



LEGALTECH REVIEW

July 2021

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LEGISLATION

DECREE ON THE «RUSSIAN CENTER» FOR PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

The Russian President Vladimir Putin has signed a decree that will bring into force the public Russian Center for the Protection of Intellectual Property Rights. The center is established to regulate the turnover of intellectual rights, support the development of science and entrepreneurship, and promote exports. It should be noted that the activities of the Center will be performed without funds from the federal budget. Its funds will be made from membership savings of the Association “The National Coordination Center for Processing Transactions with Intellectual Property Rights and Assets” and donations. [/link](#)

THE CABINET OF MINISTERS APPROVED REGULATIONS FOR GRANTS IN THE SPHERE OF IP TRAINING

Russian Prime Minister Mikhail Mishustin has approved regulations in the sphere of intellectual property training. The government expects that additional financing will enable the training of 3,500 teachers and 250 educational institutions will have respective subjects in their program. Until 2024, a total of 1.3 billion rubles is planned to be allocated for the measure of support. [/link](#)

ANTI-PIRACY MEMORANDUM EXTENDED UNTIL FEBRUARY 2022

Roskomnadzor has reported that the parties to the memorandum on cooperation in copyright in the age of digital technology decided to extend the effective term of the Antipiracy Memorandum until February 1, 2022. Previously, it was supposed that the Memorandum of Cooperation will be in effect until August 2021. It should be said that during its action time about 25 million links that provided pirated content have been deleted from retrieval requests. [/link](#)

RUSSIA HAS APPROVED THE FIRST NATIONAL STANDARD FOR BIG DATA

Rosstandart has approved terminological norms for the participants of the big data market. It should be noted that this standard is introduced for the first time. The state standard “Information technologies. Big data. Review and vocabulary is identical to the international standard Information technology – Big data – Overview and vocabulary. The standard was developed in the framework of the budget program of the state support of the center of competencies of the National Technological Initiative (NTI) for technologies of storage and analysis of big data of Moscow State University. According to the Chairman of the Board of Directors of the Institute of the Information Society Yuri Khokhlov, the adoption of the first national standard gives the direction to joint action of regulators, entrepreneurs, scientific and educational community for the development of data economy in Russia. [/link](#)

MIKHAIL MISHUSTIN GAVE ORDERS TO MAKE CHANGES IN CYBERSECURITY LAWS

The Prime Minister Mikhail Mishustin has instructed the Ministry of Digital Security and the Ministry of Industry and Trade to consider the proposals of Kaspersky Lab in regard to changes in cybersecurity laws and present respective proposals till August 20, 2021. The Ministry of Digital Technology and Education should consider the proposals of Kaspersky Lab for training professionals in cyber security, including in regard to measures in the federal project “Staff for Digital Economy” of the national program “Digital Economy of the Russian Federation”. [/link](#)

CONTROL OF IDENTIFICATION AND AUTHENTICATION TO BE GIVEN TO THE MINISTRY OF DIGITAL DEVELOPMENT

The government has issued a draft bill on provisions of the federal state regulations in the sphere of identification (or authentication). In line with the [document](#), control will be implemented by the Ministry of Digital Development of the Russian Federation. The draft bill stipulates that the subject of state control in the sphere of identification and authentication is compliance of accredited organizations (legal entities), including credit organizations, non-credit financial institutions, subjects of the national payment system, performing identification and (or) authentication with biometric personal data of physical persons with mandatory requirements of Article 14.1 of Federal Law No. 149-FZ of July 27, 2006 «On Information, information technologies and information protection” and other regulations adopted in line with the bill. Photography, audio and video recording, and other methods of recording evidence during an on-site inspection or an inspection visit will be used to register violations of mandatory requirements. To carry out state control over the implementation of this Regulation, a risk-based approach will be applied. [/link](#)

A BILL ON THE SCOPE OF INNOVATIVE «REGULATORY SANDBOXES» SIGNED INTO LAW

The president of the Russian Federation has signed the bill to define the scope of “regulatory sandboxes” – experimental legal regimes to boost innovations. The signed federal law enables a special regulation which is different from the regulation provided by the provisions of the legislation of the Russian Federation when experimental regulations are introduced to digital innovations. The law provides special legal regimes for spheres listed below, including road safety, regulation of road transport and motor transport and urban above-ground electric transport; technical inspection of vehicles; compulsory civil liability insurance of vehicle owners, and etc. [/link](#)

THE FIRST PILOT GROUP FOR TESTING DIGITAL RUBLE INCLUDES TWELVE RUSSIAN BANKS

The central bank of Russia has set up a group of banking institutions to test its central bank digital currency (CBDC) next year. The development of the platform prototype is scheduled to be completed in December 2021. Testing should start in January 2022. The pilot members include 12 banks: Ak Bars, Alfa Bank, Dom.RF, VTB, Gazprombank, Tinkoff bank, Promsvyazbank, Rosbank, Sberbank, SKB Bank, SoyuzBank, TKB bank. Testing a prototype digital ruble platform will unfold in a few phases in 2022. This work will enable the Central Bank to issue a roadmap for introduction of the digital ruble. The first stage of testing will involve testing emission and several other operations. In the future the bank plans to extend the range of pilot activities and number of participants. [/link](#)

INTELLECTUAL PROPERTY

EXCLUSIVE RIGHTS TO FILMS, MUSIC AND INVENTIONS TO BE SPLIT INTO SHARES

The Council's Working Group on Improvement of Legislation in exclusive rights has made a proposal on a bill that will introduce changes in the Civil Code of the Russian Federation on the share ownership of exclusive rights to IP assets. The draft bill provides for a new article in the Civil Code on allocation of shares in exclusive rights co-owned by several right holders. It is specified that shares in exclusive rights belonging to several right holders may be defined by the provisions of law, an agreement between rights-holders, and if a dispute arises – by court. According to the draft law, income from the joint use of IP assets shall be distributed among all rights-holders in equal shares, and in case of allocation of shares in exclusive ownership – in proportion to such shares. [/link](#)

SOUTH AFRICA GRANTS WORLD'S FIRST PATENT LISTING AI AS THE INVENTOR

South Africa has registered a patent on an invention created by an artificial intelligence ("AI") inventor. The renewed information has been placed at the site of the Companies and Intellectual Property Commission of South Africa (CIPC). It has been confirmed that the patent has been officially granted. For the first time South Africa issued a patent that recognizes AI, rather than humans, as the inventor.

SBER FIRST IN RUSSIA TO REGISTER SOFTWARE CREATED BY AI

Sber was the first in Russia to register a computer program developed with AI assistance. Called Artificial Vision, it is part of the suite Sber AI designed by the Sber team being instrumental in research and AGI development (powerful artificial intelligence). The program was registered with the Russian intellectual property service Rospatent and was added to the list of computer programs. Its registration number is 2021661571. Sber AI developers, who originally trained the neural network that wrote the program code, were cited as the authors. The first deputy chairman of Sberbank Alexander Vedyakhin said: "When it comes to AI, intellectual property issues need to be resolved as fast as possible while adhering to a thought-through approach; the potential challenges make hard to protect AI-related property rights might de incentivize the work and adoption of AI systems. [/link](#)"

IF A DOMAIN NAME ILLEGALLY CONTAINS SOMEONE ELSE'S TRADEMARKS, ITS ADMINISTRATOR SHOULD BE LIABLE

In accordance with the decision of the Court of Intellectual Rights of May 28, 2021 N C01-557/2021 in case N A40-314418/2019, if someone else's trademarks are illegally mentioned, its administrator must be held liable. In this court case, a company found a domain name with an illegal trademark. In this particular case, the company detected a domain name that was similar to its trademark, the website content in the link was identical to the website content. The company went to court, believing that the registrar of this domain name should stop the illegal use of its designations.

However, the courts of three instances did not support its position and referred to the fact that the registrar of domain names in this case is not responsible. The Intellectual Rights Court agreed that the domain name registrar should not be liable. At the same time, it ruled that the lower courts that the refusal to involve the administrator of the disputed domain as a defendant was unlawful. All claims, complaints and lawsuits related to trademark infringement due to registration and use of the second-level domain name in the domain. RU and. RF shall be addressed directly to the administrator of such domain name. [/link](#)

THE EUROPEAN COURT RULED THAT YOUTUBE NOT LIABLE FOR COPYRIGHT-INFRINGEMENT CONTENT

The European Court of Justice (ECJ) ruled that YouTube and other online platforms shouldn't be held liable for copyright-infringing uploads. However, YouTube and other similar services will still be held liable if they «certain that protected content is being illegally displayed on their platforms and refrain from promptly removing it and restricting user access to such materials.” The court's ruling comes in the wake of recent EU copyright reforms that sought to bring the rules in line with the digital age. [/link](#)

WARNER MUSIC RUSSIA AND THE GNESIN RUSSIAN ACADEMY OF MUSIC TO UNDERTAKE A RETRAINING PROGRAM FOR THE MUSIC INDUSTRY

Music label Warner Music Russia and The Gnessin Russian Academy of Music have launched a collaborative educational program called The Theory and Practice of the Music Business. The program was launched at the Department of Performing Arts Productions. It will become a venue for training professionals for the music industry. The course will include lectures, discussion groups, business games, workshops and practical sessions. Students will be taught by experts of Warner Music Russia, music publisher Warner Chappell Music Russia, TV and radio companies, digital streaming services, and many others. [/link](#)

YOUTUBE SHORTS – A NEW FEATURE TO PROMOTE MUSIC

In July 2021, the YouTube Shorts, a new feature within the YouTube app, became available in Russia. YouTube still maintains the leadership position in audience volume and monetization, and the launch of the YouTube Shorts in Russia is a great opportunity for musicians to extend their audiences. Today, the platform drives traffic to a new format, and the sooner musicians start their uploads, the fewer competitors will get there on the road to public attention. The average Internet user holds attention to a post in his news feed for 15 seconds. He will either show interest, or swipe it. The vertical format of commercials is ideal to grab the viewer's attention: a person is able to perceive sounds and imagery in full volume, i.e. to use the content. This is why a musician should promote their creative work through the YouTube Shorts. It should be noted that YouTube Shorts is a convenient feature to promote music and create its own audience. [/link](#)

STARARMONY RAISES \$3.4 MILLION FOR ITS ARTIFICIAL INTELLIGENCE-BASED MUSIC CREATION APP

The latest AI music startup is coming out of Sweden. Starmony has just raised a SEK 30m (around \$3.4m) funding to continue developing its AI-powered music-making app. The idea of AI startup to enable the users to sing in a short video which is later analyzed with AI and creates three suggestions for songs to choose from. Brightly Ventures and Bonnier Ventures are among the investors in his new startup. The company is set to expand beta testing of the app in the coming months. [/link](#)

TAYLOR SWIFT TOPS BILLBOARD'S HIGHEST-PAID MUSICIANS IN THE U.S.

Billboard has unveiled the list of top-paid artists 2020 in the U.S. Cancellation of tours due to the pandemic resulted in many of rock and country music's regular road warriors giving up their top spots to artists with strong 2020 physical and streaming sales performances. The top three in the Billboard 2020 Money Makers list are Taylor Swift, rapper Post Malone and Celine Dion. [/link](#)

SPOTIFY ANNOUNCED RUSSIAN MUSICIANS MOST OFTEN LISTENED TO ABROAD

Foreign Spotify users prefer to listen to Tchaikovsky, rapper Morgenstern and duo Rauf & Faik. This was revealed in the streaming service Spotify. Other Russian musicians who are most popular abroad include electronic musician Tony Igy, singer Johnny, hip-hop duo Miyagi & Andy Panda, project IC3PEAK and DJ ARTY. Seventh place in the ranking is taken by Tatu, which this year celebrates the 20th anniversary of its debut album «200 on the crossroads». [/link](#)

JAPANESE YOUTUBERS BECAME ARRESTED FOR POSTING 10-MINUTE MOVIE RECAP ON YOUTUBE

Three suspects of posting recaps without the consent of copyright holders were arrested under the updated Copyright Act. The Japanese trade group Content Overseas Distribution Association (CODA) considered 10-minute movie recaps as a violation of their copyright. The company believes that these videos contain too many spoilers. It discourages people from watching the whole picture. It rips CODA and similar companies of profits. The distributor believes that the uploaders of fast movies violate the presumption of fair use of content because they use other people's artworks without the permission of rights-holders, making money with their videos in the end. [/link](#)

ARTIFICIAL INTELLIGENCE AND DIGITALIZATION

NOTARIES BEGAN ADDRESSING THE NEED TO STORE E-DOCUMENTS

The Federal Chamber of Notaries has announced a new notarial service – the electronic document storage and retrieval system. Previously, notaries used to accept significant paper documents for storage, but today it is possible to store important e-files in the Unified Information System of Notaries. The law, making it possible, came into force in December 2020. During this period the Federal Chamber of Notaries has conducted an extensive scope of work essential for a smooth operation of the new services. [/link](#)

ROBOTS TO DELIVER FOOD AT U.S. COLLEGES

Yandex Self-Driving Group, a division within Yandex, has announced a partnership with American food delivery service GrubHub. This Autumn dozens of rovers will be deployed in the first college campuses, and later their number will rise. Yandex has been developing the technology of driverless rovers since 2017. As of May 2021, the company's unmanned cars had driven a total of 11.5 million kilometers – more than any other automotive robotics company except Waymo. Rovers that have already been tested in Russia on food and grocery delivery platforms Yandex.Food and Yandex.Lavka, can travel at a speed of 5 to 8 km/h on sidewalks, pedestrian zones and crosswalks. They are ideal for college campuses, with no access for vehicles. [/link](#)

CENTRAL BANK OF CHINA HAS ANNOUNCED ABOUT AVAILABILITY OF DIGITAL YUAN FOR FOREIGN TOURISTS

Foreign travelers to China will be able to use the government-developed digital yuan without a local bank account, the country's central bank said. Mobile pay has grown rapidly to become the dominant form of payment in China. However, the two primary mobile pay apps – operated by Tencent and Alibaba, respectively – typically require a connection with a domestic bank account, preventing foreigner travelers from using the apps easily. Foreign residents temporarily traveling in China can open an e-CNY (the official name of digital yuan) without opening a domestic bank account. The deadline for the fulfilment of this promise is not specified. [/link](#)

GERMANY DECLARES THE FIRST IN THE COUNTRY'S HISTORY CYBER DISASTER AFTER HACKERS' ATTACK

Authorities of the German district of Anhalt-Bitterfeld declared a state of emergency after a cyberattack. Germany's Federal Office for Information Security (BSI) says the declaration makes it the country's first «cyber-catastrophe». Local officials said that the attack directly affected “the entire range of the district's services,” having paralyzed the infrastructure of the district. The attack left the district unable to pay out welfare benefits to recipients, finance youth programs, and companies don't work. The formal disaster declaration will allow the district of 170,000 people to receive federal assistance as the authorities have to seek the perpetrators. [/link](#)

CLUBHOUSE DATABASE CONTAINING 3.8 BILLION PHONE NUMBERS IS FOR SALE

The ClubHouse app not only watches its users in real time, but also their scrolls through their phone books. Each number has its own weight being responsible for the number of people using this phone number. The seller is looking for a single buyer, and the sale is scheduled for a private auction on Sept. 4, 2021. It should be noted that all companies of the Silicon Valley use the same algorithm to retrieve a list of contacts from a user's phone book. All of them collect data about people who are not users of their services. [/link](#)

CANADA BANS SALE OF NEW GAS CARS BY 2035

Canada bans the sales of new natural gas vehicles and trucks by 2035. The current government plans to implement a zero-emission program by 2050. Last year the same ban was introduced in the United Kingdom – it plans to ban the sale of new vehicles polluting the atmosphere by the end of 2029. While the United States is yet to make a similar pledge, California, the country's largest car market, said last year it would require all light-duty vehicles to produce zero emissions by 2035. [/link](#)

EU TO BAN POSSESSION OF ANONYMOUS CRYPTO WALLETS

The EU Commission has presented a package of legislative proposals against money laundering and terrorist financing (AML/CFT) policy. The EU draft also provides for an upper limit for cash transactions – in future, this should be a maximum of EUR 10,000 throughout the EU. It also bans anonymous crypto wallets and anonymous transactions of crypto assets. Now any cryptocurrency transfers will be made equal to regular bank transfers, and cryptocurrency wallets will be made equivalent to bank accounts. The ruler of the digital currency will be required to give the name, address, date of birth and account number, as well as the name of the recipient. Law enforcement agencies would have access to this system to speed up financial crimes investigations and criminal asset recovery in relation to international transactions. These measures include all cryptocurrencies and all services in relation to crypto assets. The entire package of proposals has been sent to the European Parliament and the European Council, and it might become legally enforceable by 2024. [/link](#)

AT AMAZON, ROBOTS HAVE STARTED TO MAKE DECISIONS ABOUT TO FIRE PEOPLE, EVEN IF THEY ARE INNOCENT

Amazon has automated the decision-making process to fire its employees. The smart algorithm of the American company completely controls the drivers. He monitors their actions in the workplace and, based on the data received, forms ratings, and determines which of the drivers will receive more orders or, on the contrary, take a decision to fire a particular employee. The algorithm does not take into account various external circumstances affecting the time of delivery – broken parcel automats, traffic jams, accidents, and absence of tenants. As a result, a courier may be fired not as a result of a mistake on his part. One of the former programmers of Amazon said that despite all the efforts, AI is not yet able to take into account many factors affecting the rating of drivers. According to one Amazon employee associated with Flex, about 95% of couriers deliver their packages on time and without any accidents. Only the remaining 5% experience difficulties. [/link](#)