

# **Influence of anti-sanctions measures to IP in Russia**

## Influence of anti-sanctions measures to IP

### General exceptions

### Targeted measures regarding special institutes

#### 1. Federal Law No. 46-FZ of March 8, 2022

**The Government of the Russian Federation is entitled to adopt the Ruling concerning a list of goods (groups of goods) in respect of which provisions of the Civil Code of the Russian Federation on the protection of IP in such goods are not applied**

#### Parallel importation allowance for certain goods

**The Ruling of the Government as of March 29, 2022 No. 506**

The Government authorised the Ministry of Industry and Trade (MinPromTorg) to prepare a list of goods, for which parallel importation into Russia is allowed.

**The Order of the Ministry of Industry and Trade No. 1532 of May 06, 2022**

The list of goods, contained in the Order, includes:

- certain types of goods, without exceptions for any brands,
- certain types of goods with exception of some brands, for which parallel importation is not allowed;
- certain types of goods with limited list of brands, for which parallel importation is allowed.

#### **May be relevant:**

Federal Law No. 64-FZ of March 26, 2022 «On Amendments to Certain Legislative Acts of the Russian Federation»:  
foreign pharmaceuticals are allowed to circulate on the Russian market in a foreign packaging with a sticker in Russian, if there is a shortage of pharmaceuticals in Russia. The Government may prescribe additional specific rules.

#### Automatic prolongation of existing licenses

**Draft of amendment to the Law on the launch of the Civil Code - under consideration**

1) in the situation when unfriendly measures are applied, one-side termination of a license for IP is not allowed, unless the counterpart significantly breaches its obligations under the license;

2) for the period when when unfriendly measures are applied, the licenses where a licensee is a Russian company are prolonged, unless the licensee notifies the counterpart about refusal of such prolongation.

#### Compulsory license (under article 1360 of Civil Code of the Russian Federation)

**On March 7, 2022 Decree of the Government of the Russian Federation dated 06.03.2022 No. 299 «On Amending Clause 2 of the Methodology for Determining the Amount of Compensation Paid to a Patent Owner When the Decision of the Use of an Invention, Utility Model or Industrial Design without His Consent was obtained, and the order of payment of such a compensation» came into force.**

Said decree has added additional paragraph to the point 2 of the existing Methodology and established a special amount of compensation (rather than 0.5 per cent) in the event that the patent owner is associated with foreign states that commit unfriendly actions against Russian legal entities and individuals

## General exceptions

### 1. Federal Law No. 46-FZ of March 8, 2022

**The Government of the Russian Federation is entitled to adopt the Ruling concerning a list of goods (groups of goods) in respect of which provisions of the Civil Code of the Russian Federation on the protection of IP in such goods are not applied**

On March 8, 2022 Federal Law No. 46-FZ of March 8, 2022 «On Amendments to Certain Legislative Acts of the Russian Federation» has entered into force. In the notice, provided to the Government with a draft of the Federal law «On Amendments to Certain Legislative Acts of the Russian Federation», it was indicated that said law was developed to protect the national interests of the Russian Federation in connection with the unfriendly actions of foreign states and international organizations. The preparation of said law was due to the need to implement a set of measures of a socio-economic nature in relation to citizens of the Russian Federation and Russian legal entities.

### 2. The Ruling of the Government as of March 29, 2022 No. 506

**The Government authorised the Ministry of Industry and Trade (MinPromTorg) to prepare a list of goods, for which parallel importation into Russia is allowed**

Article 18 of said Federal Law empowering the Government of the Russian Federation in 2022 to accept decisions concerning (point 13 of the corresponding article) a list of goods (groups of goods) in respect of which certain provisions of the Civil Code of the Russian Federation on the protection of exclusive rights to the results of intellectual activity expressed in such goods, and the means of individualization with which such goods are marked can not be applied.

These provisions of the Civil Code of the Russian Federation relate to the methods of protection of the trademark and patent rights.

### 3. The Order of the Ministry of Industry and Trade No. 1532 of May 06, 2022

**The list of goods, contained in the Order, includes:**  
 - certain types of goods, without exceptions for any brands,  
 - certain types of goods with exception of some brands, for which parallel importation is not allowed;  
 - certain types of goods with limited list of brands, for which parallel importation is allowed.

	Wrong understanding	Due to the adopted laws
<b>When?</b>	Always	Only in 2022
<b>What is the legal ground?</b>	<del>The Federal Law No. 46-FZ of March 8, 2022 itself, Federal Law No. 46-FZ of March 8, 2022 only</del>	Special Ruling of the Government of the Russian Federation regarding the certain list of goods (groups of goods), <b>which is not yet taken</b>
<b>What goods?</b>	<del>All goods (groups of goods)</del>	Exact goods (groups of goods) the list of which should be (to be taken) established by the Government of the Russian Federation
<b>To whom?</b>	<del>To any companies that sell their goods, works, services in Russia, including those that manufacture their products in our country.</del>	Not clear from the law, but due to the communication of the Ministry of Economic Development - a symmetrical measure against companies that have not fulfilled contractual and other obligations to Russia

## Targeted measures regarding special institutes

### 1. Compulsory license (under article 1360 of Civil Code of the Russian Federation)

- exception, when the patent may be used without the consent of the rightholder, namely use of an invention, utility model or industrial design in the interests of national security

#### Compulsory license

##### When?

In case of emergency, related to ensuring the defense and security of the state, protecting the life and health of citizens.

##### Who decides?

The Government of the Russian Federation

##### What is type of decision?

An Order by the Government of the Russian Federation

##### What is the object?

Exact patent an invention, utility model or industrial design and for the exact person/entity

##### What is time period?

The limited period of time indicated in the Order of the Government

#### Procedure for use of an invention, utility model or industrial design without the consent of the patent owner:

- the Government of the Russian Federation in case of emergency, related to ensuring the defense and security of the state, protecting the life and health of citizens decides on the use of an invention, utility model or industrial design without the consent of the patent owner;
  - the Government of the Russian Federation notifies the patent owner concerning this decision as soon as possible;
  - Payment of a proportionate compensation to the patent owner by each person who has exercised the right to use the relevant invention, utility model or industrial design without the consent of the patent owner for the production of goods, performance of work and provision of services (the amount of Compensation shall be determined in accordance with the rules and conditions laid down by the indicated Methodology).
- \*The Order (compulsory license) issued by Government may be also appealed to the Supreme Court and the Defendant would be the Russian Government.

#### The amount of Compensation in case the patent holders associated with foreign states List of foreign states who are afforded by the anti-sanction measures

(including if such patent holders have citizenship of these states, their place of registration, the place of their primary business activities or the place of their primary profit from the activity are these states) - **0 percent of the actual proceeds** of the person who exercised the right to use an invention, utility model or industrial design without the consent of the patent owner, from the production and sale of goods, performance of work and provision of services, for the production, implementation and provision of which the relevant invention, utility model or industrial design has been used.

**The amount of Compensation in other cases - is 0.5 percent of the actual proceeds** of a person who has exercised the right to use an invention, utility model or industrial design without the consent of the patent holder, from the production and sale of goods, performance of work and provision of services for the production, implementation and provision of which the relevant invention, utility model or industrial design were used.

We kindly note that existence of compulsory licensing does not exclude paragraph 1 of Article 1229 of the Civil Code of the Russian Federation, wherein a citizen or legal entity that has the exclusive right to the result of intellectual activity or to means of individualization (right holder) has the right to use such a result or such means at its own discretion in any way that does not contradict the law. The right holder may, at its discretion, allow or prohibit other persons from using the result of intellectual activity or means of individualization. The absence of a prohibition is not considered consent (permission). Other persons may not use the corresponding result of intellectual activity or means of individualization without the consent of the right holder, except as provided for by the Civil Code of the Russian Federation (i.e. compulsory licensing).

We have always been living with such an exception in the legislation and similar exception have other countries.

**So introduction of the amendments to the calculation of the compensation in relation to the compulsory licensing would not affect the evaluation of the infringement of the intellectual property rights of all entities, that have valid patents on the territory of the Russian Federation. In case of proven infringement by one legal entity or physical person of the right holder's patent rights the court has to issue an injunctive relief.**

**There are cases, wherein said article was actually used, concerning Remdesivir (antiviral agent), patent holder - Gilead Sciences****1. Order of the Government of the Russian Federation of December 31, 2020 N 3718-r:**

Permitting **Pharmasyn**tez Joint Stock Company to use inventions protected by Eurasian patents No EA025252, EA025311 and EA029712, owned by GILEAD SCIENCES, INC. (US), Eurasian Patent Nos. EA020659 and EA032239, held by GILEAD SCIENCE, INC. (US), as well as Eurasian patent N EA028742, owned by GILEAD PHARMASSET, LLC (US) (hereinafter referred to as the patent owners), for 1 year (**prolongated by the Order as of December 28, 2021 No 3915-p for one year more**) without the consent of the patent owners in order to provide the population of the Russian Federation with drugs with the international generic name "Remdesivir".

GILEAD PHARMASSET, LLC and GILEAD SCIENCES, INC. filed an administrative claim with the Supreme Court of the Russian Federation challenging the Order (it was before addition to article 1360 of the Civil Code of the reference to protection of the life and health of citizens) based on the grounds that it was adopted not in the interests specified in Article 1360 of the Civil Code of the Russian Federation (as amended at the time of the adoption of the Order), but in the absence of conditions of extreme necessity, for purposes that did not correspond to the goals of ensuring the security of the state, and therefore unreasonably violated their rights and legitimate interests, in particular, caused losses in the form of lost profits associated with the production and supply of the drug without the consent of the patent holders.

Still the administrative claim was not satisfied and the Order was kept in force.

When refusing in satisfaction of the mentioned claim the Supreme Court indicated that contrary to the arguments of the administrative plaintiffs about the violation of their rights and freedoms, the Order was issued in connection with the current unfavorable epidemiological situation in foreign countries, characterized by the rapid spread of COVID-19, taking into account the official recognition by the World Health Organization of the spread of COVID-19 as a public health emergency, of international importance, in order to ensure the national security of the Russian Federation, part of which is the protection of human life and health.

That is why Supreme Court concluded that the Order was adopted by the authorized body of state power in accordance with the requirements of the legislation of the Russian Federation, did not contradict to regulatory legal acts of greater legal force, was of an exclusively temporary nature, was aimed at providing the population of the Russian Federation with medicines, did not violate the rights and legitimate interests of administrative plaintiffs in aspects indicated by them thus the administrative claim was not subject to satisfaction.

**2. Order of the Government of the Russian Federation of March 5, 2022 N 429-r:**

Permitting R-Pharm Joint Stock Company to use inventions protected by Eurasian patents No EA025252, EA025311 and EA029712, owned by GILEAD SCIENCES, INC. (US), Eurasian Patent Nos. EA020659 and EA032239, held by GILEAD SCIENCE, INC. (US), as well as Eurasian patent N EA028742, owned by GILEAD PHARMASSET, LLC (US) (hereinafter referred to as the patent owners), till December 31, 2022 without the consent of the patent owners in order to provide the population of the Russian Federation with drugs with the international generic name "Remdesivir".

**List of foreign states who are afforded by the anti-sanction**

Currently (on May 19, 2022), such list of foreign states is approved by Decree of the Government of the Russian Federation dated March 05, 2022 No. 430-r pursuant to Decree of the President of the Russian Federation dated March 05, 2022 No. 95 «On the temporary procedure for the fulfillment of obligations to certain foreign creditors», namely:

- Australia
- Albania
- Andorra
- the United Kingdom (including Jersey, Anguilla, the British Virgin Islands, Gibraltar)
- the European Union states
- Iceland
- Canada
- Lichtenstein
- Micronesia
- Monaco
- New Zealand
- Norway
- Republic of Korea
- San-Marino
- North Macedonia
- Singapore
- the United States of America
- Taiwan (China)
- the Ukraine
- Montenegro
- Switzerland
- Japan



## National security



National security includes **both the defense of the country and other types of security provided for by the Constitution of the Russian Federation and the legislation of the Russian Federation, including personal security**. In accordance with the Federal Law of the Russian Federation "On Defense", defense is understood as a system of political, economic, military, social, legal and other measures to prepare for armed defense and the armed defense of the Russian Federation, the integrity and inviolability of its territory.

## Protecting the health of citizens



In accordance with paragraph 72 of the National Security Strategy of the Russian Federation, subparagraphs 6 and 7 of paragraph 23 of the Strategy for the Development of Healthcare in the Russian Federation for the period up to 2025, threats to **national security in the field of protecting the health of citizens include, among other things: the occurrence of epidemics and pandemics; the risk of complication of the epidemiological situation against the background of an unfavorable situation in foreign countries for a number of new and dangerous infectious diseases; the risk of new infections caused by unknown pathogens, the introduction of rare or previously unknown infectious and parasitic diseases in the territory of the Russian Federation.**