

either in Russian or in the particular state language of the individual republic in which the advertising appears. The exceptions to this rule are trademarks, which may be in the original language of the trademark, and mass media designed for teaching foreign languages. In addition, the use of the word “Russia” or “Russian Federation” in the name of a company (except for the transliterated foreign spelling of the same words) requires a special permit from the Government of the Russian Federation and exposes that company to certain tax consequences.

12. CIVIL LEGISLATION

The adoption of the new *Civil Code of the Russian Federation* represents one of the landmarks in Russia’s transition to a market economy. The *Civil Code* consists of four parts. Part I of the *Civil Code* came into effect on 1 January 1995, and Part II on 1 March 1996. Together, these two parts serve as the legal basis for virtually every transaction in the Russian Federation.

Part I of the *Civil Code* upholds such rights as the rights to own and inherit property; to engage in entrepreneurial activity; to establish independent legal entities, and provides for the protection of non-material attributes, in particular, defense of honor, dignity and business reputation. Part I also defines concepts such as legal entity, securities, transaction, obligation, power of attorney and contract.

Part II further expands on the law of obligations, and contains provisions governing certain types of contracts: sale and purchase; barter; donation; annuity; rent; contractor’s agreement; provision of services; transportation; forwarding; loan; insurance; agency. In addition, Part II of the *Civil Code* provides for non-contractual obligations such as agency without authority, torts (including product liability), unjust enrichment, public contest, and public promise of a reward.

Although Parts I and II of the *Civil Code* were signed into law, several provisions of the *Civil Code* required the adoption of additional legislation. Such legislation has now, in large part, been adopted including the Federal Law *On Joint Stock Companies*, the Federal Law *On Limited Liability Companies*, the Federal Law *On State Registration of Legal Entities*, the Federal Law *On Pledge* and the Federal Law *On State Registration of Rights to Real Estate and Transactions Therewith*. It should be noted that significant amendments to the *Civil Code*, and respective federal laws related to limited liability companies, pledge

and mortgage were adopted in December 2008 and will come into force in 2009. Instances remain, however, where appropriate legislation has not been adopted - the absence of a direct multimodal transport law being one such example.

Part III of the *Civil Code* entered into force on 1 March 2002, covering the law of succession and choice of law rules. Part III, Chapter V of the *Civil Code* (the *Inheritance Law*) details the rights of citizens to dispose of their property by devise, establishes priority categories of heirs-at-law (i.e. those who inherit absent a devise), and provides for other forms of taking the inheritance. Legal entities and the state may act as heirs. In addition to regular wills (which should be executed in writing and notarized), Chapter V provides for confidential wills and wills made in a simple written form. Furthermore, irrespective of the contents of a testator's will, the testator's minor or disabled children (as well as their disabled spouse, parents, or dependents) are entitled to a compulsory inheritance of at least one half of the amount they would have been allocated under the *Civil Code* had there been no will.

Part III, Chapter VI (the *International Private Law*) regulates transactions "complicated by a foreign element" i.e. transactions with a foreign citizen or with a foreign legal entity, or otherwise when a "foreign element" is involved (for instance, a contract for the sale of real property located abroad). Chapter VI contains a number of essential innovations, including, for instance, the default rule of the closest connection for determining substantive law applicable to a civil-law obligation. The parties to a transaction that is complicated by a foreign element are free to choose any nation's law (either Russian or foreign) as applicable to their transaction, except for cases where the chosen law contravenes the public policy (public order) of the Russian Federation or peremptory rules of Russian Federation law.

Part III, Chapter VI of the *Civil Code* also provides other conflict-of-law rules, relating to both contractual and non-contractual (e.g. torts) obligations. In particular, specific provisions in the *Code* determine law applicable to international consumer transactions; assignment of rights; obligations arising from unilateral transactions; interest accrued on monetary liabilities; product and service liability; liability for unfair competition; unjust enrichment.

Part IV of the *Civil Code* covering various intellectual property issues, came into force on January 1, 2008.⁶⁷

⁶⁷ For intellectual property, see Chapter 13.