

Cantor Colburn Client Alert

Important Facts about the United States Sanctions on Russian Patent and Trademark Matters

Executive Summary

- There is a “Wind-down Period”, that ends on June 24, 2022, to complete financial transactions that are “ordinarily incident and necessary” to conduct day-to-day operations in Russia, e.g., paying fees related to securing and maintaining Patents and Trademarks.
- There is a prohibition against actions that are designed to circumvent the sanctions.
- Payments through third party payers are already becoming more complicated.
- Long-term business strategy in Russia must be evaluated.

Overview

Due to the ongoing invasion of Ukraine, the U.S. and other countries have issued a number of sanctions, effective as of late February, to hold the Russian government accountable. These sanctions include prohibiting U.S. persons from engaging in transactions with the Central Bank of the Russian Federation. While the Russia Intellectual Property Office, commonly referred to as Rospatent, is not a sanctioned entity, it is implicated under the sanctions because it only accepts payment through the sanctioned Central Bank of the Russian Federation.

The Wind-Down Period

Although the sanctions began in late February 2022, the U.S. Department of the Treasury has permitted certain transactions to continue during a ‘wind-down’ period, which is set to expire on June 24, 2022. This wind-down period permits U.S. persons to conduct certain transactions with the Central Bank of the Russian Federation, provided that they are “ordinarily incident and necessary” to conduct day-to-day operations in Russia. Thus, ordinary payments related to trademarks, copyrights, and patents, such as trademark maintenance or patent office fees due to Rospatent, must be processed through its bank prior to the June 24, 2022, deadline.

There is a Prohibition Against Actions That are Designed to Circumvent the Sanctions

The prohibition on paying Rospatent applies to the payment of fees associated with directly filed and Patent Cooperation Treaty (“PCT”) national phase applications, and PCT applications that designate Rospatent as the International Search Authority (“ISA”) or the International Preliminary Examining Authority (“IPEA”). Fees due to Rospatent from PCT proceedings cannot be paid after the wind-down period by a third party on behalf of an applicant. Additionally, an applicant should avoid initiating a payment of such fees that cannot be completed before the end of the wind-down period.

While the U.S. Patent and Trademark Office (“USPTO”) and European Patent Office (“EPO”) have cut ties with Rospatent, the World Intellectual Property Organization (“WIPO”) has not. Thus, during the wind-down period, a U.S. applicant can pay trademark renewal or PCT fees due to Rospatent through the International Bureau (“IB”) of WIPO. The applicant, however, cannot control when those fees are forwarded by the IB to the ISA or IPEA in Russia. It is therefore



possible that the applicant's payment could be forwarded to Rospatent by the IB after the June 24 deadline, and the applicant might be held liable for initiating a sanctioned transaction.

Payments through 3rd Party Payers are Already Becoming More Complicated

Due to the sanctions, maintenance fee payments for issued trademarks and patents to Rospatent also will be prohibited after the June 24 deadline. At least one annuity provider, CPA, has closed their offices in Russia and is currently winding down their operations there. Based on information provided by CPA, where instructions have been made to pay annuities, they will continue pay fees due up until the June 24 deadline. Patent and trademark owners that use an annuity provider other than CPA should contact such provider regarding any annuity payments that are due in Russia.

While payments may be paid to Rospatent prior to June 24, it has become increasingly difficult to transmit payments to Russian entities, even those that are not subject to sanctions. Most U.S. based financial institutions have stopped transferring payments or processing credit card transactions where such transactions result in transferring funds to Russian entities. Such transfers are becoming more complicated as well because electronic transfers have to be cleared by the U.S. Office of Foreign Asset Control ("OFAC"). Further, most courier services, including Federal Express, United Parcel Service, DHL and the United States Postal Service have suspended deliveries to Russia, making the delivery of a check impossible.

Long-Term Business Strategy in Russia Must be Evaluated

While it is difficult to predict the impact of the Russia-Ukraine conflict on Russian IP matters, if the sanctions continue for an extended period of time there may be no meaningful way to pay fees due after June 24, and as a result, issued Russian patents, trademarks, and copyrights may expire. Paying any fees due, such as annual maintenance fees, by the June 24 deadline may allow the implicated Russian patents to remain in-force for at least part of 2023. Paying the renewal fees allow the implicated Russian trademarks to remain in-force for ten years, although much can change in the meantime.

What This Means to You

During the wind-down period, it is imperative to update any international protection strategy that includes Russia. We will continue to monitor the situation and update you as appropriate. For more information, please contact us.

For Further Information and Assistance

Cantor Colburn, one of the largest and most productive intellectual property law firms in the U.S., has substantial experience representing clients in all types of intellectual property matters. Partner [David Bomzer](#) may be contacted for additional information or questions and as always please don't hesitate to contact your Cantor Colburn attorney with any questions you may have regarding this matter and your IP in general.

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