

An Overview of IP Laws in Egypt

Munir Suboh

m.suboh@tamimi.com

Hassane Hassan

h.hassan@tamimi.com

April 2016

Egypt has been recognised as one of the major volume markets in the region. With nearly one hundred million in total population, Egypt is considered the largest market in the Middle East and North Africa for many international and local traders and entities.

The expanding significance of the economic value of the local market requires establishing practical mechanisms for intellectual property ('IP') rights, enforcement and protection. Whilst trademark rights represent a substantial focus for IP owners, many other aspects of IP rights also exist, such as copyright, patents, industrial designs, trade secrets and plant varieties.

Al Tamimi & Company's IP team will publish a series of articles on Egyptian IP law and practice to provide more clarity on the current regime and legal platform, protection strategies, enforcement options and, most importantly, provide an update on recent developments. This series of articles is aimed at assisting international IP rights owners, such as multinational enterprises, regional and local entities, to become more familiar with the current system, find suitable ways to improve their protection strategies and understand their legal options to ensure continuity and proper protection of their rights.

Trademark Practice

The trademark practice in Egypt generally focuses on protection, i.e. filing and registration, and enforcement of brands against infringement and counterfeit. Other areas such as transactions, advisory on branding and ownership disputes remain core areas for brand owners but the majority of IP priority services relate to protection and enforcement. We set out in this article a brief overview of procedures, options, timeframes and the challenges that brand owners can face when protecting their brand and initiating enforcement proceedings in Egypt.

Protection: Procedures, Requirements and Challenges

Protection starts by acquiring rights and obtaining official recognition of those rights by the local trademark office. This is also a prerequisite for any claim of ownership or attempt to initiate enforcement action. The registration of a trademark in Egypt involves the typical procedures, i.e. filing, examination, publication and registration. The typical time frame to complete the registration process is from 12 to 24 months with relatively minimal fees and expenditures for brand owners. The brand owner should complete the process through a local attorney and should provide the following information and documents:

- name of the applicant
- address of the applicant
- nationality and nature of business of the applicant
- a clear and detailed description of the list of goods and services to which the trademark applies
- a Power of Attorney to the applicant's representative, which is properly legalised if executed outside Egypt or notarised if executed within Egypt.

A clearance search of the trademark is always recommended to brand owners prior to registration and/or use. Whilst proof of use is not required to protect and register a trademark in Egypt, we recommend that brand owners run such searches prior to commencing registration or commercial exploitation of brands. The searches can be initiated and completed within an average period of five working days.

In practice, the Egyptian Trademark Office employs expert examiners and systems and has been recognised locally as one of the well-established governmental offices and authorities in Egypt. The examiners, however, apply some conservative rules in examination when compared with trademark office examiners in neighbouring countries or the Middle East region. Challenges that can face applicants vary in type, which can include unexpected provisional refusals, office actions and imposing disclaimers. Therefore, trademark owners are always advised to consult with their local IP attorney at the stage of branding to understand the implications of their selection and ensure that registration properly progresses.

Enforcement: Options, Requirements and Formalities

Once the trademark is officially registered, enforcement procedures can be initiated. Recently, we noted an increase in trademark infringements and many well-known trademarks are being counterfeited. The infringing products are either displayed at local markets or offered online to internet users through e-commerce platforms.

Brand owners usually take enforcement issues seriously due to many commercial and legal factors. We have been engaged to work with various brands to support their enforcement strategy in Egypt, and there are several options to initiate anti-counterfeiting proceedings or tackle infringement cases. The local regulations entitle trademark owners to seek adequate remedies, including injunctive relief, compensation and permanent seizure and destruction of counterfeit and infringing goods.

For easy reference, we set out below the most common options for trademark owners under Egyptian law and practice:

Legal Notice

Sending a legal notice appears to be a very efficient tool to resolve many problems at an early stage in Egypt. Therefore, we always recommend trademark owners to think of this option against retailers, traders or local entities that infringe or sell counterfeit goods. The legal notice can be sent as a letter from the trademark owner or its lawyer or via an official notice that is served through a court bailiff.

Administrative Action: Ministry of Supply Raid Actions

The Ministry of Supply accepts complaints from owners of registered trademarks and then moves to conduct raid actions. The raid can be completed on an expedited basis and concluded within two to five working days in average. Thereafter, the Ministry officials will investigate the outcome and transfer the case to the public prosecutor for further proceedings provided that they have received confirmation that the seized goods are counterfeit. The product's assessment is completed by the Trademark Office, which can cause some delay in the timeframe. Nevertheless, once the assessment is completed by the Trademark Office and the goods are confirmed as an infringement of a registered trademark, the case will be transferred to the criminal court for further proceedings and hearings.

It is very important to note that after the raid action occurs, the Ministry of Supply will seize the counterfeit products and wait for further judicial decisions for destruction or other rulings. The Ministry of Supply may conduct this action in conjunction with imposing any official fees on the brand's owner. The procedure requires some documents, such as proof of registration, samples and guidelines to differentiate between products and a properly made Power of Attorney. Once the raid action is approved, the representative of brand owner can attend the proceeding, assist officials in the inspection and, most importantly, the raid can cover many targets simultaneously.

Administrative Action: Customs

Another option to stop counterfeit products at the border is to file complaints before the competent Customs Authority. When there is information regarding a shipment carrying counterfeit products, the Customs Authority can accept complaints and hold the infringing shipment. Raids can often occur upon the arrival of the counterfeiting products. However, the brand owner is required to provide sufficient documents and information, such as full information of the shipment, and later the importer should submit the documents of the shipment prior to the Customs Authority moving with the seizure. The brand owner is also required to post a monetary bond that is equal to 25% of the total shipment's value, but this can be released once the seizure is found to be legitimate and lawful.

It is very important to note that customs seizure is only a temporary measure to hold the shipment and it needs to be followed by a court order. Therefore, the customs seizure lasts for ten (10) days during which time the brand owner should secure an order from the court, i.e. an attachment order or injunctive relief, to sustain the seizure and progress the case. Once the Customs Authority receives notice of the injunctive relief granted by the court, it will hold the shipment until a final decision is issued by the court.

Civil Action

Trademark owners can always initiate civil proceedings to claim damages, seizure of counterfeit or infringing goods or other remedies. Typically, trademark owners take civil action for an administrative seizure or following the grant of an attachment order. There is a specialised court in Egypt, called the Economic Court, that has jurisdiction to look into IP and trademarks disputes. The Economic Court employs specialised judges who are educated in IP rights, understand the infringement implications and, most importantly, are willing to grant relatively high damages in counterfeit cases. The Economic Court also hears the proceedings promptly and a case can be concluded within an expedited time frame, such as six to 14 months in average.

In civil proceedings that follow administrative seizures, the Economic Court gathers information from the Ministry of Supply, the Customs Authority, police raids or criminal proceedings, and uses the same information to determine the civil claim.

Civil action, however, requires expenditure on legal costs and court fees, e.g. official fees for filing a civil case. This depends on the claim and is assessed based on a percentage of the amount claimed. In general, the costs are calculated at 5% of the amount of the claims above EGP 4,000.

Criminal Action

The option to take criminal action is also available for trademark owners to counter infringement incidents. In practice however, we recommend that the criminal proceeding is initiated after completing the above administrative options as this will ensure that the seizure happens promptly. However, a criminal case can always be raised directly before the police or through a complaint before the public prosecutor to issue an arrest and inspection warrant.

If the complaint is filed before the police, it will be transferred after the raid to the public prosecutor for further proceedings. In order to progress a criminal proceeding, the police will investigate any criminal complaint and move with raid action as a part of the investigation procedures. If sufficient evidence of infringement crime is found and collected at the raid action, the matter is referred to the public prosecutor to consider further. The public prosecutor will thereafter complete the investigation and refer the case to the criminal court for further proceedings.

The location of the infringement or the counterfeit goods plays a substantial part in determining whether to take this option. Strategically speaking, we note that the police give extra attention to major crimes, for which they will often act promptly and move with inspection. Being a misdemeanour, trademark counterfeit criminal cases may get delayed before being accepted and actioned and therefore it is always

recommended to consider administrative options when possible. However, progressing the case with police could also be one of the most important and suitable options depending on the circumstances of the case, the location and the availability of qualified personnel at the police station to undertake the necessary procedures.

The typical time frame to progress a criminal proceeding with the police and public prosecutor varies from 12 to 24 months. Criminal courts impose sanctions, such as destruction of counterfeit products, imposition of penalties, namely fines, and possibly imprisonment when public safety and personal injury occurs from trading with counterfeit products.

In term of fees, there are no official fees associated with a criminal complaint. However, if a civil claim is filed jointly with the criminal proceeding, nominal court fees apply. In fact, it is possible to initiate a civil action before the criminal court that is examining the criminal case. If a civil case is joined with a criminal case in this manner, the civil plaintiff is able to make submissions that may ultimately be considered by the criminal court in the context of the criminal aspects of the case. Therefore, it is always recommended for trademark owners to pursue this option to ensure proper support is given to the public prosecutor's claims, to observe the outcomes of hearings and, most importantly, be able to litigate the case before higher courts in case a negative judgement is given at the first instance level.

Once a destruction order is granted by the court, the complainant is responsible for liaising with the logistic service providers, if any, and the municipality to arrange the destruction formalities and expenses.

It is important to note that if a criminal action has already been initiated in respect of a claim that is pending before the civil courts, or if a criminal action is initiated subsequent to the filing of a civil action, the civil action will be put on hold until a final decision is concluded in the criminal proceedings.

Summary

Trademark prosecution is an evolving practice in Egypt. Brand owners should understand the likely outcomes, time frames and expenses when registering their trademarks, and we recommend that they register their marks for the Egyptian market at early stage. Once the trademark is registered, enforcement proceedings can be taken and several options are generally available, including administrative actions, civil and criminal proceedings.

It is recommended that enforcement campaigns consider the nature of the infringement, the locations, the level of proactivity of the relevant authority and the legal expenses that will result from each action.

For any further inquiries, please contract Munir Suboh at m.suboh@tamimi.com or Hassane Hassan at h.hassan@tamimi.com