

EU SANCTIONS AGAINST RUSSIA

UPDATE: (LICENSING OF) INTELLECTUAL PROPERTY RIGHTS

On 21 March 2023, the European Commission (*Commission*) published [FAQs on intellectual property rights \(IPRs\)](#), which clarify the position of EU operators licensing their IPRs in respect of restricted goods and the sanctions compliance risks related to IPRs owned by Russian companies or State-owned enterprises.

INTELLECTUAL PROPERTY RIGHTS OWNED BY EU OPERATORS

EU operators are prohibited from licensing IPRs to any licensee using the IPRs for manufacturing goods and technology listed in the Annexes to EU sanctions legislation (*restricted goods*) for use in Russia. The Commission regards IPR licensing as supplying “other services” related to the provision, manufacture, maintenance and use of restricted goods (see, for example, Article 3k(1) (a) of Regulation [833/2014](#)).

The prohibition covers the licensing of IPRs irrespective of whether the IPRs are registered in the European Union or a Member State. Moreover, no additional link with the territory of the European Union is required. For example, it is prohibited to license an IPR to a company incorporated in a third country that manufactures restricted goods for sale, supply, export or transfer from that third country to Russia.

As a result, EU operators currently licensing IPRs are expected to have a clear picture of the products manufactured using those IPRs. This means that they must exercise due diligence to identify whether those products are restricted goods and, if so, prevent their supply to Russia or for use in Russia. Moreover, EU operators contemplating the licensing or sale of IPRs must carefully assess the licensee or buyer’s purpose in acquiring (the use of) the IPRs, as the licensing or sale might enable the manufacture of restricted goods for use in Russia.

INTELLECTUAL PROPERTY RIGHTS OWNED BY LISTED PERSONS OR ENTITIES

IPRs are considered economic resources and must be “frozen” pursuant to Article 2(1) of Regulation [269/2014](#) when belonging to persons or entities included in the EU sanctions list, or owned or controlled by those persons or entities (*listed persons or entities*). The Commission has clarified that the EUIPO and Member States’ IP offices:

- may renew the registration of existing IPRs owned by listed persons or entities, provided that the IPRs remain frozen;

- are prohibited from granting applications for the registration of new IPRs filed by listed persons or entities, even when the application was submitted before the date of the applicant's listing in the EU sanctions list. As a result, any ongoing examination procedures for the registration of new IPRs where the applicant is a listed person or entity must be suspended;
- are prohibited from registering the transfer of property of IPRs owned by listed persons or entities to any other person or entity; and
- must suspend invalidity or opposition proceedings initiated by a listed person or entity, unless the proceedings are necessary for preserving a vested right. The suspension of these proceedings may not affect the registration of new IPRs from non-listed persons or entities.

INTELLECTUAL PROPERTY RIGHTS OWNED BY LISTED STATE-OWNED ENTERPRISES

EU operators are prohibited from paying licensing fees for the use of IPRs owned by Russian State-owned enterprises that are subject to the transactions ban set out in Article 5aa of Regulation 833/2014 (*listed State-owned enterprises*). Moreover, EUIPO and Member States' IP offices are prohibited from granting new or renewing the registration of IPRs owned by listed State-owned enterprises, as well as registering the transfer of property or licences, or accepting any applications for cancellation or opposition in relation to IPRs owned by listed State-owned enterprises.

INTELLECTUAL PROPERTY RIGHTS OWNED BY RUSSIAN COMPANIES

Assisting companies incorporated in Russia with the registration of their IPRs may involve supplying prohibited business and management consulting or legal advisory services.

Lawyers to contact



Isabelle Van Damme
Partner
ivandamme@vbb.com



Mats Cuvelier
Associate
mcuvelier@vbb.com



Antigoni Matthaïou
Associate
amatthaiou@vbb.com

VAN BAEL & BELLIS

BRUSSELS

Glaverbel Building
Chaussée de La Hulpe 166
B-1170 Brussels, Belgium

Phone: +32 (0)2 647 73 50
Fax: +32 (0)2 640 64 99

GENEVA

26, Bd des Philosophes
CH-1205 Geneva
Switzerland

Phone: +41 (0)22 320 90 20
Fax: +41 (0)22 320 94 20

LONDON

5, Chancery Lane
EC4A 1BL London
United Kingdom

Phone: +44 (0)20 7406 1471