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**Intellectual Property Rights in Russia
A Survey of Russian and International Brand Holders
Results Marginals**

1. Who has the lead responsibility for IP rights enforcement, anti-counterfeiting and anti-piracy programs for your company's brands, patents and trademarks in Russia? Base: 97

Legal Counsel	52%	Country Director	22%
Brand Manager	5%	Other	18%
Brand Protection/Security Director	3%		

2. Which of your products are sold in Russia? Base: 94

Multiple answers.

Alcoholic and Other Beverages	9%	Audio/Video Recordings	1%
Appliances and Furniture	3%	Luxury Goods	7%
Automobiles and Auto Parts	9%	Medical Equipment	18%
Clothes/ Footwear	3%	Pharmaceuticals/ Healthcare	18%
Computer Hardware/ Office Equipment/ Consumer Electronics	9%	Services	5%
Cosmetics/ Toiletries/ Beauty	12%	Software	3%
Food Products	16%	Tobacco Products	3%
Household Chemical Goods	11%	Other	11%

Situation Assessment

3. In terms of policies and laws which encourage or discourage economic growth and investment by companies operating in Russia, would you say that things in Russia are currently headed in the right direction, or would you say these policies and laws have gotten seriously off track? Base: 86

Right direction	64%
Wrong track	36%

4. Do you expect the investment climate and opportunities in Russia to improve or worsen in the next two years? Base: 93

Significantly worsen	0%
Somewhat worsen	11%
Stay the same	37%
Improve somewhat	46%
Improve significantly	6%

5. Please rate the following issues as challenges confronting the successful operation of your business in Russia.

5-point scale, where '1' refers to 'not a challenge' and '5' – to 'major challenge'

	Not a challenge – 1	2	3	4	5 – Major challenge	Mean Scale	Base
Government Bureaucracy and Red Tape	3%	7%	20%	24%	45%	3.98	99
Government Corruption	9%	22%	18%	23%	28%	3.39	88
Customs Procedures	11%	17%	27%	15%	29%	3.26	84
Intellectual Property Rights Protection and Enforcement	10%	18%	31%	17%	24%	3.25	99
Taxation	10%	26%	32%	17%	15%	3.01	93
Court System	19%	19%	28%	20%	14%	2.91	90
Customs Duties	9%	35%	31%	11%	14%	2.86	85
Non-compliance with International Treaties	25%	24%	25%	12%	14%	2.66	76
Investment Laws	21%	36%	32%	10%	1%	2.34	81
Shareholders Rights	48%	28%	11%	13%	0%	1.89	64

6. Would you say the overall system of IP protection has improved or worsened over the last five years in Russia? Base: 97

Significantly worsened	4%
Somewhat worsened	9%
Stayed the same	28%
Improved somewhat	51%
Improved significantly	8%

7. Thinking about the volume of product and brand counterfeits in the Russian market, would you say the amount has increased or decreased over the last five years? Base: 97

Significantly decreased	4%
Somewhat decreased	33%
Stayed the same	15%
Increased somewhat	21%
Increased significantly	27%

8. On the subject of intellectual property rights, how important are each of the following specific issues to the operations of your company in Russia?
5-point scale, where '1' refers to 'not an important problem' and '5' – to 'very important problem'

	Not an important problem - 1	2	3	4	5 – Very important problem	Mean Scale	Base
Enforcing your IP rights	9%	14%	11%	22%	44%	3.81	94
Counterfeiting	9%	12%	22%	14%	43%	3.66	99
Obtaining trademark protection	26%	8%	24%	8%	34%	3.18	100
Copyright piracy	26%	19%	20%	12%	23%	2.87	90
Obtaining well-known recognition for trademarks	33%	7%	20%	21%	19%	2.81	94
Patent infringement	27%	22%	19%	12%	20%	2.77	85
Internet domain name piracy	25%	21%	24%	17%	13%	2.72	87
Obtaining patent protection	39%	17%	14%	8%	22%	2.57	83
Bad faith registrations of trademarks by 3 rd parties	12%	18%	17%	15%	38%	2.51	95

9. In the past five years, has your company reduced or cancelled new investments in Russia due to concerns about inadequate IP rights protection and/or enforcement? Base: 80

Yes	4%
No	96%

10. On matters of IP protection and enforcement, how do you rate the professionalism and integrity of the following Government bodies?

5-point scale, where '1' refers to 'lowest ranking' and '5' – to 'highest ranking'.

	Lowest ranking - 1	2	3	4	5 - Highest ranking	Mean scale	Base
Federal Anti-monopoly Service (FAS)	13%	21%	26%	29%	11%	3.04	62
Supreme Patent Chamber	15%	10%	48%	17%	10%	2.97	52
Federal Service for Intellectual Property, Patents and Trademarks (Rospatent)	16%	16%	47%	11%	9%	2.78	79
Federal Customs Service	21%	32%	26%	14%	7%	2.54	76
Russian Courts	23%	25%	35%	11%	6%	2.52	81
Ministry of Internal Affairs (MVD)	30%	29%	26%	11%	4%	2.30	76

11. In your opinion, what degree of priority is given to trademark, patent and copyright protection and enforcement by the Russian Government?

5-point scale, where '1' refers to 'lowest priority' and '5' – to 'highest priority'.

	Lowest priority – 1	2	3	4	5 – Highest priority	Mean Scale	Base
Copyright protection	23%	24%	19%	11%	23%	2.92	97
Patent protection	21%	20%	32%	9%	18%	2.84	97
Trademark protection	20%	27%	23%	10%	20%	2.82	99

12. In your opinion, what degree of priority is given to trademark, patent and copyright protection by RF President Putin and the Presidential Administration?

5-point scale, where '1' refers to 'lowest priority' and '5' – to 'highest priority'.

	Lowest priority – 1	2	3	4	5 – Highest priority	Mean Scale	Base
Copyright protection	19%	28%	23%	12%	18%	2.85	97
Trademark protection	17%	27%	25%	19%	12%	2.79	98
Patent protection	20%	27%	29%	13%	11%	2.68	97

13. Do you agree or disagree with the following statement? Base: 99

<i>Russia will not make progress on intellectual property protection and enforcement until RF President Vladimir Putin gets directly involved in dealing with this issue.</i>	
Strongly Agree	22%
Somewhat Agree	35%
Neither Agree not Disagree	14%
Somewhat Disagree	22%
Strongly Disagree	7%

14. Do you agree or disagree with the following statement? Base: 100

<i>Until <u>Russian</u> companies are severely impacted by counterfeiting and piracy, significant improvements in the RF Government's IP rights enforcement efforts will not happen.</i>	
Strongly Agree	29%
Somewhat Agree	42%
Neither Agree not Disagree	10%
Somewhat Disagree	13%
Strongly Disagree	1%

Your Company's Products

15. What information do you make public concerning counterfeited products of your company's goods? Base: 81

Multiple responses.

Statistics on the percentage of your company's counterfeited products that are sold on the Russian market	11%
Information for retailers on how to recognize and differentiate a counterfeit from the real product	44%
Information for consumers on how to recognize and differentiate a counterfeit from the real product	30%
Results of raids conducted in which counterfeits of your company's product were found	17%
We only release information regarding counterfeits of company products through trade associations	17%
We do not release any information about our company's counterfeited products	41%

16. What percentage of your company's products sold in the Russian market are counterfeited?
 Base: 59

None	8%	From 30% to 40%	3%
Less than 5%	51%	From 40% to 50%	0%
From 5% to 10%	15%	From 50% to 75%	2%
From 10% to 20%	10%	More than 75%	8%
From 20% to 30%	2%		

17. In general, do you believe that estimates by RF Government agencies on the percentage of counterfeits in your company's product categories sold in Russia are: Base: 94

Too low	13%
About right	18%
Too high	5%
Not aware of government estimates	64%

18. To the best of your ability, please estimate the average annual cost to your company of inadequate enforcement of intellectual property rights in Russia. (*Lost sales plus cost of enforcing your rights*). Base: 70

Less than \$1,000,000	59%
From \$1,000,000 to \$4,999,999	17%
From \$5,000,000 to \$9,999,999	10%
From \$10,000,000 to \$14,999,999	1%
From \$15,000,000 to \$24,999,999	4%
From \$25,000,000 to \$49,999,999	3%
More than \$50,000,000	6%

19. To the best of your knowledge, where are counterfeits of your company's product sold in Russia produced? Base: 68

Counterfeited Products are Mostly Produced in Russia	43%
Counterfeited Products are Mostly Produced in Third Countries and Imported into Russia	25%
Counterfeited Products are Produced Both in Russia and Imported into Russia	32%

20. What countries do you believe are the largest producers of counterfeits of your company's products sold in Russia? Base: 73

Russia	47%
China	41%
Ukraine	4%
Belarus	4%
Other countries	4%

Practices and Experiences

21. During 2005, which of the following activities have been undertaken by your company in Russia? Base: 95

Multiple responses.

Registered Trademarks with Rospatent (Russian Federal Service for Intellectual Property, Patents and Trademarks)	73%	Conducted Market Surveys and Product Tests to Measure Levels of Counterfeiting of Your Products' Brands in Russia	22%
Contested Trademarks Registered or Used by Others either in Rospatent or Rospatent's Supreme Patent Chamber	25%	Carried out Professional Investigations to Determine the Source and Methods of Counterfeiting of Your Company's Products and Brands	18%
Contested Trademarks Registered or Used by Others in Court	21%	Independently Conducted Anti-Counterfeiting Raids in the Field	35%
Filed/Registered for Patent Protection	33%	Conducted Joint Anti-Counterfeiting Raids in the Field in Cooperation with Other Brand Owners	21%
Contested Patents Registered or Used by Others	11%	Conducted Joint Anti-Counterfeiting Raids in the Field in Cooperation with Government Authorities	34%
Registered Specific Products on the IP Objects Registrar of the Federal Customs Service	18%	Taken Court Actions to Enforce Your Intellectual Property Rights	33%
Applied for or Received Well-Known Trademark Protection from Rospatent's Supreme Patent Chamber	12%	Taken Administrative Actions to Enforce Your Intellectual Property Rights	43%

Effectiveness Ratings

22. Do you believe the time required in Russia to resolve various IPR protection actions compares favorably with the amount of time required for similar actions in other European countries and North America?

	Much slower	Somewhat slower	About the same	Somewhat faster	Much faster	Mean Scale	Base
Decisions of the Supreme Patent Chamber	18%	39%	25%	9%	9%	2.49	33
Registering trademarks and patents	24%	25%	38%	6%	7%	2.46	63
Contesting trademark and patent registrations, including so-called bad faith registrations	40%	25%	25%	5%	5%	2.19	53
Court decisions	36%	27%	23%	10%	4%	2.19	70
Securing well-known trademark protection	38%	28%	23%	5%	6%	2.09	47

23. For each governmental agency with which you have had direct experience defending your company's intellectual property rights in the past 24 months (two years), please rate your experience in dealing with that agency in terms of its effectiveness.

5-point scale, where '1' refers to 'not at all effective' and '5' – to 'very effective'.

	Not at all effective – 1	2	3	4	5 – Very effective	Mean Scale	Base
Federal Anti-Monopoly Service (FAS)	12%	27%	22%	27%	12%	3.00	41
Federal Service for Intellectual Property, Patents and Trademarks (Rospatent)	15%	18%	39%	18%	10%	2.90	61
Supreme Patent Chamber	21%	24%	31%	10%	14%	2.72	29
Federal Customs Service	11%	27%	43%	18%	0%	2.66	44
Courts	16%	25%	43%	14%	2%	2.61	56
Ministry of Internal Affairs	18%	35%	26%	20%	2%	2.53	51
Regional/local enforcement authorities	32%	29%	20%	20%	0%	2.30	41
Federal Service for Consumer Rights and Human Welfare (Rospotrebnadzor)	27%	30%	33%	10%	0%	2.29	30
Ministry of Justice	44%	17%	28%	11%	0%	2.06	18
State Procurator's Office	42%	23%	23%	12%	0%	2.05	26

24. How would you estimate the overall effectiveness of the Russian Government's enforcement efforts in the following areas?

5-point scale, where '1' refers to 'not at all effective' and '5' – to 'very effective'.

	Not at all effective – 1	2	3	4	5 – Very effective	Mean Scale	Base
Trademark enforcement	17%	34%	41%	5%	3%	2.48	83
Patent enforcement	23%	34%	34%	6%	3%	2.32	70
Fighting counterfeits	29%	38%	24%	7%	2%	2.15	91

25. In your view, how effective are the following organizations in enforcing intellectual property rights in Russia?

5-point scale, where '1' refers to 'not at all effective' and '5' – to 'very effective'.

	Not at all effective – 1	2	3	4	5 – Very effective	Mean Scale	Base
Major business and trade associations	6%	19%	33%	29%	13%	3.24	90
Brandholders and intellectual property owners in general	8%	17%	44%	21%	10%	3.11	92
Companies like yours	16%	18%	33%	20%	13%	2.96	94
Foreign governments	17%	32%	29%	16%	6%	2.65	88

26. In your opinion are the following capabilities effectively present within Russian law enforcement and judicial structures to enforce the rights of intellectual property owners?
5-point scale, where '1' refers to 'not effective' and '5' – to 'very effective'.

	Not effective – 1	2	3	4	5 – Very effective	Mean Scale	Base
Political will and leadership	20%	15%	25%	15%	25%	3.15	89
Criminal penalties	19%	22%	18%	22%	19%	3.00	93
Laws and regulations	10%	28%	31%	22%	9%	2.95	93
Established methods for cooperation with IP rightsholders	17%	21%	29%	24%	9%	2.86	86
Injunctive relief	16%	30%	17%	23%	14%	2.84	86
Financial resources	23%	18%	25%	18%	16%	2.81	87
Administrative penalties	24%	26%	23%	20%	7%	2.65	92
Training	19%	33%	27%	13%	8%	2.58	89
Staff resources	21%	31%	28%	13%	7%	2.56	87
Civil penalties	30%	23%	21%	18%	8%	2.46	94

Recommendations

27. In your view, how important are each of the following actions to improving intellectual property rights protection and enforcement in Russia?

5-point scale, where '1' refers to 'not important' and '5' – to 'very important'.

	Not important - 1	2	3	4	5 – Very important	Mean Scale	Base
Cleaning up corruption in enforcement authorities	2%	3%	10%	22%	63%	4.41	100
Companies taking a more proactive approach to enforcing their IPR	2%	6%	20%	28%	44%	4.10	101
Educating news media and consumers about health, quality, and other consequences of inadequate IPR protection and enforcement	3%	6%	17%	32%	42%	4.07	101
Organizing and coordinating joint enforcement actions by intellectual property owners	3%	5%	16%	40%	36%	4.01	97
Training of judges	1%	7%	20%	34%	38%	3.96	99
Training of law enforcement officials	3%	8%	24%	33%	32%	3.83	100
Reforming intellectual property laws and regulations	6%	13%	24%	25%	32%	3.61	99
Creating special courts for hearing cases on IPR violations	9%	12%	25%	28%	26%	3.35	99

28. In your view, how important is it to lobby the following government authorities to improve IPR protection and enforcement in Russia?

5-point scale, where '1' refers to 'not important' and '5' – to 'very important'.

	Not important - 1	2	3	4	5 – Very important	Mean Scale	Base
RF Government	0%	3%	18%	40%	39%	4.15	93
RF Presidential Administration	3%	9%	17%	25%	46%	4.02	93
RF State Duma	4%	9%	23%	26%	38%	3.82	91
WTO	5%	15%	30%	16%	34%	3.57	91
EU Government	25%	16%	22%	17%	20%	2.91	92
U.S. Government	27%	20%	16%	13%	24%	2.89	91

29. In your opinion, how important are the following IP initiatives to improving Russia's IPR protection and enforcement?

5-point scale, where '1' refers to 'not important' and '5' – to 'very important'.

	Not important - 1	2	3	4	5 – Very important	Mean Scale	Base
Destruction of Counterfeit Products (Would expand IP legislation in Russia to include the mandatory destruction of counterfeit goods.)	5%	5%	14%	24%	52%	4.11	94
Destruction of Equipment used for Producing Counterfeit Products (Would expand IP legislation in Russia to require the seizure and, on court order, the destruction of equipment used to produce counterfeit and pirated goods.)	4%	7%	11%	31%	47%	4.10	95
Ministry of Health/Rospatent Pre-Check for Registrations of Medicines (A mandatory pre-check would require the Ministry of Health to check with Rospatent for existing trademarks before issuing registrations to any new medicines.)	4%	3%	24%	33%	36%	3.94	70
Stronger Criminal Liability for Infringements (Would increase the criminal penalty for those who violate intellectual property rights)	6%	6%	18%	30%	40%	3.92	96
“First in Time, First in Right” (This theory applies the WTO principle of giving priority and exclusivity to prior registered trademarks over later filed geographic indications, including appellations of origin.)	4%	10%	25%	21%	20%	3.73	77
Law “On Company Names” (This law provides for simultaneous registration of Company Names when registering company as a legal entity. The registered name is then protected for a specific class of goods or services for a period of 10 years, and is renewable thereafter.)	7%	16%	20%	32%	25%	3.52	81
Opposition Procedures (Provides for a waiting period between the application and the approval of a trademark or patent, whereby the application information is published and anyone who might be opposed may file an opposition to the patent.)	9%	14%	22%	34%	21%	3.46	82

	Not important - 1	2	3	4	5 – Very important	Mean Scale	Base
Optical Disk Licensing Requirements (This measure would require firms who produce optical disks to register the companies and their equipment with a federal organization in order to track production of authentic disks.)	14%	16%	13%	29%	28%	3.40	75
“Ex Officio” Procedure in Customs (This amendment would provide customs agencies with the authority to arrest goods if they believe intellectual property rights are being violated, without a petition from the rights holder.)	18%	11%	22%	25%	24%	3.26	91