Column
By Omar Shteiwi

Counterfeiting perspectives

Time to push through unified trademark law in Gulf region

The penalties imposed on counterfeiters in the Gulf region are not stringent enough to act as a deterrent. Brand owners are calling for a rapid implementation of the Unified Gulf Cooperation Council Trademark Law to help them in their fight

The United Arab Emirates (UAE) Customs, police and other enforcement agencies regularly stop counterfeit products. For instance, Dubai Customs recently seized 4 million capsules of fake Plavix (an anticoagulant drug) from a warehouse in Jebel Ali. But as Dubai is a transshipment hub, hundreds of containers enter and leave the country every day – among them an unknown but suspected high level (based on the containers seized) of counterfeit automobile spare parts, electronics, mobile phones and accessories, healthcare and skincare products and pharmaceuticals, all of which are potentially dangerous for users. Unfortunately, the punishments currently provided under UAE law are not tough enough to act as a deterrent. The maximum punishment for counterfeiting is a fine of just Dh5,000 (around $1,360) and imprisonment not exceeding one year. Repeat offences lead only to a maximum fine of Dh10,000. As counterfeiting is a multi-million dollar cross-border business, more stringent punishment is needed – in fact, punishment for counterfeiting should be equivalent to the actual damages suffered.

The implementation of the United Gulf Cooperation Council (GCC) Trademark Law, enacted on December 10 2006 during the 27th Summit of the GCC Supreme Council, will represent a step in the right direction on this issue by introducing more stringent punitive measures for counterfeiting. Some of the most noteworthy penalties are as follows:

- The illegal use or infringement of a trademark to a degree which may cause public confusion shall be punished by imprisonment of up to five years and/or a fine of up to Sr1 million (around $266,980) or its equivalent GCC currency amount.
- The sale, offer for sale, or promotion or possession for sale, of counterfeit products, or the possession of tools to carry out infringing activities or the infringing registration of a well-known trademark will be punished by three years' imprisonment and/or a fine of Sr100,000 or its equivalent GCC currency amount.
- Habitual and repeat offenders will be subjected to serve and/or pay double the maximum penalty.

These penalties – the same across all GCC member states (ie, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE) – are considered sufficiently high to act as a deterrent. The Unified Trademark Law also provides guidelines for the seizure and detention of counterfeit products across all GCC member states and thus can be considered a strong tool for the protection of IP rights in the region.

However, the law will not be implemented until it is ratified by each GCC member state and the implementing regulations are issued by the GCC Trade Cooperation Committee (composed of the trade ministers of the member states). To date, only two states have ratified the law: Qatar, through Decree 18/2007, and the UAE, through Federal Decree 52/2007. Brand owners strongly support the Unified Trademark Law and are working for its immediate ratification in Bahrain, Kuwait, Oman and Saudi Arabia.

Besides offering a useful tool against counterfeiters, the unified law will represent a notable step forward in the harmonization of procedural rules. The statute introduces binding legal provisions governing procedures such as opposition, cancellation and publication of trademarks. Accordingly, brand owners will follow the same process across the GCC from filing to registration. (However, the law does not unify the trademark offices in each GCC state; therefore, a separate application needs to be filed so that the same level of protection will be enjoyed by the brand owners in each member state.) Additionally, one of the salient features of the Unified GCC Trademark Law is the management of licensing agreements or contracts in Articles 32 to 34.

Common laws applicable in all GCC states, such as the Common Customs Law of the GCC States of 2002, are already in place. Moreover, some of the GCC member states, such as Bahrain and Oman, have signed bilateral free trade agreements (FTA) with the United States, bringing another degree of harmonization. However, following the entry into force of the US-Bahrain FTA in August 2006 and the US-Oman FTA on January 1 2009, any change to these countries' IP laws is subject to compliance with the provisions of the relevant FTA.

The implementation of the Unified GCC Trademark Law will mark a milestone in the protection of IP rights in the region. It will also be seen by brand owners as tangible proof of the local governments' dedication to protecting intellectual property, thus giving brand owners the confidence to consider more investments in this fast-growing region. WTR

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