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Client Alert: Putin Threatens Nationalization of Western Intellectual Property and Assets in Russia

In response to Western sanctions, Russian President Vladimir Putin recently issued statements threatening Russian state seizure of intellectual property and other assets from companies originating in “unfriendly countries.” Included in this list of countries are the United States and Canada.

In furtherance of Putin’s comments, the Russian government has proposed a law that would allow it to seize intellectual property and other assets of companies with either more than 100 employees or a valuation greater than 1 billion rubles (\$9.1 million) in which individuals from “unfriendly countries” own at least a 25% stake, upon those companies suspending, shutting down, or scaling back operations in Russia. The law provides that such measures are only to be taken when a company’s move appears to lack economic justification; readers will appreciate that this qualification provides little to no comfort.

IP holders are already seeing state-sanctioned infringement in Russia. Earlier this month, a Russian court greenlit an individual’s unauthorized and royalty-free use of the Peppa Pig and Daddy Pig trademarks owned by Hasbro Inc.’s Entertainment One UK unit as explicit retaliation for the United Kingdom’s sanctions against Russia. Meanwhile, trademark applications in Russia for marks overtly copying famous trademarks from

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“unfriendly countries” have exploded. While the disposition of these trademark applications may take months, commentators anticipate that Russian protection for IP originating in Western countries will be severely curtailed for years to come under this new paradigm.

In addition, the Russian government has issued a decree authorizing citizens to make use of patented inventions, utility models, and industrial designs from a list of “unfriendly countries,” without payment or permission.

On March 22, 2022, in accordance with “guidance issued by the U.S. Department of State,” the USPTO announced that it has severed ties with the Federal Service for Intellectual Property of the Russian Federation, commonly known as Rospatent, as well as with the Eurasian Patent Organization and officials from the national intellectual property office of Belarus. The USPTO’s guidance warns that applicants filing international applications under the Patent Cooperation Treat (PCT) are “advised to exercise caution before selecting Rospatent as an International Searching Authority (ISA) or International Preliminary Examining Authority (IPEA).” Wrote the USPTO, “[d]oing so may prevent successful processing of international applications under the PCT, including the transmittal of required fees through financial institutions.”

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