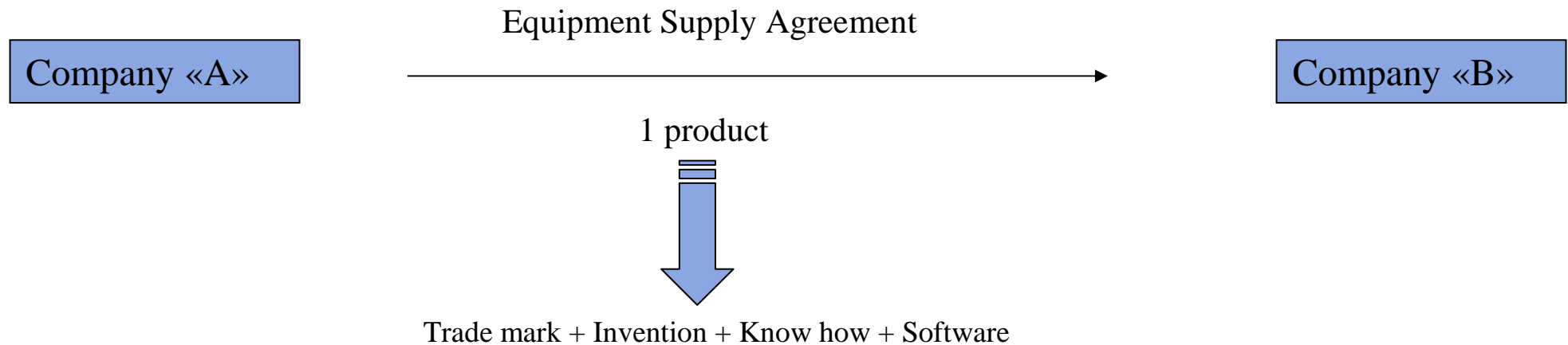


Russian customs law and intellectual property



Intellectual property (“IP”) overview

Wide variety of IP objects:



- Principal object is a trade mark (more than 220,000 in Russia)
- Territorial principle – special registration in Russia needed
(more than 50,000 trade marks are registered by foreign companies)

Infringements of IP rights

❖ Infringements:

- Counterfeit (goods are illegally labeled with trade marks);
- Parallel import (goods are illegally imported).

❖ Loss of 15 leading companies in 2008 (according to RusBrand):

- Resulting from counterfeit – more than **USD 119,000,000**
- Resulting from parallel import – more than **USD 145,000,000**

❖ Protection through customs authorities

Role of customs regulations in fighting IP rights infringements

- Customs Register of IP objects (IP Register)
- Authorities are more active – as from 2004 **10 times more** counterfeit goods were seized
- Best customs for protecting IP rights (World Customs Organization)
- In 2008 customs authorities brought to federal budget **51 percent** of all revenues



IP Register

- Proprietor may include its trade marks free of charge!

BUT

- Proprietor is required to guarantee compensation of possible damages:
 - security (bank guarantee, pledge, surety)
 - insurance
- The guarantee must be in the amount of RUB 500,000 (appr. EUR 11,000)

Disadvantage – the supply structure must be disclosed



Parallel import

- ❖ Import of goods labeled with a trade mark is the right of the proprietor (himself or upon his consent)
- ❖ The form of the consent (not defined):
 - Verbal (oral);
 - Letter;
 - Supply agreement;
 - Separate license agreement.



Recommendation: One should enter into license agreements with its official dealers

- No customs problems arise;
- **But** – more expenses (registration of agreement, customs duties)

Parallel import and exhaustion of IP rights

The proprietor may not restrict use of the trade mark when goods are put on the national market with his consent!

Risks:



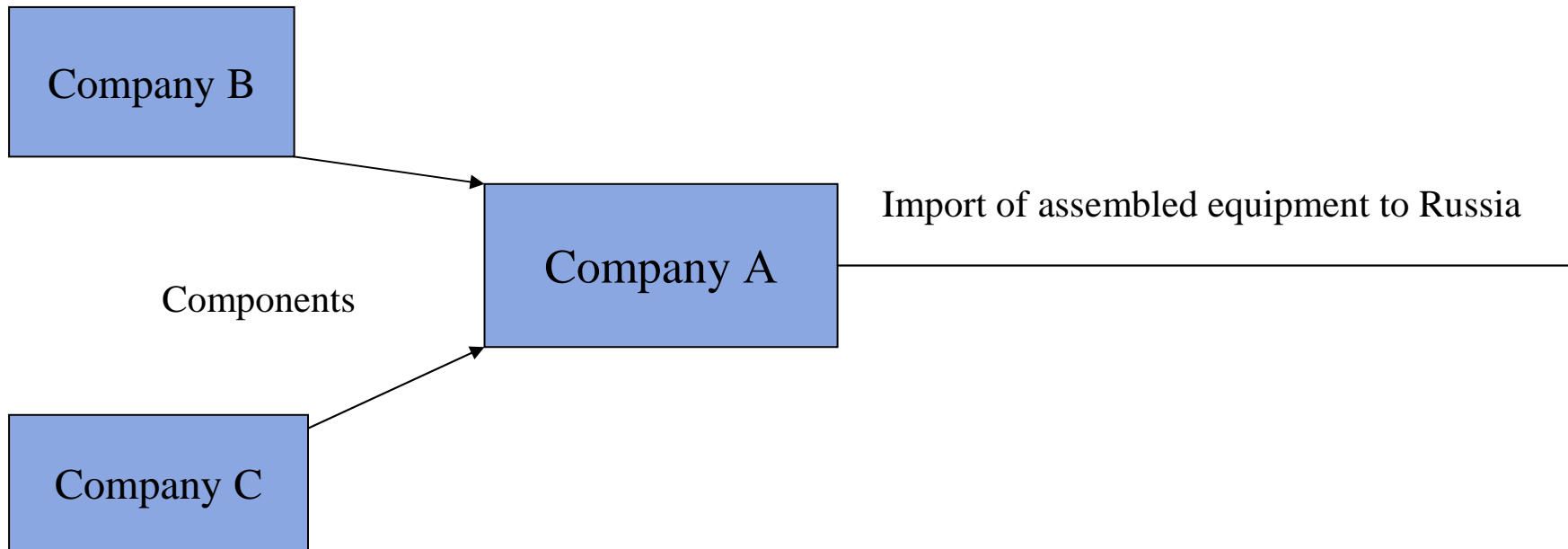
Recommendation: When selling goods abroad prohibit import to Russia for a resale

Customs means of fighting IP rights infringements

- Lawyer:
 - Application to Federal Customs Service
 - Inclusion of a trade mark into the IP Register
- Customs:
 - Suspend release of goods
- Customs and lawyer:
 - Initiate administrative/criminal/civil case



Supply of equipment



Risks:

If components are marked with trade marks of “B” or “C”, customs may prohibit import for “A”

Solution: License agreements between “A”, “B”, and “C”

Follow-up customs control

❖ Russian customs authorities perform the follow-up control within 1 year;

❖ Right to:

- Review documents;
- Receive oral explanations;
- Review goods, premises;
- Carry out customs inspection.

Note: Customs authorities may require documents from third parties including rep. offices of foreign companies!

Inclusion of royalty into customs value

- ❖ Royalty for a trade mark shall be included into the customs value of goods
- ❖ Royalty could be paid to the seller or third parties
- ❖ Important:
 - Does the royalty relate to goods?
 - Does the royalty condition the supply?
- ❖ Lawyer and customs specialist:
 - Drafting license agreement;
 - Analysis of royalty inclusion;
 - Assisting in return of overpaid customs duties;
 - Representing clients before customs authorities.

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