

Roxtec International AB **vs** **A Local Saudi Entity**

Case Highlights

- Infringement of a Registered Trademark.
- Order of destruction of counterfeit goods.
- Award of Damages depends on Islamic Principle of Damages.
- Criminal Liability in Trademark Infringement.



This case between Roxtec and a local Saudi entity clarified many legal issues in Saudi legal practice. The basis of action was a registered trademark ROXTEC in favor of Roxtec International AB against a local Saudi entity. The claim of the plaintiff was that the defendant is selling counterfeit products, with inferior quality, using the registered trademark ROXTEC of the plaintiff which is damaging the reputation of famous ROXTEC brand. Roxtec deals in high quality equipment used in telecommunication industry.

Anti-Commercial Fraud Department (ACFD) investigated circulation of counterfeit products in the local market, and after recovery of counterfeit products in raids, criminal action was initiated by public prosecution section against local entity.

The Administrative Court in Riyadh after reviewing the investigation reports conducted by government department and registered trademark rights of Roxtec issued perpetual injunction against defendant to stop dealing with counterfeit products.

Prior to decision of civil action, criminal case initiated by public prosecutors was decided wherein Criminal court accepted the defense of that since the products were purchased from an intermediary, and this intermediary had purchased goods from a UAE based manufacturing company, the defendant cannot be made criminally liable for such purchase. Using the earlier judgement, the stance of defendant was that there is no liability of infringement or counterfeiting.

The Administrative Court ruled out that since it is clear from the investigation reports of government agency that the goods are not from the original source ROXTEC, the goods are infringing goods under Saudi trademark law and the defendant cannot be allowed to trade in such goods. The court ordered the defendant to stop dealing in infringing goods and ordered destruction of all the infringing goods.

On the point of award of damages, Court refused to award compensation due to lack of sufficient evidence as required under Shariah Law. The Court explained that to prove right to damages, the damages caused to Plaintiff shall be directly caused as a result of infringement committed by Defendant. Unfortunately, Court did not clarify what kind of evidence will be required or what would the standard of evidence required to prove cause and effect relationship. The question of damages calculation and required evidence to substantiate such claim leaves a certain level ambiguity in practice.

Novartis vs A Local Pharma Saudi Entity

Case Highlights

- Infringement of a GCC Patent.
- A GCC Patent is enforceable in Saudi Arabia
- Marketing Authorization does not exempt Patent Infringement.
- Award of Damages depends on Islamic Principle of Damages



The dispute in patent infringement is comparatively not in high volume in Saudi Arabia. This case clarifies several legal questions in relation to GCC Patents and its enforcement mechanism. The GCC Patents granted by GCC Patent Office in Riyadh are enforceable in each member state under the enforcement mechanism as provided in the laws of each member state. This equally apply to Saudi Arabia.

In the subject case, Novartis AG, represented by Kadasa IP as a Plaintiff filed patent infringement case against unauthorized commercial exploitation of its GCC Patent for drug Exjade® by a local generic company. Under Saudi Patent law, Patent Dispute Committee is competent to adjudicate dispute over patent granted or pending before Saudi National Patent Office. Novartis argued that since the GCC Patent law has left enforcement mechanism to local enforcement authorities, the Saudi Patent Dispute Committee is also competent to hear infringement of GCC Patent committed in Saudi territory.

Defendant disagreed over jurisdiction of Saudi Patent Dispute Committee. The prime defense of Defendant was that since it has marketing authorization from Saudi Food and Drugs Authority (SFDA), the Defendant

has right to make commercial exploitation of the registered drug and as such Defendant was claiming exemption from patent infringement liability.

Novartis argued that marketing authorization under SFDA law does not allow generics to infringe a valid patent protected under separate patent law. The exclusive right under patent law cannot be overruled by drugs registration authorities since this will make the patent rights dormant and unenforceable. Novartis further argued that defendant's claim of exemption from patent infringement liability as a result of drug registration is not supported by any provision in SFDA laws or GCC Patent Law or Saudi National Patent Law, therefore the infringement established as per evidence brought forward by plaintiff makes the defendant liable for patent infringement.

In its judgement, the Committee accepted jurisdiction over GCC Patents enforcement and further ruled that once a patent is granted by issuing authority, any unauthorized commercial exploitation by any entity without authorization is an act of infringement under GCC patent law, and this is irrespective of registration with SFDA. Permanent injunction was issued ordering defendant not to make commercial exploitation of infringing product. On award of damages, the Committee refused to award damages or compensation to Plaintiff and ruled out that for claim of damages the Shariah principle of cause and effect relationship must be satisfied through evidence. The Committee did not clarify what type of evidence will be required or what would be the standard of evidence to prove cause and effect relationship.

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