

## Trademarks from the perspective of Iranian criminal law

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### ABSTRACT

Regarding the developments of our time, the individuals' tendency as well as legal requirements are increasing to choose a brand to differentiate a specific business character from the others and to choose a trademark to distinguish goods and services. Brands and trademarks are the central elements of marketing and the strategy for the supply of goods or services. In essence, business competition is the competition of brands and trademarks rather than merchants. The increase in the trade transactions has a direct relation with the increase of the insidious business competitions which have developed in recent decades with the use of new technologies in different ways. Currently, the most common fraud in the field of trade and the most insidious competition is the simulation of the trademarks which is considered as the most common claims in the court of justice. Hence, according to the value and commercial and economic importance of these marks and the development of science and new technologies, opportunists always seek opportunities for abuse, forgery, fraud and unauthorized exploitation of the rights of these marks. Therefore, it is necessary to clarify and strengthen the enforcement mechanisms and forecast and create an efficient and effective laws and regulations as well as preventive and supportive measures in this field.

### KEYWORDS

trademark, penalty, rights, prison, court, Iran

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### Introduction

Trademarks were used for a long time in a market or in a city as long as a person did a business or certain goods trade in the same city or market. It was considered as one of the key areas of trade, development and sales of unknown business merchandise and acquiring reputation for quality and diversity of the products or high value products. In the Middle Ages, marks of jewelry and gilding workshops came into existence so that the initial steps were taken to issue a registration certificate. The trademarks have always been important during human history and have been used to introduce products and business

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services and to differentiate among them. On the other hand, they have sometime played a crucial and strategic role in trade and financial markets. Hence, according to the value and commercial and economic importance of these marks and the development of science and new technologies, opportunists always seek opportunities for abuse, forgery, fraud and unauthorized exploitation of the rights of these marks.

Since the trademark is one of the key elements of the trade, national and international laws support this commercial right to preserve those goods from counterfeiting and unauthorized exploitation. Therefore, the legal rules for trademarks are very subtle and complex. In other words, it can be said that they are not exactly the same things that a business man think of or come to his mind based on some experiences in selling goods, but rather they have subtleties that must be explained in the rules.

### **The objectives of sentencing about trademark abuse**

There are two important objectives concerning the punishment about trademark abuse; prevention and enforcement to compensation. The primary purpose of the implementation of the rights of trademarks is to determine the means and tools to prevent the violation of others' rights, and the secondary purpose is to force the violator of the right to respect it. The most important one of these objectives is the prevention of violations of the right. The best way to protect the right is that the state must predict measures to prevent the violation of the right. The length of the hearing process and its high costs make it hard for rightful individuals to punish the aggressors easily and quickly (Katozian, 1376).

Current laws and regulations take things so easy for the debtors that they do not have any fear of going to court and being punished for the violation. On the other hand, if the debtor is familiar with laws and legal rules and proficient enough, he can delay the verdict and eventually hiding or transferring his property, he can make the implementation of the right impossible or even difficult and long. Obviously, with the development and progression of human in various arenas, it is necessary to change and update legal rules to meet the needs of right holders. Therefore, the legislator must predict more serious and strict solutions which have more deterrence capability (Sadeghian, 1391).

Prevention of violations of the right requires government intervention in the private relations of individuals and it can sometime be seen in our laws. For example in real estate transactions, the inquiry is made from the Registration Office about the subject of the transaction or the court determines administer to keep the assets or it issues a writ of garnishment at the request of creditor. (Katozian, 1376)

This sanction can have different aspects that if we want to point it out briefly, we can categorize the whole aims in three categories. The first goal can be the prevention of exclusive right whether it is attributed to them through negotiation, a contract or intervention of court or other relevant institutions. The second goal is to get the salary for assigning the exclusive right to others.

You can also do it through a contract or intervention of a third party such as court. The third goal is that you can trade your exclusive rights with others and cooperate in a deal; especially, the freedom of using others' property rights can be the subject of your contract.

On the other hand, in order to impose sanctions aiming at trademark, certain goals are also considered that guarantee the rights of consumers to buy goods or to provide services according to their expectations. The protection of related rights can guarantee security in the trade in terms of preserving commercial reputation of commodity producers or service providers with specific trademark. In addition, an effective sanction can guarantee the rights of commodity producers and service providers with specific trade mark in commercials. On the other hand, this issue will increase the competition and will encourage and motivate the owners of the relevant marks. (Sadeghian, 1391).

### **Types of sanctions aiming at trademarks**

To ensure the reputation and durability of the right, often sanctions is anticipated for it. This sanctions can be civil or criminal. Civil law and criminal law in terms of their nature have a variety of sanctions through which they meet their needs. Civil law directs the will of people through cancellation, termination, automatic termination, and lack of validity and accuracy of legal act. It uses concepts such as the restoration of the situation and the restoration of the property, specific performance and compensations and civil liability prediction to return the person to conventional status before the criminal act. Spiritual damage is also brought up to restore his sense of satisfaction and it relieves him and his pain. In the criminal law, punishment is the main sanction which can be seen in jail, paying a fine, deprivation of life and revenge, and social deprivation such as the dismissal from the public and governmental services. Security and Corrective Measures are another familiar name in the category of sanctions. Further developments in criminal law have replaced the traditional penalties with social penalties and preventive strategies and the replacement is still ongoing (Khodabakhshi, 1389).

In our time, penalty means prevention of crime as well as punishment of criminal. In our penal system, several measures have been predicted which are sometimes under the title of deterrent punishments and sometimes with the title of consequential punishments. Maintaining the order and social support are clearly evident in imposing these punishments. (Ardabili, 1384)

However, the implementation of criminal, Security and Corrective Measures has the same principles that are not allowed to be violated. Execution of punishments and corrective measures requires to restrict individual liberties and impose hardships that if it exceeds the necessary limits, may be considered as violation of the rights of others. It is obvious that the legislator has predicted penalties for each crime. Therefore, the number of penalties are the same as the

number of the offenses set forth in the law. However, these penalties can be classified and reviewed on the basis of different criteria.

### **Penalty; its type and severity in trademarks**

As the prediction of possibility of legal dispute for the owners of trademarks, criminal penalties have been predicted in Article 61 of the new penal law for those who violate the exclusive rights of trademark owners. The violation of the rights of the trademarks due to its commercial nature and frequency of their use in trade, can lead to the disruption of economic public order. Since the trademark owners introduce all of their economic activities and business initiatives through these marks to consumers, the size of damages to the owners of these marks will be noticeable. Therefore, the necessity of criminalization in this area will be considerable. The fact has been considered both in the TRIPS Agreement and Iranian Law. Article 61 of the TRIPS stipulates that "Members shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity. In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. Members may provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights." (Article 61 of TRIPS)

The following topics and issues can be derived from the provisions of the above article:

- A. It is necessary to correct the mistake before accepting the declaration or in the space after the acceptance of the declaration and before the registration of the mark or even after the registration of the mark.
- B. If the reforms are after the acceptance of the declaration and publication of relevant ads and it is relevant to the mark itself or goods and relevant services, it must be done through the submission of new declaration. Industrial Ownership Office examines the declaration and if demanded amendments accepted, it will be advertised.
- C. If the reforms have no effect on the nature of the mark or related goods or services, there is no need for advertisement if accepted at any stage. (Mir-Hosseini, 1390).

In patent and trademarks law of 1310, there was no sanction to guarantee trademark rights and only articles 46 and 47 of this Act had recognized the possibility of criminal lawsuit in this area.

In patent and the trademarks law enacted 1386, criminal penalties have also been predicted for violators of the rights of the trademarks. In Article 61 of the

Act, any person who knowingly and deliberately commits an act that according to Articles 15, 28 and 40 is considered as violation of the rights or is considered illegal action under Article 47, he is found as guilty and in addition to the compensation, he will be convicted to pay fines from ten million rials to fifty million rials or imprisonment from ninety-one days to six months or both.

In the Penal Code, there are rules and regulations about forging marks and using forged marks and unauthorized use of marks that are expressed in detail: Paragraph 2 of Article 525 of the Penal Code stipulates that anyone who forges seal or stamp or mark of the companies or institutions or government departments or the Islamic Revolutionary bodies or uses them knowingly or imports them to the country, in addition to compensation for damages, shall be sentenced to one to ten years imprisonment. Therefore, according to the provisions of the law, this does not include marks of individuals and private companies. In addition, the following amendment to Article 525 of the law stipulates that anyone who, deliberately and without holding the required documents and official domestic and foreign permission, and with the intent to inspire doubts in the quality of products and services, uses the title and emblem of national or international standards shall be sentenced to the maximum punishment prescribed in this article.

Article 528 of the Islamic Penal Code has also discussed the counterfeiting or use of the symbols of non-governmental public institutions. The Article stipulates that anyone who forges the stamp or seal of any non-governmental organizations or public bodies such as municipalities, or uses them with the knowledge that they are fake, in addition to compensation of the damages, shall be sentenced to six months to three years' imprisonment. (Mir-Hosseini, 1390).

The Articles 529 and 530 and 531 of the Penal Code have also stated deterrent rules about counterfeiting of the marks of private companies, unauthorized use of seals or symbols and punishments of the committers of such crimes. In addition, in e-commerce law enacted 1383, there are cases related to criminal sanction in the field of trademarks.

According to Article 76 of the Act, violators of the Article 66 of this Act will be condemned to one to three years in prison and a fine of twenty million Rials to one hundred million Rials.

Regarding the rules and regulations governing criminal sanctions of these issues, it seems that it is important to recall and describe the following points:

- A. In the law of patent, industrial designs and trademarks, there is not an article about the forging of the trademark and the only criminalization is about the use of another's trademark without permission.
- B. The Islamic Penal Code has criminalized the counterfeiting of trademarks of governmental organizations and public institutions and private companies.
- C. Counterfeiting of trademarks means simulation and since it has not originality, causes distrust and disruption of trade and is despicable. If a mark is

manipulated so that a part of it is erased or its establishment date is changed, it is considered as counterfeiting. (Hqiqat, 1389)

D. Considering penalties in Article 25 of the Act is due to the losses imposed to the important institutions and organs of the country. The use of the subject of Article 530 of the Penal Code is another way of using which in addition to paying compensation for damages, it is attributed to two months to two years imprisonment.

E. In using forged trademarks, in addition to the will in the act, the forger must be aware of the forgery. Therefore, in the use of the trademark without the owner's permission, the user have to be aware that the mark is owned by someone else and is used without his permission.

F. Finally, this must be acknowledged that trademark right is one of the few crimes against industrial property rights which an attempt for doing it can be punishable in accordance with Article 542 of the Penal Code. (Haqiqat, 1389)

### **Prompt and provisional measures**

Prompt and provisional measures in the field of trademarks are actions maintaining the status quo at the time of issuing the provisional order and preventing violation at the outset and stopping more violation of the trademark rights as well as preserving the evidence of the nature of the violation and its severity and identifying abusers. Article 50 of the TRIPS Agreement stipulates that the judicial authorities shall have the authority to order prompt and effective provisional measures for various objectives. The first objective is to prevent an infringement of any intellectual property right from occurring, and in particular to prevent the entry into the channels of commerce in their jurisdiction of goods. Another goal is to preserve relevant evidence in regard to the alleged infringement.

Given the importance of these actions and their impact on protecting intellectual property rights and also considering the actions contrary to the principle and preventing harm to the person suspected to alleged violation of rights, TRIPS Agreement has predicted conditions for applying the aforementioned measures. (Mir-Hosseini, 1390).

The most important examples of prompt and provisional measures is demand for evidence gathering and demand for provisional order. Hence, one of the most important legal actions is to resort to things that on one hand prevent further damage and on the other hand provide the possibility of compensation. Thus, the legislator has stated the safeguarding measures in Article 60 of the Law on patents, industrial designs and trademarks and Articles 182 and 183 of its regulation. So, here the demand for evidence gathering and the demand for provisional order can be cited as safeguarding measures to prevent infringement of trademarks or its continuation. As for the gathering evidence, it should be noted that one of the primary measures is to have an inventory of manufactured, imitated or fake goods. This action firstly prevents the distribution of goods and

greater losses and secondly it provides sufficient evidence to prove claims. Accordingly, the trademark owner or his deputy has the right to demand for evidence gathering and having inventory of counterfeit goods. Thus, the evidence gathering demand is submitted to the court independently. In this case, within ten days after the inventory taking, the trademark owner must submit a claim for loss or damage to Tehran public court, otherwise the evidence gathering will be vitiated. If the demand for evidence gathering is submitted to the court attached with the original petition, it will be considered as demand for evidence gathering and the procedure will be completed by the judge or the court office manager. (Karimi, 1389)

The aim of the implementation of the initial measures is to prevent counterfeit production and its supply to the consumer in order to prevent the damage or its continuation and ensure the rights of the trademark owner.

On the other hand, to prevent the distribution and sale of products infringing the exclusive right of trademark registration in the community, the trademark owner can ask the court to issue a provisional order for the confiscation of counterfeit goods or preventing the manufacture or sale or import and export of counterfeit goods. In this case, the court is obliged to accept such a request. Before issuing the provisional order, the court should ensure sufficient assurance from the plaintiff for potential compensation so that, if necessary, this will compensate any damages to the person who suffered the damages. (Sadeghian, 1391)

In addition, Article 184 of the Executive Regulation of the law on patents, industrial designs and trademarks enacted 1386 stipulates; "if the main dispute does not arise, the mark owner has the right to request for provisional order and then within 30 days after the provisional order he can request for the original proceedings otherwise the order shall be void".

Therefore, by applying the criminal sanctions and safeguarding measures in accordance with national and international laws, fraud and counterfeiting of trademarks can be prevented significantly.

## Conclusion

New laws and regulations criminally are more developed than former ones. In patent and trademarks law of 1310, there was no sanction to guarantee trademark rights and only articles 46 and 47 of this Act had recognized the possibility of criminal lawsuit in this area. In patent and the trademarks law enacted 1386, criminal penalties have also been predicted for violators of the rights of the trademarks. In Article 61 of the Act, any person who knowingly and deliberately commits an act that according to Articles 15, 28 and 40 is considered as violation of the rights or is considered illegal action under Article 47, he is found as guilty and in addition to the compensation, he will be convicted to pay fines from ten million rials to fifty million rials or imprisonment from ninety-one days to six months or both. It seems as a good change in the law. The enactment of Article 62 was very important because before the

enactment, Criminal authorities only relied on Article 529 of the Penal Code which had a relatively limited territory. In this regard, it can be said that the laws and regulations enacted in 1386 in the field of intellectual property rights are more complete and comprehensive compared to former ones and they somewhat meet the current needs. The legislator has tried to match them with international rules and principles as much as possible in order to cover them. However, due to the lack of transparency and stipulation of the rules and related sanctions, it has given some opportunities to abusers and it has left the sanctions on implementation of owners' rights open to be interpreted from the cited rules.

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