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## PRESS RELEASE

### Regarding: Parallel Import

#### Legal Protection of Intellectual Property in the Russian Federation

Uniting hundreds of European companies, the Association of European Businesses (AEB) deems it necessary, on behalf of its member companies, to express its position on this matter. Of recent, the issue of parallel import – import of goods embodying intellectual work of means of individualisation carried out or implemented without the permission of the intellectual property owner, has been discussed frequently in the Russian Federation. This issue has attracted intense public interest and is, in fact, extremely important for many Russian and foreign companies working in the Russian market or planning to approach the Russian market.

It is the AEB's strong belief that the concept of parallel import will inevitably come into conflict with Russia's long-term interests; it neither promotes further development of Russian industry and localization of production units nor meets the interests of Russian consumers. An objective and impartial approach is required to the issue of parallel import, with comprehensive assessment of a number of significant aspects, rather than consideration of short-term interests of some of market's participants.

#### Anti-Monopoly Laws on Parallel Import

The Federal Law "On Competition Protection" (Par. 4, Part 1, Art. 14) prohibits unfair competition, by which is understood, among other things, sale, exchange or other means of introducing goods into the civil turnover in case results from of intellectual activity were used illegally.

Parallel import discriminates against rights owners, their licensees, official importers and dealers in competition with parties importing goods without the consent of the rights owners. The former invest significant efforts and funds in promoting of brands and goods on the Russian market, while the latter are merely economic parasites within an established infrastructure and often employ the 'grey schemes' for introduction of goods in the civil turnover.

#### Consequences of Parallel Import Liberalisation

Parallel import liberalisation (in particular, abolition of the national/regional trade mark right exhaustion principle) will have the following consequences at the very least:

- Mechanisms for intellectual property protection provided for by the Customs Code of the Customs Union, as well as the intellectual property registers will cease to operate effectively.

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- It will become virtually impossible for the enforcement agencies to combat import to the Russian territory and subsequent turnover of counterfeit goods and goods imported in violation of intellectual property rights.
- A significant rise in the import of goods not designed for the Russian market, as well as counterfeit goods, should be anticipated.
- Development in Russia of fair competition will be brought into question.
- Local industrial production will stop increasing (or even begin falling), for companies producing goods in Russia will start losing out in the unfair competition with parallel importers.
- Tax and duty revenues into the Russian budget from import of goods and their subsequent turnover in Russia will fall.
- National industry (the automotive one at first place) can face a massive import of fake Russian goods produced abroad and purchased in Russia at a lower price.

All of the above will, in aggregate, inevitably reduce the appeal of the Russian market. It will affect further investment in the economy and, naturally, the overall volume of goods legally supplied and produced, with all the ensuing negative consequences.

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