



Trade Facts

Office of the United States Trade Representative

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Results of Bilateral Negotiations on Russia's Accession to the World Trade Organization (WTO)

Action on Critical IPR Issues

November 19, 2006

The United States and Russia have agreed on a binding blueprint for actions that Russia will take to address piracy and counterfeiting and improve protection and enforcement of intellectual property rights (IPR), both stated priorities of the Russian Government, starting immediately. This agreement sets the stage for further progress on IPR issues in Russia through the next phase of multilateral negotiations, during which the United States and other WTO members will examine Russia's IPR regime. This binding agreement is an integral part of the United States – Russia WTO bilateral market access agreement, and implementation of the commitments on IPR will be essential to completing the final multilateral negotiations on the overall accession package.

The agreement requires action on critical IPR issues, including:

- fighting optical disc piracy;
- fighting Internet piracy;
- protecting pharmaceutical test data;
- deterring piracy and counterfeiting through criminal penalties;
- strengthening border enforcement against piracy and counterfeiting;
- bringing Russia's laws into compliance with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) and other international IPR standards; and
- continuing training and bilateral cooperation on IPR protection.

Fighting Optical Disc Piracy

- The United States and Russia agreed on the objective of permanently closing down production of optical media containing pirated and counterfeit material.
- Russia will:
 - Terminate leases, and refuse new leases, for optical media factories on restricted military-industrial sites;
 - inspect licensed plants regularly, day and night;
 - find and shut down unlicensed plants;
 - find and inspect warehouses for pirated and counterfeit goods; and
 - take criminal actions where there is evidence of commercial scale piracy.
- Russia will also strengthen regulation of optical media plants, including working to enact legislation by June 1, 2007, to deny licenses to past offenders.

Fighting Internet Piracy

- The United States and Russia agreed on the objective of shutting down websites that permit illegal distribution of music and other copyright works. The agreement names the Russia-based website allofmp3.com as an example of such a website.
- Russia will:
 - take enforcement actions against the operation of Russia-based websites; and
 - investigate and prosecute companies that illegally distribute copyright works on the Internet.
- Russia will work to enact legislation by June 1, 2007, to stop collecting societies from acting without right holder consent,
- Russia will also work to enact legislation implementing the 1996 World Intellectual Property Organization (WIPO) Internet treaties.

Protecting Pharmaceutical Test Data

- Russia will work to enact legislation by June 1, 2007, to protect undisclosed information (such as test data) submitted to obtain marketing approval of pharmaceuticals.
- Russia has proposed legislation that would provide a period of protection of at least six years.
- During this period:
 - no one else may rely on such data in support of an application for product approval without the right holder's consent;
 - notice of subsequent applications for registration will be provided;
 - subsequent applications will not be granted unless the applicant submits its own data or has the right holder's consent;
 - products registered without such data will be removed from the market.

Deterring Piracy and Counterfeiting through Criminal Penalties

- The Russian Government will propose to Russia's Supreme Court that it clarify practices relating to imposition of penalties for IPR crimes, including:
 - imposition of penalties that take into account the high degree of public harm from IPR infringement; and
 - the objective of preventing future crimes.

Strengthening Border Enforcement Against Piracy and Counterfeiting

- The United States and Russia agreed on the objective of strengthening enforcement against piracy and counterfeiting at Russia's border.
- Russia will significantly increase export inspections to find shipments of counterfeit or pirated goods and refer cases to appropriate authorities for investigation and prosecution.
- Russia will work to enact legislation by June 1, 2007 strengthening Customs officials' authority to take actions on their own initiative, and will encourage Customs officials to use such authority.

Bringing Russia's Laws into Compliance with International Standards

- The United States and Russia agreed on the objective of fully implementing the TRIPS Agreement and other IPR-related international agreements upon accession.
- Russia is examining changes to its laws required to implement and comply with these agreements. These changes will include:
 - amendments to provide protection to trademarks and geographical indications that comply with TRIPS Agreement obligations on rights of trademark owners;
 - broader authority to order seizure and destruction of machinery and materials used in the production of IPR infringing goods;
 - appropriate remedies for trademark counterfeiting; and
 - other measures to provide for more effective enforcement.

- Russia will ensure that any changes in its laws, including those made in the context of Part IV of its Civil Code, made prior to its accession to the WTO do not reduce consistency with key international IPR standards.

Hotline and Training and Bilateral Cooperation

- Russia and the United States will set up a hotline between the United States Trade Representative and the Minister of Economic Development and Trade to exchange and follow-up on information regarding piracy and counterfeiting.
- A bilateral working group will assess progress in quarterly meetings.

IPR Enforcement in Russia

- The new agreement covers key areas cited in USTR's April 2006 Special 301 Report, such as optical disc and Internet piracy, and lack of data protection.
- Following release of the Special 301 Report, Russia has reported increasing numbers of enforcement actions, including:
 - more than 4,500 criminal cases for infringement of copyright or related rights in the first nine months of 2006, compared to 2,924 in all of 2005;
 - more than 1,600 convictions for copyright offenses in first the nine months of 2006, compared to 1,450 convictions in all of 2005; and
 - more than 500 criminal cases for trademark infringement in the first six months of 2006, compared to 545 in all of 2005.
- Russia has provided information showing that through September, Russian authorities continue their efforts on IPR enforcement, with raids at comparable levels to last year. We believe that Russia is committed to more aggressive actions before the end of the year.
- The bilateral agreement calls for stronger enforcement. The U.S. Government will continue working with stakeholders to closely monitor implementation of Russia's commitments.