LAW OF THE RUSSIAN FEDERATION NO. 5351-1 OF JULY 9, 1993 ON COPYRIGHT AND NEIGHBOURING RIGHTS (with the Additions and Amendments of July 19, 1995)

See judicial <u>overview</u> of handling disputes associated with application of the Law of the Russian Federation on Copyright and Allied Rights (Appendix to the Information <u>Letter</u> of the Presidium of the Higher Arbitration Court of the Russian Federation No. 47 of September 28, 1999)

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Resolution of the Supreme Soviet of the Russian Federation No. 5351/1-1 of July 9, 1993 on the Repeated Consideration of the Law of the Russian Federation on Copyright and Neighbouring Rights

Resolution of the Supreme Soviet of the Russian Federation No. 5352-1 of July 9, 1993 on the Procedure for Carrying into Effect the Law of the Russian Federation on Copyright and Neighbouring Rights

SECTION I. GENERAL PROVISIONS

Article 1. Subject of Regulation

This Law regulates relations arising in connection with the creation and uses of works of science, literature and the arts (copyright), stage productions, and phonograms of radio broadcasting or cable TV organizations (neighbouring rights).

Article 2. Russian Legislation on Copyright and Neighbouring Rights

The Russian legislation on copyright and neighbouring rights consists of this Law, which is a part of Russia's civil legislation and effective throughout Russia, other legislative acts to be issued pursuant to this Law, the Russian Law on Legal Protection for Computer Programmes and Data Bases, and also legislative acts of the Republics within Russia to be adopted on the basis of this Law.

Article 3. International Agreements

If an international agreement, to which Russia is a party, establishes rules other than those set forth hereunder, the rules of the international agreement shall prevail.

Article 4. Basic Definitions

For the purposes of this Law the following terms shall have the following meanings:

the author is a natural person who has created a work;

the audio-visual work is a work consisting of a fixed series of interrelated picture frames (accompanied or not accompanied by sound) meant for video and audio perception, by means of appropriate technical devices; the audio-visual works comprise cinematographic works and all works expressed by means similar to cinematography (TV films, videos, slide-films, transparency strips and the like), regardless of the method of their original or subsequent fixing;

data base is a presentable form of organizing a combination of data (articles, calculations and so on) systematized so as to make it possible to find and process such data with the help of a computer;

the reproduction of a work is the making of one or more copies of a work or a part thereof in any material form, including the form of an audio or video recording, the making in three dimensions of one or more copies of a two-dimensional work and in two dimensions of one or more copies of a three-dimensional work; the recording of a work in computer memory is also its reproduction;

the reproduction of a <u>phonogram</u> is the making of one or more copies of a recording or a part thereof in any material medium;

the recording is the fixing of sounds and/or images by means of technical facilities in any material form, making possible their repeated perception, <u>reproduction</u> or <u>communication</u>;

the producer of an <u>audio-visual work</u> is a natural or juridical person who that has assumed the initiative and responsibility for the production of such work; unless proved otherwise, the individual or legal entity, the name of which is indicated on an audio-visual work in the usual manner, is recognized as the producer of such work;

the producer of a <u>phonogram</u> is a natural or juridical person who has assumed the initiative and responsibility for the first audio recording of a <u>performance</u> or other sounds; unless proved otherwise, the natural or juridical person, the name of whom is indicated on a recording and/or on the cover thereof in the usual manner, is recognized as the producer of such recording;

the performance is the presentation of works, <u>phonograms</u> and stage productions by way of acting, recitation, singing or dancing either live or by dint of technical facilities (television and radio broadcasting, cable TV or other technical systems); the showing of images of an <u>audio-visual work</u> in their sequence (accompanied or not accompanied by sound);

the performer is an actor, singer, musician, dancer or other person playing the part, singing, reading, reciting, playing a musical instrument or otherwise performing works of literature or the arts, including a variety-show, circus or puppet number, as well as the <u>director/producer</u> of a play and the conductor;

the publication of a work is the action taken with the author's consent that for the first time makes his work accessible to the general public by way of its <u>printing</u>, <u>public showing</u>, <u>public performance</u>, <u>broadcasting</u> or otherwise;

the issue is the circulation of <u>copies of a work</u> or a <u>phonogram</u> with the consent of the author of such work or the producer of such recording in such quantities as are sufficient for meeting the reasonable requirements of the public, proceeding from the nature of such work or recording;

the broadcasting is the <u>presentation</u> of works, <u>phonograms</u>, <u>performances</u>, stagings and <u>broadcasts of television and radio broadcasting</u>, and <u>cable TV organizations</u> to the general public (including their <u>showing</u> or <u>execution</u>) by way of their transmission on the radio or television (with the exception of cable television). In the broadcasting of works, phonograms, performances, stagings and programmes of television and radio broadcasting, and cable TV organizations via a satellite, broadcasting is understood to mean the reception of signals from a ground station by the satellite, whereby works, phonograms, performances, stagings and programmes of television and radio broadcasting is understood to mean the reception of signals from a ground station by the satellite, whereby works, phonograms, performances, stagings and programmes of television and radio broadcasting, and cable TV organizations can be brought to general notice, regardless of their actual reception by the public;

the programme of television, radio and cable broadcasting is a programme produced by a television, radio or cable broadcasting organization itself or under an order placed thereby and at its own expense by another organization;

the showing of a work is the demonstration of the original or a <u>copy of a work</u> directly or on a screen by means of film, a slide, a television frame or other technical facilities, as well as the demonstration of individual images of an <u>audio-visual work</u> without observing their sequence;

the subsequent broadcasting is the subsequent broadcasting of earlier broadcast works, <u>phonograms</u>, <u>performances</u>, stagings, and <u>programmes of television and radio broadcasting</u>, and <u>cable TV organizations</u>;

the computer programme is a presentable form of a combination of data and commands

meant for the operation of computers and other computing devices with a view to obtaining a definite result, including preparatory material produced in the course of developing a computer programme and the audio-visual images generated thereby;

the work of applied art is a two-dimensional or three-dimensional work of art transmitted onto articles in practical use, including a handicraft or an industrially manufactured work;

the public showing, public performance or communication for the general public is any <u>showing</u>, <u>performance</u> or <u>communication</u> of works, <u>phonograms</u>, performances, stagings and <u>programmes of television and radio broadcasting</u>, and <u>cable TV organizations</u> either directly or by means of technical facilities in a place open to the general public or in a place attended by a substantial number of persons outside the usual family circle, regardless of whether such works, phonograms, performances, stagings, and programmes of television and radio broadcasting, and cable TV organizations are perceived in the place of their transmission or elsewhere simultaneously with the transmission of works, phonograms, performances, stagings, and programs, performances, stagings, and programs, performances, stagings, and programs, performances, stagings, and programs, performances, stagings, and programs of television and radio broadcasting, and cable TV organizations;

the director/producer of a play is the person who has produced a theatrical, circus, puppet, variety or other show (spectacle);

the duplication is the facsimile reproduction in any size and form of one or more <u>copies</u> of the originals or copies of written or other graphic works by means of photocopying or with the help of other technical facilities, excluding printing; duplication does not comprise the storage or reproduction of said copies in the electronic (including digital), optical or other machine-readable form;

to lease (hire) is to provide a <u>copy of a work</u> or a <u>phonogram</u> for temporary use with the aim of deriving direct or indirect commercial profits;

to communicate is to <u>show</u>, <u>perform</u>, <u>broadcast</u> or take other action (save the distribution of <u>copies of a work</u> or a <u>phonogram</u>), whereby works, recordings, performances, stagings and <u>programmes of television and radio broadcasting</u>, and <u>cable TV organizations</u> become accessible for audio or visual perception, irrespective of their actual perception by the public;

to bring to general notice by cable is <u>to communicate works</u>, <u>phonograms</u>, <u>performances</u>, stagings and <u>programmes of television and radio broadcasting</u>, and <u>cable TV organizations</u> to the general public by means of cable, wire, fiber optics or similar means;

the phonogram is any exclusively audio recording of a performance or other sounds;

the copy of a work is a copy of a work, made in any material form;

and

the copy of a <u>phonogram</u> is a copy of a recording in any material medium, made directly or indirectly from a recording and including all or part of the sounds fixed in such a phonogram.

SECTION II. COPYRIGHT

Article 5. The Sphere of Application of Copyright

1. Pursuant to this Law, copyright shall cover:

- works <u>published</u> or unpublished, but existing in some presentable form in the Russian territory, regardless of the citizenship of their <u>authors</u> and successors thereof;

- works published or unpublished, but existing in some presentable form outside Russia, and shall be recognized as belonging to the authors who are Russian citizens and successors thereof; and

- works published or unpublished, but existing in some presentable form outside Russia, and shall be recognized as belonging to the authors (successors thereof) who are nationals of other countries pursuant to the international agreements of the Russian Federation.

2. A work shall also be deemed <u>published</u> in Russia, if it is published in its territory within 30 days of the date of its first publication outside Russia.

3. In granting protection to a work in Russia pursuant to her international agreements, the author of such work shall be determined pursuant to the legislation of the State, in the territory of

which the legal fact that has provided the grounds for gaining copyright has taken place.

Article 6. Object of Copyright. General Provisions

1. Copyright shall extend to the works of science, literature and the arts that are the result of creative activity, irrespective of the purposes or merits of such works, and the methods of expressing the same.

2. Copyright shall cover both <u>published</u> and unpublished works existing in some presentable form, including:

- writing form (manuscripts, typewritten works, musical notation, etc.);

- oral form (public pronouncement, public performance, etc.);

- sounds or video recording (mechanical, magnetic type, digital and optical recording, etc.)

- image (drawing, sketch, painting, plan, diagram, cinema, television, video or photographic frame, etc.);

- three-dimensional form (sculpture, model, mock-up, structure, etc.); and

- other forms.

3. Any part of a work (including its name), with meets the requirements of <u>Para 1</u> of this Article and can be used independently, shall be an object of copyright.

4. Copyright shall not apply to ideas, methods, processes, systems, methods, concepts, principles, discoveries, and facts.

5. Copyright in a work shall not be connected with the right of ownership of the material object in which such work is expressed.

The transfer of the right of ownership of such material object or the right of possession of the same shall not per se entail the transfer of any copyright in the work expressed in the said object other than in cases provided for by <u>Article 17</u> of this Law.

Article 7. Works Constituting Objects of Copyright

1. The objects of copyright shall include:

- literary works (including computer programmes);

- dramatic and musical-dramatic works and scripts;

- choreographic works and pantomimes;

- musical works with or without any text;

- <u>audio-visual works</u> (movies, television films, videos, slide films, transparency strips and other cinematographic and TV works);

- paintings, sculptures, drawings, designs, graphic stories, comicstrips and other works of fine arts;

- works of applied and scenographic art;

- works of architecture, town planning and landscape gardening;

- photographic works and works produced by methods similar to photography;

- geographical, geological and other maps, plans, sketches and plastic works related to geography, topography and other sciences; and

- other works.

2. Protection for <u>computer programmes</u> shall cover all software (including operating systems) which can be expressed in any language and any form, including the initial text and object code.

3. The objects of copyright shall also include:

- derivative works (translations, adaptations, annotations, abstracts, resumes, reviews, stage versions, musical arrangements and other revision of works of science, literature and the arts; and

- collections (encyclopaedias, anthologies and data bases) and other composite works representing by the selection and arrangement of included material the result of creative work.

Derivative works and composite works shall be protected by copyright, regardless of whether the works on which they are based or which they include are objects of copyright.

Article 8. Works That Are Not Objects of Copyright

The following shall not be objects of copyright:

- official documents (laws, judicial decisions, and other legislative, administrative and judicial texts), as well as their official translations;

- state symbols and signs (flags, emblems, orders, banknotes and other national symbols and signs);

- works of folk art; and

- news reports on events and facts.

Article 9. Origin of Copyright. Presumption of Authorship

1. Copyright in a work of science, literature or the arts shall arise due to the fact of its production. There shall be no need to register or otherwise specially formalize the work or observe any other formalities for copyright therein to arise and be exercised.

The holder of exclusive copyrights may, for the purposes of announcing his rights, use the copyright protection sign, which shall be affixed to each <u>copy of the appropriate work</u> and consist of three components, namely:

- Latin letter "C" in a circle;

- name of exclusive copyright holder; and

- year in which the work was first published.

2. Unless proved otherwise, the person indicated as the author on the original or a copy of a work shall be regarded as its <u>author</u>.

3. In the publication of a work anonymously or under a pseudonym (other than in cases where the author's pseudonym does not leave any doubt as to his identity), the publisher, whose name or appellation is indicated on such work, shall be regarded, unless proved otherwise, the author's representative pursuant to this Law and be entitled in this capacity to protect the rights of the author and cause them to be implemented. This provision shall apply until the author of such work reveals his identity and declares his authorship.

Article 10. Co-Authorship

1. Copyright in a work produced by the joint creative work of two or more persons (coauthorship), shall belong to the co-authors jointly, irrespective of whether such work forms an integral whole or consists of parts each of which has independent significance.

A part of a work shall be deemed to be of independent significance if it can be used regardless of the other parts of such work.

Each of the co-authors may use the part of the work that has been created thereby and has independent significance at his own discretion unless otherwise provided for by the agreement between the co-authors.

2. The right to use the work as a whole shall belong to the co-authors jointly.

The relationship of the co-authors may be regulated by the agreement between them.

If the work of the co-authors constitutes an integral whole, none of the co-authors may prohibit its use without sufficient grounds.

Article 11. Copyright of Compilers of Collections and Other Composite Works

1. The <u>author</u> of a collection or other composite works (compiler) shall have copyright in the selection or arrangement of materials done thereby and representing the result of creative work (compilation).

The compiler shall enjoy copyright, provided he observes the rights of the authors of each of the works included in the composite work.

The authors of works included in a composite work may use their works independently of the composite work unless otherwise provided for by the author's contract.

The compiler's copyright shall not prevent other persons from the independent selection or arrangement of the same materials to produce their own composite works.

2. The publishers of encyclopaedias, encyclopedic dictionaries, periodical and continued collections of scientific works, newspapers, magazines, journals and other periodicals shall enjoy

the exclusive right to use such publications. The publisher may indicate his name or demand such indication in any use of such publications.

The authors of works included in such publications shall retain the exclusive rights to use their works independently of the publication as a whole.

Article 12. Copyright of Translators and Authors of Other Derivative Works

1. Translators and the authors of other derivative works shall have copyright in their translations, adaptations, arrangements or other reworkings.

The translator or the author of some other derivative work shall enjoy copyright in his work provided he observes the rights of the author of the work translated, adapted, re-arranged or otherwise reworked.

2. The copyright of translators and the authors of other derivative works shall not prevent other persons from doing their own translations and adaptations of the same works.

Article 13. Copyright in Audio-Visual Works

1. The authors of <u>audio-visual work</u> shall include:

- the director/producer;

- the author of the script (scriptwriter);

- the author of a musical work, with or without any text, specially created for such audio-visual work (composer).

2. The conclusion of a contract for creating an audio-visual work shall involve the transfer by the <u>authors</u> of this work to the performer of the audio-visual work of the exclusive rights to reproduce, disseminate, <u>perform in public form</u>, to <u>communicate by cable for public notice</u> and <u>broadcast by radio or television</u> or to communicate for public purposes an audio-visual work, and also to subtitle and duplicate an audio-visual work, unless otherwise provided for by the contract. The said rights shall operate during the time of operation of copyright in an audio-visual work.

The <u>producer of an audio-visual work</u> may, in any use of such work, indicate his name or demand such an indication.

3. In the <u>public performance</u> of an audio-visual work, the author of a musical work (with or without text) shall retain the right to remuneration for the public performance of his musical work.

4. The authors of the works making part of the audio-visual works that existed earlier (the author of the novel that underlies the script and others) and those created in the process of work thereon (cameraman-producer, art-producer, etc.), may use copyright in each of these works.

Article 14. Copyright in Works Produced in Line of Duty

1. Copyright in a work created as part of job responsibilities or the employer's job assignment (work created in line of duty) shall belong to the <u>author</u> of such work.

2. The exclusive rights to the user of a work created in line of duty shall belong to the person with whom the author maintains an employment arrangement (employer) unless otherwise provided for by the agreement between the same and the author.

The amount of the author's fees for each kind of use of a work created in line of duty and the procedure for paying such fees shall be determined by the agreement between the author and the employer.

3. The employer may, in any use of a work created in line of duty, indicate his name or demand such an indication.

4. The provisions of this Article shall not apply to the production of encyclopaedias, encyclopedic dictionaries, periodical and continued collections of scientific works, newspapers, journals, magazines and other periodicals (<u>Para 2 of Article 11</u> of this Law) produced as part of job responsibilities or the employer's job assignment.

Article 15. Personal Non-property Rights

1. The <u>author</u> shall enjoy the following personal non-property rights with respect to his work:

- the right to be recognized as the author of such work (copyright);

- the right to use or authorize uses of such work under the true name of the author, his

pseudonym or without the indication of his name, i.e. anonymously (the right to name);

- the right to <u>publish</u> or authorize the publication of such work in any form (the right of publication), including the right of recall; and

- the right to protection for such work, including its name, against any distortion or any other encroachment thereon that can damage the honour or dignity of the author (the right to protection of the author's reputation).

2. The author may revoke his earlier decision made on the publication of his work (the right to recall), provided that he compensates the user for the losses caused by such decision (including lost profit). If the work has already been published, the author shall be obliged to announce its recall in public. In such case, he may withdraw from circulation, at his own expense, the earlier produced copies of such work. The provisions of this clause shall not be applied to the creation of works in line of duty.

3. The personal non-property rights shall belong to the author, regardless of his property rights and be reserved for him even after the concession of the exclusive rights to the uses of the work.

Article 16. Property Rights

1. The <u>author</u> shall have the exclusive right to the uses of his work in any form and by any means.

2. The author's exclusive right to the uses of his work shall mean the right to perform or authorize the following actions:

- reproduction of the work (right of reproduction);

- distribution of copies of the work by any means, including: sale, <u>lease</u> (hire), etc. (right of distribution);

- import of copies of the work for the purposes of distribution, including copies produced with the permission of the exclusive copyright holder (right of import);

- public demonstration of the work (right of public demonstration);

- public performance of the work (right of public performance);

- communication of the work (including its <u>showing</u>, <u>performance</u> or <u>broadcasting</u>) to the general public by <u>broadcasting</u> and/or <u>subsequent broadcasting</u> (right of broadcasting);

- communication of the work (including its showing, performance or broadcasting) to the general public by cable, wire or similar other facilities (right of communication to the general public by cable);

- translation of the work (right of translation); and

- adaptation, rearrangement or other reworking of the work (right of reworking).

The author's exclusive rights to the uses of design, architectural, town planning and landscape gardening plans also include the practical implementation of such plans. The author of the adopted architectural design shall be entitled to demand from the customer the right to take part in the realization of his own design during the elaboration of documents for the building up and the construction of a building or structure, unless otherwise provided for by the contract.

3. If <u>copies</u> of a legitimately published work have been brought into civil circulation by means of their sale, they may be further distributed without the consent of the author and payment of author's fees.

The right to distribute copies of a work by leasing the same shall belong to the author, regardless of the right of ownership to such copies.

4. The amount of author's fees for each kind of use of a work and the procedure for calculating such fees shall be established in the author's contracts, as well as in agreements concluded by the organizations managing the author's property rights on a collective basis with the user.

See <u>Regulations</u> on rates of fees payable to performers for certain use of performance (production) approved by <u>Decision</u> of the Government of the Russian Federation No. 614 of May 17, 1996

5. Restrictions on such authors' rights as set for in <u>Item 2</u> of this Article shall be imposed by

<u>Articles 17-26</u> of this Law, provided that such uses do not cause unjustified harm to the normal use of a work and do not unwarrantably infringe upon the lawful interests of the author.

Article 17. Right of Access to Works of Fine Arts. Right of Succession

1. The <u>author</u> of a work of fine arts may require that the owner of such work make it possible for the author to exercise his right to reproduction of his work (right of access). In such case, the owner of such work may not be required to deliver the work to the author.

2. The transfer of the right of ownership of a work of fine arts (for a payment or free of charge) from the author to another person shall mean the first sale of such work.

In each case of a public resale of a work of fine arts (through an auction, art gallery, art salon, shop, etc.) at a price exceeding the previous one by at least 20 per cent, the author shall be entitled to receive a remuneration from the seller amounting to 5 per cent of such reselling price (right of succession). Such right shall be inalienable and shall only pass onto the author's heirs by law for as long as the appropriate copyright remains effective.

Article 18. Reproduction of a Work for Personal Requirements Without the Author's Consent and the Payment of Royalties

1. A legitimately published work may be reproduced without the author's consent and without the payment of royalties exclusively for personal requirements, other than in such cases as are envisaged by <u>Article 26</u> of this Law.

2. The provisions of Para 1 of this Article shall not apply with respect to:

- reproduction of architectural works in the form of buildings and similar structures;

- reproduction of data bases or essential portions thereof;

- reproduction of <u>computer programmes</u> other than in cases provided for by <u>Article 25</u> of this Law;

- reproduction of books (in full) and musical notations.

Article 19. Use of a Work Without the Author's Consent and Without the Payment of Royalties

The following shall be permitted without the <u>author's</u> consent and without the payment of royalties but with obligatory indication of the author's name and the source of borrowing:

1) citation in the original or in a translation for scientific, research, polemical, critical and informational purposes of legitimately <u>published</u> works in such amounts as may be justified by the purpose of such citation, including reproduction of excerpts from newspaper and magazine articles in the form of press reviews;

2) use of legitimately published works and excerpts therefrom as illustrations in publications, radio and television broadcasts and educational audio and video recordings in such amounts as may be justified by the objective set;

3) reproduction in newspapers, <u>broadcasting</u> or <u>bringing to public notice by cable</u> of legitimately published newspaper or magazine articles on current economic, political, social and religious issues or broadcast works of the same nature in cases where such reproduction, broadcasting or communication by cable have not been expressly prohibited by the author;

4) reproduction in newspapers, broadcasting or bringing to public notice by cable of publicly made political speeches, addresses, reports and other similar works in such amounts as may be justified by information requirements, with the author in such cases retaining the right to the publication of such works in collections;

5) reproduction or reporting for general knowledge in reviews of current developments by means of photography, broadcasting or bringing to public notice by cable of works that become seen or heard in the course of such developments in such amounts as may be justified by information requirements, with the author in such cases retaining the right to the <u>publication</u> of such works in collections; and

6) reproduction of legitimately published works without derivation of profits by using the Braille system or other special means for the blind, except for works specially produced for such means of

reproduction.

Article 20. Uses of Works by Reproduction

The following may be <u>reproduced</u> in a single copy without extraction of profits without the <u>author's</u> consent and without the payment of royalties, but with obligatory indication of the author's name and the source of borrowing:

1) a legitimately <u>published</u> work by libraries and archives in order to restore or replace lost or spoiled copies and provide <u>copies</u> of such work to other libraries that no longer have such work in their collections for whatever reason;

2) individual articles and small-volume works legitimately published in collections, newspapers and other periodicals, and short extracts from legitimately published written works (with or without illustrations) by libraries and archives as requested by natural persons for educational or research purposes; and

3) individual articles and small-volume works legitimately published in collections, newspapers and other periodicals, and short extracts from legitimately published written works (with or without illustrations) by educational establishments to be used in classes.

Article 21. Free Uses of Works Permanently Located in Places Accessible to the General Public

A work of architecture, photography or fine arts that is permanently located in a place open to the general public may be reproduced, <u>broadcast</u>, or <u>brought to public notice</u> by cable without the <u>author's</u> consent and without the payment of royalties, other than in cases where the image of a work is the principal object of such reproduction, broadcasting or bringing to general notice by cable or where the image of a work is used for commercial purposes.

Article 22. Free Public Performance

Musical works may be <u>performed</u> publicly without the <u>author's</u> consent and without the payment of royalties during official and religious ceremonies, as well as funerals, in such amounts as may be justified by the nature of such ceremonies.

Article 23. Free Reproduction for Judicial Purposes

Works may be reproduced without the <u>author's</u> consent and without the payment of royalties for the purposes of judicial proceedings in such amount as may be justified by these purposes.

Article 24. Free Short-use Recording by Broadcasting Organizations

A radio or television broadcasting organization may make, without the <u>author's</u> consent and without the payment of additional royalties, a short-use <u>recording</u> of a work that such organization has won the right to <u>broadcast</u>, provided that such recording is made by such broadcasting organization using its own equipment and for its own broadcasts. In such case, such organization shall be obliged to destroy such recording within six months of its production unless a longer term has been agreed upon with the author of the recorded work. Such recording may be preserved without the author's consent in official archives, if such recording is of a purely documentary nature.

Article 25. Free Reproduction of Computer Programmes and Data Bases. Decompiling of Computer Programmes

1. A person legitimately owning a copy of a <u>computer programme</u> or a <u>data base</u> may, without obtaining permission from the <u>author</u> or other owner of exclusive rights to uses of such work and without paying any additional royalties:

1) make changes to a computer programme or a data base exclusively for the purposes of its functioning on the user's hardware, and perform any actions connected with the functioning of a computer programme or a data base according to its purposes, including recording and storage in computer memory (the memory of a single computer or a single net user), as well as correction of obvious mistakes, unless otherwise provided for by the agreement with the author; and

2) make a copy of a computer programme or a data base provided that such copy is intended

only for archival purposes or for the replacement of a legitimately acquired copy in cases where the original of the computer programme or a data base has been lost, destroyed and may not be used for other purposes. In this case the copy of a computer programme may not be used for other purposes than indicated in Subpara 1 of this Para and shall be destroyed, if possession of the copy of such computer programme or a data base ceases to be legitimate.

2. A person legitimately owning a copy of a computer programme may, without the consent of the author or other holder of exclusive rights and without the payment of additional royalties, reproduce and convert the object code into the original text (decompile the computer programme) or instruct other persons to perform such actions, if these are required to achieve the ability of a computer programme independently developed by such person to interact with other programmes capable of interacting with decompiled programme, provided the following terms and conditions are observed:

1) the information required to achieve such ability for interaction has not been previously accessible to such person from other sources;

2) such actions are limited to the portions of the decompiled computer programme to interact with other programmes;

3) information received as a result of decompiling may only be used to achieve the ability of the independently developed computer programme to interact with other programmes and may not be transferred to other persons other than in cases where this is required to achieve the ability of the independently developed computer programme to interact with other programmes, just as it may not be used to develop a computer programme essentially similar by its appearance to the decompiled computer programme or to perform any other action violating copyright.

3. The application of the provisions of this Article shall not cause unjustified harm to normal uses of a computer programme or a data base and shall not unwarrantably infringe upon the lawful interests of the author or other holder of exclusive rights to such computer programme or a data base.

Article 26. Reproduction of a Work for Personal Requirements Without the Author's Consent But With the Payment of Royalties

1. As an exception from the provisions of <u>Articles 37</u> and <u>38</u> of this Law, an <u>audio-visual work</u> or the audio recording of a work may be <u>reproduced</u> without the consent of the <u>author</u>, <u>performer</u> and <u>phonogram producer</u>, but with payment of royalties to them, exclusively for personal requirements.

2. Royalties for such reproduction as is described by Para 1 of this Article shall be paid by the manufacturers or importers of the equipment (audio and video recorders and other equipment) and material media (audio and/or video tapes and cassettes, laser disks, compact discs and other material media) used for such reproduction.

<u>Decree</u> of the President of the Russian Federation No. 1471 of December 5, 1998 set that the above-mentioned royalty shall be paid by importers of the goods in respect to equipment and material carriers which were cleared for free circulation in the territory of the Russian Federation

Such royalties shall be collected and distributed by one of the organizations managing the property rights of authors, phonogram producers and performers on a collective basis pursuant to an agreement among such organizations (<u>Article 44</u> of this Law). Unless provided otherwise by such agreement, the said royalties shall be distributed as follows: forth per cent shall go to the authors, thirty per cent shall go to the performers, and thirty per cent, to the phonogram producers.

The amount of royalties and the terms and conditions of payment thereof shall be determined by an agreement between the afore-mentioned manufacturers and importers, on the one hand, and the organizations managing the property rights of authors, phonogram producers and performers on a collective basis, on the other hand, or, should the parties fail to reach such agreement, by a specially authorized agency of Russia.

3. Royalties shall not be paid with regard to such equipment and material media as are listed

in Para 2 of this Article, but are export products, and also to professional equipment not intended for use in home conditions.

<u>The Resolution</u> of the Supreme Soviet of the Russian Federation No. 5352-1 of July 9, 1993 establishes that the right protection terms, envisaged by this Article, shall be applied in all cases when fifty year period of validity of copyright and neighbouring rights had not expired by January 1, 1993

Article 27. Duration of Copyright

1. Copyright shall remain effective during the entire lifetime of the author and for 50 years after his/her death save the cases as are provided for by this Article.

The right of authorship, the right to a name and the right for protection of the <u>author's</u> reputation shall be protected indefinitely long.

2. The author may nominate a person, in the same way as the executor is appointed for a will, who will protect the right of authorship, the right to a name and the right for protection of his or her reputation after his/her death. This person shall perform his long-life powers.

In the absence of such nomination the protection of the right of authorship, the right to a name or the right for protection of the author's reputation after his death shall devolve on his heirs or a specially authorized agency of Russia providing such protection in cases where there are no heirs or their copyright has expired.

3. Copyright in a work <u>published</u> anonymously or under a pseudonym shall remain effective for 50 years from the date of its legitimate publication.

If during the said term the author of such work issued anonymously or under a pseudonym reveals his/her identity or there are no longer any doubts as to his/her identity, the provision of the first paragraph of <u>Para 1 of this Article</u> shall apply.

4. Copyright in a co-authored work shall operate during the entire lifetime and for 50 years after the death of the last author surviving the other co-authors.

5. Copyright in a work published for the first time after the author's death shall operate during 50 years after its publication.

If the author was repressed and rehabilitated posthumously, the period of copyright protection envisaged by this Article shall begin to operate since January 1 of the year succeeding the year of rehabilitation.

If the author worked during the Great Patriotic War of 1941-1945 or participated in it directly, the copyright protection period, provided by this Article shall be prolonged for four years.

6. The calculation of the period, envisaged by this Article, shall begin since January 1 of the year succeeding the year in which the juridical fact underlying the beginning of the running period took place.

Article 28. Public Domain

1. Expiration of the effective period of copyright in a work shall mean the transfer of such work to public domain.

Works to which protection has never been provided in the territory of the Russian Federation shall also be deemed public domain.

2. Works in public domain may be freely used by any person without payment of royalties. In such case, the right to authorship, the right to a name and the right to protection for the <u>author's</u> reputation (<u>Article 15</u> of this Law) shall be observed.

3. The Government of the Russian Federation may establish cases where special deductions shall be paid for uses in the Russian territory of works in public domain. Such deductions shall be paid into the professional funds of authors, and also to organizations managing authors' property rights on a collective basis and may not exceed one per cent of the profit derived from uses of such works.

Article 29. Transfer of Copyright by Succession

Copyright shall be inherited.

The right of authorship, the right to a name and the right to protection for the <u>author's</u> reputation shall not be inherited. The author's heirs may protect the said rights. These powers of the heirs shall not be limited by any term.

In the author has no heirs, the said rights shall be protected by a specially authorized agency of the Russian Federation.

Article 30. Transfer of Property Rights. Author's Contract

1. The property rights indicated in <u>Article 16</u> of this Law may be transferred only pursuant to an author's contract, except for the cases as are provided for by <u>Articles 18-26</u> of this Law.

Property rights may be transferred pursuant to the author's contract on the transfer of exclusive rights or the author's contract on the transfer of non-exclusive rights.

2. The author's contract on the transfer of exclusive rights shall permit uses of the appropriate work by a definite means and to such an extent as is established by the said contract only to the assignee and shall give such person the right to prohibit such uses of the said work to other persons.

The right to prohibit uses of a work to other persons may be exercised by the <u>author</u>, if the person to whom exclusive rights have been transferred does not protect such right.

3. The author's contract on the transfer of non-exclusive rights shall permit the user to use the appropriate work on the same footing with the holder of exclusive rights that has transferred such rights and/or other persons that have won permission to use the said work in the same manner.

4. The rights transferred pursuant to an author's contract shall be regarded as non-exclusive unless expressly indicated otherwise in such contract.

Article 31. Terms and Conditions of the Author's Contract

1. The author's contract shall specify: the ways in which the appropriate work may be used (specific rights transferred under such contract); the period and territory for which rights are transferred; the amount of royalties and/or the procedure for determining the same for each way of using said work, the procedure and timeframes for payment of such royalties, and such other terms and conditions as may be deemed essential to said contract by the parties thereto.

Should the author's contract not specify the term for which rights are transferred, such contract may be terminated by the <u>author</u> five years from the date of its conclusion by notifying in writing the user thereof six months prior to such termination.

Should the author's contract not specify the territory for which rights are transferred, the validity of the rights transferred thereunder shall be limited to the Russian territory.

2. All the rights to uses of a work that have not been directly transferred under an author's contract shall be deemed not transferred.

Such rights to uses of a work that were unknown as of the moment of the conclusion of the author's contract may not constitute the subject thereof.

3. Royalties shall be determined in the author's contract as a percentage of income from the appropriate way of using the work in question or, if this is impossible to do due to the nature of such work or the peculiarities of its use, as an amount fixed in the said contract or otherwise.

The minimum rates of the author remuneration shall be establish by the Council of Ministers (Government) of the Russian Federation. The minimum amounts of the author's remuneration shall be indexated together with the indexation of the minimum amounts of wages and salaries.

About minimum rates of the author remuneration for the certain methods of usage of the works of literature and art see <u>Decision</u> of the Government of the R.F. No. 218 of March 21, 1994

On the minimum rates of royalties payable to the authors of the cinematography works the production (shooting) of which had been completed by August 3, 1992 see <u>Decision</u> of the Government of the Russian Federation No. 524 of May 29, 1998

If the author's contract on the publication or other reproduction of a work defines royalties as a fixed amount, such contract shall specify the maximum print-run of such work.

4. The rights transferred pursuant to the author's contract may be assigned, fully or in part, to other persons only if this is expressly indicated by such contract.

5. Rights to uses of such works as may be created by an author in the future may not constitute the subject of the author's contract.

6. The condition of the author's contract limiting the author as regards the creation of works on the given subject or in the field concerned in the future shall be invalid.

7. Such terms and conditions of the author's contract as run counter to the provisions of this Law shall be invalid.

Article 32. The Form of the Author's Contract

1. The author's contract shall be in writing. The author's contract on uses of a work in periodicals may be concluded orally.

2. In the sale of copies of <u>computer programmes</u> and <u>data bases</u> and the granting of access thereto to massive users, such special procedure for the contract conclusion may be employed as is established by the Russian <u>Law</u> on the Legal Protection of Computer Programmes or Data Bases.

Article 33. The Author's Contract for Order

1. Pursuant to the author's contract for an order, the <u>author</u> shall undertake to create a work in accordance with the terms and conditions of such contract and transfer such work to the customer.

2. The customer shall be obliged to pay an advance to the author against such royalties as may be determined by the contract. The amount of such advance and the procedure and timeframe for paying the same shall be established in the contract as agreed upon by the parties thereto.

Article 34. Liability Under the Author's Contract

1. The party failing to perform its obligations under an author's contract or performing them improperly shall be obliged to make up the other for the resultant losses, including lost profit.

2. Should the <u>author</u> fail to submit an ordered work in accordance with the terms and conditions of a contract for an order, he/she shall be obliged to compensate the actual damage caused to the customer.

SECTION III. NEIGHBOURING RIGHTS

Article 35. The Sphere of Validity of Neighbouring Rights

1. The rights of a <u>performer</u> shall be recognized as belonging thereto pursuant to this Law, if:

1) the performer is a Russian citizen;

2) the <u>performance</u> or production has premiered in the Russian territory;

3) the performance or production has been recorded on a <u>phonogram</u> to be protected pursuant to the provisions of <u>Item 2 of this Article</u>; and

4) the performance or production not recorded on a phonogram has been included in a <u>radio</u> <u>or television broadcast</u> or in a cable TV programme to be protected pursuant to the provisions of <u>Item 3 of this Article</u>.

2. The rights of a phonogram producer shall be recognized as belonging thereto pursuant to this Law, if:

1) the phonogram producer is a Russian citizen or a legal entity with its official address in the Russian territory; and

2) the phonogram has been first published in the Russian territory.

3. The rights of a radio or television broadcasting or a cable TV organization shall be recognized as belonging thereto pursuant to this Law, if its official address is in the Russian territory and it broadcasts by means of transmitters located therein.

Article 35 of the present Law was supplemented with Item 4 by Federal Law No. 110-FZ of July 19, 1995

4. The neighbouring rights of foreign natural and juridical persons are recognized on the territory of the Russian Federation in accordance with the international agreements of the Russian Federation.

Article 36. Subjects of Neighbouring Rights

1. The subjects of neighbouring rights shall include <u>performers</u>, <u>phonogram producers</u> and radio and television broadcasting and cable TV organizations.

2. The producer of a phonogram or the radio and television broadcasting and cable TV organization shall exercise its rights, as set forth in this Section, to the extent of such rights as have been won under the agreement with the performer and the <u>author</u> of the work recorded on such phonogram or broadcast by radio and television or transmitted by cable.

Permission to use a production that has been received from the <u>director/producer of the play</u> shall not preclude the need to obtain permission from the other performers involved in such production, as well as from the author of the work performed.

3. The performer shall exercise such rights as are set forth in this Section, provided the rights of the author of the work performed are observed.

4. No formalities shall need to be observed for neighbouring rights to arise and be exercised. The producer of a phonogram and performer may, in order to announce their rights, use the neighbouring rights protection sign to be affixed to each <u>copy of such phonogram</u> and/or on each casing containing the same and consist of three components:

- the Latin letter R in a circle;

- the name of the holder of exclusive neighbouring rights; and

- the year of the first <u>publication</u> of the phonogram.

Article 37. Performer's Rights

1. With the exception of such cases that are envisaged hereunder, the <u>performer</u> shall enjoy the following exclusive rights to his/her <u>performance</u> or production:

- the right to a name;

- the right to protection for the performance or production from any distortion or other infringement that may cause harm to the honour and dignity of the performer; and

- the right to use the performance or production in any form, including the right to royalties for each way of using such performance or production.

2. The exclusive right to use a performance or production shall mean the right to perform or authorize the performance of the following actions:

1) <u>broadcasting</u> or <u>bringing to general notice</u> by cable of a performance or production, if the performance or production used for such broadcast has not been broadcast before or is not <u>recorded</u>;

2) recording of the previously unrecorded performance or production;

3) reproduction of a recording of the performance or production;

4) radio, television broadcasting or transmission by cable of a recording performance or production if such recording has originally been produced not for commercial purposes; and

5) <u>leasing</u> of a <u>phonogram</u> <u>published</u> for commercial purposes, which includes the performance or production involving the performer. Such right in concluding of an agreement for the recording of such performance or production on a phonogram shall pass on to the phonogram producer; in such case the performer shall retain the right to royalties for leasing copies of such phonogram (<u>Article 39</u> of this Law).

3. The exclusive right of the performer, as envisaged by <u>Subpara 3 of Para 2</u> of this Article, shall not hold true in cases where:

- the original recording of a performance or production is made for the same purposes for which the performer's consent has been obtained;

- the reproduction of a performance or production is carried out for the same purposes for which the performer's consent has been obtained in recording such a performance or production;

- the reproduction of a performance or production is carried out for the same purposes for

which the recording has been made pursuant to the provisions of Article 42 of this Law.

4. The authorizations indicated in <u>Item 2</u> of this Article shall be issued by the performer or, with respect to a performance of a collective of performers, by the leader of such collective through the conclusion of a written agreement with the user.

5. The permissions indicated in <u>Subitems 1</u>, <u>2</u> and <u>3 of Item 2</u> of this Article to subsequent broadcasts of a performance or production, to the making of a <u>recording</u> for <u>broadcasting</u> and to the reproduction of such recording by radio and television broadcasting and cable TV organizations shall not be required, if they are expressly envisaged by the performer's agreement with the broadcasting or cable TV organizations. The amount of royalties to the performer for such use shall also be fixed in such agreement.

6. The conclusion of an agreement between the <u>performer</u> and the <u>producer</u> of an audio-visual work to produce such audio-visual work shall entail the granting by such performer of the rights which are indicated in <u>Subitems 1, 2, 3</u> and <u>4 of Item 2</u> of this Article.

The granting by the performer of such rights shall be limited to uses of an audio-visual work and, unless otherwise provided for in the agreement, shall not include rights to separate uses of the sound or image fixed in such audio-visual work.

7. The exclusive rights of a performer, covered by <u>ltem 2</u> of this Article, may be transferred under an agreement to other persons.

Article 38. The Phonogram Producer's Rights

1. With the exception of such cases as are stipulated by this Law, the producer of a <u>phonogram</u> shall enjoy the exclusive rights to the uses of such phonogram in any form, including the right to receive royalties for each way of using such phonogram.

2. The exclusive right to use a phonogram shall mean the right to perform or permit the performance of the following actions:

1) reproduction of a phonogram;

2) transfer or other re-working of a phonogram;

3) distribution of copies of a phonogram, i.e. their sale, lease, etc.;

4) import of <u>copies of a phonogram</u> with a view to distributing the same, including the copies produced with the permission of the phonogram producer.

3. If copies of a legitimately published phonogram have been put into civil circulation through their sale, they may be further distributed without the consent of a phonogram producer and without the payment of royalties.

The right to distribute copies of a phonogram by leasing them shall belong to the producer of such phonogram regardless of the right of ownership of such copies.

4. The exclusive rights of the producer of a phonogram, covered by <u>Item 2</u> of this Article, may be transferred under an agreement to other persons.

Article 39. Uses of a Phonogram Published for Commercial Purposes Without the Consent of Phonogram Producer and Performer

1. As an exception to the provisions of <u>Articles 37</u> and <u>38</u> of this Law, the following actions shall be allowed without the consent of the producer of a <u>phonogram</u> published for commercial purposes and of the <u>performer</u> recorded on such a phonogram, but with the payment of royalties:

1) public performance of such a phonogram;

2) broadcasting of such a phonogram; and

3) transmission of such a phonogram for general notice by cable.

2. Royalties envisaged by Item 1 of this Article shall be collected, distributed and paid out by one of the organizations managing the property rights of phonogram producers and performers on a collective basis (<u>Article 44</u> of this Law) pursuant to an agreement among such organizations. Unless such agreement provides otherwise, the said royalties shall be divided between the phonogram producer and the performer.

3. The amount of royalties and the terms and conditions of payment thereof shall be determined by an agreement between the user of a phonogram or associations of such users, on

the one hand, and organizations managing the property rights of phonogram producers and performers, on the other, or, should the parties fail to reach such agreement, by a specially authorized agency of Russia.

The amount of royalty shall be established for each way of using the phonogram.

4. Phonogram users shall provide such organization as is specified in <u>ltem 2</u> of this Article with programmes containing precise data about the amount of uses of a phonogram, and also other data and documents needed to collect and distribute royalties.

Article 40. The Rights of Broadcasting Organizations

1. With the exception of such cases as are envisaged by this Law, a radio and television broadcasting organization shall enjoy the exclusive right to use its <u>programme</u> in any form and authorize its uses, including the right to receive royalties for granting such authorization.

2. The exclusive right to authorize uses of a programme shall mean the right of a radio and TV broadcasting organization to permit the following actions:

1) simultaneous broadcast of such programme by other broadcasting organization;

2) transmitting of such programme to a general notice by a cable;

3) recording of such programme;

4) reproduction of a <u>recording</u> of such programme; and

5) bringing of such programme to general notice in places where admission is for a fee.

3. The exclusive right of a radio and TV broadcasting organization, envisaged by <u>Subitem 4 of Item 2</u> of this Article, shall not apply to cases where:

- the recording of a programme has been made with the consent of such broadcasting organization;

- the programme is reproduced for the same purposes for which it has been recorded pursuant to the provisions of <u>Article 42</u> of this Law.

Article 41. The Rights of Cable TV Organizations

1. With the exception of such cases as are stipulated by this Law, the cable TV organization shall enjoy the exclusive rights to use its <u>programme</u> in any form and authorize uses of such programme, including the right to receive royalties for granting such authorization.

2. The exclusive right to authorize uses of a programme shall mean the right of a cable TV organization to permit the following actions:

1) simultaneous <u>bringing to general notice</u> by cable of such programme by another cable TV organization;

2) broadcast of such programme;

3) recording of such programme;

4) reproduction of a recording of such programme; and

5) bringing of such programme to general notice in places where admission is for a fee.

3. The exclusive right of the cable TV organization, envisaged by <u>Subitem 4 of Item 2</u> of this Article, shall not apply to cases where:

- the programme has been recorded with the consent of the cable TV organization;

- the programme is reproduced for the same purposes for which it has been recorded according to the provisions of <u>Article 42</u> of this Law.

Article 42. Restrictions of the Rights of the Performer, Phonogram Producer, or Radio and Television Broadcasting or Cable TV Organization

1. As an exception to the provisions of <u>Articles 37-41</u> of this Law, the <u>performance</u>, production, <u>broadcast</u>, cable transmission and their recordings, and also the reproduction of phonogram may be used and without the consent of the <u>performer</u>, <u>phonogram</u> producer and radio and television broadcasting or cable TV organization and without payment of royalties:

1) in order to include short excerpts from such performance, production, phonogram, broadcast or cable transmission in a review of current developments;

2) exclusively for the purposes of instruction or scientific research;

3) in order to quote short excerpts from such performance, production, phonogram, broadcast or cable transmission provided that such citation is done for information purposes; in this case any use by radio and television broadcasting and cable TV organization of copies of a phonogram published for commercial purposes shall be allowed for broadcasting or cable transmission only in compliance with the provisions of <u>Article 39</u> of this Law; and

4) in other cases established by the provisions of <u>Section II</u> of this Law concerning the restrictions on the property rights of <u>authors</u> of works of literature, science and the arts.

2. As an exception to provisions of <u>Articles 37-41</u> of this Law, the performance, production, broadcast, cable transmission and their recording may be used and a phonogram reproduced for personal requirements without the consent of the performer, phonogram producer, and radio and television broadcasting and cable TV organization and without payment of royalties. A phonogram may be reproduced provided royalties are paid in accordance with <u>Article 26</u> of this Law.

3. The provisions of <u>Articles 37</u>, <u>38</u>, <u>40</u> and <u>41</u> of this Law concerning the obtaining of permission from the <u>performer</u>, <u>phonogram</u> producer or radio and television broadcasting organization to make, for short-term use, <u>recordings</u> of a <u>performance</u>, production or programme, reproduce such recordings and <u>reproduce a phonogram published</u> for commercial purposes, if such recording for short-term use or reproduction is done by a radio or television broadcasting organization using its own equipment and for its own programme on the following terms and conditions:

1) such broadcasting organization has obtained advance permission to broadcast the production, performance or programme with respect to which the recording for short-term use is made or such recording is reproduced in accordance with the provisions of this item; and

2) such recording is destroyed by such deadline as is established by recordings of works of literature, science and the arts made for short-term uses by the broadcasting organization pursuant to the provisions of <u>Article 24</u> of this Law, with the exception of a single copy which may be preserved in official archives based exclusively on its documentary nature.

4. The restrictions envisaged by this Article shall apply without detriment to the normal uses of a phonogram, performance, production, broadcast or cable transmission and their recordings, as well as the works of literature, science and the arts included therein, and without any infringement of the lawful interests of the performer, phonogram producer, radio and television broadcasting and cable TV organization and the authors of the said works.

<u>The Resolution</u> of the Supreme Soviet of the Russian Federation No. 5352-1 of July 9, 1993 establishes that the right protection terms, envisaged by this Article, shall be applied in all cases when fifty year period of validity of copyright and neighbouring rights had not expired by January 1, 1993

Article 43. The Effective Period of Neighbouring Rights

1. The rights envisaged in this Section for the <u>performer</u> shall remain valid for 50 years after the first performance or production.

The rights of the performer to the name and to the protection of performance or production from any distortion or any other infringement set in <u>Article 37</u> of this Law shall be protected permanently.

2. The rights envisaged in this Section for the producer of a phonogram shall remain valid for 50 years after the first publication of such phonogram or for 50 years after its first recording, if such phonogram has not been published during such term.

3. The rights envisaged in this Section for radio and television broadcasting and cable TV organizations shall remain valid for 50 years after the first broadcast by such organization.

4. The rights envisaged in this Section for cable TV organizations shall remain valid for 50 years after the first cable transmission by such organization.

5. The terms envisaged by Items 1, 2, 3, and 4 of this Article shall begin to run from January 1 of the year following that in which the juridical fact providing the grounds for the commencement of

such term took place.

6. If the performer was repressed and rehabilitated posthumously, the period of copyright protection envisaged by this Article, shall begin to run since January 1 of the year succeeding the year of rehabilitation.

If the performer worked during the Great Patriotic War of 1941-1945 or participated in it, the period of copyright protection, envisaged by this Article, shall be increased by four years.

7. The heirs (in the case of legal entities - successors in law) of a performer, phonogram producer, and radio and television broadcasting and cable TV organization shall inherit the right to authorize the use of the performance, production, phonogram and to broadcast by radio or television and cable transmission and the right to receive royalties for the remaining stretch of such term as is specified in <u>Items 1, 2, 3, 4</u> of this Article.

SECTION IV. COLLECTIVE MANAGEMENT OF PROPERTY RIGHTS

Article 44. Purposes of Collective Management of Property Rights

1. In order to secure the property rights of <u>authors</u>, <u>performers</u>, <u>phonogram</u> producers and other holders of copyrights and neighbouring rights in cases where it is difficult to exercise in practice such rights individually (in cases of a <u>public performance</u>, including on the radio and television, or reproduction of a work by way of mechanical, magnetic or other recording, duplication, etc.), organizations may be established to manage the property interests of said persons on a collective basis.

Such organizations shall be established directly by the holders of copyrights and neighbouring rights and act within such powers as may have been granted thereby pursuant to a charter to be endorsed in accordance with a statutory procedure.

2. Either individual organizations with respect to different rights and different categories of right holders or organizations managing different rights in the interest of different categories of right holders or again, a single organization simultaneously managing copyright and neighbouring rights may be established.

Article 45. Organizations Managing Property Rights on a Collective Basis

1. Pursuant to this Law, the organization managing property rights on a collective basis may not pursue commercial activities.

Such restrictions as are envisaged by antimonopoly legislation shall not apply to the activities of such organization.

2. The powers to manage property rights collectively shall be delegated by the holders of copyrights and neighbouring rights on a voluntary basis pursuant to written agreements, as well as to appropriate agreements with foreign organizations managing similar rights. Such agreements shall not be author's contracts and shall not be covered by the provisions of <u>Articles 30-34</u> of this Law.

Any <u>author</u>, his/her heir or other holder of copyrights or neighbouring rights protected pursuant to <u>Section III</u> of this Law, may transfer under an agreement the exercise of his/her property rights to such organization, while the same shall be obliged to assume the exercise of such rights on a collective basis, if the management of such category of rights is among the statutory activities of such organization.

Said organizations may not use works or objects of neighbouring rights which have been received for management on a collective basis.

3. Based on such powers as have been received pursuant to Item 2 of this Article, the organization managing property rights on a collective basis shall issue licenses to users for the appropriate ways of using works and objects of neighbouring rights. The terms and conditions of such licenses must be the same for all users in the same category. Such organizations may not deny licenses to a user without valid reason.

Such licenses shall permit all works and objects of neighbouring rights to be used in any way envisaged therein and neighbouring rights, and shall be submitted on behalf of all the holders of copyright and neighbouring rights, including those that have not delegated powers to the organization pursuant to Item 2 of this Article.

All possible property claims by the holders of copyright and neighbouring rights against users over uses of their works and objects of neighbouring rights under such licenses shall be settled by the organization granting such licenses.

4. The organization managing property rights on a collective basis may keep unclaimed royalties, including the same in distributed amounts or by using it otherwise in the interest of the holders of copyright and neighbouring rights represented thereby, upon the expiry of three years from the date of receipt of royalties on the account of such an organization.

Article 46. Functions of Organizations Managing Property Rights on a Collective Basis

The organization managing property rights on a collective basis shall perform the following functions in the name of the holders of copyright and neighbouring rights represented thereby and on the basis of the powers received from them:

1) settling the amount of royalties and other terms and conditions on which licenses are granted with users;

2) issuing licenses to users to exercise rights managed by such organization;

3) settling the amount of royalties with users in such cases where such organization collects such royalties without the issuance of licenses (<u>Item 2 of Article 26</u>, <u>Items 2</u> and <u>3 of Article 39</u> of this Law);

4) collecting such royalties as are envisaged by licenses and/or such royalties as are envisaged by Subitem 3 of this Article;

5) distributing and paying such royalties as have been collected pursuant to Subitem 4 of this Article to the holders of copyright and neighbouring rights represented by such organization;

6) executing any legal action as may be necessary to protect the rights managed by such organization; and

7) performing any other activities in line with such powers as have been received from the holders of copyrights and neighbouring rights.

Article 47. Duties of Organizations Managing Property Rights on a Collective Basis

1. The organization managing property rights on a collective basis shall work in the interest of holders of copyright and neighbouring rights represented by such an organization. To this end the organization shall perform the following duties:

1) simultaneously with paying royalties to submit accounts to holders of copyright and neighbouring rights about the use of their rights;

2) to use royalties collected in accordance with <u>Subitem 4 of Article 46</u> of this Law exclusively for distribution and payment to holders of copyright and neighbouring rights. At the same time, the organization may subtract from collected royalties the amounts to cover its expenses for collecting, distributing and paying royalties, and also the amounts that will be allocated to special funds set up by the organization with the consent and in the interest of holders of copyright and neighbouring rights it represents;

3) to distribute any pay collected royalties regularly, minus the amounts mentioned in Subitem 2 of this Item in proportion to the actual use of works and objects of neighbouring rights.

2. The holders of copyrights and neighbouring rights, who had not empowered the organization to collect royalties envisaged in <u>Subitem 4 of Article 46</u> of this Law, may demand that the organization pay royalties due to them in accordance with the distribution, and also exclude their works and objects of neighbouring rights from licenses granted by this organization to users.

SECTION V. PROTECTION OF COPYRIGHTS AND NEIGHBOURING RIGHTS

Article 48. Violations of Copyrights and Neighbouring Rights. Counterfeit Copies of a Work and Phonogram

1. Violations of copyrights and neighbouring rights envisaged by this Law shall assume civil, criminal or administrative responsibility in keeping with the legislation of the Russian Federation.

2. An individual or legal entity failing to observe the requirements of this Law shall be a violator of copyright or neighbouring rights.

3. The copies of a work or phonogram, the production or distribution of which involves violation of copyrights or neighbouring rights, shall be counterfeit.

4. Copies of works and phonogram protected in Russia pursuant to this Law, which are imported into Russia without the consent of the holders of copyright and neighbouring rights from a State in which such works or phonograms have never been protected or ceased to be protected, shall also be counterfeit.

The title of Article 49 of the present Law was reworded by Federal Law No. 110-FZ of July 19, 1995

see the title of the Article in the previous wording

Article 49. Civil-law and Other Measures of Protection of Copyrights and Neighbouring Rights

1. The holders of exclusive copyrights and neighbouring rights may demand that the violator thereof:

1) recognize such rights;

2) restore such situation as existed before the violation and discontinue actions violating their rights or posing a threat of such violation;

3) compensate the losses, including lost profit;

4) recover the profits received by the violator as a result of the violation of copyrights and neighbouring rights instead of compensating losses;

5) pay compensation amounting to between 10 and 50,000 minimum monthly wages established by Russian legislation, which amount shall be determined by a court of law or a court of arbitration, instead of compensating losses or recovering profit; and

6) take other statutory measures so that rights will be upheld.

Measures provided in Subitems 3, 4, 5 above shall be applied at the choice of the holder of copyright and neighbouring rights.

2. In addition to the compensation of losses, recovery of profit or payment of a fixed amount of compensation, the court of law or the court of arbitration shall penalize the violator of copyrights or neighbouring rights by exacting a fine equalling 10 per cent of the amount awarded by such court in favour of the plaintiff. The amount of fines shall be directed in accordance with statutory procedure to the appropriate budgets.

Item 3 of Article 49 of the present Law was amended by Federal Law No. 110-FZ of July 19, 1995

see the previous text of the Item

3. The holders of exclusive copyrights and neighbouring rights may apply for protection of their rights in accordance with the established procedure to a court of law, an arbitration tribunal, inquiry bodies, preliminary investigation bodies in accordance with competence.

Item 4 of Article 49 of the present Law was reworded by Federal Law No. 110-FZ of July 19, 1995

see the previous text of the Item

4. The counterfeiting copies of works or phonograms shall be subject to compulsory confiscation by decision of court or the sole judge, and also by arbitration court decision. Confiscated counterfeiting copies of works or phonograms shall be subject to destruction with the exception of the cases of their transfer to the holder of copyrights or neighbouring rights at his request. The court of law or the sole judge, and also the court of arbitration may deliver a

judgement on the confiscation of materials and equipment, used for the production or reproduction of counterfeiting copies of works or phonograms.

Article 50 of the present Law was amended by Federal Law No. 110-FZ of July 19, 1995 see the previous text of the Article

Article 50. Judicial Guarantees in Cases of Violation of Copyrights and Neighbouring Rights

1. The court or the lone judge on his/her own, and also court of arbitration may decide to prohibit the defendant or the person believed with sufficient grounds to be a violator of copyrights or neighbouring rights, from performing certain actions (production, reproduction, sale, lease, import and other uses envisaged by this Law, and also transportation, storage or possession with the aim of issuing into civilian circulation of copies of works or phonograms assumed to be counterfeit).

2. The court or judge on his/her own, and also court of arbitration may decide to seize and confiscate all copies of works or phonograms believed to be counterfeit, and also materials and equipment meant for their production and reproduction.

In the presence of sufficient data on the violation of copyrights or neighbouring rights the body of inquest, the investigator, the court of law or the sole judge shall be obliged to take measures to search for and sequestrate the copies of works and phonograms, if they are supposed to be counterfeit, and also the materials and equipment, intended for the production and reproduction of said copies of works and phonograms, including in requisite cases measures to seize them and to transfer them for safekeeping.

President of the Russian Federation Moscow, the House of Soviets of Russia **Boris Yeltsin**