



*EXECUTIVE SUMMARY FOR THE FINAL
REPORT OF THE ASSESSMENT OF
BRAND NAMES PROTECTION IN
EGYPT*

The aim of this study is to measure the scope of the trademark infringement and piracy in Egypt, to determine the source of infringement and piracy for certain industries and to establish the direct economic impact and the indirect impacts of such infringement and piracy in Egypt. Furthermore this study is to recommend means for controlling and reducing the scope of trademark infringement and piracy in Egypt.

A trademark is a word, slogan, design, picture or any other symbol used to identify and distinguish goods. An infringement of a trademark is the unauthorized use or imitation of a sham mark that is the property of another in order to deceive, confuse, or mislead others. Piracy of a trademark is the act of exact, unauthorized and illegal production on a commercial scale of a trade marketed product.

The study established that there is a widespread infringement and piracy of trademarks in Egypt in the six studied sectors, namely food and beverage, pharmaceuticals, ready made garments, electrical products, cigarettes and tobacco and home personal care products. It was established that for the infringement of food products, infringing products are for the most part made in Egypt by clandestine factories not subject to any form of control. These products in many cases contain very harmful chemical compounds which can cause serious diseases such as cancer and kidney failure. Infringing and pirated pharmaceuticals are for the most part also made in Egypt. They are substandard and are adulterated. The Minister of Health very recently stated that penalties for fraud in medicine should be toughed. The dangers of infringing pharmaceuticals which are not in compliance with the standards are obvious.

As for home personal care products, it was discovered for example that used shampoo bottles are collected from the garbage and are filled with substandard products which differ from the genuine products. Infringing ready made garments are for the most part smuggled from the Far East in large quantities through the Lybian - Egyptian border and other Egyptian ports. Infringing electrical goods which in many cases are smuggled from the Far East are displayed in many shops side by side with genuine goods. They include electric wire cables, and circuit breakers which can lead to fires that destroy property and cause deaths. Pirated cigarettes are made in the Far East and

are smuggled through the major Ports and through the Lybian – Egyptian border. They are adulterated and can lead to higher rates of cancer and heart diseases.

An economic impact study was conducted on the six sectors. This study concluded among its finding that if counterfeiting was eliminated on the goods of the type being measured only an additional 2,100 million Egyptian pounds in sale taxes revenues would have been generated in the fiscal year 2003/2004, 336 million Egyptian pounds in payroll taxes revenues in 2003/2004 only and 488 million Egyptian Pounds in corporate income taxes in the same year. As for the indirect economic impact, Infringing food products and pharmaceuticals cause some serious health problems. Total expenditures on health in Egypt are estimated at about 94.05 EGP billions per year. If we assume that 2% of such expenditures are due to infringing goods, then the health costs resulting from the infringing goods would be 1.881 billion Egyptian pounds annually. On the other hand road crashes costs are estimated at about 3 billion EGP billions annually. If we assume that infringing spare parts are responsible for 5% of these crashes, then this percentage translate to 150 EGP millions annually.

Thus the total impact of trademark counterfeiting in direct, indirect, and foreign direct investment is estimated at over 7.8 billion EGP annually.

Studies have indicated that a significant reduction in the rates of infringement and piracy will lead to additional foreign direct investment. Foreign direct investment is badly needed for the expansion of the Egyptian economy. Furthermore foreign direct investment is associated with technology transfer which improves the technology base in Egypt and leads to improving the quality of the Egyptian goods making them able to compete as exports. The credibility of the Egyptian government as being able to enforce the laws and fulfill its obligations resulting from the signed International Agreements such as the TRIPS (Agreement on Trade Related Aspects of Intellectual Property Rights) is also an important dimension that should not be underestimated. A survey was conducted on consumers regarding the subject of trademarks protection. It showed lack of awareness of this subject among Egyptian. The report discussed in details the three pillars needed for an effective law enforcement system for trademarks as well as the obligations of Egypt under the TRIPS Agreement.

The report ends with the recommendations for improving the law enforcement system in Egypt which are:

1. Creation of specialized intellectual property courts.
2. Highly trained intellectual property inspectors
3. Trained prosecutors in intellectual property.
4. Raising the awareness of the Egyptian consumer about intellectual property protection and additional training for the staff and transparency of procedures at the Egyptian Trademark Office.
5. Effective border measures.
6. Using of damages by judges against infringers as a deterrent and injunctions when appropriate.