

Snell & Wilmer

Global Connection



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Past Issues

Russia Permits Patent Misappropriation From Unfriendly Countries

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On Monday, March 7, 2022, the Russian government announced that compensation would not be required when Russian entities infringe patent rights from "unfriendly" countries. This unilateral action by Russia may have a significant impact on the current multilateral protections provided by international law and bilateral treaties. Companies should consider evaluating the impact of the decision, whether it may be replicated by other countries, and potentially take proactive steps to protect intellectual property.

The list of impacted – or unfriendly countries – includes those jurisdictions that have taken active steps to economically protest the Russian invasion of Ukraine, namely: the 27 EU member countries, Australia, Canada, Iceland, Japan, New Zealand, Norway, Singapore, South Korea, Switzerland, Taiwan, the United Kingdom, and the United States.

According to the decree signed by the Russian government, Russian entities that make use of patents from entities associated with the aforementioned unfriendly countries will not have to pay any compensation to such patent owners. While the order appears to be conflated with Russia's current world view that this is a necessary form of intellectual property (I.P.) compulsory licensing to address the short supply of certain goods (ironically caused by its own actions), the reality is that this is a tit-for-tat response to the economic sanctions imposed by the unfriendly countries. In effect, this decree can be viewed as a failed state legitimizing I.P. piracy.

Historically, Russia has long been viewed as an unstable jurisdiction when it comes to protecting third-party I.P. rights. As recently as 2021, Russia was listed in the United States Trade Representative (USTR) Special 301 Report as one of nine countries worldwide that provides ineffective I.P. protection to third parties.

Companies with patent rights that have been registered or are pending in Russia should work with their trusted counsel to determine the impact of maintaining such rights in this jurisdiction. International patent law networks, which include attorneys from this firm, are developing strategies to limit the impact of Russia's recent decision so that the net impact stops at Russia's original borders. Of note, companies may want to consider establishing mitigation plans and ensuring partners or other companies in the global supply chain have restrictive covenants that protect access to I.P. rights, and also include appropriate choice of law and venue provisions in the event of a dispute.



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