**ASSOCIATION OF EUROPEAN BUSINESSES
IN THE RUSSIAN FEDERATION**

**The Voice of European Business
in Russia**

HELLEVIG · KLEIN · USOV LLC

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AEB – IP Sub-committee
"Software contracts and Part 4 of the Civil Code"

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Roundtable Event
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Presentation Outline

- Introduction
- What is Encryption?
- Importing non-encrypted software into Russia
- Importing encrypted software or encrypted devices into Russia
- Process of Obtaining Import License
- WTO and Wassenaar Agreement
- Conclusions

Introduction

Importing software and software devices into Russia can be like importing other goods into Russia so long as it is not encrypted.

Issues Arising

Certifications

Tax

Custom Issues

Importing non-Encrypted Software and non-Encrypted Devices

- Software from outside of Russia is usually subject to IP rights
- In order to determine if the software is usable in Russia need to consider the territory of the license
  - Is Russia covered
  - Recommended to negotiate with the software vendor for use in Russia

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What is Cryptography?

- **Cryptography** (or cryptology; derived from Greek κρυπτός *kryptós* "hidden," and the verb γράφω *gráfo* "write" or λεγειν *legein* "to speak") is the practice and study of hiding information
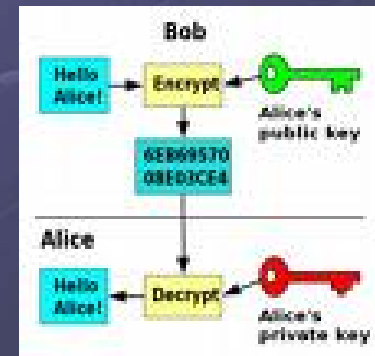
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The Enigma Machine (circa 1920's)

The plugboard, keyboard, lamps, and finger-wheels of the rotors emerging frm the inner lid of a three-rotor German military Enigma machine

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More Modern Examples of Encryption Technologies

SSL

  – Used on laptops

  – Microsoft, Mozilla Firefox, etc

- Public Key Encryption

- Smart Cards

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Where is this technology found?

- Mobile Phones
  - Sim Cards
  - Communication Protocols
- Computers
- Military Applications

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Getting an Import License

- Customs may ask whether it should be approved by the FSB

- Application needs to be made with the Ministry of Economy

- MoE will contact FSB

- FSB will request the importer some products details and how it will be used and then gives approval or not. During this process FSB can send the product for technical assessment to special laboratory

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Getting an Import License (cont'd)

- **When the approval is given by FSB, the Ministry of Economy issues the license to the importer. Import license is only valid for that particular shipment, which means that each time any importer will import such product into Russia , the whole process will start again (apply with MoE).**

- **Note 1: During all the process customs holds the product and importer pays service fee.**

- **Note 2: The Russian authorities may keep as samples for reference 2 pieces of items taken to conduct the tests.**

Getting an Import License (cont'd)

- **Note 3: The analysis from the certified lab recommended by FSB is for a fee. Processing time by this certified lab is about 3 calendar weeks.**

- **Conclusion of FSB is free of charge but the overall processing time can be around 2 calendar months.**

- **In addition to the import duties the following fees will have to be paid in order to import encryption items into Russia**

Russia More Difficult Than Most Countries

- Member of **Wassenaar Arrangement**
  - What is the Wassenaar Arrangement?
- WTO
  - More Transparency needed

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THANK YOU!

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