

Intellectual Property Newsletter

January 2015

Middle East and North Africa region

A Happy New Year to all our readers, wherever you may be around the world!

During 2014, we saw a number of key developments throughout the region. Highlights have included Yemen, after 13 years of negotiation, acceding to the World Trade Organisation and thereby becoming party to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). We have also seen Kuwait acceding to the Paris and Berne Conventions and the Libya Trade Marks Office re-opening following closure as a result of the civil unrest.

2015 promises to be another interesting year, with further developments in the IP landscape likely across the MENA region. The highlight of the year may be the introduction of a Unified GCC Trade Mark Law (as reported in the November issue of our [IP Newsletter](#)), which may potentially come into force during the second half of 2015.

Other major developments for 2015 may include the introduction of more developed Competition Laws, which could have a significant impact on IP owners looking to commercialise their rights in the MENA region.

We can also expect the further development of IP laws and practices across the region, particularly in relation to patents, as governments continue their path to diversifying their economies from oil-based to knowledge-based. The recent fall in global oil prices has highlighted the need for continued diversification, and we can expect this trend to continue.

Whatever 2015 holds in store for you, we hope that the year is a healthy, happy and prosperous one for all our readers.

No safe harbour for IP licences in the UAE

This month we report on the impact of the UAE Competition Law on the commercialisation of intellectual property rights in the UAE, with a particular focus on IP licensing. The article summarises the notification requirements that can apply in relation to IP licences, and the steps that should be taken in relation to both existing and future licences in order to ensure compliance with the Competition Law. Click [here](#) for a link to the full article.

Market updates and insight from around the region

Click [here](#) to read all updates.

For further information, please speak to your usual contact in the Clyde & Co IP team, or email us at ip@clydeco.com.

UAE Trade Mark Gazette

The latest edition of the UAE Trade Mark Gazette was published on 4 January 2015. This month's opposition deadline is 2 February 2015.

Click [here](#) for a link to the UAE Trade Mark Gazette and further information.

If you identify any marks that are of potential concern, or if you have any queries, then speak to your usual contact in the Clyde & Co IP team, or email us at ip@clydeco.com.

The timeframe for arranging the legalisation of a Power of Attorney (which will need to be filed at the same time as any opposition) is generally around three weeks. With this in mind, please contact us as soon as possible if you identify any marks which you may wish to oppose.

Market updates and insight

Bahrain	Bahrain Trade Mark Office to speed up examination process The Bahraini Trade Mark Office has issued a Circular stating that the examination process for trade mark applications submitted from March 2013 will be completed within a shortened timeframe. The Trade Mark Office requires any documents which are missing from applications to be submitted by 18 February 2015. Any applications that remain incomplete at this date will be deemed abandoned.
Kuwait	Claiming priority now possible As reported in our October issue of our IP Newsletter, Kuwait became a member of both the Berne and Paris Conventions with effect from 2 December 2014. The Kuwaiti Trade Mark Office has now announced that it is accepting new trade mark applications with priority claims. All priority claims are required to be supported by a certified and legalised copy of the priority document which should be submitted within three months from the date of filing.
Libya	Current situation in Libya In previous editions we have provided updates from our colleagues based in our Tripoli office as to the operations of the intellectual property offices in Libya. Although the Trade Mark Office re-opened on 7 December 2014 and is accepting new trade mark applications, we understand that this work is still being undertaken with caution. We are continuing to monitor this situation.
Syria	Official publication and search fees to rise Pursuant to Decision No. 1999 by the Syrian Ministry of Interior Trade and Consumer Protection, the official publication fees and search fees in Syria will overall increase by 15%, effective from 1 January 2015. The new fees will differ depending on whether the applicant is a Syrian national, Syrian company, foreign individual or foreign company.
Saudi Arabia	Saudi Patent Office to act as PCT Receiving Office Following Saudi Arabia's accession to the Patent Cooperation Treaty (PCT) in 2013, the Saudi Patent Office has announced that, effective from 1 January 2015, it will start acting as a Receiving Office under the PCT. As of this date, international patent applications may be filed at the Saudi Patent Office using WIPO's ePCT system.
UAE	UAE Trade Mark Office issues Circular on practice for appeals On 23 November 2014, the UAE Trade Mark Office issued a Circular confirming that all appeals against the rejection of a trade mark application will be decided upon by the Trade Mark Committee (which is an internal body within the Trade Mark Office). The Trade Mark Office has also asked all trade mark agents to provide a list of appeals before the Trade Mark Office together with a brief description of the basis of the appeal. This Circular appears to be a result of the Trade Mark Office's decision in May 2014 to cease issuing examination reports in relation to trade mark applications, and instead to issue only acceptance or rejection notices. This decision was reported by us in May 2014, and it has led to an overwhelming number of rejection notices being issued, the majority of which are being appealed. The recent Circular by the Trade Mark Office appears to recognise the difficulties of having large numbers of appeals handled by the Trade Mark Committee (which meets infrequently on an ad hoc basis) such that proactive steps need to be taken in order to avoid the backlog of appeals getting out of control.



UAE

Publication of the Executive Regulations to the Competition Law

The Executive Regulations to the UAE Competition Law have been published in the form of UAE Council of Ministers' Resolution No. 37 of 2014. The full title of this Resolution is the Executive Regulation to the Federal Law No. 4 of 2012 relating to Competition Regulation, and it came into force on 27 October 2014.

The Executive Regulations set out procedural aspects of the UAE Competition Law. Many of the crucial thresholds required for the implementation of the UAE Competition Law, including the definition of small or medium enterprises and the threshold for merger control, have yet to be published. These are expected to be issued at a later date by the Council of Ministers.

The UAE Competition Law has a significant impact on the commercialisation of intellectual property rights, as explained in more detailed in our article, [No safe harbour for IP licences in the UAE](#).



No safe harbour for IP licences in the UAE

UAE Competition Law has a major impact on IP licensing

By Rob Deans and Joycia Young, Partners, Clyde & Co LLP

For those involved in the commercialisation of intellectual property, the UAE has long been an attractive market.

IP owners looking to expand into the Middle East by licensing their rights to local entities in the UAE are, in most cases, able to select from a number of experienced and willing licensees. Equally, for local entities looking to partner with international IP owners, there is a seemingly endless queue of rights owners looking for growth opportunities in the UAE.

For many years, the legal regime in the UAE relating to the licensing of rights has been relatively straightforward. There are a number of pitfalls within the UAE Commercial Agency Law¹ which can have severe consequences if overlooked. There are also a number of formality requirements which are important to adhere to (for example in the UAE Trade Mark Law²).

However, for the most part, IP owners and their licensees have been free to enter into agreements on whatever terms they see fit and are able to negotiate.

This relatively relaxed regime started to change with the introduction of the UAE Competition Law³ which came into force on 23 February 2013. The recent introduction of the Executive Regulations to the Competition Law⁴ has taken things a step further.

Finally, once the Competition Regulation Committee (envisaged by both the Competition Law and the Executive Regulations) is fully operational, the landscape for licensing IP rights in the UAE may change dramatically.

What IP licences are impacted by the Competition Law?

The Competition Law seeks to enhance competition and combat monopoly practices, with a particular focus on restrictive agreements and the abuse of dominant positions.

Restrictive agreements

For those involved in the licensing of IP, the provisions of the Competition Law on restrictive agreements are likely to be of most concern. Article 3 of the Competition Law expressly confirms that the Law applies to any exploitation of IP rights which may affect competition in the UAE.

The provisions relating to restrictive agreements are set out in Article 5 of the Competition Law and they prohibit restrictive agreements which have as their objective, an effect of limiting or preventing competition, and it makes specific reference to agreements which:

- Specify the price at which goods or services may be bought or sold
- Specify the conditions of buying, selling and performing services
- Restrict the flow of goods and services onto the market and/or which withdraw goods or services from the market
- Divide the market based on geographic areas

¹ Federal Law No. 18 of 1981

² Federal Law No. 37 of 1994, as amended

³ Federal Law No. 4 of 2012

⁴ Council of Ministers' Resolution No. 37 of 2014 on the Executive Regulation of the Federal Law No. 4 of 2012 relating to Competition Regulation (Regulations)



For many IP owners and their licensees, restrictions of this nature are common-place. Take, for example, an exclusive trade mark licence which places restrictions on the licensee's use of the trade mark. This would arguably contravene Article 5 of the Competition Law.

Also, a franchise agreement may breach the Competition Law by placing strict conditions on the franchisee to operate the business in accordance with a system, or a detailed manual specified by the franchisor. Such an agreement may also limit the territory of the franchise to specific areas within the UAE (with, for example, one franchisee being appointed in Abu Dhabi and another being appointed in Dubai).

There are many other IP agreements which may, by their very nature, be considered as a restrictive agreement under Article 5 of the Competition Law. Whether a particular agreement will be prohibited by the Competition Law will depend on the interpretation of Article 5. Specifically, it is unclear at this stage whether an agreement which includes, for example, a provision specifying the price at which goods may be bought or sold would automatically render the agreement a 'restrictive agreement' under Article 5, or whether the agreement as a whole must have the objective of limiting or preventing competition in order to constitute a 'restrictive agreement'.

Abuse of a dominant position

The Competition Law also sets out, at Article 6, a number of restrictions which are designed to prevent businesses from abusing a dominant position. The question as to what constitutes a dominant position is defined by reference to a percentage share of the relevant market, with the percentage to be specified by way of a Cabinet Decision.

As at the time of writing, no Cabinet Decision has been issued on this subject, and it is therefore not possible to identify what does, and does not, constitute a dominant position.

However, if an owner of IP rights holds a sufficiently high market share to be in a dominant position, then certain restrictions will apply to prevent the position of the dominant party abusing its position. These include:

- Imposing prices or conditions on the reselling of goods or services
- Restraining a client from dealing with a competitor

These forms of restrictions are less common in many forms of IP licences. However, they will be relevant in some circumstances.

No safe harbour

However, importantly for the licensing of IP rights, the Competition Law does not include any exemptions either for vertical agreements (such as franchise agreements and other IP licences) or for technology transfer agreements. These block-exemptions which apply in the European Union do not apply under the UAE Competition Law.

In other words, there are no 'safe harbour' provisions which enable those involved in the licensing of IP rights in the UAE to proceed without regard to the provisions of the Competition Law.

Exemptions under the Competition Law

The Competition Law does, however, contain a number of exemptions. These include:

- Agreements relating to a commodity or service which is regulated by another Law⁵. The Competition Law specifies a number of such industry sectors, including⁶:
 - Telecommunications
 - Financial
 - Cultural (written, audio and visual)
 - Gas and petrol
 - Pharmaceutical
 - Postal
 - Electricity and water
 - Waste disposal
 - Transportation

This does not necessarily mean that a business operating in these sectors can ignore the Competition Law altogether. If, for example, a business operating in one of the above sectors enters into an agreement which relates to goods or services outside that sector, then the restrictions set out in Article 5 and 6 of the Competition Law may still apply.

⁵ Article 4, Competition Law

⁶ Annex 1, Competition Law



In addition, Articles 4 and 5 of the Competition Law set out exemptions for:

- Actions carried out by the UAE Federal government and the governments of the seven individual emirates which comprise the UAE. This exemption extends to government owned or controlled entities
- Small and medium sized businesses (in accordance with parameters to be fixed by way of a Cabinet Decision, which is yet to be issued)
- Agreements which are considered to have a ‘weak impact’ on the market, with the question of what constitutes a ‘weak impact’ agreement to be determined by reference to a percentage of market share to be specified by a Cabinet Decision (which has not yet been issued⁷)
- Restrictive agreements which are subject to the UAE Commercial Agency Law⁸. This is a limited exemption which appears to be designed to ensure that the protections put in place for registered commercial agents under the Commercial Agency Law do not contravene the Competition Law

Proactive notification required

As stated above, the Competition Law does not include block-exemptions relating to the licensing of IP rights and the exemptions which do apply under the Competition Law are limited. However, it is still possible to enter into an IP licence which is contrary to Article 5 or 6 of the Competition Law by using a notification and approval process which is set out under the Competition Law and the recently issued Executive Regulations.

The parties to an IP licence may obtain an exemption to Article 5 (restrictive agreements) and Article 6 (abuse of dominant position) if certain criteria are met. The parties would need to notify the Competition Regulation Committee of the proposed agreement *in advance*, seeking an exemption on the basis that the restrictive agreement or practices relating to a dominant position will lead to⁹:

- The enhancement of economic development
- The improvement of the businesses’ performance and their competitive ability

- The development of production or distribution systems
- The achievement of certain benefits for the consumer

The recently issued Executive Regulations set out a notification procedure to enable such exemptions to be obtained from the Competition Regulation Committee. However, the Competition Regulation Committee is not yet fully operational and it is therefore not possible to assess how willing the Committee would be to issue exemptions in particular circumstances.

In any event, the Executive Regulations make it clear (for example, by requiring a report on the economic effect of the proposed arrangement to be submitted to the Competition Regulation Committee) that obtaining an exemption from the Competition Regulation Committee is a substantive exercise which should not be taken lightly.

Consequences of non-compliance

The provisions of the Competition Law are focused on any business involved in anti-competitive practices. In the context of IP licences, these provisions can apply to both the licensor and licensee.

The penalties for non-compliance with Article 5 (restrictive agreements) and Article 6 (abuse of a dominant position) are significant:

- A minimum fine of AED 500,000 (approximately USD 135,000) will apply to a first offence, with the maximum fine being AED 5,000,000 (USD 1,350,000)
- A minimum fine of AED 1,000,000 (approximately USD 270,000) will apply to a repeated offence, with the maximum fine being AED 10,000,000 (USD 2,700,000)
- Closure of the offending business for between three and six months (at the discretion of the Court)

It is therefore important for those involved in IP transactions to be aware of the provisions of Competition Law so that an application can be made to the Competition Regulation Committee for an exemption to enable the transaction to take place without fear of a fine being imposed.

⁷ Article 5/3, Competition Law

⁸ Federal Law No. 18 of 1981

⁹ Article 7, Competition Law



Existing agreements

As stated above, proactive notification to the Competition Regulation Committee is required in order to obtain an exemption from the provisions of Article 5 (restrictive agreements) and Article 6 (abuse of a dominant position) of the Competition Law. The notification should take place in advance of the relevant agreement being entered into.

However, for those businesses which have existing agreements in place, the Competition Law provides for a six month transition period¹⁰. Although the Competition Law came into force in February 2013, the Competition Regulation Committee is still not fully operational and it is not possible to apply to the Committee for an exemption.

It is therefore hoped that, once the Competition Regulation Committee is operational, it will apply the six month transition period from the day it first accepts applications for exemptions. This will enable those entities with existing agreements in place to make the appropriate application for an exemption to the Committee.

Steps to be taken

Although the Competition Law has been in force for almost two years it has, to date, been a 'sleeping lion'.

The recent introduction of the Executive Regulations indicates that the Competition Regulation Committee may soon become fully operational. At this stage, IP owners and licensees will need to consider whether their agreements are caught by the provisions of the Competition Law and, if so, whether an exemption under the Law applies or whether an application for an exemption should be made to the Competition Regulation Committee.

Given the broad scope of the Competition Law and the penalties that can be applied under the Law, it is important that such a review is undertaken so that, if appropriate, an exemption can be applied for.



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¹⁰ Article 30, Competition Law



UAE Trade Mark Gazette

The latest edition of the UAE Trade Mark Gazette was published on 4 January 2015 and we have made a copy of this Gazette available online. This month's opposition deadline is 2 February 2015. Click [here](#) to access the Gazette.

Checking the Gazette

The link provided is the original Arabic language Gazette without an English language translation. This Gazette is in the form of an Adobe pdf file and it is possible to carry out key word searches in order to identify potentially conflicting trade mark applications.

Please note that due to the size of the Adobe pdf file, it may take several minutes for the Gazette to load. However, once loaded, it should be possible to review and search the Gazette without experiencing any delays.

Contacting us

If you identify any marks that are of potential concern, or if you have any queries, then please email us at ip@clydeco.com with:

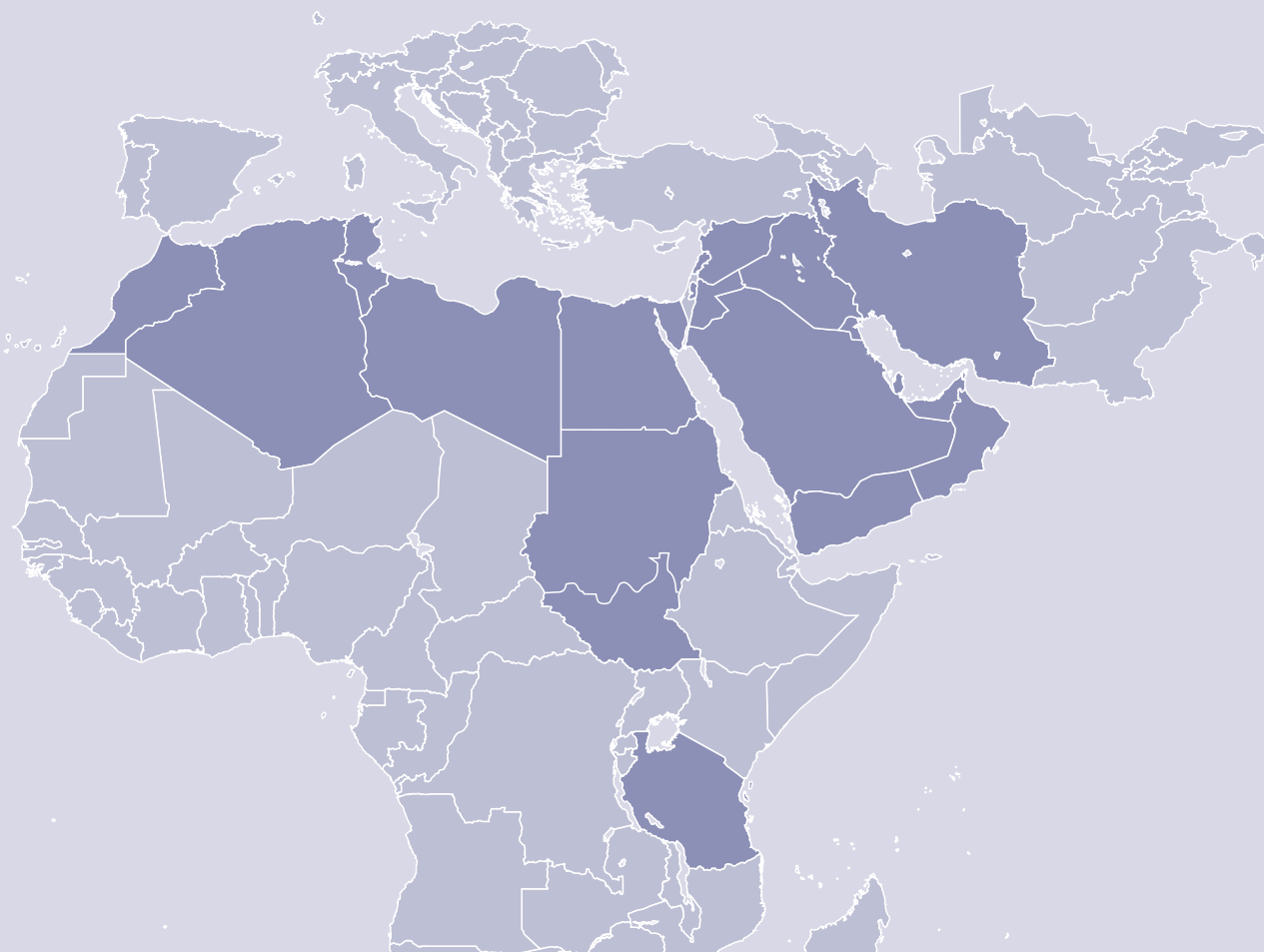
- The trade mark(s) of interest; and
- The relevant page number(s) of the Gazette

We can then check the Gazette and provide you with full details of the application so that you or your client can decide whether to file an opposition before the deadline and put in place a legalised Power of Attorney if necessary.

In order to have any chance of meeting the non-extendable opposition deadline where a legalised Power of Attorney is required, we will need your urgent feedback on marks of potential concern.

Should you require urgent assistance, we will need to conduct conflict checks to ensure we are free to assist.

Our regional coverage



“Clyde & Co LLP’s IP team, which is one of the largest in the region, has good local knowledge and gives practical, business-oriented advice.”

Legal 500 EMEA 2014

22 territories across the Middle East and North Africa (MENA) region

Algeria**
Bahrain**
Egypt**
Gaza (Palestine)**
Iran**
Iraq**
Jordan**
Kuwait**

Lebanon**
Libya*
Morocco**
Oman**
Qatar*
Saudi Arabia*
South Sudan**
Sudan**

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