

# Differentiated IP Royalties Considered

By [The Moscow Times](#)

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The government has ordered the Economic Development Ministry and the Culture Ministry to provide proposals to differentiate the size of the royalty fees producers and importers of electronic devices are charged, official sources said.

The sources didn't specify whether the order came from Prime Minister Vladimir Putin or his first deputy Igor Shuvalov, who oversees copyright issues. Putin's spokesman Dmitry Peskov said he wasn't aware of the order and spokespeople for Shuvalov and the Economic Development Ministry declined to comment.

The size of the royalty fee set by the government in October 2010 is currently 1 percent of the device's commercial value. The government selected the Russian Union of Rights Holders, headed by film director Nikita Mikhalkov, to collect the fees. The union is allowed to use up to 15 percent of the collected sum to cover its expenses.

The union planned to collect \$100 million in 2011, but only 10 percent to 15 percent of this sum had been collected by November.

The biggest suppliers like Samsung and Panasonic refuse to pay, the union's deputy chief executive Andrei Krichevsky said at the time.

The government's order is a reaction to a letter that Economic Development Minister Elvira Nabiullina sent to Putin in November, sources in the government said. Collecting 1 percent of the value from both simple media, like CDs and flash cards, and complicated equipment like computers is unfair because the more complicated a device is, the more it can infringe on rights holders, the letter obtained by Vedomosti said.

It's still unclear what the new rates will be. Their size is to be discussed with Kazakhstan and Belarus, with which Russia has a common customs border, government sources told Vedomosti. "The fee for some types of devices is likely to remain at 1 percent, but for most of them it will be lower," one official said.

"We consider the current rate proper and will be opposed to its change," Krichevsky told Vedomosti. "Even with this rate, part of suppliers evade paying the fee, and if the collecting process is more complicated the situation will worsen."

Lowering the rate will be justified only if specific legal consequences for nonpayment are introduced, he said.

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