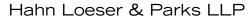


LEGAL ALERT

MARCH 31, 2022

RUSSIA, UKRAINE AND PATENTS

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The USPTO also cautions applicants in international applications under the Patent Cooperation Treaty (PCT) on the choice of Rospatent as either the International Search Authority (ISA) or the International Preliminary Examining Authority (IPEA). It advises that financial restrictions may interfere with transmittal of the required fees and the proper progress of PCT applications. In the past, Rospatent has sometimes been an attractive choice for ISA or IPEA in international applications, based in large part, on cost differences. For example, the international search fee due to the European Patent Office in a PCT application is \$2065.00, while the corresponding fee due to Rospatent is \$549.00.

The USPTO's caution regarding financial restrictions on PCT fee payments is in apparent reference to restrictions issued by the U.S. Department of the Treasury. While an initial directive prohibited any transaction with the Central Bank of the Russian Federation, under which transactions with Rospatent fall, a subsequent "general license." General License No. 13 permits the payment of fees or the purchase or receipt of registrations and certifications, "provided such transactions are ordinarily incident and necessary to such persons' day-to-day operations in the Russian Federation." Whether obtaining a patent is considered "ordinarily incident and necessary ... to day-to-day operations" is not indicated. This general license also extends only until 12:01 a.m. EDT on June 24, 2022, however, as an apparent "wind-down" provision. Annuities paid by U.S. entities to keep their Russian patents in force also are potentially affected. In spite of the current apparent legality of such payments, in practical terms, we have already seen that it has become



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difficult to find a currency exchange or similar financial institution willing to make such a payment on a client's behalf to any Russian bank.

Beyond this, recent actions by the Russian government make the pursuit of a Russian patent potentially unattractive for most Western applicants. On March 6, 2022, a resolution was issued in Russia which reduced the compensation due to patent holders "associated with" countries that have committed "unfriendly actions" toward Russian legal persons and individuals to "zero percent of actual proceeds" of the infringer (Machine Translation Here). Countries previously considered to fall under the "unfriendly" category include the U.S., all European Union States, Great Britain, Switzerland, Canada, Australia, Japan and South Korea, among others. This may significantly affect the value of a Russian patent to entities from these countries, unless or until this elimination of damages for infringement is reversed.

Those applicants who already have an international patent application in which Rospatent was selected as the ISA or IPEA may be in a difficult position. Even where all applicable fees have already been paid, the possibility of further retaliation by Rospatent exists, such as "slow walking" foreign-origin PCT applications through Rospatent until the expiration of national stage filing deadlines. It should be noted that the Rules governing the PCT have no specific provision that allows for a change in the ISA once one has been selected. Recent international patent applicants applying through the U.S. Patent and Trademark Office as Receiving Office may be able to change the ISA under very limited circumstances. It may be possible for an applicant to file a petition (and corresponding fee) under 37 CFR 1.182 requesting such a change, but we have been informed by USPTO personnel that such petitions will generally only be granted prior to an international filing date being accorded to the application and before payment of the International Search Fee.

Finally, the possibility of further actions, such as those extending to trademarks and copyright cannot be discounted.

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