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Mikhalkov Loses Right to $100M in Royalties

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The Moscow Arbitration Court ruled on Tuesday to cancel the authority of the Union of Rights Holders, headed by famed film director Nikita Mikhalkov, to collect a 1 percent fee on imported electronic devices and blank recordable media.

The court agreed with the argument presented by the organization's rival — the Russian Society for Allied Rights, or RSAR, which had disputed the decision of the accreditation commission of the Federal Service for the Protection of Cultural Heritage that authorized the Russian Union of Rights Holders, or RURH, to be the sole collector of the fee.

By initially winning the bid to collect the fee, which is aimed at fighting losses inflicted by piracy, the RUHR received access to a lucrative business that may be worth up to $100 million per year.

The RSAR decided to go to court because the license was awarded to Mikhalkov’s organization

without any formal justification.

Mikhalkov's group has already made it clear that it is planning to appeal the court's decision, but the RSAR does not intend to give up either.

“We will fight to the very end, to the very last court,” said Anzhelika Korotayeva, executive director of the society.

The organization is satisfied with the court's decision, but many copyright experts believe that Mikhalkov's group will end up winning the case.

“There is only a choice between black and white here. There is no gray,” said Irina Tulubyeva, the society’s lawyer and a partner at Tulubyeva, Osipov & Partners.

The RSAR has been active since the early 1990s, and copyright holders have never seen any royalties, Tulubyeva said.

The organization itself argues that Mikhalkov's group received its license to collect fees because the famous actor’s charisma and connections.

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