

Dear Members of the United States Congress:

We respectfully urge the U.S. Congress to graduate Russia from the Jackson-Vanik amendment, and to extend Russia Permanent Normal Trade Relations (PNTR) given that Russia formally accedes to the World Trade Organization (WTO) in the coming months. Doing so would allow our members to fully benefit from the WTO IPR protections Russia has committed to uphold and to have recourse through the U.S. government to use the WTO dispute resolution process to address IPR and other trade challenges.

The WTO Ministerial Conference's formal invitation to Russia last December to join the global rules-based trade organization was a testament to the dedication and hard work of the negotiators from the U.S., Russia and other WTO member states. Lack of effective IPR protection has been a critical issue in Russia's accession negotiations. U.S. concerns about copyright piracy, product counterfeiting and, increasingly, IP cybercrime originating in Russia, have been regularly documented in the annual Special 301 Reports from the Office of the United States Trade Representative (USTR).

Our organizations are grateful to the Administration and the Congress for their attention to IPR protections in the context of Russia's WTO accession negotiations. While Russia remains a very serious problem for many U.S. industries in terms of IP protection, important progress has been made by Russia to address gaps in its IPR legal regime and improve some aspects of its law enforcement practices as part of the accession negotiations.

For example, Russia has enacted legislation designed to bring its IPR laws (Part IV of the Civil Code) into compliance with WTO TRIPS standards. For instance, Russia has passed legislation which will provide (upon accession) six years of regulatory data protection for pharmaceutical products. While work remains on implementation, this was a step forward towards compliance with WTO and international standards. In addition, ex officio authority was given to customs officials to detain and seize suspected counterfeit goods at the border, even in absence of a court order. As a result, legal protections for trademarks, patents and copyrights, as well as trade secrets, held by U.S. rights holders have been improved to some extent.

Russia has acknowledged that there are still gaps in its IPR laws and their enforcement, and we thus support continued intensive discussions to close these gaps under the U.S.-Russia IP Working Group.

We are encouraged by reports of ongoing cooperation between U.S. corporations and Russian police and customs officials to interdict against product counterfeits of consumer goods. Russian courts have long been criticized for often not rendering case decisions based on the merits of the law. However, Russia's courts have shown some improvements in the handling of IPR cases. Russia's Supreme Court and High Arbitration Courts have made improving the quality of Russia's judicial system a priority

**Letter to the Members of the U.S. Congress**

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through regular training of lower court judges. In 2013, at President Medvedev's initiative, Russia is scheduled to introduce a specialized IP Court.

Clearly significant problems remain to be addressed. Large-scale copyright piracy still exists and is being compounded by advancing Internet technology and IP cyber crime. For example, major "notorious markets" identified by USTR such as vKontakte have yet to be taken down. It is essential that the Administration and Congress remain highly engaged in addressing these problems, and that we use all of the tools at our disposal to ensure that they are adequately resolved. To that end, we believe that USTR should develop concrete metrics for evaluating Russia's IPR enforcement efforts and regularly inform Congress on the progress of key action items in the Working Group.

Notwithstanding the serious IPR issues that U.S. companies confront in Russia, we believe that U.S. interests are best advanced by passing legislation to graduate Russia from Jackson-Vanik and extending PNTR. This will allow U.S. businesses to enjoy Russia's market concessions, and also make available to the United States the WTO's dispute resolution process to address IP and market access issues. We do not believe that the alternative serves U.S. interests. With sufficient attention from the Administration, coupled with robust oversight from Congress, we are hopeful that together we can make progress on these critical issues, and we stand ready to be of assistance.

Sincerely yours,

Business Roundtable (BRT)  
Coalition for Intellectual Property Rights (CIPR)  
Pharmaceutical Research and Manufacturers Association (PhRMA)  
International Anti-Counterfeiting Coalition (IACC)  
International Trademark Association (INTA)