

Enforcement against counterfeits in Iraq

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Trademark infringement, and counterfeiting in particular, has increased tremendously in Iraq over the past decade, in part due to the political unrest in the country.

However with Iraq trying to build its economy and its appeal to international trade, brand owners have become more vigilant and eager to protect their trademark rights in Iraq. In this article we will provide a summary of the legal options to enable the enforcement of trademark rights against counterfeits.

The Law

Trademarks are regulated under the Trademarks and Commercial Data Law (No. 21 of 1957), which was amended by Order No. 80 of 2004 issued by the Coalition Provisional Authority ("CPA"). Then it was further amended by Law No. 9 of 2010 ("the Trademarks Law").

The protection provided by the Trademarks Law is for registered trademarks, as the Trademarks Law provides that the owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered, where such use would result in a likelihood of confusion.

Accordingly, the first step in setting a strategy for anti-counterfeiting activities in Iraq is to consider the registration of the trademark. During the recent war in Iraq, many brand owners dropped Iraq from their list of protection, which has now put some brand owners in trouble when trying to protect their trademark rights. This has led to infringers trying to obtain registrations for trademarks that infringe other well-known trademarks so as to provide a legal cover for their actions.

Trademarks are registered with the Trademarks Registration Office at the Ministry of Industry and Minerals in Baghdad. However, in 2011 the Ministry of Trade and Industry in Kurdistan started its own registration system which covers Kurdistan Province.

It is therefore currently possible to register in both Baghdad and Kurdistan Offices for the protection of a trademark at the same time. The registration with Baghdad Office provides protection for the whole country, while the Kurdistan registration covers only the Province. While the registration process with the Baghdad Office has improved significantly over the past years and has become quicker, the registration still takes up to three years to be completed. In Kurdistan however, the registration process is quicker and registration can be achieved within a year or a year and a half.

Legally speaking registration with the Baghdad Office is sufficient and enough for the purpose of protection. However, from an enforcement perspective, it is necessary to have registration in Kurdistan in order to take any legal action there; therefore, brand owners should consider Kurdistan registration if the counterfeit problem is in Kurdistan, rather than solely relying only on Baghdad registration.

Options to stop counterfeits

After registering the trademark in Iraq, the following are the legal options a brand owner may

consider to stop counterfeit activities:

1. Border measures: Customs authorities in Iraq do not themselves have authority to seize counterfeit goods, and there is no system for the recording of trademarks with Customs. The only way Customs may take action to stop counterfeit goods from entering the country is based on a Court judgment or order. Accordingly any action with Customs would mainly depend on information provided by the brand owner, followed by a Court action. In a recent case handled by our firm in Iraq, information received from the brand owner on a suspected counterfeit shipment entering the Kurdistan area enabled a criminal complaint to be filed directly with the relevant Court of Inquiry together with a petition for preliminary measures to seize the goods at Customs and prevent its entrance into the country. The order was granted, and the goods were seized at Customs pending the Court judgment.
2. Preliminary measures: A brand owner can file an urgent petition for preliminary measures with the court or the Investigating Magistrate before or during a civil or criminal lawsuit, providing that it is accompanied by acceptable evidence on the registration of the trademark (which is usually a trademark registration certificate). Through the preliminary measures, the brand owner may request seizure of the specific instruments and tools used in the commission of the offence as well as the goods, wrapping materials, papers, hang tags, stickers, etc., which bear the mark of the subject matter of the offence. Such an order can be issued without notification to the defendant if it was proved that the delay will cause irreparable damage to the brand owner or there is a risk evidence of the infringement will be lost. If preliminary measures were obtained before filing a lawsuit, the brand owner shall initiate a lawsuit (whether civil or criminal) within 20 working days or 31 calendar days; otherwise, the measures taken will be revoked and the brand owner will be liable for compensation.
3. Criminal action: the Trademarks Law penalizes counterfeit activities, and the following acts constitute a punishable crime:
 - The counterfeiting of a registered trademark, or imitation of the same in such a manner as to mislead the public, or using a counterfeit or imitated mark with bad intent; The unlawful use of a registered trademark owned by another party;
 - The placing, in bad faith, of a registered trademark owned by a third party on one's products;
 - Knowingly selling or offering for sale, or circulating or possessing for the purpose of sale, products which bear a counterfeited or an imitated trademark, or a trademark which is unlawfully affixed; or
 - Intentionally offering or rendering services under a forged, imitated or unlawfully used mark.

Accordingly, it is possible to file a criminal lawsuit requesting the punishment of the infringer and the confiscation and destruction of the counterfeit goods.

Criminal complaints are usually filed to the Court of Inquiry, which orders a raid to be conducted by the police, after which an investigation is started. If there is sufficient evidence of a crime, the matter will be transferred to the Court of Misdemeanors to issue judgment.

The most important element for a successful criminal complaint is to prove the knowledge of the infringer that the goods he is dealing with are counterfeit. The Trademarks Law requires knowledge or bad intention in order for a crime to be committed. This means it is necessary to send legal notices to the infringers before initiating the complaint, so that knowledge can be proved.

The penalties provided by the Trademarks Law is a jail term of between one and five years, and/or a fine of between 50,000,000 Dinars (USD 42,948) and 100,000,000 Dinars (USD 85,839). In cases of repeated infringements, the punishment will be imprisonment for a period of between 5 and 10 years and/or a fine of between 100,000,000 Dinars (USD 85,839) and 200,000,000 Dinars (USD 171,675) in addition to the closure of the commercial store or enterprise for a period of not less than fifteen days and not exceeding six months, together with the publication of the judgment at the expense of the infringer.

4. Civil action: the brand owner may file a civil case for compensation before the competent Court, supported by sufficient evidence of the trademark infringement and damages incurred. Compensation awarded by the Court shall be adequate to compensate for the injury the trademark owner has suffered as a result of the infringement. In addition, brand owners may recover the profits of the infringer that are attributable to the infringement. This is in addition to the confiscation and destruction of the counterfeit goods.

In conclusion, the Iraq Trademarks Law provides for different legal actions against counterfeit and it is the brand owner's decision to choose the best options depending on the nature of the infringement. However, it is always recommended to set a strategy for anti-counterfeiting activities that should start with obtaining the proper trademark protection, sending legal notices to the targets and then filing the proper lawsuit.