

Local Knowledge for Global Business

Things you need to know about digital rights: new developments of autumn 2019

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Today it is impossible to imagine life without technology, and information technology in particular. Its rapid development has led to the creation of brand new objects of civil and trade commerce of digital assets. In this regard, the amendments contained in Federal Law "On Amendments to Parts One and Two, and Article 1124 of Part Three of the Civil Code of the Russian Federation" come into force on October 1, 2019.

The resolution of the Federation Council of the Federal Assembly of the Russian Federation approved Federal law "On Amendments to Parts One and Two, and Article 1124 of Part Three of the Civil Code of the Russian Federation" (hereinafter - the Federal Law). On March 18, 2019, this Federal Law was signed by the President of the Russian Federation.

This Federal Law aims to expand the list of objects of civil commerce specified in Article 128 of the Civil Code of the Russian Federation, by adding to the objects of civil turnover of digital rights.

The need to resolve this issue arose due to the rapid development of information technology and the need for a more detailed legal regulation and protection of information transmitted through information systems.

The definition of digital rights was formalized by the legislators in Article 141.1 of the Civil Code of the Russian Federation. According to the text of the Federal Law, digital rights mean the obligations and other rights named in this capacity in the law, the content and conditions of which are determined in accordance with the rules of the information system that meets the criteria established by the law.

The amendments also affect special aspects of transactions in writing, contained in Article 160 of the Civil Code of the Russian Federation. The Federal Law establishes the possibility of making such transactions by electronic or other technical means that allow reproducing the content of the transaction on a tangible medium in an unchanged form. However, special attention is paid to the methods of identifying a person who has expressed his will to conclude a transaction.

Methods of the parties' identification at the conclusion by electronic or technical means of transactions can be regulated by laws, other normative legal acts, and also can be established by agreements of the parties.

These new developments should simplify the relationship between the subjects of civil-law relations. An example of one of these new developments is the so-called "smart contract", for the conclusion of which a person, interested in making a deal, just needs to respond to a specific offer by filling out the necessary form on the Internet and to send this information to the other party of the transaction.

Other significant changes made by this Federal Law in civil-law relations is that Paragraph 2 of Article 464 of the Civil Code will be supplemented with new methods of sending a public offer. This provision of the Civil Code of the Russian Federation applies to Retail Sales Agreements. Through these new developments, it becomes possible for sellers to send a public offer to potential buyers by exhibiting, posting goods on the Internet, as well as posting additional information about such goods if in the aggregate the published information contains all the essential terms of the Retail Sales Agreement.

It is also worth noting that despite the active introduction of information technology in relations arising between subjects of civil law, Paragraph 1 of Article 1124 of the Civil Code, regulating the rules relating to the form and procedure of the will, will contain a

mandatory ban on the preparation of the will using electronic or other technical means.

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