



## The Gulf Cooperation Council (GCC) Trademark Law and its impact on current Saudi Trademark law and practice

For the past 20 years, the Gulf Cooperation Council (GCC) had been working on a regional unified trademark law. The law was eventually concluded in 2007. The government of Qatar, United Arab Emirates (UAE), Bahrain, and Saudi Arabia have announced their approval of the GCC trademark law but the law has still not entered into force in the said countries.

According to the Commercial Cooperation Committee (comprising the Trade Ministers of GCC member states), the GCC trademark law will come into force after six months of publishing the implementing regulations. The expected date for publishing implementing regulations of GCC trademark law is not known yet.

The member states of the GCC for the Arab States have made their preparatory steps to consolidate the national trademark systems; and in the near future, the Unified Trademark Law may enter into force in all the GCC states to harmonize the current national trademark systems in GCC member countries. It is a move, if occurred according to the plan, will result in fundamental changes on the overall national practical and judicial experiences in the field of trademark in most of the GCC states.

The GCC Trademark Law will be applicable in all GCC members countries i.e Saudi Arabia, Bahrain, Kuwait, Qatar, Oman and UAE. The step towards GCC Trade Mark Law is an attempt to harmonize the trademark system in GCC member countries while maintaining the national systems as the only route to apply for

a trademark registration in the region (with the exception of membership in Madrid Union by some of GCC member states). The impact of GCC Trade Mark Law may be substantial in some areas of trademarks depending on the current legislation in place in the member countries. The scope of this article is, however, limited to impact of the GCC Trade Mark Law on national trademark law of Saudi Arabia.

Unlike the GCC Patent Law, which is a unitary law, the GCC Trade Mark Law is a unifying law i.e it does not establish a unitary registration system. With its unifying nature, the GCC Trade Mark Law does not create a regional route in GCC for registration of trademarks and there will be no single platform in place for receiving trademark applications. The national route will therefore remain in place for trademark registration in the region.

The GCC Trade Mark Law is not a self-executing law, which means that to put in effect, each GCC member country would require legislative amendments to incorporate provisions of the GCC Trade mark Law—to the extent that provisions of the GCC Trade Mark Law are missing in their national laws. Foregoing in view, it cannot be said with certainty as to when the true application of the GCC Trade Mark Law throughout the GCC region will be put in place.

Herein below is a brief outline on the most important impacts of the implementation of the Unified Trademark Law in Saudi Arabia.

Unlike the GCC Patent Law, which is a unitary law, the GCC Trade Mark Law is a unifying law i.e. it does not establish a unitary registration system. The GCC Trade Mark Law does not create a regional route in GCC for registration of trademarks.

The GCC Trademark Law extends the subject matter of trademark to smell marks and sound marks, which will be a significant shift in Saudi Arabian trademark practice.

### Subject matter of Trademark

The definition of trademarks in the GCC trademarks law has been broadened, which will significantly impact the law and practice in Saudi Arabia. The current legislation in Saudi Arabia covers only conventional trademarks perceivable by sight and therefore unconventional trademarks, for instance sound marks, and smell marks could not be registered as trademarks. Article 2 of the GCC Trademark Law extends the subject matter of trademark to smell marks and sound marks, which will be a significant shift in Saudi Arabian trademark practice.

Article 1 of current Saudi Trademark Law covers shape marks, and in practice the term 'shape' has been used to register bottle shapes as well; however, it is not clear whether 'product's packaging' qualifies to be a trademark under the term 'shape'. After adoption of the GCC Trademark Law this ambiguity will be no longer in place in view of the fact that subject matter of trademark in the GCC Trademark Law includes the term 'packaging'. It can be confidently said that the intention to use of term 'packaging' was to include trade dress in the protectable subject matters of trademarks. Since the inherent distinctive capacity of trade dress and/or packaging is generally questionable, therefore the test of distinctiveness will be probably applicable in the same strict manner as done in rest of the world.

As per Article 5 of Saudi Trademark Law 'any interested person' can apply for registration of trademark and, for the sake of argument, it may have multiple interpretations. The law does not define the term 'interest' and one can argue with strict legal interpretation that 'interest' means some sort of (commercial) relation between the applicant and trademark, however, as per current practice in Saudi Arabia, a trademark application can be submitted whether 'used or intended to use'; which means that such interpretation of term 'interest' is not in place. The GCC Trademark Law clearly states that a trademark can be a mark 'used or intended to be used', leaving no room for interpretation as mentioned above.

The collective marks and certification marks are by nature very distinct, however, under the current Saudi Trademark Law the concept of collective mark and certification mark is ambiguously worded and the relevant provisions does not provide proper distinction between the two. The GCC Trademark Law in Article 34 & 35 stipulates eligibility criteria for collective marks and certification marks respectively, which will streamline the practice of the said type of marks in Saudi Arabia.

Foregoing in view, and with literal reading of Article 2 of the GCC Trademark Law, anything with distinctive character qualifies to be a registrable trademark; therefore test of distinctiveness will be prime concern during examination on absolute grounds, not the subject matter of trademark., except where expressly prohibited by law.

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### Well-known Marks

In pursuance with the provisions of Paris Convention and Trade Related aspects of Intellectual property Rights (TRIPS) agreement, the well-known marks are protectable in Saudi Arabia under Article 2 (j) of Saudi Trademark Law. The level of protection extended to well-known in Saudi Arabia is depended on registration of such well-known mark. In Saudi Arabia, registered well-known marks can prevent registration of any subsequent marks which are either identical or similar to such registered well-known mark for identical or similar or dissimilar goods and services, if there is a possibility of damage to the owner of well-known mark. The protection for an unregistered well-known mark is however limited only to identical or similar goods and services.

Under the GCC Trademark Law, conditions for a mark to be declared as well-known mark has been clearly stipulated which consist of extent of recognition by the concerned consumers as a result of its promotion, the length of period of registration or use, the number of countries of registrations or fame or value of mark and the extent of its impact in promotion of goods or services. This provision clarifies the burden of proof on owner of well-known mark when pleading their marks as well-known marks.

From the wordings of Article 4 of the GCC Trademark Law, it seems that there is a

significant difference as compared to protection granted to well-known marks in current Saudi Arabian Trademark Law. Important to note that Saudi Trademark Law clearly distinguishes registered and unregistered well-known marks and level of protection depends on registration of mark inside the territory of Saudi Arabia, whereas position in the GCC Trademark Law is very different. Under the GCC Trademark Law, it seems that there shall be at least one registration available in any country for a mark to be declared as well-known, and without going into detailed discussion, it is not clear, at least from the written legal provisions, whether registration in a country of dispute will have favorable legal consequences for owner of well-known marks.

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Under a judicially created principle in Saudi Arabia, a trademark protects not only the right holder but also consumers from deception. A significant impact of this principle is that consent from registrant of trademark does not help in registration of later identical or similar applied marks, and unregistered well-known marks should be no exceptions to this principle, if there is significant spillover of fame in Saudi Arabia. Under Article 4 of the GCC Trademark Law addressing well-known mark, consent of the owner has been clearly recognized as an exception for registration of well-known mark and it would be interesting to see whether Saudi authorities and courts will

recognize such consent, if there are clear chances of deception to consumers.

### **Contesting ownership of registered Trademark**

Article 7 of the GCC Trademark Law will also be one of the major amending provisions in current Saudi Trademark Law and wording of this article would be considered as a major trend setter in Saudi Trademark system. There is currently no provision in Saudi Trademark Law which makes the ownership of trademark incontestable after certain period of time. At the same time, drafters of Saudi Trademark Law missed an important provision which authorizes interested parties to challenge the registered ownership of trademark acquired without right. In practice, however, such action is occasionally accepted by courts with high burden of proof upon the plaintiff.

Article 7 of the GCC Trademark Law clearly provides that ownership of a registered trademark can be contested on the basis of prior use claim. At the same, the GCC Trademark Law in Article 7 (1) provides that ownership of a trademark cannot be disputed if the trademark is registered and combined with use for at least five years without any legal action taken against it. It seems that legal action refers to action challenging the registration/ownership of registered trademark; the provision does not clarify whether mere filing of action is meant from this provision, if yes, the said provision can be mis-used. Article 7 (2) further clarifies that registration can be disputed within 05 years of registration by prior user, which means that the 05 years use for incontestable ownership are the first five years, post registration.

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### **Prior use right**

Article 7 will also create an important governing principle in Saudi Trademark Law and practice—legislative recognition of prior use right. There is no provision in current Saudi Trademark Law which expressly recognizes prior use right, and such right could be only brought forward under general principles of the Shariah law. This would be a major change with significant impact on trademark disputes in Saudi Arabia.

### **Doctrine of specialty**

According to the current practice of Saudi courts, the golden rule that governs the comparison between trademarks is that priority should be given to the class of goods but not to the actual goods or services on which the trademark is to be used. This golden rule no longer remain as same as under the GCC Trademark Law, which in subparagraph 2 of its Article 9 adopted a completely different assumption. The similarity between trademarks is supposed to be determined under the GCC Trademark Law based on the actual goods or services on which the trademark is to be used but not on basis of the class of goods or services under which the trademark is registered. In this regard, the assumption inferred from the GCC Trademark Law is that the goods and services are not necessarily similar because they are listed under the same class; also, they are not necessarily different

because they are listed under different classes. Accordingly, the scope of protection under the current Saudi trademark law is very wide and is based on the class of goods under which the trademark is registered, while under the GCC Trademark Law the protection is relatively narrow because it has to be limited to the actual goods and services on which the trademark is to be used. This change will have significant impact during course of litigations in Saudi Arabia.

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### Opposition procedure

The opposition action against a decision of the Trademark Office, accepting registration of a trademark, is a pure judicial procedure under the current Saudi trademark law, which stipulates that the action should be filed to the Board of Grievances within a limited period as of the date of publication of the decision subject of opposition; while under the GCC Trademark Law, the opposition against a decision accepting registration of trademark, is an administrative action that is required to be filed to the higher person, who is in charge of the Trademark Office, which his decision is subject to appeal before the Board of Grievances.

The authors are of the opinion that in fact, the GCC Trademark Law has placed the opposition action in its right context from legal

perspective, because the opposition is an action against the administration's decision and according to the Saudi administrative law, such type of actions have to be initiated before the administration and the decision of administration is subject to appeal before the Board of Grievances, which is the administrative court in Saudi Arabia.

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### Partial cancellation of Trademark

The possibility of third party initiated partial cancellation is not clear under current Saudi Trademark Law, and unfortunately, it is left unresolved in the GCC Trademark Law. Article 23 of the GCC Trademark Law provides possibility of partial cancellation but this right is limited only to owner of the mark. As a current unresolved question in Saudi Trademark Law and practice, it is also not clear in the GCC Trademark Law whether a third party initiated action, limited to partial cancellation, would be admissible or not. The authors believe that such partial cancellation should be allowed on merits to discourage unnecessary broad protections which create blocking trademarks; however, neither Saudi Trademark Law nor the GCC Trademark Law has an explicit supporting provision.

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### Licensing of Trademark

The formalities and procedure attached to trademark licensing in the GCC Trademark Law are considerably different from the current Saudi Trademark Law. To discuss the main points of difference, under provisions of Saudi Trademark Law, the license shall be in writing and it shall be recorded in the trademark register to be effective vis-à-vis third parties. The registration procedure includes publication of trademark license agreement and objections can be filed by interested parties. License recordal can be removed from register at the request of owner or licensee upon proof of expiration or termination of agreement. As per stipulated procedure, the trademark office will notify the licensor or licensee (as the case may be) of request to remove the recordal of license and such party may file objection before the court. Once removal of license is finally decided, the announcement of removal is published at expense of the applicant.

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Position under the GCC Trademark Law is different and leaves some important questions unanswered. Under the GCC Trademark Law, recordal of license is not mandatory and it may, and may not be recorded. As far as validity of license agreement is concerned, it is understandable that recordal or non-recordal should not make a difference. However, what would be the legal consequences of non-recordal or recordal is nowhere discussed. Whether exclusive licensee would be authorized to initiate preventive actions on its own motion in case the license is not recorded, or whether the license would be effective vis-à-vis third parties in spite of non-recordal, remains unclear. In the absence of negative provisions in the GCC Trademark Law, it appears that license should be effective vis-à-vis third parties, even if not recorded in register, however, position would become clear once this law comes in practice.

Under Article 30 of the GCC Trademark law, there are provisions on restrictive covenants in licensing of trademarks. Accordingly, licensor cannot impose certain conditions on licensee consisting of limitations not resulting from the rights conferred by the registration of trademarks or any other conditions which is not necessary for maintenance of such rights. However, it is permitted to limit geographical territory, period of use, control by owner to maintain quality and any other condition which abstrain acts by licensee capable of prejudicing value of products and services to which license applies. Such provisions are absent from Saudi Trademark Law.

In view of above, licensing provisions in the GCC Trademark Law and Saudi Trademark Law are very different, and if adopted, it will be a major change in Saudi Trademark Law.

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### Assignment of Trademark

Under Saudi Trademark Law, the owner of a trademark can assign registered trademark through written ownership transfer agreement, which must be recorded with trademark registry. There is no provision in Saudi Trademark Law which clarify whether trademark can be partially assigned to any other party. The GCC Trademark Law, in Article 27, expressly states that the ownership of trademark may, in whole or in parts, be assigned. Currently in Saudi Arabia, partial assignment is hardly accepted, however, the practice may likely change after adoption of this provision from the GCC Trademark Law.

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### Mortgage of Trademark

Another important point of distinction between the Saudi and GCC Trademark Law is mortgage of trademarks. The GCC Trademark Law has a clear provision which permits partial

mortgage of trademarks—there is no such provision in Saudi Trademark Law.

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### Protection of Geographical Indications

Saudi Arabia does not have a standalone law for protection of geographical indications; however, due to its nature, in practice some countries around the world are protecting geographical indications under collective marks or certification marks. The GCC Trademark Law in Article 37 has extended legislative support to such practice and provides option to the GCC member countries to protect geographical indications under collective or certification marks.

### Concluding remarks

The extent to which this unifying GCC Trademark Law would be truly successful in harmonizing the practice in member countries would be early to say. Interpretation of certain provisions of the GCC Trademark Law and national enforcement mechanism may still lead to conflicting outcomes on common issues in each member countries. Article 51 confers upon the Committee of Commercial Cooperation, the authority to interpret the GCC Trademark Law, however, it would be interesting to see how this works from practical point of view. How member countries will respond to interpretation of the centralized committee in event of conflict with certain provisions of national laws or overall national public policy objectives is a question to be answered.

The authors are of the opinion that attempt to harmonization of trademark law by the GCC member countries, and as a result, drafting of unified trademark law is an important milestone, which will help the brand owners to manage their trademark portfolio with certain degree of certainty in the region. The unified law will also help trademark practitioners in more efficient counselling and, to some extent,

predictable outcomes to their clients in multiple jurisdictions of the gulf region.

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### Contributors Profiles:

 <p>Mohammad Jomoa, BS (Chemical Engineering), PDG IP Laws. Intellectual Property Manager at Kadasa &amp; Partners.</p> <p>Having more than 25 years of experience in Gulf region, he is a counsel in techno-legal matters of Pharmaceutical, Petro Chemical Patents, and Trademarks legal matter.</p> <p>mjomoa@kadasa.com.sa</p>	 <p>Tariq Zain El-Abdeen, LL.B. Senior Legal Advisor at Kadasa &amp; Partners.</p> <p>Having more than 25 years of experience in Gulf region, he is advisor in Corporate, Commercial and Intellectual Property legal matters.</p> <p>tzain@kadasa.com.sa</p>	 <p>Asif Iqbal, LL.M (IP Laws), LLB, M.Phil. Intellectual Property Counsel at Kadasa &amp; Partners.</p> <p>Having 10 years of experience in Intellectual Property law, &amp; Management, he is a counsel in Intellectual Property legal matters and IP Portfolio Management.</p> <p>aiqbal@kadasa.com.sa</p>
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### Contact us:

Kadasa & Partners CO.  
Ibn Katheer st., King Abdulaziz st.  
Kadasa Building  
PO Box 20883, Riyadh 11465, KSA  
**Tel:** +966 11 4740777, +966 11 4792053  
**Fax:** +966 11 4761044  
**Email:** [info@kadasa.com.sa](mailto:info@kadasa.com.sa)