

IP RIGHTS: ANOTHER VICTIM OF RUSSIA'S CONFLICT WITH UKRAINE

By: Janelle A. O'Neill, Esq.

www.moylesip.com

Print PDF

July 26, 2022 | Article



Russia's unprecedented invasion of Ukraine has tragically led to significant loss of life and human suffering, and many countries throughout the world have come together to impose sanctions and diplomatic pressure on Russia. For example, the United States, members of the European Union (EU), and their allies have sought to restrict Russia's access to global financial networks, thereby making it practically impossible to make payments to entities in Russia.ⁱ In response to the economic sanctions making it a "global financial pariah",ⁱⁱ Russia has in turn implemented its own sanctions and retaliatory economic policies. While the tragic human toll of the war undoubtedly remains the primary concern, IP professionals will note that there are a number of developments that may affect their clients' interests in Russia.

Payment of IP-related fees (e.g., government filing fees, maintenance fees, and/or annuity payments) are affected by the sanctions imposed on Russia. While payment of fees may be allowed if they are processed through non-sanctioned banks, it is unlikely that western banks or fund transfer services would allow payments if such payments would potentially breach the sanctions. Absent the payment of fees by required deadlines or within the 6-month grace period, patent and trademark protection will lapse.ⁱⁱⁱ

On March 6, 2022, the Russian government made a shocking announcement that it was suspending all normal compulsory licensing rules for patents owned by persons or entities who are citizens of, registered in, or have primary place of business or profit in countries deemed to be "unfriendly" to Russia. Such unfriendly countries include United States, Canada, and the EU states. Under Russian law, a compulsory license may be granted to an interested party in several instances, including: (1) if the patent owner does not use or uses the patented invention insufficiently; (2) the interested party has a dependent invention and is unable to practice the invention without a license to the patent owner's invention; (3) to help facilitate breeding of plants and animals; (4) if the Russia government decides it is warranted based on interests of national security and defense; and (5) in view of a *force majeure*, such as an emergency, natural disaster or accident.^{iv} Such compulsory licenses would typically be granted, with payment of reasonable compensation to the patent owner – such reasonable compensation is typically dictated by a court.^v While Russia initially suggested that there would only be an exception for compulsory licensing for goods essential to their economy due to the economic

sanctions, that was not the case. The Russian government has, however, declared that a compulsory license has been granted to all Russian nationals for all patented inventions of patent owners from unfriendly countries at a reasonable compensation rate of 0%.^{vi} Russia's declaration that a reasonable compensation is 0% means that a patented invention may be utilized in Russia without patent owners receiving any compensation for their innovation and development efforts.^{vii}

Regarding other IP rights, there have been several notable trademark applications filed by Russian nationals that virtually copy the marks of famous western brands. Such trademark applications include a copy of the McDonalds™ logo turned sideways and the Latin and Cyrillic versions of the word mark for Starbucks™,^{viii} however, we have not identified whether these applications have been acted on by the Russian trademark office. In addition, a Russian court dismissed a copyright infringement complaint filed by a UK-based company who owns rights to the Peppa Pig cartoon, citing the restrictive economic sanctions from countries, such as the UK, who are "unfriendly" to Russia as a reason for the dismissal.^{ix} The Russian national who misappropriated the copyright of the Peppa Pig cartoon will undoubtedly continue to do so given the decision of the Russian court to dismiss the case.

While it remains uncertain what should be done regarding patent and trademark protection in Russia, practitioners can only make decisions based on the current landscape. In view of present landscape, at least some IP stakeholders have taken to expressly abandon all of their patent matters in Russia. For example, we have sent the following on behalf of at least one client to our Russian IP colleagues:

"Our client has instructed us to have the above referenced patent applications expressly abandoned. Your final invoice should be issued in the name of [Client's Name] . . . Once the invoice has been approved, we will forward it to our client for direct payment from [EU member state]. If there is any reason why your invoice cannot be paid from [EU member state], please let us know immediately."

The Russian patent office granted the request to abandon the pertinent patent matters. When we received a copy of the invoice for filing the request for express abandonment for our review, the invoice requested that our EU-based client send payment to a bank based in the United Kingdom. Notably, the Russian IP agent had a business address that was based in the United Kingdom. Regarding trademark matters, no direct action has been taken since none of our clients have had deadlines due within the next twelve months.

DISCLAIMER: The information provided herein is based on the information we were able to obtain at the time of this publication, and it is to be understood that since the situation with Russia continues to evolve, any of this information may change at any time. We suggest that readers independently check on any specific matters of concern and interest.

- ⁱ White House, Briefing Room, FACT SHEET: United States, G7 and EU Impose Severe and Immediate Costs on Russia, April 6, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/04/06/fact-sheet-united-states-g7-and-eu-impose-severe-and-immediate-costs-on-russia/>
- ⁱⁱ White House, Briefing Room, FACT SHEET: United States, G7 and EU Impose Severe and Immediate Costs on Russia, April 6, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/04/06/fact-sheet-united-states-g7-and-eu-impose-severe-and-immediate-costs-on-russia/>
- ⁱⁱⁱ IPCoster, Patent in Russia, March 11, 2021, <https://www.ip-coster.com/IPGuides/IPGuideCObjectItem.aspx?id=91>
- ^{iv} CMS, Compulsory Licensing and Regulation in Russia, February 15, 2021, <https://cms.law/en/int/expert-guides/cms-expert-guide-to-compulsory-licensing/russia>
- ^v CMS, Compulsory Licensing and Regulation in Russia, February 15, 2021, <https://cms.law/en/int/expert-guides/cms-expert-guide-to-compulsory-licensing/russia>
- ^{vi} Sukanya Sarkar, Russia allows IP compulsory licensing against sanctioning states, March 8, 2022, <https://www.managingip.com/article/2a5d0zxo7uj1vl9ud2io/russia-allows-ip-compulsory-licensing-against-sanctioning-states>; Donald Zuhn, Russia Permits Uncompensated Use of Certain Patents without Patentee Consent, March 11, 2022, <https://www.patentdocs.org/2022/03/russia-permits-uncompensated-use-of-certain-patents-without-patentee-consent.html>
- ^{vii} Donald Zuhn, Russia Permits Uncompensated Use of Certain Patents without Patentee Consent, March 11, 2022, <https://www.patentdocs.org/2022/03/russia-permits-uncompensated-use-of-certain-patents-without-patentee-consent.html>
- ^{viii} Dani Kass, McDonald's, Starbucks Already Facing Russian TM Copycats, March 16, 2022, <https://www.law360.com/articles/1474611/mcdonald-s-starbucks-already-facing-russian-tm-copycats>
- ^{ix} Lamiat Sabin, Russia rejects Peppa Pig trademark infringement claim to retaliate against sanctions for Ukraine war, March 14, 2022, <https://www.independent.co.uk/news/world/europe/peppa-pig-russia-trademark-ukraine-b2034842.html>; Colette Brady & Oisin Callaghan, Russia Issues Decree Providing For 0% Compensation for the Unauthorised Use of Certain IP Rights Emanating From "Unfriendly Countries", April 29, 2022, <https://www.williamfry.com/newsandinsights/news-article/2022/04/29/russia-issues-decree-providing-for-0-compensation-for-the-unauthorised-use-of-certain-ip-rights-emanating-from-unfriendly-countries>

About Moyles IP, LLC

Moyles IP is a boutique law firm located in Connecticut, U.S.A. As local firm with global capabilities, the Moyles team is focused on protecting Intellectual Property (IP) rights of our domestic and international clients. Moyles IP is a relationship-driven law firm that prides itself on providing outstanding global solutions across a broad spectrum of challenging IP issues for sophisticated clients who value an honest approach. More information about Moyles IP can be found at www.MoylesIP.com



Janelle O'Neill, Esq.

joneill@moylesip.com

Janelle focuses on Patent preparation and prosecution. anelle focuses on a wide range of IP matters, including preparing and prosecuting domestic and international patent applications and counseling clients in the mechanical, biotechnology and chemical arts. In addition, she conducts patentability and freedom-to-operate analysis, and provides advice to clients on IP matters geared to avoid litigation.