

# GCC Unified Trademark Law: Key Provisions and Challenges

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In the present article we will discuss the key elements of the unified GCC trademark law (the “Trademark Law”) and the prospect of it being adopted throughout the GCC.

In a nutshell the main focus of the Trademark Law is to create uniformity between the local trademark laws of each of the GCC member states namely, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. Whilst the adoption of the Trademark Law will result in a more unified set of regulations for GCC trademark protection, it is important to point out that the Trademark Law will not provide a unified filing system. As such, right holders will still be required to file separately in each applicable GCC country in order to ensure protection and enforcement rights. We explore matters in further detail below.

## Background

The Trademark Law was initially submitted by the GCC General Secretariat and approved by the GCC Trade Cooperation Committee in 1987. However, the GCC member states have to date only used the law for consultative purposes and there has been no direct application of the law in any of the member states. In 2006 and 2013, further amendments to the Trademark Law were approved by the GCC Supreme Council before being published in the GCC Official Gazette.

Although the Trademark Law has been enacted as law from a GCC perspective, in order for it to be applicable within each GCC member state, the law needs to be (i) approved locally in each sovereign state by a decree or a law, (ii) published in the local official gazette of each member state to become effective, usually after six months from the date of issuance of the implementing regulations.

To date the following member states have taken the below actions:

- **Saudi Arabia** - Decree No. M/51 dated 26 April 2014 approved the Saudi Council of Ministers decision No. 306 of the same date and the Trademark Law is to be published within 30 days from the date of issuance of the Implementing regulation and will come into force after 90 days of its publication in the official Gazette.
- **Qatar** - Decree No. 7 of 2014 approved the Trademark Law which was published in June 30, 2014.
- **Bahrain** - Decision No. 6 of 2014 approved the Trademark Law which was published in the official Gazette No. 3145 dated February 27, 2014.
- **Kuwait** - Law No. 13 of 2015 was issued and published in official Gazette No. 1228 dated March 22, 2015
- **Oman/UAE** - At present, neither country have published any legislation with regard to the Trademark Law. It therefore remains to be seen how or when the Trademark Law will be implemented in each of these member states.

## **Key Features of the Trademark Law**

### **Trademark Definition and Multi Class Applications**

In order to maintain pace with the introduction of new technology which allows right holders to identify their brands through other means than those identified as conventional trademarks, the Trademark Law has broadened its definition of trademarks to include items such as 'sounds' and 'smells'.

Although in some GCC member states such as the UAE, certain unconventional trademarks such as 'sounds' can already be registered this is not the case in some other GCC countries such as Saudi Arabia. Accordingly, the Trademark Law provides right holders with an opportunity to protect their trademarks in a more unified way, and they will no longer face the challenges of differing trademark laws and varying protection awarded to such rights.

Furthermore, under the Trademark Law, multiclass trademark applications will be allowed. This change of practice is a significant departure from the present practice as it is currently only possible to file applications covering a single class in each of the GCC member states. None of the GCC member states allow for multi-class applications to be filed under their current regional trademark laws.

### **Priority Claims**

In another significant change, the Trademark Law (Article 11) provides that an applicant who has applied for a trademark in a country that is a signatory to a multinational treaty to which a GCC state is a party may claim priority within six months of the date of filing the earlier corresponding application.

In order to make a valid priority claim, the application must be accompanied by a copy of the earlier application and a statement setting out the filing date, application number and country.

### **'Famous' Trademarks**

In line with the GCC member states' obligations under the Paris Convention and the Trade Related Aspects of the Intellectual Property Rights (TRIPS), well known/famous trademarks are protectable in each of the GCC member states.

Through the Trademarks Law, famous trademarks are provided a greater ambit of protection. The Trademarks Law prohibits the registration of such marks which constitute a reproduction, imitation or translation of well known marks. It also prohibits the registration of a mark with relation to dissimilar goods, whereby consumers may be lead to believe that the goods emanate from the same trader, and which would likely the damage the famous trademark owner's interests.

In addition to broadening the ambit of protection for right holders of famous trademarks, the law also provides clear criteria as to the determination of famous trademarks. To date, the determination of whether a trademark is considered famous or not, is left to each state's Courts and is reviewed on a case by case basis. This is not an exact science and trademark practitioners often have to refer to previous case laws to identify the factors considered by the Courts in recognizing the "famous" stature of trademarks. Under the Trademark Law, conditions for a mark to be declared as a well known mark have been clearly stipulated and can be summarized as the following:

- Extent of recognition by consumers resulting from the marketing efforts of the trademark owner;
- The duration and extent of the registration and use of the mark; and
- The number of countries where the trademark has been registered or recognized as a well-known mark.

### **Trademark Infringement**

The GCC member states have well implemented provisions to deal with trademark infringers. Similarly, the Trademark Law addresses the infringement of both registered and unregistered trademarks. Article 42 of

the Trademark Law sets out the maximum penalties available for trademark infringement:

- a fine of between SAR5,000 (approx. \$1,300) and SAR1 million (approx. \$260,000) and/or imprisonment for between one month and three years where a person counterfeits a registered trademark in a manner which misleads the public and affixes this mark to its products; and
- a fine of between SAR1,000 (approx. \$260) and SAR100,000 (approximately \$26,000) and/or imprisonment for between one month and one year where a person knowingly sells goods which contains a counterfeit or unlawfully affixed trademark.

In cases of repeat offenders, the penalty may not exceed double the maximum limits specified for the offence. In addition, the establishment may be closed for between fifteen days and six months.

The potential sanctions under the Trademark Law and particularly the monetary penalties are a significant increase as compared to the present sanctions available in the individual GCC member states. One explanation for the increase in penalties is that the GCC member states have collectively set such amounts for a deterrent effect so as to curb infringement and counterfeiting activity. By way of example in the UAE, Articles 37 and 38 of the Federal Law No. 37 of 1992 on Trademarks (as amended by Law No. 19 of 2000 and Law No. 8 of 2002) (the "UAE Trademark Law") provide penalties including imprisonment limited to one year and monetary penalties of AED5,000 (approx. \$1360) and not exceeding AED10,000 (approx. \$2,722). In comparison the current penalties under the UAE Trademark Law are significantly less than those sanctions set out by the Trademark Law. **Official fees in the GCC - Trademark Offices**

Although the GCC has no unified trademark filing system; Article 50 of the Trademark Law states that implementing regulations shall be put in place to set out the applicable filing charges. To date, the implementing regulations have not yet been released. Within the GCC there has been considerable increases in the official filing fees within the past year notably within the UAE, Kuwait and prior to that in Qatar and Saudi Arabia. We look forward to a new schedule of charges that will be binding in all GCC member states for charges related to trademark prosecution procedures. It is still unclear which fee model will be adopted and the ongoing uncertainty is unhelpful.

In conclusion, the prospect of having in place a unified trademark law in the GCC is broadly good news as it allows right holders to enjoy the same protection across the GCC. Although separate trademark filing will still be required, we consider that managing trademark portfolios in the region should be easier and more accessible given that the methods and maintenance of registrations will be more aligned though the GCC member states. However, there are also a number of challenges through the introduction of the Trademark Law. In terms of practice and implementing the concepts, some GCC member states may find it difficult to upkeep their obligations as set out in the Trademark Law. One case in point is the concept of famous trademarks. Although most GCC member states have long been part of the Paris Convention and as such developed case law on the subject, Kuwait only adhered to the Paris Convention in 2014. Accordingly, Kuwait will need to heavily rely on the experiences of the other GCC member states in order to attain the necessary expertise in the subject matter. The reality remains that the level of capacity and expertise vary drastically from one GCC Trademark Office and Court regime to another.

Further adding confusion over the matter is the fact that the GCC and, in particular the UAE, has some of the highest official fees in the world when it comes to trademark registration. The question remains that should a unified fee schedule be applied in the GCC member states, the right holders will have to significantly increase their budgets for the GCC region and some right holders may even limit their scope of protection opting to file in the larger markets of UAE and KSA and thereby foregoing the smaller GCC markets.