WORLD TRADE ORGANIZATION

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Council for Trade-Related Aspects of Intellectual Property Rights

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REVIEW OF LEGISLATION

QUESTIONS POSED BY THE UNITED STATES

By means of a communication from the delegation of the United States, dated 2 April 2013, the Secretariat has received a copy of the following questions that it has communicated to the Russian Federation.

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RUSSIAN FEDERATION

1. Article 1232 (IP/N/1/RUS/O/2 at page 359): We are concerned that this may impose a formality. Do rightsholders have to register alienations of exclusive rights? Would a foreign author who sells or assigns a right have to register such sale/assignment in Russia?

2. Article 1234 (IP/N/1/RUS/O/2 at pages 360-361): We have two concerns here. 1) Paragraph 1 seems to require a complete transfer of all the rights as the only type of exclusive license that an author can give. Can an author provide an exclusive license limited to only one right i.e., reproduction and maintain ownership of the other exclusive rights? 2) Paragraph 2 appears to impose a formality (*see* the term "subject to state registration."). Do rightsholders have to register the contract of alienation of exclusive rights? Would a foreign author who sells or assigns a right have to register such sale/assignment in Russia?

3. Article 1235 (2) (IP/N/1/RUS/O/2 at pages 361-362): We are concerned that this may impose a formality. Do rightsholders have to register license contracts? Would a foreign author enters a license contract have to register the license contract in Russia?

4. Article 1240 (IP/N/1/RUS/O/2 at page 363): We are concerned that this provision could nullify negotiated terms by authors of underlying works. For example, if a musical composition is used in a movie – either a pre-existing recording or one created for the movie – the author of the composition often maintains some rights, such as the right of public performance. Can a composer's contract require that a film incorporating her music only be shown in theatres/transmitted by broadcasters that are licensed to publicly perform musical compositions or would 1240(2) nullify such a contract?

5. Article 1245 (IP/N/1/RUS/O/2 at page 367): Please clarify what rightsholders are covered by authors, performers and manufacturers in the sound recording context. Chapter 71 addresses the manufacturers of and performers on sound recordings, but there is no mention of their author. When you refer to the author of the sound recording receiving 40% of the fee collected, do you mean the author of the musical composition that is recorded? How is the musical composition encompassed on a sound recording compensated under Article 1245?

6. Article 1249 (IP/N/1/RUS/O/2 at page 369): We are concerned that this may impose a formality. Do rightsholders have to register computer programmes or databases for those items to

receive protection or need to register "legally-significant actions" regarding computer programs and/or databases? What must be registered under Article 1249?

7. Articles 1273 and 1306 (IP/N/1/RUS/O/2 at pages 379 and 390): These articles appear to provide an overly broad permission for reproduction for personal use. Please explain how these articles address the three-step test under Article 13 of the TRIPS Agreement, including whether and how these provisions permit reproduction of only one copy for personal use, where that reproduction is made from a lawfully acquired copy.

8. Article 1274 (1) (1 and 2) (IP/N/1/RUS/O/2 at page 380): These copyright exceptions (IP/N/1/RUS/O/2 at 379) appear overly broad. Both Articles 10 (1) and (2) of the Berne Convention, which are incorporated in Article 1274 (1) (1 and 2), require that such use be compatible with fair practice. Please explain how this fair practice limitation is addressed by Article 1274 (1 and 2).

9. Article 1274 (1)(6) (IP/N/1/RUS/O/2 at page 380): We are concerned that this exception is overly broad. Would a non-profit entity be able to use this exception when the copyright owner has made the work available in the same format?

10. Article 1274(3) (IP/N/1/RUS/O/2 at page 380): This exception appears to be overly board. Please explain how the exception limits taking only the portion of the work necessary for the purposes of the parody.

11. Article 1280(4) (IP/N/1/RUS/O/2 at page 382): This language appears to be overly broad. Please explain how this article addresses the requirements of the three-step test under Article 13 of the TRIPS Agreement.

12. Articles 1285 and 1307 (IP/N/1/RUS/O/2 at pages 383 and 391): We are concerned that Articles 1285 and 1307 appear to limit a rightsholders ability to enter into exclusive licenses for a specific right and to require the rightsholders to transfer the "work in full." Can a rightsowner transfer one exclusive right, for example, e.g., the right to perform a work, and still maintain ownership of the other exclusive rights, e.g., reproduction, synchronization?

13. Article 1334(2) (IP/N/1/RUS/O/2 at page 399): Any copyrighted work or object of related rights incorporated into a database must be subject to the rightholders' exclusive rights. Please explain how Article 1334(2) accounts for the rights of authors of works included in a database.

14. We have numerous questions to help us understand Section 6 of Chapter 71 and how the rights of a publisher of a scientific, literary or artistic work differ from the rights of the authors and the authors' assignees/transferees of those works, as set forth in Chapter 70:

(a) Please explain the relationship between the publisher protected here and the author/assignees protected in Chapter 70. Specifically, how does this section relate to Chapter 70, which gives these rights to the author and her assignees? Who has the rights to the work, the author/assignees under Chapter 70, or the publisher under Chapter 71?

(b) Article 1337(1) (IP/N/1/RUS/O/2 at page 400) appears to take works out of the public domain and give the publisher exclusive rights to that work. What works can be removed from the public domain?

(c) Article 1340 (IP/N/1/RUS/O/2 at page 401) appears to override the copyright term provided Article 1281 and override any contract or agreement that an author may have entered with a publisher. Please explain.

15. We remain concerned that Russian law might not adequately protect foreign works and related rights, including pre-existing works and related rights. We have noted that there are numerous provisions dealing with this issue (Articles 1231, 1256, 1304, 1318, 1321, 1324, 1328 and 1341), but were unable to confirm the required coverage. Some of our concern may relate to translations issues or to the accuracy of IP/N/1/RUS/O/2. Preliminarily, please advise how Articles 1256 and 1304 now read.

16. Please advise which specific Article requires coverage for:

(a) Authors who are nationals of a Berne country for published and unpublished works

(b) Authors who are not nationals of a Berne country for works first published, or published within 30 days, in a Berne country

(c) Authors who are not nationals of a Berne country but who have their habitual residence in a Berne country

(d) Authors of an audiovisual works the maker of which has its headquarters or habitual residence in a Berne country

(e) Authors of works of architecture constructed in a Berne country or artistic work incorporated in a building or structure located in a Berne country

17. Please confirm that Russian Law provides the owners of musical compositions a public performance right when that music is contained in audiovisual works and exhibited in theaters. What provision of the law provides this right?

18. What is the term of protection for audiovisual works? The authors of the audiovisual work are defined in Article 1263. Is the term of protection 70 years from the death of the last surviving author under Article 1281 (1)? If not, what Article governs the term of audiovisual works?

19. Article 1252.1.4 (IP/N/1/RUS/O/2 at page 370): Please clarify what is meant by "non-bona fide acquirer."

20. Article 1252.5: Provision allows equipment and materials used for infringing to be withdrawn from circulation and destroyed at infringers expense, "except when being subject to be converted into the revenue of the Russian Federation." In light of Article 46 of the TRIPS Agreement please explain the scope of this exception, and when it applies.

21. Article 1302 (and Article 1312) (IP/N/1/RUS/O/2 at page 389): The title of this article "Security for a claim in a copyright violation case," does not seem to match its contents which forbids "using [counterfeit copies of a work] in civil-law transactions." Please clarify, because as written it appears that the scope of the article is much larger than its title.

22. Paragraph 4 of Article 1349 (IP/N/1/RUS/O/2) provides:

> 4. The following shall not be objects of patent rights:
> 1) human cloning techniques;
> 2) the techniques for modifying the genetic integrity of human embryo cells;
> 3) the uses of human embryos for industrial and commercial purposes;
> 4) other developments inconsistent with the public interest and humane and moral principles.

Does "inconsistent with the public interest and humane and moral principles" in paragraph (4) have the same meaning as "protect[ion of] *ordre public* or morality" as used in Article 27(2) of the TRIPS Agreement?

23. Paragraph 6 of Article 1349 provides:

> 6. No legal protection shall be provided to the following as inventions:
> 1) varieties of plants, breeds of animals and the biological methods for producing them, except for microbiological methods and products produced by such methods;
> 2) integrated circuit layout-designs.

(a) Article 27.3(b) of the TRIPS Agreement requires Members to provide for *sui generis* protection for plants, if patents cannot be granted for varieties of plants. How does the Russian Federation provide protection for plants? Decree No. 735 of 14 September 2009, the Russian Federation Government Approving the Regulation on Patent Fees and Other Types of Fees Related to Plant Variety Patents and State Registration of Agreements

Assigning Exclusive Rights on Plant Variety, is noted, but has this decree been notified to the WTO?

(b) How does the Russian Federation provide protection for integrated circuit designs? Order No. 323 of October 29, 2008 of the Ministry of Education and Science of Russia (Approving the Administrative Regulations to Govern the Performance by the Federal Service for Intellectual Property, Patents and Trademarks of its Functions to Process and Examine Applications for the Registration of Topographies of Integrated Circuits as well as to Grant of Certificates of State Registration of Topographies of Integrated Circuits in accordance with Established Procedure) is noted, has this order been notified to the WTO?

24. Article 1359 (IP/N/1/RUS/O/2): Actions Not Deemed an Infringement of the Exclusive Right to an Invention, Utility Model or Industrial Design

> The following are not deemed an infringement of the exclusive right to an invention, utility model or industrial design:
> 2) the carrying out of scientific research of a product or method in which the invention or utility model is used or of scientific research of an article in which the industrial design is used or the carrying out of an experiment in respect of such product, method or article;

Would experiments using protected inventions or designs to experiment on other things infringe a protected invention or design? For example, if a medical instrument is patented or protected as an industrial design, would use of a copy of that instrument in medical testing infringe the patent or industrial design right?

25. Article 1359 continues, providing:

> 3) the using of the invention, utility model or industrial design in emergency circumstances (natural calamities, disasters, accidents), with the patent holder being notified of this use as soon as possible and with commensurate compensation being paid henceforth to the patent holder;

According to Article 31(a) of the TRIPS Agreement, each use without authorization of the rights holder shall be considered on its individual merits. Furthermore, Article 31(b) of the TRIPS Agreement clarifies that the requirement to make reasonable efforts to obtain permission may be waived by a Member if certain conditions apply. How does Article 1359 provide for a decision on a case by case basis?

26. Article 1359, continues, providing in paragraph 4:

> 4) which provides the use of the invention, utility model or industrial design for meeting personal, family, household or other needs other than entrepreneurial activity, unless profit-making or making earnings is the purpose of the use;

This provision may conflict with a normal exploitation of the patent and encroach on the legitimate interests of the patent owner, where the invention or design is intended for household use. Please explain how the provision addresses these concerns.

27. Article 1360 (IP/N/1/RUS/O/2). Using an Invention, Utility Model or Industrial Design in the Interests of National Security

In the interests of national security the Government of the Russian Federation is entitled to permit the use of an invention, utility model or industrial design without the consent of the patent holder, with the patent holder being notified as soon as possible and with a commensurate compensation being paid to the patent holder.

According to Article 31 of the TRIPS Agreement, each use without authorization of the rights holder shall be considered on its individual merits. Please explain how this Article addresses consideration on the individual merits. Also, the term "National Security" appears overbroad and not well defined. Was "national emergency or other circumstances of extreme urgency" intended?

28. Article 1362 (IP/N/1/RUS/O/2 at page 408): The Compulsory License for an Invention, Utility Model or Industrial Design

> 1. If an invention or industrial design is not used or is insufficiently used by the patent holder within four years after the issuance of the patent, and a utility model within three years… or industrial design -- if the patent holder refuses to conclude a licence contract with this person on terms meeting the prevailing practices -- is entitled to file a claim with the court …..

In paragraph 1, does "terms meeting the prevailing practices" have the same meaning as "reasonable commercial terms" as used in Article 31(b) of the TRIPS Agreement?

29. The Article also provides "A compulsory simple (non-exclusive) licence may be terminated in a judicial procedure at a claim of the patent holder, if the circumstances due to which the licence has been issued are no longer existing and it is unlikely that they are going to appear again. In this case the court shall establish a term and procedure for termination of the compulsory simple (non -exclusive) licence and of the rights that have come into being due to the receipt of the licence."

Article 31(c) of the TRIPS Agreement states that the scope and duration of such use shall be limited to the purpose for which it was authorized. This Article appears to require the patent holder to sue for termination of the compulsive license. Is this correct?

30. Furthermore, the Article provides "If the patent holder having an exclusive right to such dependent invention manages to prove that it is an important technical achievement and that is has significant economic advantages over the invention or utility model of the holder of the first patent, the court shall take a decision on granting a compulsory simple (non-exclusive) licence thereto. The right of using the invention protected by the first patent obtained under such licence shall not be assigned to other persons, except for the case of alienation of the second patent."

Article 31(l)(ii) of the TRIPS Agreement provides conditions for when a patent owner is entitled to a cross license. Please explain how this situation is addressed in the Russian system.

31. Article 1362: Article makes the provisions of compulsory licenses equally applicable to industrial designs as patents, and results in compulsory licensing (forfeiture) of rights if the patented invention or design is not used or worked within a set time. Article 5(B) of the Paris Convention provides that the protection of industrial designs, "shall not, under any circumstances be subject to any forfeiture, either by reason of failure to work or by reason of importation of articles corresponding to those which are protected." Article 2(1) of the TRIPS Agreement requires compliance with Article 5, among other parts, of the Paris Convention. Please explain how Article 1362 addresses the requirements of Article 5(B) of the Paris Convention.

32. Finally, as to Article 1362, Articles 31(i) and (j) of the TRIPS Agreement requires that judicial review by a distinct higher authority be available. How does the Russian Federation provide for such judicial review?

33. Article 1508 (IP/N/1/RUS/0/2 at page 463): Article 1508 (1) states that a trademark may be considered generally-recognized in the Russian Federation as the result of intensive use. Can the Government of the Russian Federation clarify whether "intensive use" includes knowledge in the Russian Federation which has been obtained as a result of the promotion of the trademark?

34. Article 1515 Second sentence (IP/N/1/RUS/O/2 at page 466): "If the placing of the goods in transactions is required for the public interest the right holder is entitled to demand removal at the infringer's expense of the illegally used trademark...." The provision appears to allow for a broad exception. Article 46 of the TRIPS Agreement allows for the removal of infringing marks only in "exceptional circumstances." (Article 46 of the TRIPS Agreement: "In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit release of the goods into the channels of commerce.") Please explain how proposed Article 1515, which allows for removal of infringing marks for claims of "public interest," addresses Article 46 of the TRIPS Agreement.

Other laws (which seem not to have yet been notified)

35. Article 18.6 of the Law on Circulation of Medicines (as last amended on June 25, 2012) states: "The results of the nonclinical trials of medicinal products and clinical trials of medicinal products submitted by the applicant for state registration of the medicinal products shall not be obtained, disclosed, used for commercial purposes and for purposes of state registration without applicant's permission within six years from the date of the state registration of the medicinal product. Violation of the prohibition specified by this Clause shall entail the responsibility in accordance with the legislation of the Russian Federation. The circulation of medicines in the Russian Federation registered with violation of this Clause shall be prohibited."

How this provision is implemented? Is the six-year term of protection in force? Are there any implementing regulations that would explain (1) what procedures the MOH would follow in order to protect originator's data from both disclosure and from reliance by generic companies and (2) what procedures would generic companies follow to obtain state registration for medical products. Please explain the relationship of Article 18.6 with Article 26 of the same law, which allows for the accelerated review of the marketing authorization applications for generic drugs.

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