Maria Orlyk and Oleksandra Kondratenko examine in details the provisions of the Association Agreement concluded between the European Union and Ukraine regarding IP related issues, explaining its importance in creating an efficient system of IP rights protection in Ukraine.

Intellectual Property in Ukraine after the Association Agreement: On the Way to an Effective Level of Regulation

ABOUT THE AUTHORS

Maria Orlyk is an experienced Ukrainian attorney who holds an LL.M. degree from Wake Forest University School of Law (USA) as well as Master’s degree in International Law and a diploma of professional translator (English/Ukrainian) from Institute of International Relations of Kyiv National Taras Shevchenko University. Maria’s areas of specialization include Corporate Law, Mergers & Acquisitions, Competition Law, Dispute Resolution and Labour Law. Before joining CMS she worked in renowned Ukrainian and international law firms and also interned with a law firm in Washington D.C. Maria Orlyk is admitted to the Ukrainian Bar since 2007. She can be reached at maria.orlyk@cms-rrh.com.

Oleksandra Kondratenko holds an LL.M. degree (Master of Laws in Globalisation and Law, specialisation Corporate and Commercial Law) from Maastricht University (the Netherlands). Oleksandra Kondratenko also completed a degree in International Law studies at the Institute of International Relations of the Kyiv National Taras Shevchenko University. Her focus lies on Dispute Resolution and Intellectual Property and she has been involved in numerous projects relating to debt recovery, insolvency, recognition and enforcement of foreign awards, trademark protection etc. She can be reached at Oleksandra.Kondratenko@cms-rrh.com.

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Peter Pliszka
Vice Chair of Newsletters
Fasken Martineau DuMoulin LLP
ppliszka@fasken.com
16th September 2014 is a memorable date for Ukraine. It went down in history as the day on which the European Union and Ukraine ratified the Association Agreement. The Association Agreement between the EU and Ukraine covers various issues including, inter alia, trade matters related to intellectual property (Chapter 9 of Title IV “Trade and Trade-related Matters”). The Agreement contains provisions on both substantive and procedural law that will considerably strengthen the protection of intellectual property rights in Ukraine. The provisions of the Agreement on intellectual property came into force on 1 January 2016, along with the other provisions of Title IV. This article explores the prelude to the Association Agreement, provides a general analysis and examines in detail its provisions on intellectual property.

The President of Ukraine Petro Poroshenko described the Association Agreement between Ukraine and the European Union as the “first step towards Ukraine’s EU membership.” Ukraine had a long road to take in order to achieve this goal, as the signing of the Agreement was preceded by numerous negotiation rounds, the actual signing on 30 March 2012 and then its postponement in November 2013. Said postponement sparked mass protests, also known as Euromaidan.

The political and economic provisions of the Association Agreement were signed at the EU summits in Brussels on 21st March 2014 and 27th June 2014, respectively. In order to fully enter into force the Agreement must be ratified (approved) by all parties to the Agreement (i.e. the EU, all 28 EU Member States and Ukraine). The instruments of ratification or approval must then be deposited with the General Secretariat of the Council of the European Union. The Association Agreement enters into force on the first day of the second month after the date on which the last instrument of ratification or approval was deposited.

On 16th September 2014, the European Parliament and the Ukrainian Parliament almost simultaneously ratified the Association Agreement between Ukraine and the EU. As of 10 February 2016, all EU Member States have already ratified (approved) the Agreement. The Netherlands, being the only state that has not yet deposited the instruments of ratification (approval) with the Council of the European Union, will hold a nationwide referendum on 6 April 2016. Although it is advisory and has no binding force, the Netherlands will not deposit its approval act until it receives the referendum results.

Since the ratification process may be quite lengthy, the Agreement also provides that the relevant provisions may be provisionally applied. Titles I – III and V – VII were applied in this manner on 1 November 2014. The provisional application of Title IV took effect on 1 January 2016 (the Titles of the Agreement which may be provisionally applied were specified in the Council

In this context, it is important to emphasise the fact that international law takes precedence over national law in Ukraine. Therefore, even if the Association Agreement contradicts Ukrainian legislation, the provisions of the former shall be applicable. Ukraine has already made great efforts to bring its legislation into conformity with the Community acquis, but contradictions between Ukrainian national law and the provisions of the Association Agreement still exist. Therefore, the fact that the Association Agreement has supremacy over national law is of great importance.

The purpose of the Agreement is to modernise the Ukrainian economy and increase its competitiveness, whilst also facilitating trade between the EU and Ukraine, attracting foreign investment, pushing through economic and political reforms, and combatting corruption, etc.

**Structure of the Association Agreement between Ukraine and the EU**

The Association Agreement consists of a Preamble, Titles I – VII, Annexes to Titles IV – VI and Protocols I – III. Seven Titles concern the following matters:

- **General Principles (Title I);**
- **Political Dialogue and Reform, Political Association, Cooperation and Convergence in the Field of Foreign and Security Policy (Title II);**
- **Justice, Freedom and Security (Title III);**
- **Trade and Trade-related Matters (Title IV);**
- **Economic and Sector Cooperation (Title V);**
- **Financial Cooperation, with Anti-Fraud Provisions (Title VI);**
- **Institutional, General and Final Provisions (Title VII).**

Title IV constitutes an essential part of the Agreement regulating various general aspects of trade which include, but are not limited to, market access for goods, elimination of customs duties, fees and other charges; establishment of representative offices and other business entities, trade in services and electronic commerce; transport services, financial services; movement of capital; public procurement and competition.

**Intellectual Property Law in the Framework of the Association Agreement**

Intellectual property is one of the key and most progressive issues addressed under Title IV of the Agreement, as it is directly related to international trade. Having signed the Association Agreement, the parties agreed to facilitate the production and sale of innovative and creative products in Ukraine and the European Union and to achieve an adequate and effective level of protection for intellectual property rights.

Title IV contains provisions on the following intellectual property rights: copyright and
rights related to copyright, rights related to patents, trademarks, trade names, designs, layout designs (topographies) for integrated circuits, geographical indications, designations of origin, plant varieties, protection of undisclosed information and protection against unfair competition.

In order to achieve the goals of the Association Agreement in the area of intellectual property rights protection, the parties have not only incorporated completely new provisions into its framework but also undertaken to comply with the legal provisions of existing international conventions to which they are party. These conventions include:

1) Agreement on Trade-Related Aspects of Intellectual Property Rights (also known as the “TRIPS Agreement”) (1994)
2) Paris Convention for the Protection of Industrial Property (1967)
3) International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (also known as the “Rome Convention”) (1961)
4) Berne Convention for the Protection of Literary and Artistic Works (1886, last amended in 1979)
5) WIPO¹ Copyright Treaty (1996)
6) WIPO Performances and Phonograms Treaty (1996)
7) Convention on Biological Diversity (1992)
8) International Union for the Protection of New Varieties of Plants (1961)

Multiple novelties in the Association Agreement will contribute to Ukraine achieving a higher standard of intellectual property rights protection. In the following section, we would like to outline Ukraine’s main obligations, as set forth in Title IV of the Agreement.

**Trademarks**

1) Pursuant to Article 198 (1), if, within a continuous period of five years, a trademark has not been put to genuine use in the relevant territory in connection with the goods or services for which it is registered, and if there are no proper reasons for non-use, then such a trademark shall be liable to revocation. By contrast, under Ukrainian law, a trademark shall be liable to revocation when it has not been used for a period of three years (Article 18 (4) of the Law of Ukraine “On the Protection of Trademarks Rights”).

**Geographical Indications**

1) Annex XXII-C to the Agreement contains a list of about 3,000 established geographical indications. The level of protection laid down in the Association Agreement shall be the standard by which Ukraine and the EU organise the protection of the

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¹ WIPO means the World Intellectual Property Organisation.
geographical indications. This means that these geographical indications shall be protected against:

(a) any commercial use of a protected name for comparable products;
(b) any misuse, imitation or evocation (even if the true origin of the product is indicated or if the protected name is translated, transcribed, transliterated or accompanied by an expression such as “style”, “type”, “method”, “as produced in”, “imitation”, “flavour”, “like” or similar);
(c) any other false or misleading indication on the inner or outer packaging of the product as to its provenance, origin, nature or essential qualities. This also applies if said false or misleading indication is contained in advertising material or documents relating to the product concerned;
(d) any other practice liable to mislead the consumer as to the true origin of the product (Article 204 of the Association Agreement).

Products which were produced and labelled in conformity with national law before the Association Agreement entered into force, but which do not comply with the requirements of the Association Agreement, may continue to be sold until stocks run out (Article 208 (1)).

2) At the same time, the Agreement provides for transitional periods of seven and ten years for certain geographical indications. For example, the following geographical indications may be used in Ukraine for a transitional period of ten years from the point in time at which the Agreement enters into force: Champagne, Cognac, Madeira, Porto, Jerez / Xérès / Sherry, Calvados, Grappa, Anis Português, Armagnac, Marsala, Malaga and Tokaj (Article 208 (3)). Geographical indications such as Parmigiano Reggiano, Roquefort and Feta are subject to a similar transitional period of seven years (Article 208 (4)).

**Designs**

1) The Association Agreement provides for patentability criteria that differ from those set forth in Ukrainian legislation. In Ukraine, an invention meets the patentability criteria where it is new, inventive and industrially applicable (Article 7 (1) of the Law of Ukraine “On the Protection of Rights to Inventions and Designs”). The Association Agreement has slightly changed these criteria. According to the new criteria, the requirements for protection of designs now include novelty and the individual character of a design (Article 213 (1)).

2) The Association Agreement provides for a longer term of protection for designs as compared to the general term prescribed under Ukrainian law (i.e. 20 years). Hence, the total term of protection shall amount to a maximum term of 25 years from the date on which the application was filed, pursuant to Article 214 (1) of the Agreement.
3) The Association Agreement expands on the list of actions that are no longer considered to be a patent infringement and which were not previously applicable in Ukraine. For example, the rights conferred by a design right may not be exercised when importing spare parts and accessories for the purpose of repairing ships and aircrafts and when executing repair on such crafts (Article 217(2)).

**Enforcement of Intellectual Property Rights**

The Association Agreement between Ukraine and the EU not only deals with substantive intellectual property law but also regulates the procedural aspects associated with protecting intellectual property rights. The parties have agreed to ensure fair and equitable measures, procedures and remedies for the enforcement of intellectual property rights. These shall not be unnecessarily complicated or expensive, nor shall they entail unreasonable time limits or unwarranted delays. These remedies shall be effective and proportionate and shall not create barriers to legitimate trade.

Pursuant to the Association Agreement, the following persons may request the application of measures, procedures and remedies aimed at protection of intellectual property rights:

- a) the holders of intellectual property rights,
- b) all other persons authorised to use those rights,
- c) professional defence bodies which are regularly recognised as having a right to represent holders of intellectual property rights,
- d) intellectual property collective rights management bodies which are regularly recognised as having a right to represent holders of intellectual property rights (Article 231).

The entitled applicants shall have extensive rights with respect to the following:

1) **Measures for preserving evidence** (Article 234)

Upon receiving the party's application to a claim, the competent judicial authorities may order prompt and effective provisional measures to preserve any evidence which may be relevant to the alleged infringement. Such measures may include a detailed description of the allegedly infringing good, the physical seizure of said goods, and, in appropriate cases, the materials and implements used in the production and/or distribution of these goods.

2) **Provisional and precautionary measures** (Article 236)

The judicial authorities may, at the request of the applicant, issue an interlocutory injunction intended to prevent any imminent infringement of an intellectual property right. For this purpose, the court may order (1) the seizure of the alleged
infringing goods so as to prevent their entry into or movement within the channels of commerce; (2) the seizure of the movable and immovable property of the alleged infringer, including blocking his/her bank accounts and other assets. Such provisional measures may, in appropriate cases, be taken without the other party having been heard.

It is important to emphasise here that if the applicant does not, within a reasonable period, institute proceedings before the court, then the provisional measures shall be revoked.

3) Corrective measures (Article 237)

Should the judicial authorities find that goods concerned do infringe intellectual property rights, the judicial authorities may order, at the request of the applicant, that such goods be removed from the channels of commerce or that they be destroyed.

4) Damages (Article 240)

When setting the level of damages, the judicial authorities shall take into account all the appropriate negative aspects affecting the injured party. This may mean the adverse economic consequences for the injured party, including lost profits. They shall also take into account any unfair profits made by the infringer, as well as moral prejudice. As an alternative, the judicial authorities may set the damages as a lump sum on the basis of elements such as the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question.

The aforementioned questions, i.e. precautionary measures, provisional measures and damages are only generally regulated under Ukrainian legislation. By contrast, the corresponding provisions of the Association Agreement provide for more detailed regulation, allowing intellectual property right holders to protect their rights more efficiently and effectively.

Future cooperation between Ukraine and the EU in the field of intellectual property rights

Despite the fact that the Association Agreement contains comprehensive provisions on intellectual property rights, Ukraine and the EU still undertook to continue working on the regulations in this sphere. The parties to the Agreement agreed to cooperate in the following areas:

a) the exchange of information and experience in the area of enforcing intellectual property rights, as well as exchanging information on the legislative progress in this area;

b) exchanging experience in areas where customs, police, administrative and judiciary bodies enforce these rights;

c) coordination programs to prevent the export of counterfeit goods;

d) dissemination of information on intellectual property rights in
business circles and civil society (including informing intellectual property rights holders and consumers about their rights);
e) cooperation between intellectual property offices;
f) enhancement of the dialogue on geographical indications by establishing a joint sub-committee on geographical indications, etc. (Articles 211 and 252).

Such an intensive level of cooperation in the aforesaid areas will allow intellectual property rights protection in Ukraine to reach a completely new level.

Conclusions

By signing the Association Agreement with the EU, Ukraine has confirmed its willingness to pursue a course of joint development with European countries. Although the Agreement deals with numerous issues (from political reforms to financial cooperation), one of the essential elements concerns various trade matters, including intellectual property.

Provisional application of Title IV ("Trade and Trade-related Matters") of the Agreement regulating, inter alia, intellectual property rights came into force on 1 January 2016. The Association Agreement between Ukraine and the EU is a big step towards an efficient and fair system for registering and protecting intellectual property rights. However, the conclusion of this Agreement is merely the beginning. Ukraine still has to fulfil its obligations in practice.

The achievement of higher standards in intellectual property rights protection is of great importance for both the Ukrainian economy and the general development of Ukraine as a country that shares European values. An efficient system of intellectual property rights protection will attract foreign investors, since they will feel confident in knowing that their rights are going to be protected at all times and in an efficient manner. This will allow the modernisation of the Ukrainian economy to proceed at a faster pace.
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