

Newsletter

Governmental clearance for the purchase of intellectual property assets from “unfriendly” rights holders

23 May 2024

Dear Ladies and Gentlemen,

Please be informed that, as of 20 May 2024, Decree [No. 430](#) of the Russian President introduced a temporary restrictive procedure for the purchase by Russian residents of exclusive rights to the results of intellectual activity and means of individualization from “unfriendly” foreign rights holders (“**Decree No. 430**”)¹.

The temporary procedure has been established for:

- (i) **Transactions involving the purchase of exclusive rights** to the results of intellectual activity or means of individualization (“**IP Transactions**”)

Decree No. 430 applies to relations between:

- “**Purchasers**” – (i) Russian residents, (ii) the Russian Federation, (iii) Russian constituent entities and municipalities
- “**Rights Holders**” – **persons from “unfriendly” foreign countries**² who have transferred or are obliged to transfer their exclusive intellectual property rights to purchasers as part of IP Transactions

Decree No. 430 does not apply to IP license agreements that are regulated under Presidential Decree No. 322 dated 27 May 2022.

- (ii) **The fulfilment and/or collateral** of monetary obligations as part of IP Transactions

Now the conclusion and/or execution of IP Transactions requires **clearance from the Government Commission** for Control over Foreign Investments in Russia (“**Government Commission**”). For this purpose, Rights Holders and Purchasers, or their representatives, must apply to the Government Commission. Failure to obtain approval may invalidate any IP Transactions that are concluded.

Payments as part of IP Transactions to Rights Holders should be transferred to a **special “O”-type account** of the Rights Holders³. Clearance from the Government Commission must also be obtained for the transfer of funds from the special “O”-type account to the bank accounts of Rights Holders, including those in foreign banks.

The following payments shall also be credited to the special “O”-type account:

- Monetary obligations as part of IP Transactions that were partially or fully unfulfilled prior to the entry into force of Decree No. 430

¹ [Decree of the President of the Russian Federation dated 20.05.2024 No. 430](#) “On the temporary procedure for the purchase of exclusive rights of certain rights holders and the performance of monetary obligations to certain foreign creditors and persons controlled by them”.

² The list of such countries is set out in the [Order of the Government of the Russian Federation dated 05.03.2022 No. 430-r](#).

³ The regime of the special account “O”-type, including the specifics of transfers to and debits from it, shall be determined in accordance with the [Decree of the President of the Russian Federation No. 322 dated 27.05.2022](#) “On temporary procedure for the performance of obligations to certain right holders”.

- Payments for IP Transactions that were not concluded in violation of the deadline prior to the entry into force of Decree No. 430

Transfer restrictions are also imposed on “unfriendly” foreign creditors and entities controlled by them who are guarantors or sureties for obligations under IP Transactions if the Rights Holders are the ultimate beneficiaries or creditors of the secured obligations.

Exceptions – Decree No. 430 does not apply:



- (i) To IP Transactions involving the purchase of exclusive rights to **works of science, literature and art, performances, or phonograms broadcast of broadcasting or cable organizations;**
- (ii) To IP Transactions where the Purchasers’ obligations **do not exceed RUB 15 million or the equivalent of this amount in foreign currency.**

We recommend considering the changes and their impact on current and planned IP Transactions, in particular:



- **Analyse the applicability** of Decree No. 430 to current IP Transactions, as well as IP Transactions for which monetary obligations have not been fulfilled;
- Consider new restrictions **when planning future IP Transactions.**

We hope that the information provided herein will be useful for you. If any of your colleagues would also like to receive our newsletters, please let us know by sending us his/her email address in response to this message. If you would like to learn more about our [Intellectual Property Practice](#), please let us know in reply to this email. We will be glad to provide you with our materials.

NB: Please note that all information was taken from open sources. Neither ALRUD, nor the author of this letter, is responsible for the consequences that arise as a result of decisions taken based on this letter.

If you have any questions, please do not hesitate to contact ALRUD Partner:



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