

# PROTECTION OF THE INTELLECTUAL PROPERTY RIGHTS IN THE INTERNET: PRACTICAL ASPECTS

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Internet becomes a major marketing tool for today's business, bringing together the capabilities of small, medium and large companies to promote their products and services. Along with the positive effect, the Internet allows any person to unlawfully use the intellectual property without having exclusive rights for that.

The legislation provides a set of legal methods for the holder of the rights to use against such violators; however, the specific features of evidence regularly cause difficulties in the application of the law in practice. The understanding of the following aspects will help you to reduce the possibility of infringement of intellectual property rights and to successfully defend them in case of violation.

## I. PREVENTION OF CRIME

While in the specialized publications, during conferences and seminars the experts constantly pay great attention to the prevention of violations of the intellectual property rights, according to the professionals, there is still a large number of organizations that ignore the given advice. Summarizing our experience of such events, we provide two main recommendations which reduce the risk of disputes related to the intellectual property rights, and which can also help to simplify the process in case of a conflict.

1. Rights to intellectual property should be registered properly. It is advisable to keep a register of the documents such as license agreements, alienation of the exclusive rights agreements, commercial concession agreements as well as the acts of transfer of such rights and compensation agreements which proof the purchase of the exclusive rights. Companies should have state certificates of registration confirming the registration of the intellectual property. For the objects which are not required to be registered, companies should have appropriate materials to show the origin of the work (manuscripts, negatives, RAW-photo files, etc.).
2. While using the intellectual property in the Internet, one should fully and clearly indicate the protection of the exclusive rights to that particular object in accordance with the Russian law, the prohibition of this object being used in any form or by any means, as well as the possibility of bringing the offender to civil and criminal liability.

This indication can significantly reduce the desire of any third party to use intellectual property without authorization.

In the opposite case, the compliance with the first recommendation will provide a sufficient basis for the further protection of the owner of the rights.

## II. VIOLATED RIGHTS – WHAT TO DO?

Someone posted a photo, video, article on the website without obtaining the consent of the copyright holder. When trying to register a domain name to host an online store with the same trademark as the organization has, it turns out that the name is already taken. The common feature of these two scenarios is that in both cases there is a high probability of the violation of the exclusive rights.

The first step in this situation is to make an assessment of whether or not there are all components that indicate the offense – the initiation that the rights belong to the initiator of the dispute, the absence of the rights of a potential intruder, illegal way to use the rights.

Protection is not possible, if, for example, the license agreement under which the rights of the intellectual property were granted expired, or if the «offender» also has a license to the disputed intellectual property. In some cases the Civil Code of RF allows the free use of copyright items, including for informational, scientific, educational purposes.

## III. METHODS OF PROTECTION

When there is no doubt about the fact of the violation, you can start choosing the methods of the protection of the exclusive rights.

A common method of protection is the request for recognition of the rights and for the suppression of any action which leads to violation thereof. The main advantage of such claim is the need only to prove two facts: the presence of the plaintiff's rights and the fact of their violation by the defendant. The lack of ill intentions from the offender in this case does not relieve him or her from the obligation to stop the violation or the threat of the violation at his or her own expense.

Another request that the victim can make is the claim to compensate the damages caused by the fact of violation. In contrast to the previous method of protection, this process of proving will be more complex as the guilt of the offender is to be proven in court (in the form of willful misconduct or failure to implement reasonable and sufficient measures to prevent the violation) and the amount of damages is to be determined.

When the exclusive rights to certain intellectual property are violated the Civil Code grants the right to the holder of the rights to use an alternative method of protection – the request for compensation. The main advantage lies in the method of proving: the claimant is released from the obligation to confirm the losses. Along with that the defendant has the right to refer to the absence of fault.

The fourth method of protection is the request for compensation of moral damages for the violation of the personal non-material rights of the author. This method can only be used by an individual, who is a direct author of the work.

Finally, there are more stringent methods of influencing the offender: bringing him to antitrust, civil or criminal liability, as well as the liquidation of the legal entity, the cancellation of his or her status as an individual entrepreneur by the ruling of the court at the request of the prosecutor.

It is important to note that these methods of protection can be often used in complex (except for mutually exclusive claims for damages and compensation.)

Since the most common types of violations of the exclusive rights to the intellectual property in the Internet are 1) the placement of works (music, video, photos, texts) without the consent of the owner, and 2) the illegal use of trademark and / or trade name belonging to another entity in a domain name or while advertising goods of the offender – the most common claims are:

In the first situation it is a claim for recognition of the rights to the work, the suppression of any actions violating them, collection of compensation for infringement of the exclusive rights to the product (less often losses) and moral damage resulting from the violation of the non-material rights of the author of the work.

In the second case it is a claim for recognition of the trade mark (brand name), request to stop using the protected design (trade name) in the domain name (for advertising goods), collection of compensation for infringement of the exclusive rights to the trademark (less often – losses resulting from the violation of the exclusive rights to a company name).

On paper it looks orderly and logical. In real life situations, of course, there are a lot of questions: How do you identify the perpetrator? How do you prove that the violation took place? Is it required to send a complaint to the violator before referring to the court? – and many others.

To answer these questions, we formulate the detailed instructions to protect the intellectual property rights in the Internet.

## IV. PROCEDURE

1. **Identify the offender.** The violation of intellectual property rights in the Internet is usually the result of actions of several individuals: the «main» perpetrator who placed the object of the intellectual property online, as well as others – hosting provider (in simplified terms – the owner of the computer where the data involved in the violation is physically located), an organization which delegated the domain (the domain registrar, the person responsible for the availability of the website at the new file location), the owner of an Internet resource (domain administrator), where the disputed data is placed. Unfortunately, it is not always possible to determine who was the end-user, who violated the rights. However, this does not mean that it is impossible to protect the rights. The central figure, who will be responsible to the owner for the illegal placement of information, becomes the owner of the Internet resource (website, blog, forum, etc.) where such placement was done.
2. **Serving an official complaint on the owner of the Internet resource.** Information on such person can be obtained either directly from the information specified on the Internet website, or the other way – with the help of special “whois” service, and if necessary from the subsequent inquiries about the domain name registrar, web hosting provider that hosts website (information on them is contained in whois-help menu). The complaint shall: 1) point out that the rights to the intellectual property belong to the claimant, 2) state the fact that the violation of the rights by the recipient took place, and 3) to request to stop the violation. Along with the actions against the owner of the web resources there might be the actions to request from the hosting provider to suspend the provision of accommodation of online services and resources; from the domain registrar to suspend the domain name delegation to the owner of the online resource due to the presence of

the illegal content. The judicial practice of holding such persons liable in cases involving violations of intellectual property rights is based on the fact that the failure to take actions aimed at stopping the violations may result in finding the hosting provider, registrar or the owner of an Internet resource guilty. This, in turn, allows to apply sanctions to these individuals in the form of the damage recovery or compensation for breach of intellectual property rights.

3. **Submitting the claim to the law enforcement agencies (optional).** This step may contribute to the timely response from the hosting provider and registrar in efforts to stop violations. This is explained by the fact that some providers react faster to the state regulations than to the complaints of users. The terms of service agreements with some providers include the suspension of the provision of services in case of the request from the law enforcement agencies. Sometimes no additional verification of a violation is needed in order to suspend the contract.
4. **Collection of evidence.** In general terms, the collection and recording of facts regarding the abuse of the rights should be made at all stages. But if the conflict was not settled during the stages mentioned above, there is a need to prepare for the protection of the rights in court. To do so one should prepare the evidence in advance, without which you will not succeed in court. Proof is required for all the circumstances which the holder of the rights will refer to: legal documents confirming the ownership of the rights (for details, see section I), evidence of the

violation, evidence of the defendant's guilt, proof of loss, and the relationship between the actions of the offender and the losses. To present the fact of the violation is not as easy as it might seem. In case A56-56488/2011 the Court rejected the printed pages of the website as the evidence. More reliable methods of proof are: the protocol of inspection of the website by a notary; notarized witness statements; examination of the state registration. The guilt of the defendant can be confirmed by the absence of any response to a request to stop the violations, as well as the presence of such factors as: 1) the ability to influence the integrity of the information, 2) profit from an activity related to the placement of the information, which violates the rights of other parties, and 3) the availability or absence of technological capability to stop the violations, and 4) the presence of the clause in the user agreement prescribing to comply with the Russian legislation and other factors.

5. **Going to court.** When the evidence is gathered, there is a need to do the last step – go to court. To do so, first of all, you need to choose the method of protection (see Section III), to formulate a statement of the claim; if there is a claim for damages or compensation, it is necessary to calculate the amount of the claim, pay the state fee, attach all required documents and submit the case to court of the relevant jurisdiction and competence. Certain professional skills are required to present the case in court, but with well-formulated requirements and well-chosen evidence the litigation process becomes much easier.

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Current issue contains an overview of the recent legislative changes. The presented material should be treated as general information and not as professional advice.

VEGAS LEX recommends seeking professional advice on any matter

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## RECOMMENDATIONS & RECOGNITION

- Best Lawyers 2012
- IFLR1000 2012
  - M&A
  - Project finance
  - Restructuring & Insolvency
- Chambers Europe 2012
  - PPP
  - Competition/Antitrust
  - Dispute Resolution
- The Legal 500 EMEA 2012
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- European Legal Experts 2012
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