignment*.

Some important changes are inserted into the regulation of contracts for the fulfilment of scientific-research work, experimental-construction design, and technological work, namely the rights of parties of such contracts.

Previously the rights of parties to contracts for the fulfilment of scientific-research work, experimental-construction design, and technological work were regulated by article 772 of part two of the Code. Article 772 provided that the parties to contracts shall have *the right to use the results of the work, including that capable of legal protection*, within the limits and conditions provided for by the contract. As one can see, this wording does not answer the question on who has the exclusive rights to file a patent application on the results of the work. With entrance of part four into force, this problem has been resolved by referring the issue to the relevant provisions of part four (article 772 has been correspondingly amended).

Part four in its turn contains a number of articles dedicated to the protectable results of scientific-research work, experimental-construction design, and technological work. Article 1297 (computer programs), article 1371 (inventions, utility models and industrial designs), article 1462 (topologies), and article 1471 (trade secrets) establishes the general rule, that the exclusive right to the creation made under a contract of independent-work or scientific-research, experimental-construction design, and technological work, belongs to the contractor, if the contract does not stipulate otherwise. The customer has the right to obtain a free non-exclusive license for the whole term of the protection of the respective creation.¹⁸⁶

4.2.10.3 Pledge of Exclusive Rights

Part four introduces for the first time in Russian legislation an institute of a pledge of exclusive rights. Previously the legislation only provided for general rules on a pledge in article 336 of part one of the Civil Code. However, new provisions of part four regarding the pledge of exclusive rights are also limited to basic provisions.

Article 1232 establishes the requirement of the state registration of a pledge of exclusive rights. Article 1233(5) says that if an exclusive rights owner pledges her exclusive rights to results of intellectual activity or means of individualisation under a pledge contract, she still has the right to use the pledged results of intellectual activity or means of individualisation during the term of validity of the contract, if the contract does not stipulate otherwise.

¹⁸⁶ Kastalskiy, *supra* note. 136, p. 10.

According to articles 1284(1) and 1405(6), execution may not be levied on the exclusive right initially belonging to the author; neither may it be levied on the exclusive right to a trade secret. The prohibition refers only to initial rightholders or their inheritors, and not to those who have obtained exclusive rights under assignment contract or on other grounds. Execution also may be levied to belonging to the author right to demand under a contract of assignment of the exclusive rights, or under a license contract, and to other income that the author receives for the use of her creation.¹⁸⁷

¹⁸⁷ *Ibid.*, p. 9.

5 Possible Outcomes of the Intellectual Property Reform; Analysis of the Main Novelties of Part Four of the Civil Code

During less than a year from February 2006 when the draft part four became available to the public until December 2006, when it was signed into force by the President, the new law brought about dozens of critical publications.

It was mentioned in the previous chapter, that one of the biggest concerns of the experts and rightholders is that the general public, rightholders and intellectual property specialists were denied any input into the preparation and drafting of the document. Another reason for doubts and criticism among the IP specialists is the hastiness of the preparation and enactment of part four. The entire piece of legislation was elaborated and signed into force within less than one and a half years. Moreover, the very necessity of the reform at least in its current embodiment is prejudiced.

For instance, Sergeev¹⁸⁸ expresses the opinion that “there were no necessary prerequisites for the urgent adoption of part four. There are a number of specialized laws regulating intellectual property, which, though contain certain faults, carry out their tasks and comply with requirements of international conventions. There is also the law-enforcement practice formed on the basis of these laws... The abolishment of the specialized IP laws will disorganize the court and administrative practice and throw it several years behind.”¹⁸⁹

Sergeev elaborates this idea by saying: “It does not mean that one should not change anything in this regard. On the contrary, the legislation on intellectual property requires further improvement, but this improvement

¹⁸⁸ Sergeev, Aleksandr Petrovitch, Doctor of Juridical Science, Professor of the Saint-Petersburg State University.

¹⁸⁹ А.П. Сергеев, ‘Заключение на проект части четвертой Гражданского кодекса Российской Федерации от 21 декабря 2005 г.’ в *«Белая книга: история и проблемы кодификации законодательства об интеллектуальной собственности»*. Сборник документов, материалов и научных статей // под редакцией Лопатина В.Н., М., Издание Совета Федерации, 2007, стр. 117, 118. [A.P. Sergeev, ‘Opinion on the Draft of Part Four of the Civil Code of the Russian Federation of 21 December 2005’ in V.N. Lopatin (ed.), *White Book: the History and Problems of Codification of the Intellectual Property Legislation*. (collection of documents, materials and research articles, the Publication of the Council of the Federation, Moscow, 2007)] pp. 117, 118.

should be conducted step by step by qualified specialists and with careful elaboration of all consequences that amendments may cause.”¹⁹⁰

This point of view is supported by other specialists. So, the CIPR experts state in the release of 7 March 2006:¹⁹¹ “Speakers noted a lack of clarity in many of the norms and inconsistency with international treaties and agreements. However, the chief objection, which was supported by all roundtable participants, was that there should not be any significant changes in IPR legislation at this time. Such radical, significant changes in intellectual property rights legislation will not only weaken protection for intellectual property rights, but, at this time, when the courts have just finally developed experience in this area, may lead to a significant increase in the number of questionable court decisions and will make the fight against counterfeiters more difficult.”

The above corresponds with opinion of specialists of the UNESCO Chair on Author’s right and Other Branches of Intellectual Property. According to the Note on the Draft Part Four issued by the Chair,¹⁹² “such a hasty abolition of all current legal acts on intellectual property is not appropriate... These acts are in force for more than ten years. They served the ground for developing of the enforcement practice with regard to creation and use of results of intellectual activity, and this practice is in general evaluated as satisfactory”.

Moreover, according to a number of specialists, the enactment of part four of the Civil Code jeopardizes Russia’s WTO accession. Even if all provisions of part four would be in full compliance with the TRIPS agreement, international IP experts have to spend much more time to evaluate the new law and confirm its compliance with the WTO standards.¹⁹³

As one can observe, the appropriateness of the radical reformation of the IP legislation in Russia is a subject to disputes. The present chapter of this research is dedicated to advantages and disadvantages of the reform at both the structural and the sustainable levels, and its possible outcomes based on the analysis of certain provisions of part four.

¹⁹⁰ *Ibid.*

¹⁹¹ *Rightsholders Warn That New Initiative Could Prevent Russia from Joining the WTO*, 7 March 2006, the Coalition for Intellectual Property Rights, paras. 6-7. <http://www.cipr.org/bulk_emails/CIPR_03_07_06/index_eng.php>, visited on 21 December 2007.

¹⁹² *Постатейные замечания на проект четвертой части ГК РФ*, 17.03.2006, Кафедра ЮНЕСКО по авторскому праву и другим отраслям права интеллектуальной собственности, параграф 2. [*Clause-by-Clause Note on the Draft Part Four of the Civil Code of the Russian Federation*, 17 March 2006, the UNESCO Chair on Author’s Right and Other Branches of Intellectual Property, para. 2.]

<www.unescochair.ru/content/view/60/4/>, visited on 21 December 2007.

¹⁹³ Sergeev, *supra* note 189, p. 118.

5.1 Codification of Intellectual Property Rights Legislation within the Civil Code

The intellectual property reform in Russia is of a special interest for study particularly but not exclusively because it introduced the unique way of codification of IPR legislation – codification within the Civil Code.

Russia is the only country performed the full codification of IPR legislation within a civil code without providing the additional regulation by separate specialized laws. CIS countries (Armenia, Belarus, Ukraine, Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan), though, show the trend to include IP norms either general or more detailed into their civil codes. However, all these countries continue to use separate specialized laws for regulation of intellectual property.

Several Western European countries have included IP provisions into their civil codes. So, book 9 of the Dutch Civil Code as amendment in 1995 deals with intellectual property. However, there are a number of specialized IPR laws in force in the Netherlands, such as Benelux Trademark Act, Patent Act of the Kingdom 1995, etc. The Civil Code of Italy contains more detailed rules for regulation of author's right on literary and artistic works, patents, utility models and industrial designs, marks, appellations of origin/geographical indications, trade names, unfair competition and protection of undisclosed information. This, however, does not exclude specialized laws from the regulation of IP, some of which were recently incorporated into the Industrial Property Code.

It is worth to note the existence of the worldwide trend to incorporate intellectual property norms into one legal act. Among the most famous documents in this regard are the 1995 Industrial Property Code of Portugal, the 1979 Code of Intellectual Property of Sri Lanka, the 1992 Intellectual Property Code of France, the 1997 Intellectual Property Code of the Philippines (Philippines also have the 1949 Civil Code that contains regulations on marks, appellations of origin/geographical indications, protection of undisclosed information, author's right and neighbouring rights).

Such a brief addressing to other countries experience in the codification of IPR legislation shows that by the inclusion of all IPR provisions into the Civil Code with the abolishment of all specialized legal acts Russia has chosen the unique way.¹⁹⁴ Thus, this kind of codification of IPR legislation puts Russia in an outsider position among other countries.¹⁹⁵

¹⁹⁴ Eremenko, *supra* note 157, p. 3.

¹⁹⁵ Sergeev, *supra* note. 189 p. 118.

It is notable, that the drafters of part four refer to “the conception of exclusive rights to the results of intellectual activity” developed by professor Dozortsev, as the basis of the conception of part four.¹⁹⁶ One of the biggest Russian IP specialists, professor Dozortsev,¹⁹⁷ was one of adheres of the idea of codification of the IPR legislation and one of the drafters of the previous versions of the codification. However, Dozortsev did not support the concept of the codification of the IPR legislation within the Civil Code and considered the Code only as a consolidating legal instrument for the legislative framework on intellectual property.¹⁹⁸

In his different works, Dozortsev pointed out to importance of division of IP legislation into the general and the specialized legislation. He emphasized that the Civil Code should contain general IPR norms and serve as consolidating legal instrument for all legal framework of intellectual property. Dozortsev also emphasized that the detailed regulation of matters related to various IP objects should be carried out by separate legal acts.¹⁹⁹

Advancing the arguments in favour of the full codification of IPR provisions within the Civil Code the drafters of the new law emphasize that this codification allowed the resolving a number of problems of the Russian IP legislation.²⁰⁰ First, according to the drafters the adoption of part four allowed to agglomerate all civil legislation and “*a number of other rules inseparably connected with the latter*” within the framework of the Civil Code.

By “other rules” the drafters of part four apparently had in view a great amount of registration rules that have been included into the Code.²⁰¹ Part four contains the detailed regulation on the state registration of intellectual property objects such as inventions, utility models and industrial designs, selection achievements, trademarks and appellations of origin of goods. These regulations cover all stages of the registration procedure starting from rules of compilation of applications and finishing by issuance of a patent or trademark/appellation of origin of goods certificate.

The inclusion of registration norms into the Code, however, did not receive support from the most of specialists in intellectual property. For example,

¹⁹⁶ В.Ф. Яковлев и А.Л. Маковский, ‘О четвертой части Гражданского кодекса России’ *Журнал российского права*, 2007, № 2 (по электронной версии справочной правовой системы КонсультантПлюс) стр. 1. [V.F. Yakovlev and A.L. Makovsky, ‘About Part Four of the Russian Civil Code’, 2 *Zhurnal Rossiiskogo Prava* (2007) (electronic version provided by the reference legal database ConsultantPlus)] p. 1.

¹⁹⁷ Dozortsev, Viktor Abramovitch (1928-2003), Doctor of Juridical Science, Professor; one of the drafters of the 1961 FPCL, the 1964 Civil Code of RSFSR, the 1983 Housing Code of RSFSR and others; one of the drafters of the current Russian Civil Code.

¹⁹⁸ В.А. Дозорцев «*Интеллектуальные права: Понятие. Система. Задачи кодификации*». Сборник статей // Исслед. центр частного права. – М.: «Статус», 2003. стр. 57. [V.A. Dozortsev, *Intellectual Rights: Definition. System. Purposes of Codification* (Collected Works, Private Law Research Centre, “Status”, Moscow, 2003)] p. 57.

¹⁹⁹ *Ibid.*

²⁰⁰ Yakovlev, Makovsky, *supra* note 196.

²⁰¹ *Ibid.*

Eremenko²⁰² points out that the new part of the Civil Code is “a symbiosis of norms of civil, administrative and labour law”, and that “the inclusion of such a great amount of administrative rules into the Russian Civil Code is the beginning of disorganization of the whole system of civil law.”²⁰³ According to Eremenko, the state registration rules attributed to administrative law; the Civil Code should contain only those registration norms that serve establishment of civil rights, which does not imply detailed elaboration of these rules in the Code.²⁰⁴

In support of this opinion Sergeev notes that the inclusion into the Civil Code of rules of administrative procedures undermines the reputation of the Code as the fundamental legal act of civil law.²⁰⁵ Moreover, in Sergeev’s opinion, this approach contradicts article 2 of the Civil Code that establishes legal relations regulated by the civil legislation.²⁰⁶

The two-level system of the IPR regulation mentioned in the first chapter of this thesis does not exist *per se*, but is based on the fundamentals of the civil law system in Russia. These fundamentals imply that the Civil Code provides for general rules and regulations on every specific branch of civil law, and constitutes the basis for elaboration of these rules and provisions in specialized laws. The majority of Russian civil law institutions are based on the two-level system.²⁰⁷

“Specialized laws” do not necessarily imply their isolation from each other. These laws can be executed in the form of a code like the Russian Land Code, the Water Code, the Family Code etc. Relations between these Codes and the Civil Code are built on the two-level system when the Civil Code provides for the fundamentals of the regulation of one or another civil law branch, and a specialized code provides for its detailed regulation.²⁰⁸

²⁰² Eremenko, Vladimir Ivanovich, Doctor of Juridical Science, Professor, Head of the Legal Department of the Eurasian Patent Organization.

²⁰³ Eremenko, *supra* note 157, p. 2.

²⁰⁴ В.И. Еременко, ‘Кодекс интеллектуальной собственности Российской Федерации, или часть четвертая Гражданского кодекса Российской Федерации’, *Адвокат*, 2006, № 7 (по электронной версии справочной правовой системы КонсультантПлюс) стр. 2. [V.I. Eremenko, ‘The Intellectual Property Code of the Russian Federation, or Part Four of the Civil Code of the Russian Federation’, *7 Advokat* (2006) (electronic version provided by the reference legal database ConsultantPlus)] p. 2.

²⁰⁵ Sergeev, *supra* note 189, p. 118.

²⁰⁶ *Ibid.*

²⁰⁷ М.А. Федотов, ‘Проблема дифференциации при кодификации законодательства об интеллектуальной собственности’ в «Белая книга: история и проблемы кодификации законодательства об интеллектуальной собственности». Сборник документов, материалов и научных статей // под редакцией Лопатина В.Н., М., Издание Совета Федерации, 2007, стр. 277. [M.A. Fedotov ‘The Problem of Differentiation during Codification of Intellectual Property Legislation’, in V.N. Lopatin (ed.), *White Book: the History and Problems of Codification of the Intellectual Property Legislation*. (collection of documents, materials and research articles, the Publication of the Council of the Federation, Moscow, 2007)] p. 277.

²⁰⁸ *Ibid.*

In due time Dozortsev criticized the conception of full codification of IPR provisions within the Civil Code emphasizing the incorrectness of drawing up different sections of the Code in different manners. Dozortsev pointed out, that the situation when the Code provides for the full regulation of one branch of the civil law, while covers only general provisions for others, may lead to destruction of the integrity of civil law.²⁰⁹

In the Explanatory Note to the draft part four of the Civil Code, the drafters of the new law mention Russian historical experience of development of the Russian IPR legislation. The drafters point out that the IPR legislation was codified in conjunction with the rest civil legislation several times during last hundred years.²¹⁰ Indeed, the 1961 FPCL and the 1964 Civil Code of the RSFSR contained provisions on author's rights, inventions rights and other industrial property rights. However, the level of specification of the regulation connected to these IP objects provided by the mentioned legal acts was essentially different comparable to part four. Besides, with due consideration of the level of the IPR protection in the Soviet Union, references to the Soviet legislation do not serve the argumentation in favour of this kind of codification.²¹¹

The abolishment of the specialized IPR laws also raises the question, if such laws may be enacted in the future. Put it differently, what will the structure of the Russian IPR legislation look like? Neither part four itself, nor do the introduction law to part four have any relevant provisions in this regard. It remains unclear if the future existence of any separate laws in the sphere is possible.²¹²

Besides, declared by the drafters of part four the goal to fulfil the complete unification of IPR provisions was not achieved, as part four does not include other federal laws containing norms on intellectual property (Advertisement Law, Law on Mass Media, Law on Architectural Activity etc.)

The discussed above contradiction would be resolved if the codification of the IPR legislation was performed in the form of the intellectual property code, *i.e.* if it was an independent legal act and not a structural part of the Civil Code.²¹³

The next issue noted by IP experts in connection with the codification within the Civil Code is a possibility to insert changes in it. At first sight, future amendments of the IPR legislation should not constitute a problem as the Civil Code has the same position in the statutory hierarchy as all other federal laws in Russia. It means that the procedure of insertion of

²⁰⁹ Dozortsev, *supra* note 198, p. 362.

²¹⁰ Пояснительная записка Государственной думы Российской Федерации к проекту части четвертой Гражданского кодекса Российской Федерации, параграф 3. [The Explanatory Note to the Draft Part Four of the Civil Code of the Russian Federation by the State Duma of the Russian Federation] para. 3.

²¹¹ Fedotov, *supra* note 207.

²¹² Sergeev, *supra* note 189, p. 119.

²¹³ Fedotov, *supra* note 207, p. 278.

amendments into the Code is not different from the same procedure with regard to any other federal law. Nevertheless, one should keep in mind the special role of the Civil Code in Russian legislative system as the primary and central source of civil law. Besides, articles of the Code are not isolated from each other; the arrangement of the Code implies the relationship between various legal norms and their dependence on each other. This means that every amendment inserted into one article must be followed by insertion of respective amendments into all corresponding articles of the Code.²¹⁴

This position of the Civil Code imposes a special obligation on the legislators to elaborate carefully provisions of the Code in order to prevent legislative gaps and defects in it. However, the more detailed is elaboration of statutory provisions, the more possible is appearance of gaps and defects in these provisions. This problem is getting more complicated because of the rapid development of the IP sphere and appearance of new kinds of intellectual products.²¹⁵

Many experts express the opinion that the full codification of the IP legislation has a number of positive effects. Thus, the codification makes it convenient to use the legislation: a reader can find every provision in one document. The full codification makes it difficult to regulate IPR by means of subordinate acts (for instance by acts of Rospatent), which sometimes have a negative influence on the IPR protection. Concentration of all IP norms in one document allows to eliminate duplication of the same provisions in different separate laws, to coordinate different norms with each other, and to unify the terminology.²¹⁶ In this regard, the introduction of the general provisions for the whole document discussed below is particularly important.

However, the above analysis demonstrates that the negative effects of the codification within the Civil Code are able to abolish the positive outcomes of the idea of codification of IPR legislation *per se*.

5.2 General Provisions

The drafters of part four draw special attention to chapter 69 of the Code that contains general provisions on IPR. One can not disagree that the presence of a chapter dedicated to general provisions brings the certain integrity into part four including a number of beneficial effects such as the above-mentioned eliminating of duplication of the same norms, unifying of the terminology etc.²¹⁷

²¹⁴ Fedotov, *supra* note 207, p. 273.

²¹⁵ *Ibid.*; Sergeev, *supra* note 189, p. 118.

²¹⁶ Eremenko, *supra* note 204, p. 5.

²¹⁷ *Ibid.*; Yakovlev, Makovsky, *supra* note 196, p. 2.

Acknowledging the fact that the presence of the “general part” in part four has its auspicious effects, one should note that there are certain faults in the substance of chapter 69. First of all, this chapter contains a number of rules which are not general by their nature.²¹⁸ For example, rules established by articles 1242-1244 are dedicated to collective management of the author’s right and the neighbouring rights; article 1247 contains provisions on patent and trademark attorneys. These provisions are related to separate IP objects and should have been included into the relevant chapters.

At the same time, some general IPR provisions that require to be unified have been left outside the scope of chapter 69. For example, rules for results of intellectual activity for hire, principles of free use of protected works, rules for exhaustion of rights and some others are either not mentioned by the new law at all, or spread all over part four and basically repeat each other.²¹⁹

As it was already mentioned in the previous chapter of this work, article 1225 of chapter 69 presents the new concept of intellectual property that will replace the current article 138 of the Code. Article 1225 defines intellectual property as *the results of intellectual activity and the means of individualisation equated to them* and provides for the exhaustive list of IP objects protected by the law.

According to the majority of IP experts the inclusion of the exhaustive list of protected IP objects contradicts article 2 (viii) of the WIPO Convention, which, apart from IP objects mentioned directly, indicates “*all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields.*” This wording explicitly shows inadmissibility to provide an exhaustive list of protected IP objects as this is done in part four.²²⁰

Establishment of the exhaustive list of protected results of intellectual activity and means of individualisation together with the abolishment of the specialized laws regulating IP will result in impossibility of legal regulation of new IP objects within the framework of the Civil Code.²²¹

Moreover, the drafters of part four did not include the protection against unfair competition into the list, although it is a protected industrial property object under the Paris Convention. The protection against unfair competition continues to be covered by the separate anti-monopoly legislation.²²²

The new concept of “intellectual rights” introduced in article 1226 of part four also raises doubts among IP experts. The term “intellectual rights” was put into practice in the nineteenth century by the Belgian jurist Edmond

²¹⁸ Eremenko, *supra* note 204, p. 7.

²¹⁹ *Ibid.*; Sergeev, *supra* note 189, p. 121.

²²⁰ Eremenko, *supra* note 157, p. 3; Fedotov, *supra* note 207, p. 275.

²²¹ Eremenko, *supra* note 157, p. 3

²²² Budylin, Osipova, *supra* note 135, p. 4.

Picard. However, this term is not in use either in international treaties, or in national legislation of other countries.²²³ The definition of “intellectual rights” provided by article 1226 (*the rights to the results of intellectual activity and means on individualization equated to them*) is practically the same as the definition of “intellectual property” provided by the abolished article 138 (*the results of intellectual activity and the means of individualisation equated to them (intellectual property); nonmaterial benefits*). Consequently, there was no necessity in putting the new term into practise.²²⁴

Furthermore, the introduction of the new term “intellectual rights” demonstrates the trend of divergence with the widely recognized term “intellectual property”, and the breakaway from the legislative traditions in a certain way. Besides, it might lead to confusion of ordinary participants of the civil turnover, such as rightholders and users of protected works.²²⁵

The inclusion into part four of the norms on regulation of collective management of the author’s right and the neighbouring rights (articles 1242-1244) was briefly discussed above. Apart from the question of propriety of the inclusion of these norms into the general provisions of part four, there are some issues concerning their substance. It is worth to note that these norms bring certain normalization and detailed elaboration into the legal regulation of work of collective management organizations.²²⁶ The establishment of the new requirements for these organizations such as the principle of membership, the requirement of the state accreditation etc., is an important beneficial innovation of part four.

At the same time, provisions of the mentioned articles contain certain faults. So, article 1244(1) significantly reduces the functions of collective management organizations by establishing of the exhaustive list of their activities. These functions under the new law are mostly narrowed down to musical spheres. For example, reprography reproduction is excluded from the collective management, which means that every library or any person making copies of works must conclude separate agreements with every single author’s right owner of these works (except for the public domain works).²²⁷

The same approach demonstrates article 1245 named “Remuneration for Free Reproduction of Phonograms and Audiovisual Works for Private Purposes”. As one can conclude from the title of the article, it provides for

²²³ Eremenko, *supra* note. 157, pp. 3-4.

²²⁴ Н.Л.Сенников, ‘О соответствии части 4 Гражданского кодекса общим положениям права интеллектуальной собственности (Тезис № 1)’, *Гражданское право, 2006, № 6* (по электронной версии справочной правовой системы КонсультантПлюс) стр. 2. [N.L.Sennikov, ‘About Correspondence of Part Four of the Civil Code to the General Provisions of Intellectual Property Legislation (Thesis No. 1)’, 6 *Grazhdanskoe Pravo* (2006) (electronic version provided by the reference legal database ConsultantPlus)] p. 2.

²²⁵ Sergeev, *supra* note 189, p. 120.

²²⁶ Bliznets, *supra* note 148, p. 248.

²²⁷ *Ibid.*

the right of authors for remuneration for private copying only of musical works, in spite the increasing amount of copying of digital audio books and education materials, and also other objects containing literary, scientific, artistic, photographic and other works.²²⁸

Such a narrow approach to certain matters of the author's right and the neighbouring rights protection not only worsens the position of users of protected works, but deprives certain categories of authors their right to receive remuneration.²²⁹

Articles 1250-1253 dealing with protection of the intellectual rights on the contrary increase the liability for IPR infringements. A number of novelties, e.g. the right of the exclusive rights owner to request for publishing of a court decision on an exclusive rights infringement regardless of the infringer's fault, provided by article 1250; the option of liquidation of a juridical person or deregistration of individual entrepreneur for a "multiple or gross" infringement of exclusive rights provided by article 1253, are able to bring positive outcomes and strengthen the IPR protection.

5.3 Author's Right

According to a number of IP specialists, some provisions of the author's right section of part four contradict Russia's international obligations.

Within the meaning of article 1255 of chapter 70, the author's rights are exclusive rights in the work (economic rights), and a number of personal non-property (moral) rights, i.e. the right of authorship, the right for the name, the right of integrity of the work etc. According to article 1256, authors, who are not Russian citizens, enjoy on the Russian territory the protection of only their exclusive (economic) rights, but not personal non-property (moral) rights. This statutory provision contradicts article 6*bis* of the Berne Convention, which guarantees the protection of moral rights of the author.²³⁰

Experts also mention the lack of provision, that the limitations of exclusive rights of the author should not conflict a normal exploitation of the work and prejudice the legitimate interests of the right holder. This principle is provided explicitly by article 9 of the Berne Convention, article 10 of the

²²⁸ *Ibid.*

²²⁹ *Ibid.*

²³⁰ *Заключение по результатам комплексной экспертизы концепции проекта части четвертой Гражданского кодекса Российской Федерации, 5 октября 2006 г.,* Республиканский НИИ Интеллектуальной Собственности (РНИИС) параграф 2.3. [*Opinion on the Results of the Comprehensive Expert Examination of the Conception of Draft Part Four of the Civil Code of the Russian Federation, 6 October 2006, Republican Research Institute for Intellectual Property (RNIIS)*] para. 2.3, <<http://rniis.ru/content/view/117/30/>>, visited on 21 December 2007.

WIPO Copyright Treaty, and article 13 of the TRIPS agreement, is not found either in the 1993 Author's Right Law, or in part four.²³¹

A notable novelty on the author's right protection is contained in article 1270 of part four. As briefly mentioned above, this article provides for the content of exclusive rights of the owner of author's right in the form of the open list. This position of the legislator is highly controversial. For instance, the legislation of countries with the most developed IPR standards such as France and the United Kingdom provides for an exhaustive list of powers of the author's right owner.²³² A number of experts characterize this position of the Russian legislators as "erroneous" because "such a wide scope of the author's right owner's powers does not exist anywhere in the world".²³³

However, not all provisions of the new law are criticised by the experts. For instance, a number of rules on contractual relationship in the author's right sphere have an obviously positive effect providing for certain enhancement of the author's rights. So, articles 1234 and 1235 provide for the indication of a size of remuneration or a method of its calculation as a mandatory condition of validity of assignment and license contracts; these contracts must be done in the written form unless the Code establishes otherwise. Article 1287 enhances the author's rights protection under publisher's license contracts by providing, for example, that an author has the right to seek enforcement of the obligation. Article 1290 limits the scope of liability of the author under the author's contract, etc.²³⁴

Provisions of articles 1266 and 1267 are notable. As mentioned in the previous chapter, these articles intend to protect the integrity of work protected by author's right, which is praiseworthy. However, they also may cause abusive practise with regard to these rights. So, article 1267 provides for a possibility to protect the authorship, the author's name and integrity of the work after the author's death by a person assigned by the author on that purpose, by the author's inheritors or by "other interested person". At the same time, the law does not provide for any criteria of who can be an "interested person" in this regard. Such a lack of clarity may cause situations when these "other interested persons" may assert claims and initiate legal proceedings without reasonable grounds.²³⁵

5.4 Neighbouring Rights

Chapter 71 that covers the neighbouring rights introduces two new for the Russia's legislation kinds of neighbouring rights: rights of the maker of a

²³¹ *Ibid.*

²³² Kastalsky, *supra* note 136, p. 11.

²³³ Э.П. Гаврилов, 'О проекте части четвертой ГК РФ о праве интеллектуальной собственности'. // *Хозяйство и право*. - 2006. - № 11. стр. 32. [E.P. Gavrillov, 'About Draft Part Four of the Civil Code of the RF on intellectual property rights', 11 *Khozyajstvo i pravo* (2006)] p. 32.

²³⁴ Eremenko, *supra* note. 204, p. 6; Bliznets, *supra* note 148, p. 247.

²³⁵ Bliznets, *supra* note 148, p. 250.

database (articles 1333-1336), and rights of the publisher of a previously unpublished work (“publicator”) (articles 1337-1344). These both novelties are adopted from the European Union legislation, namely the Directive 96/6 EC of 11 March 1996, and the Directive 93/98/EEC of 29 October 1993.

The expansion of the scope of the neighbouring rights protection is a beneficial novelty of part four. However, this section contains one of the most controversial provisions of the new law with regard to neighbouring rights.

The above mentioned article 1335, which establishes that the term of protection of a database is renewed each time the database is updated. This provision intended to protect publishers of renewable databases contains the vague language, which cancels its positive outcome. Taken literally, the wording of this provision means that even immaterial additions are able to renew the database protection indefinitely.²³⁶

5.5 Patent Rights

As discussed in the previous chapter of this thesis, the new law does not introduce many substantial changes into the patent rights regulation. New terminology is put into practice, the terms of the protection for utility models and industrial designs are prolonged, and the institution of the public domain is introduced.²³⁷ However, IP specialists mention certain inconsistency between provision of part four and the TRIPS agreement regarding the patent rights regulation.

Article 1350 introduces somewhat limiting approach to the subject matter of the patent protection. Article 1350 describes an invention as “*a technical solution in any field which is related to a product (in particular, a device, a material, a culture of a microorganism, a culture of a plant or animal cells) or a method (a process of manipulating a material object by physical means).*” This legal definition of an invention might cause obstacles for obtaining the patent protection for new kinds of inventions which appear constantly nowadays and which might be difficult to cover by this definition.²³⁸

For comparison, article 27.1 of the TRIPS agreement does not define what an invention is. TRIPS agreement provides for the protection of “*any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application.*” It is notable that there are quite few countries in the world which patent laws include a definition of an invention.²³⁹

²³⁶ Budylin, Osipova, *supra* note 135, p. 7.

²³⁷ Budylin, Osipova, *supra* note 135, p. 9.

²³⁸ Eremenko, *supra* note 204, p. 10.

²³⁹ C. M. Correa, *Trade Related Aspects of Intellectual Property Rights. A Commentary on the TRIPS Agreement* (Oxford University Press, New York, 2007) p. 271.

Article 1375 that deals with patent applications, on the contrary, presents a too broad approach to the application requirements. Article 29.1 of the TRIPS agreement provides for the condition that “an applicant for a patent shall disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art...” Provisions of article 1375 of part four of the Russian Civil Code do not fully correspond to the cited TRIPS provision, indicating that a patent description should be done in a manner sufficiently clear and complete for the invention to be carried out. There is no reference to *a person “skilled in the art”* in the Russian law, which gives a lot of freedom of interpretation to patent experts.²⁴⁰

5.6 Firm Names and Commercial Designations

Inclusion of the provisions for regulating firm names and commercial designations into part four is the one the most significant and certainly positive novelties of the reform. As discussed in the previous sections of this work, these two means of individualisation were practically excluded from the legal regulation under Russian laws. The firm name protection was covered by the long ago obsolete 1927 Statute on the Firm and some separate provisions of the Civil Code and other laws. Commercial designations were simply mentioned in a number of articles of the Civil Code and some other laws.²⁴¹

It is fair to say though that the rules of protection of these IP objects are not well elaborated on the international level either. There are no special international agreements dedicated to firm names and commercial designations; they are only mentioned in the WIPO Convention and the Paris Convention.²⁴²

As noted in the previous chapter of this work, the text of article 54(4) of part one of the Civil Code establishing the rules for a name and a location of a juridical person implies the state registration as the condition of establishment of the exclusive right to the firm name. This requirement contradicts article 8 of the Paris Convention according to which: “A trade name shall be protected in all countries of the Union without the obligation of filling or registration, whether or not it forms part of a trademark”. With entrance of part four into force the clause 4 of article 54 was replaced by the new provision for firm names of part four. According to the new law, the exclusive right to the firm name originates *from the moment of the state registration of a juridical person* without a special registration of the firm name itself (articles 1473(1) and 1475(2)).

²⁴⁰ Eremenko, *supra* note 157, p. 10.

²⁴¹ Sergeev, *supra* note 175, p. 263.

²⁴² Eremenko, *supra* note 157, p. 11.

However, the above new provision of part four still raises doubts among specialists regarding its conformity with the international law. Some experts consider the new provision being in compliance with article 8 of the Paris Convention at least as a matter of form.²⁴³ Others note that putting the protection of the exclusive right to the firm name under the condition of the state registration of a juridical person infringes the principle of national treatment established by article 2 of the Paris Convention.²⁴⁴

The adoption itself of the new regulations on firm names is doubtlessly a beneficial novelty of part four. However, there are certain shortcomings in this regard. First of all, the rules of part four are definitely not enough for sufficient protection of firm names. Chapter 76 of part four contains only four articles regulating firm names, and a lot of practical issues of use of firm names remained uncovered by the law though firm names are being used by almost every participant of the civil turnover. This is even more deplorable as viewed through the conception of the full codification of the IPR legislation, which excludes separate legal acts from the regulation of IP.²⁴⁵

In much the same way is the situation with commercial designations which are regulated by four articles of paragraph four of chapter 76. These articles of course bring the certain clearness into the legal relations with regard to commercial designations.²⁴⁶ But they are also not enough for sufficient regulation of this IP object and leave a lot of issues behind the framework of the Civil Code. Besides, the provisions of paragraph four raises a number of questions among experts.

So, it is not clear from the statutory language when the exclusive rights to a commercial designation are being established and what legal circumstances form the basis of these rights.²⁴⁷ Article 1540 only provides for the rule that the right to a commercial designation terminates if the commercial designation is not in use for more than one year.

It follows from paragraph four that a commercial designation is not a subject to the state registration or inclusion into constitutive documents of the company, which is to say that the right to use the commercial designation originates without a prior permission. The only requirement for the originating of this right is that the commercial designation “*should have a distinctive character and be known within a certain territory*” (article 1539(1)). In the eyes of a number of specialists, this provision put commercial designations in the position when they severely weaken the protection of word trademarks.²⁴⁸ Though according to the law these two means of individualisation have different purposes, the means of their use in

²⁴³ *Ibid.*

²⁴⁴ Sergeev, *supra* note 175, p. 264.

²⁴⁵ *Ibid.*, pp. 263-264.

²⁴⁶ *Ibid.*, p. 269.

²⁴⁷ *Ibid.*; Eremenko, *supra* note 157, p. 12.

²⁴⁸ Sergeev, *supra* note 175, pp. 270-271.

practice are mostly the same. Comparative simplicity of acquiring of the exclusive rights in a commercial designation makes pointless the registration of word trademarks.²⁴⁹

In the end, it is not exactly clear how the legal protection of firm names, of commercial designations and of trademarks will interact with each other (for example, where a commercial designation of one person is similar to a firm name of another person).²⁵⁰

5.7 Trademarks

A notable novelty is provided by the previously mentioned article 1483(8), which introduces the confusing similarity with firm names, commercial designations, names of selection achievements as a ground for refusal in a trademark registration. As discussed above, the confusing similarity is the most common ground for conflicts between trademarks and the mentioned IP objects.²⁵¹ That is why this new provision is very important and together with the inclusion of commercial designations and selection achievements should bring positive effects.

At the same time, the rule of the cited article would be more beneficial if the list of IP objects which prevents a trademark registration on the basis of the confusing similarity was not exhaustive and included all other IP objects, the rights to which belonged to other persons, prior to the priority date of the registered trademark. In addition, it would be more practical if the issue of confusing similarity was also included into article 1483(9) that regulates conflicts between registered trademarks and objects protected by the author's rights, means of individualisation of celebrities (a name, pseudonym, portrait etc.), industrial designs, certification marks and domain names.²⁵²

Another important beneficial novelty of part four is the inclusion of the list of actions that a trademark owner has the right to perform (article 1484). As discussed in the previous chapter of this work, the 1992 Trademark Law only provided for powers of a trademark owner indirectly through the list of actions that were considered as an infringement of the exclusive rights in a trademark. This exhaustive list of prohibited for the third parties actions used to give the wrong impression that the powers of a trademark owner had the same exhaustive nature.²⁵³ This shortcoming of the 1992 Trademark Law is removed by the provision of part four which wording explicitly expresses the approximate nature of capability of a trademark owner to use a trademark.

²⁴⁹ *Ibid.*, p. 271.

²⁵⁰ Budylin, Osipova, *supra* note 135, p. 16.

²⁵¹ Sergeev, *supra* note 175, p. 265.

²⁵² *Ibid.*

²⁵³ *Ibid.*

The provision of article 1513 stipulating that an opposition against granting the legal protection to a trademark can be filed by an *interested person*, is less productive. As it was noted in the previous chapter of this thesis, according to the 1992 Trademark Law *any person* can file an opposition against a trademark registration. A practical value of the changing of this rule raises doubts, as there are no legal criteria of who is considered an interested person having the right to file an opposition against a trademark registration. On the one hand, the fact that a person is filling such an opposition proves the person's interest in this regard, thus the new wording of part four has no practical meaning. On the other hand, the requirement for a person filling an opposition to prove its interest in this case may cause unnecessary obstacles for the trademark protection opposing.²⁵⁴

Among different IP matters, the IP reform touched such an important subject as licensing of different IP objects including trademarks. And this is one of the issues that caused a lot of criticisms towards the new law from specialist both at the national and the international levels. According to a number of experts, the retaining in part four the mandatory recordal requirement for license agreements is "inconsistent with international norms and with realities of modern global commerce" and considered as one of the biggest faults of the new law.²⁵⁵

The 1992 Trademark Law provided for the certain requirements for the content of trademark license agreements and provided for their mandatory state registration (recordal) with Rospatent. Thus, according to article 26 of the Trademark Law, a license agreement must include the condition that the quality of the goods/services of the licensee not to be lower than the quality of the goods/services of the licensor. According to article 27 of the Trademark Law, a license agreement must be recorded in due course with Rospatent; an unrecorded license is not valid and enforceable.

The obligatory recordal requirement of license agreements remains in part four as a general requirement to all license agreements; it is provided by articles 1232(2) and 1235(2) of chapter 69. Article 1490(2), specifically related to trademarks, provides that a license contract must be concluded in the written form and is a subject to state registration with the Federal executive body for intellectual property (Rospatent).

The mandatory license recordal is claimed to "impose substantial burdens on companies wishing to expand their business to Russia, and is clearly at odds with the practice in most countries of the world".²⁵⁶ It is noted, that there are few countries (if any) that impose this kind of constraints on trademark licensing; most of the countries of the world recognize the legal

²⁵⁴ *Ibid.*, p. 268.

²⁵⁵ N. Gulyaeva *et al*, 'Dancing to a Different Beat. Trademark Licensing in New Part IV of the Russian Civil Code'. 198:6 *Trademark World* (2007) p. 28.

²⁵⁶ *Ibid.*

status and enforceability of trademark license agreements without the mandatory license recordal.²⁵⁷

The trend during the last 15-20 years has been to eliminate the state recordal as a condition of trademark license validity.²⁵⁸ The reason of this trend is that the requirement of license recordal “poses an unwarranted administrative burden and cost on the parties, and thus a burden on commerce, potentially reducing the availability of new products and services to consumers in the market”.²⁵⁹ It is particularly important for multinational companies that implement large (with hundred and even thousands of licensees) worldwide trademark licensing programs for several marketing purposes. For those companies recording of every license agreement is simply too costly and burdensome.²⁶⁰

Part four no longer requires that a license agreement should include the specific condition that the quality of the goods/services of the licensee not to be lower than the quality of the goods/services of the licensor. Instead, article 1489(2) says: “A licensee must ensure that the quality of the goods produced or sold by the licensee under the licensed trademark correspond to the quality requirements established by a licensor. The licensor has the right to conduct verification of the observance of this condition. Upon claims raised to the licensee as a producer of the goods the licensee and the licensor shall bear joint and several liability”.

Apparently, this provision aimed to ensure protection of consumers. However, it caused a lot of criticisms for imposing “unjust and excessive liability on the licensor... removing from the parties the ability to negotiate the terms of their own agreements... and constituting an unjustifiable burden on trademark owners who should not be held, in effect, “strictly liable” in respect of goods manufactured by its licensees worldwide”.²⁶¹ It is also noted that “no jurisdiction in the world provides for such liability in the trademark legislation”.²⁶²

It is also pointed out by IP specialist that part four does not provide for a possibility to record a license if the subject mark is a pending application. “Because it takes time for a mark to mature registration, this makes it very difficult for companies to launch new brands and logo programs in Russia in a timely fashion and to bring their newest goods and services to the Russian market.”²⁶³

²⁵⁷ *Ibid.*, p. 27.

²⁵⁸ *Ibid.*, pp. 27-28

²⁵⁹ *Ibid.*, p. 28.

²⁶⁰ *Ibid.*

²⁶¹ *Ibid.*, p. 29.

²⁶² *Ibid.*

²⁶³ *Ibid.*, p. 28.

5.8 Appellations of Origin of Goods

As mentioned above, article 1517 of chapter 76 introduces the new approach to the right to use an appellation of origin. According to the new law, the right to use an appellation of origin registered at the relevant government authorities is an *exclusive right*. This novelty is highly controversial, as the “exclusive right” with regard to the right to use an appellation of origin is not mentioned either in the 1958 Lisbon Agreement for the Protection of Appellations of Origin (which Russia is not a member of), or in Section 3 of the TRIPS agreement for geographical indications.

According to article 5 of the Lisbon Agreement, the registration of appellations of origin shall be effected *in the name of any natural persons or legal entities*, “public or private, having, according to their national legislation, a right to use such appellations”.

According to article 22 of the TRIPS agreement, in respect of geographical indications, the WTO members shall provide the legal means for interested parties to prevent: (a) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good; (b) any use which constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention.

Gorodov²⁶⁴ notes that the right to use an appellation of origin is not an exclusive right by its nature.²⁶⁵ According to Gorodov, the concept of exclusive rights implies that these rights belong to one solely authorised person. The right to use an appellation of origin can not be an exclusive right, as an appellation of origin identifies characteristics of a good attributable to its geographical origin, and thus the right to use an appellation of origin can not be granted to only one person.²⁶⁶

In addition, article 1518 of part four states: “exclusive rights to use an appellation of origin with regard to the same appellation of origin can be granted to any person, who produces the good within the same geographical object with the same special characteristics”. According to Gorodov, this

²⁶⁴ Gorodov, Oleg Aleksandrovitch. PhD in law. Reader in commercial law of Saint-Petersburg State University.

²⁶⁵ О.А. Городов, *Экспертное заключение на проект части четвертой Гражданского кодекса Российской Федерации*, 28 августа 2006 г., Кафедра ЮНЕСКО по авторскому праву и другим отраслям права интеллектуальной собственности, параграф 8. [O.A. Gorodov, *Expert Opinion on the Draft Part Four of the Civil Code of the Russian Federation*, 28 August 2006, the UNESCO Chair on Author's right and Other Branches of Intellectual Property] para. 8, www.unescochair.ru/content/view/60/4, visited on 21 December 2007.

²⁶⁶ *Ibid.*

provision of part four contains the self-contradiction based on the above-mentioned arguments.²⁶⁷

The opinion of non-conformity of the exclusive nature of the right to an appellation of origin of goods with international standards is shared by a number of Russian IP specialists.²⁶⁸

5.9 Russia and the WTO

The World Trade Organization (WTO) is an intergovernmental organization providing for the multilateral framework for the conduct of international trade in goods and services and for the protection of IPR.²⁶⁹

The WTO framework consists of a set of agreements that are mandatory to implement by all WTO members including the agreement on Trade-Related Aspect on Intellectual Property Rights (TRIPS agreement). TRIPS agreement regulates and standardises international IPR, and provides for strengthening of IP rights in certain areas such as trademarks; geographical indications; industrial designs; patent protection for pharmaceutical and chemical products etc. Besides, the TRIPS agreement establishes the mechanism of enforcement of IPR through national courts and a Dispute Settlement Mechanism.²⁷⁰

There are pros and cons of the WTO trading system, which are specific for each country. However, advantages and disadvantages of the WTO accession for Russia's market are not discussed in this work. This section is limited to obstacles to Russia's WTO entering within the IP framework from the viewpoint of adoption of part four of the Civil Code.

Russia applied for membership in the WTO in June 1993. Since that, the Working Party on the accession of the Russian Federation held thirty formal meetings; the last meeting was in March 2006. The main issue regarding Russia's WTO accession are bilateral agreements with other WTO members, particularly with the United States as the major economic power.²⁷¹

There are several problems, which are considered obstructions to Russia's WTO accession, *i.e.* agricultural market access, regulations on foreign participation in the banking and insurance sectors, and enforcement of laws on IPR.²⁷² The concern of the United States regarding Russia's WTO

²⁶⁷ *Ibid*

²⁶⁸ Eremenko, *supra* note 157, p. 11.

²⁶⁹ Bhagirath Lal Das, *The World Trade Organization. A Guide to the Framework for International Trade* (Zed Books Ltd., New York, TWN, Penang, UN Conference on Trade and Development (UNCTAD), 1999) p. 3.

²⁷⁰ K. Adamantopoulos, *An Anatomy of the World Trade Organization* (Kluwer Law International, London, 1997) pp. 22-23.

²⁷¹ Katz, Ocheltree, *supra* note 2, p. 3.

²⁷² *Ibid.*, p. 5.

entrance and the IPR protection is based on the extremely high rate of IPR infringements in Russia, which in a great extent affects the U.S. market. According to the data introduced by the Carnegie Endowment, Russia's intellectual piracy cost U.S. industries 1,7 billion US dollars in 2005 alone, and more than 6,5 billion US dollars over the past five years.²⁷³

The Carnegie Endowment experts point out, that enforcement of the law represents the biggest problem with IPR in Russia. According to the Carnegie Endowment research, "the general consensus in the international community is that the Russian legal framework on intellectual property rights is, if not perfect, at least adequate to meet accepted norms".²⁷⁴ However, the new part four of the Civil Code does not seem that encouraging, and is called "*Soviet-style Civil Code*" and "*a roll-back of the hard-fought progress on intellectual property rights that has been achieved over the course of fifteen years*".²⁷⁵

This position of the U.S. experts is based on those fundamental faults of part four, which have been discussed above, *inter alia*, providing the exhaustive list of the scope of protections, clouding the legal definition of intellectual property, creating possible national treatment violations with the weak protection for foreign products etc.²⁷⁶

In respect to the necessity for the reform of the IPR legislation as viewed from Russia's WTO entrance perspective, the experts of the Carnegie Endowment point out to its inappropriateness by emphasizing that: "Coming at a crucial juncture in the WTO accession talks and at time when many legal aspects of the Russian IPR regime seemed to be settled, both the timing and substance of the move are inexplicable".

This point of view corresponds to the opinion of a number of national experts discussed in the introduction to the present chapter, as well as with the opinion of other foreign specialists. For example, it noted in the CIPR publication of 9 March 2006: "Primarily, rightholders voiced their concerns that, if the draft part four of the Civil Code were approved, negotiations on Russia's accession to the WTO will be delayed. The negotiators will need to take time to study the law to determine if it is in accordance with international standards and TRIPS... Considering the document's size – over 200 pages – negotiations could be significantly delayed".²⁷⁷

The lack of correspondence of certain provisions of the new Russian IPR legislation to the TRIPS agreement weakens Russia's chances for the early WTO entrance.

²⁷³ *Ibid.*

²⁷⁴ *Ibid.*, p. 3.

²⁷⁵ *Ibid.*

²⁷⁶ *Ibid.*, p. 8.

²⁷⁷ *Supra note* 139, para. 7.

6 Concluding Remarks

The above analysis of part four of the Russian Civil Code demonstrates that the reform introduced an important piece of legislation, which is the result of great efforts of its drafters. However, the new law gives a contradictory impression. Some novelties of part four are obviously able to improve the IPR protection in Russia. At the same time, certain provisions of the new law may result in a number of shortcomings, which are able to affect the level of IPR protection negatively.

The introduction of the new IP objects such as firm names, commercial designations, new neighbouring rights, and the new IP law institutions such the pledge of exclusive rights etc. were much-needed. However, these new provisions are too general and need to be elaborated in the future. Besides, certain norms such as norms on the protection against unfair competition appeared to be excluded from the legal protection under the IPR legislation.

Many norms of the previous IP laws that required to be updated were simply transferred into part four without substantial changes. For example, license regulations, certain matters of the patent and selection achievements legislation etc.

The reform changed the traditional two-level system of Russian civil law, with the Civil Code as the first level, and the separate specialized laws as the second level. Providing for the detailed IPR regulation in the framework of the Civil Code does not comply with this division and thus contradicts the established legislative tradition. This approach threatens the integrity of the Russian civil legislation and the reputation of the Civil Code as the core source of civil law. Besides, the detailed regulation of IPR provisions solely within the Civil Code and the absence of specialized IP laws make the IPR legislation less flexible and prevent emerging of new IP objects and institutions within the legal framework.

With regard to the aforesaid, it would be advisable to separate part four from the Civil Code and adopt on its basis a code of intellectual property, retaining the general IPR provisions in the Civil Code. Enactment of intellectual property code instead of part four of the Civil Code would allow gaining all the beneficial outcomes of codification *per se* and avoiding the above-mentioned shortcomings.

Replacing the term “intellectual property” with the term “intellectual rights” does not seem appropriate. First, the replacement of the terminology does not have any practical value as the term “intellectual rights” virtually restates the abolished definition of intellectual property. Second, one can consider this terminological change as a roll back to the Soviet times when the term “intellectual property” was not used in the legislation. Third, the term “intellectual property” is universally accepted for definition of the

rights resulting from intellectual activity, while the term “intellectual rights” is not in use either in international agreements, or in national laws of other countries.

The substantial amendments of the IPR norms manifest the lack of conformity of the new law with the most serious problems of the IPR protection in Russia such as an extremely high rate of intellectual piracy and counterfeiting of medical drugs, food and alcoholic beverages. It does seem that the drafters of part four did not take into consideration these problems. As a result, those provisions of part four that are useful in a general sense does not serve counteracting the counterfeiting and the piracy.

Besides, IP experts both on national and international levels share the opinion that such a radical change of the Russian IPR legislation was not necessary. The previous Russian IPR legislation was considered generally adequate to international norms; those legislative provisions that should have been improved required elaborate preparations of the respective amendments and not a hasty reformation.

To summarize, it would be advisable for the Russian authorities to implement the following actions:

- to engage in enforcement initiatives including the establishment of a mechanism of effective intellectual piracy and counterfeiting control and strengthening provisions of criminal liability for IPR infringements;
- to elaborate amendments into the IPR legislation that would take into consideration the gained experience of the IPR protection in Russia during the last 20 years, international experience and norms of international agreements;
- to adopt a code of intellectual property (to separate the detailed IPR provisions including registration norms from the Civil Code);
- to establish the worldwide accepted terminology (intellectual property);
- to provide for an open list of protected results of intellectual activity that would allow protection of new types of IP objects.
- to implement work on accession to a number of international agreements which Russia is not a member to: the 1958 Lisbon Agreement for the Protection of Appellations of Origin and their International Registrations; the WIPO Internet Treaties - the 1996 WIPO Copyright Treaty (WCT) and the 1996 WIPO Performances and Phonograms Treaty (WPPT).
- to bring the Russian IPR legislation into compliance with the TRIPS agreement with a view to Russia’s WTO accession.

The completion of this thesis is concurrent with the entrance of part four into force. By this time, it is too early to make any final conclusions about the effectiveness of the new law. The implementation of provisions of part four in practice will demonstrate actual advantages and disadvantages of the intellectual property reform in Russia.

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