

Iran

Contributing firm

HAMI Legal Services

Author

Mohammad Badamchi

Partner

1. Legal framework

The Patent and Trademark Registration Act and Regulations, together with the Paris Convention for the Protection of Industrial Property and the E-commerce Law, establish the legal framework for the registration and protection of trademarks in Iran, and set out the procedures for civil actions and criminal prosecution. The Public Criminal Code also contains provisions for the criminal punishment of counterfeiters.

A new Intellectual Property Law is currently before the Assembly and awaiting ratification to ensure compliance with the World Intellectual Property Organization standards for the registration and protection of IP rights. Iran's IP legislation is undergoing a series of major reforms intended to adapt the regime to reflect modern trade practices and technological developments.

The Madrid Agreement and the Madrid Protocol on the International Registration of Marks entered into force with respect to Iran on December 25 2003. Iran's accession brought the number of contracting parties to the Madrid System to 74.

2. Unregistered marks

Protection

The Iranian regime provides no protection for unregistered marks; a mark must first be registered in order to enjoy protection.

Trademarks may be used in Iran without registration, but the owner of an unregistered trademark does not enjoy the privileges of the law to prevent and recover damages for infringement. The exclusive right to use a trademark rests with the party that has registered the mark. A registration certificate constitutes

prima facie evidence of ownership and of the trademark owner's exclusive right to use the trademark and enforce its rights in Iran.

Registration is compulsory for all trademarks used in relation to pharmaceuticals, foodstuffs and cosmetics; otherwise, registration is optional.

Use requirements

Mere use of a trademark does not entitle the user to enforce its unregistered rights and benefit from protection of the mark. In order to enforce trademark rights, the owner must first obtain registration of its mark; the courts will protect and enforce its rights only on the basis of such registration.

3. Registered marks

Ownership

Trademark owners, users, authorized agents, priority registrants, joint owners and users can apply for and own a mark in Iran. Foreign persons and companies are treated identically to Iranian nationals.

Owner or user: Iranian or foreign nationals with commercial, industrial or agricultural establishments may apply for the registration of their trademarks in Iran.

Priority registrant: The owner of a foreign mark can obtain registration in Iran of a mark that has previously been registered or filed in a foreign country. It is advisable that reference to the prior registration or application be made in the Iranian application. In such case a certified copy of the cited registration must be filed with the Trademark Office. Paris Convention priority must be claimed at the time the application is filed and a certified copy of priority document must be filed with the Trademark Office.

Joint owners or users: Joint owners or users of a trademark may apply for registration by filing a single application.

Authorized agent: A trademark owner who has neither a domicile nor a business establishment in Iran must appoint an attorney at law in Iran as agent to participate in all proceedings before the Trademark Office and the courts, as necessary. The authorized agent must submit to the Trademark Office a legalized power of attorney signed by the trademark owner and a service address in Tehran.

Scope of protection

Trademarks that have already been registered in another's name, or that so closely resemble an earlier registered mark that the average consumer would be confused, cannot be registered.

Marks that consist of unauthorized content, whether in whole or in part, may not be used and registered as a trademark. Such content includes:

- the state or any other flag whose use is prohibited by the Iranian government, as well as medals, decorations or insignia of the Iranian government;
 - phrases or words which might suggest any connection with official authorities of the state or government;
 - the insignia of official authorities such as the Red Cross, the Red Crescent and the like;
 - marks that are contrary to public policy or morality;
 - marks that cover Class 33; and
 - marks consisting of a device of a woman.
- The Trademark Office opposes applications for such marks on the grounds that they are contrary to public policy and morality.

Marks that contain prohibited subject matter cannot be registered and enjoy trademark protection. These include:

- marks that are contrary to public policy or morality; and

- marks whose use would be likely to deceive or cause confusion for consumers.

4. Procedures

In order to register a trademark, the applicant or its authorized agent must file a written application in triplicate with the Trademark Office. A number will be assigned to the application and the Trademark Office will immediately issue a receipt in return.

The trademark application will be examined by the Trademark Office and, if no objections to registration are raised, the application will be published, followed by a 30-day opposition period. If no oppositions are filed within this period, the mark will be registered and a number assigned to it. The registration will then be published once again and the registration certificate will be issued following publication.

Examination

Trademark applications will be examined for formalities, distinctiveness and non-descriptiveness in the light of registered marks. The application will also be examined for compliance with the law and public policy and morality.

Formalities: The application will be examined to determine whether it satisfies the requirements of the laws and regulations, and to ensure the classifications are correct.

Distinctiveness and non-descriptiveness: To qualify for registration, a mark must be distinctive so that it is easily distinguishable from the marks of others. Marks that are deemed non-distinctive and descriptive include:

- marks that are devoid of any distinctive character;
- marks that consist exclusively of signs or indications which may serve in trade to designate the kind, quality, quantity,

- intended purpose, value, place of origin or time of production of the goods; and
- marks that have become customary in the current language or in the good-faith and established practices of the trade in Iran.

Public policy and morality: A trademark application will also be examined to ensure compliance with public policy and morality. Iran is an Islamic country and has its own principles of morality. For example, marks consisting of a device of a woman may not be registered. In *Shahrzad Tea v Trademark Office* the Trademark Office opposed a trademark application claiming that the use of a figure of a woman as a trademark is contrary to public policy and morality. The court of first instance upheld the decision but the appellate court reversed, ruling in favour of registration of the SHAHRZAD mark and device of a woman. The appellate court held that since the applicant had amended the device in keeping with local good morals, the Trademark Office's objections were ill-founded.

Marks covering Class 33 may not be registered because the manufacture, import, distribution and consumption of alcohol are contrary to Islamic rules and prohibited in Iran. However, it is arguable that, according to Article 7 of the Paris Convention, the nature of the goods for which a trademark is to be used cannot constitute an obstacle to registration; if the representation of the mark is not contrary to public policy or morality, there are no grounds to oppose the mark on the basis of the covered goods.

Opposition

After the examination the Trademark Office will publish the trademark application, which will be followed by a 30-day opposition period.

The following persons may oppose the application within the opposition period, which begins to run from the date of publication:

- persons who believe that the new trademark is identical to their own mark; and
- persons who believe that the new trademark is confusingly similar to their own.

If a trademark owner has not already registered its mark in Iran and would like to oppose a new application, it must file an application for registration of its mark simultaneously with the opposition.

The post-registration opposition period is three years from the date of registration. No opposition may be accepted once this period has expired. If a trademark owner can prove that the opposing party became aware of a conflicting registration within three years of the registration date, but nonetheless failed to file an opposition within this period, any subsequent opposition will be rejected.

An important point in opposing a trademark application is that, if the opposing party is not fully certain whether the mark for which registration is sought would violate its rights, but is nonetheless serious about cancelling the registration, it is advisable not to oppose the trademark application. This is because the post-registration opposition period is three years from the date of registration only if the opposing party was aware of the registration of the conflicting mark. By opposing a trademark, the opposing party makes clear that it is aware of the registration of the conflicting mark and the post-registration opposition period begins to run. In contrast, after the post-registration opposition period has expired, the opposing party may file a lawsuit seeking cancellation of the conflicting trademark, claiming that it had no information about the registration.

Registration

If no oppositions are filed within the 30-day opposition period, the Trademark Office will duly register the trademark. Upon registration,

the Trademark Office will publish the registration in the *Official Gazette*. The registration certificate will be issued after publication of the registration.

A trademark enjoys protection for 10 years, which can be renewed indefinitely for subsequent 10-year periods. A six-month grace period is allowed for late renewals, after which the trademark registration lapses.

Removal from register

Cancellation/surrender: Registration of a trademark may be cancelled or surrendered in the following circumstances:

- if a trademark owner brings a cancellation action against the registration claiming that the marks are identical;
- if a trademark owner brings a cancellation action against the registration claiming that the marks are confusingly similar and would thus confuse the average consumer;
- if a trademark owner brings a cancellation action against the registration claiming that the use of the conflicting mark is an act of unfair competition or would mislead consumers, or that the mark was registered or used in bad faith; or
- at the request of the owner to surrender the registration in respect of some or all of the goods and/or services for which the trademark is registered.

Revocation: At present, a registered trademark is not vulnerable to revocation for non-use in Iran. Previously, Article 13 of the Trademark Regulations provided that a registered mark could be vulnerable to revocation for non-use. However, a competent court recently repealed this article, holding that it must be included not in the regulations, but rather in the law which requires ratification by the Assembly. There are no other provisions for cancellation of a mark for non-use, so registered marks are not currently vulnerable to revocation for non-use.

Invalidation: There are no provisions for the invalidation of a registered mark by the Trademark Office. The only authority with competence to cancel a registered mark is the court.

Any interested party may bring a cancellation action before the court to cancel a registration. No administrative actions on the cancellation, enforcement and protection of marks before the Trademark Office are available in Iran.

5. Enforcement

Complexity

The Iranian legal system affords no protection to unregistered marks. Only registered marks enjoy protection and can be enforced through civil or criminal actions.

A criminal complaint is a swift and effective action against infringement. If a trademark owner finds that its trademark is being forged and counterfeited in such a way that consumers do not realize they are purchasing fake products, or that use of a confusingly similar trademark is misleading, it may launch a criminal action. Although it is also possible to do so, it is not advisable to bring a criminal action in cases where the similarity between the marks is arguable.

A trademark owner can enforce and protect its rights and prevent others from infringing its rights through a civil action. If a trademark owner finds that its trademark is being used by others and/or is being counterfeited in such a way as confuses and misleads consumers, it may bring a civil action to stop the infringement. Where the similarity between the marks is arguable, it is advisable to bring a civil action rather than a criminal action, because the court must first be satisfied that the similarity would confuse and mislead the targeted consumers before ordering the infringer to cease use of the imitated mark.

It is difficult to say whether criminal or civil cases are generally more efficient. Each case requires a definite anti-counterfeiting policy and must be handled and treated according to the individual facts and circumstances. While criminal actions are generally prompt and efficient, some infringements cannot be dealt with in this way.

Timeframe

It is hard to give an exact timeframe for a criminal action. However, criminal actions are much faster than civil actions; most are settled at the Prosecutor's Office stage within two to three months.

To give a rough timeframe for a civil action, it usually takes about six months to obtain the first instance judgment and a similar period upon appeal.

6. Ownership changes – legalization requirements

The rights conferred by registration may be assigned to another person in respect of some or all of the goods and/or services for which the trademark is registered.

An assignment of a registered trademark must be registered. An unregistered assignment is not effective against third parties.

The documents required to record an assignment of a trademark are as follows:

- either certified proof of the recordation of assignment from the respective trademark registry or a deed of assignment signed by both parties and legalized by the Iranian consulate;
- a valid, original Iranian certificate of trademark registration or renewal for endorsement; and

- a certified and legalized power of attorney signed by the assignee before the Iranian consulate.

7. Areas of overlap with related rights

There are currently no provisions extending copyright protection to foreigners: the Copyright Law protects only the copyright of Iranian nationals within Iran.

It is possible to protect packaging through trademark registration. There is no law on industrial designs in Iran and the owners of distinctive packaging have, in some cases, succeeded in enforcing their rights through trademark registration. At the same time, there is some debate about the protection of packaging through trademark registration.

8. Online issues

The E-commerce Law provides for the protection of trademarks used online, fair competition and consumers. The use of a mark as a domain name, or any online use of a trademark that confuses or misleads consumers as to the source of goods or services, is considered an infringement and prohibited by the law.

The E-commerce Law provides IP rights owners with remedies against the following activities:

- domain name registration of an existing trademark by an unauthorized party;
- domain name registration of a name that is confusingly similar to an existing trademark owned by a third party; and
- domain name registration of another party's trademark in the top-level domains '.ir', '.co.ir' and similar.

The E-commerce Law prescribes that the use of trademarks as a domain name, or any online use of trademarks that may mislead or confuse consumers as to the source of goods and services, is illegal; the infringer will be liable for criminal penalties ranging from one to three years' imprisonment and fines of between \$2,500 and \$12,500.

