

Protect your rights against piracy in Russia

General information and figures

Russia is well-known for its piracy markets. According to the wildest estimation almost 80 – 90 % consumer goods are counterfeits in Russia. It is also estimated that 40 % of all alcoholic beverages and 36 % of all groceries are counterfeits. In addition to alcoholic beverages and groceries typical counterfeits nowadays are sports clothing, cosmetics, shoes and, of course, DVD and CD discs.

Concerning pharmaceuticals, it is estimated that 10-12 % of all medicines in Russia are counterfeits. This means that about every tenth tablet is fake. According to 2007 statistics 62 % of pharmaceutical counterfeits concerned packaging and trade marks and 38 % medicine itself.

Amount of counterfeits is constantly growing. CTA (European Communities Trade Mark Association) has recently estimated that the value of the piracy is almost 60 billion Euros in Russia. It is admitted that piracy causes enormous financial costs to the Russian Government in lost tax and customs payments not to mention of the health risks to consumers when they purchase fake medicines, food products or vehicle parts and / or fittings.

Although the current situation is quite depressing some measures have already been taken. For example the year 2007 was declared as “Year of Combating Counterfeiting” in Russia. Further, the Customs officers have been educated and co-operation with foreign Customs has increased. In addition, Russia has concluded a bilateral agreement with USA for more efficient measures against piracy. There are also efforts to harmonize legislation between Russia and EU.

In the fight against IP infringement one of the most important tools is cooperation with Customs. This is especially the case in Russia, which is such a vast country that finding every infringer can become a very difficult job indeed. Therefore it is often much more cost effective to prevent the infringing goods being imported and exported from the country.

Actions at the Customs

Legislation

The co-operation and actions at the Customs are regulated by the Customs Code. The “Regulation on protection of intellectual property rights by Customs Authorities” in 2004 improved protection of IP rights against counterfeits.

For trade marks co-operation with Customs is straightforward; the trade mark owner can file a customs surveillance application at the Customs to prevent import of the counterfeit goods to the Russian markets. There are, however, following prerequisites for the co-

operation; without a relevant trade mark registration and valid Customs surveillance application the Customs may not interfere to the counterfeits. In other words the trade mark rights needs to be first protected and registered both at the Patent Office and Customs before any measures against counterfeits can be initiated.

There are plans to make minor changes to the Customs Code. It is planned to give the Customs right to stop and seize suspected goods also without a valid surveillance application. This will certainly help the Customs officers to interfere to the obvious counterfeits.

Customs surveillance application

As said before the owner of a trade mark can file a Customs surveillance application at the Russian Federal Customs Service to prevent import of counterfeit goods to Russia. The application can be based on trade marks, appellations of origin and copyrights. Inventions, utility models and designs cannot be included in the application and thus Customs does not monitor such counterfeits.

The applicant may determine the validation of the application. The application can, however, be valid for 5 years at the maximum but it can be renewed based upon request filed at least two month before the expiration of the current application.

The Customs is bound to consider the application within one month of its filing. After this the Customs notifies Customs officers of the application and it is entered into the Customs Register. The Customs then starts to survey goods bearing the trade mark itself or a similar mark. The Customs publishes the applications at their website www.customs.ru.

Without waiting for the changes to the Customs Code mentioned above the Customs has stopped suspected goods also without valid surveillance application; mainly goods covered by the well-known trade marks. In such cases the trade mark owner must file the surveillance application for further proceedings.

Currently 1.340 applications based on trade marks have been registered at the Customs Register. This amount is extremely low noticing that there are over 280.000 trade marks registered at the Trade Mark Register of the Russian Patent Office. The battle against piracy definitely needs more activeness from the trade mark owners' side.

Requirements for the application

For the Customs application the following information is needed:

1. The full details of the applicant as well as an Extract from the Trade Register in English,
2. Power of attorney in case a representative is used,
3. Trade mark registration certificate, sample of the trade mark, information about possible licenses or assignments,

4. Detailed information of the original goods covered by the trade mark, namely appearance of the goods, packaging, labels, pictures etc.,
5. Information about the authorized importers, exporters, producers, other authorized parties, information of the possible place of manufacture of the counterfeits goods (if known), routes of the usual transportation of counterfeit goods,
6. Written declaration to compensate the possible damages which may be occurred by the Customs measures to the other parties.

What is important here is to make a clear and accurate definition of the goods that might infringe the trade mark rights. For example experience and examples from other countries can be used in making the list. If the definition / listing is too wide, too inaccurate, or too narrow, it will make the Customs officer's life difficult and in the end prevent him finding the infringing products.

Procedure of Customs seizure of counterfeit goods

In case possible counterfeit goods are revealed, the Customs informs the owner or his representative and suspends the release of the goods for 10 days. In this connection the Customs submits information of counterfeit goods and consignment data (consignor, consignee, trade mark, kind of goods, quantity of samples arrived, other characteristics of the goods and the photos of the goods).

Within 10 days (the term can be extended for 10 days) after receiving the Customs notification of the seizure it is always necessary to apply to the Court for further actions against the infringer. The owner can demand withdrawal from circulation of the counterfeit goods, destructions of the goods as well as compensation of damages. The Customs will take care of the Court action and it is not necessary for the owner to participate. The State will bear all the costs for the Court proceedings as well as destruction of the goods.

We are pleased to assist You in protecting your IP rights against piracy. Please contact trademarks@papula-nevipat.com for any further information or assistance.