



NEWSLETTER ISSUE 11
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Sehr geehrte Damen und Herren,
wir freuen uns Ihnen unseren ersten juristischen Newsletter für 2018 präsentieren zu dürfen.
Es musste diesmal einige Zeit verstreichen bis wir die Zeit wieder reif sahen mit greifbaren und praktischen Neuigkeiten und Rahmenbedingungen aufzuwarten.

Ohne Frage hat sich das Wirtschaftsklima um und im Iran sehr stark verändert, dies mit dem Hintergrund des amerikanischen, einseitigen Ausstieges aus dem 5+1 Atomabkommens. Die Reaktionen, die auf politischer und wirtschaftlicher Ebene entstanden sind, haben in erster Linie viele Rechtsfragen, -interpretationen und -konsequenzen als prioritäre Fragen zur weiteren Vorgangsweise, sogar auf Unternehmensebene hervorgerufen.



Viele europäische Firmen hatten sich ab Januar 2016 trotz Skepsis auf den iranischen Markt neu positioniert. Einige mit Unternehmensgründungen und einige mit neu-definierten Distributoren, aber alle einheitlich mit mehr Interesse an dem Markt, ja sogar Euphorie.

Nun und nach zwei praktisch sehr positiven Jahren, muss der Iran selbstverständlich drastische Massnahmen treffen sich auf die bevorstehenden zwei Deadlines der USA vorzubereiten, um eine möglichst geringere Auswirkung zu erleben. Die wichtigste Massnahme war hier klarerweise die neue Devisenpolitik und die Importpolitik. Zum Einen wurde nach Jahren wieder eine Einheitsrate von 1 USD = 42.000,-- IRR eingeführt und zum Anderen viele Produkte nicht mehr bzw. nur restriktiv für die Importe freigegeben.

Die Einheitsrate war jedoch nur der Anfang eines transparenten und sich auf schwierige Zeiten vorbereitendes Importregime. Gleichzeitig hat man per Dekret alle Wechselstuben entweder geschlossen oder stark kontrolliert, um nur zu der Einheitsrate, die klar 40% unter dem realen Marktwert lag, wechseln zu lassen; was quasi dazu geführt hat, dass die übriggebliebenen Wechselstuben zwar offen waren, aber nicht getauscht haben. Es hat sich schnell ein illegaler Schwarzmarktkurs entwickelt, der noch rasanter hochschnellte als vor der Vereinheitlichung der Raten; der Unterschied ist variiierend und basiert mehr oder weniger auf Angebot und Nachfrage, bewegt sich inoffiziellen Quellen nach zwischen 45% und 60% höher als die Einheitsrate.

Dadurch dass praktisch viele Leute, Geschäftsleute und international agierende Personen für die Begleichung ihrer internationalen Schulden auf Anhieb keinen Zugriff auf ordinäre Devisenkanäle mehr hatten, konnte man erst einmal nicht mehr seinen Verpflichtungen nachkommen.

Eltern konnten ihren studierenden Kindern kein Studiengeld mehr überweisen, Kranke, die in Behandlung waren konnten keine Krankenhauszahlungen mehr leisten und Geschäftsleute standen vor einem grossen Fragezeichen. Jetzt war die Frage, wenn die Regierung den Geldfluss beeinflusst, wann sie in der Lage ist für solche offiziellen, dringenden Überweisungen einen Weg vorzuzeigen und die Einheitsrate, die auch viel günstiger ausfällt, zur Verfügung zu stellen. Es hat mehr als 3 Wochen gedauert bis gewisse Bereiche Zugriff auf diese Rate fanden; mehr oder weniger nur für Pharmazeutika, besondere medizinische Ausrüstungen und Grundnahrungsmittel.

Dies führte die Devisenrate auf dem „Schwarzmarkt“ immer stärker in die Rekordhöhe mit all seinen auszudenkenden Auswirkungen. Dadurch, dass der Staat die Devisenreserven nunmehr für schwierige Zeiten zur Seite legen wollte, hat man 1339 Produktgruppen als Importverboten erklärt (siehe Liste im Newsletter). Produkte, die entweder ähnlich im Inland produziert werden oder generell als Luxus bezeichnet werden.

Vorreiter war gleich das Gesundheitsministerium mit der Stornierung der Lizenzen für Kosmetika und Hygieneprodukte, die dann sukzessive weiter ausgedehnt wurde und wird. Danach folgte das Ministerium für Industrie, Handel und Bergbau mit der o.a. Liste (1339 Produkte). Untermauert ist all dies durch das Dekret des religiösen Führers, der seinen Jahrsslogan am Anfang des iranischen Jahres (21.03.2018) als das Jahr zum Schutze von lokaler Produktion verkündete.

Die Intervention beim Gesundheitsministerium, die Analyse der Möglichkeiten und praktische Schritte rechtens weitermachen zu können sind Punkte die von uns begleitet werden.

Viele Fragen wie das Schicksal von Produkten, die schon für den Import seitens des Handelsministeriums lizenziert waren und sogar schon im Zoll standen, aber nicht freigeschrieben wurden bis hin zu den rechtlichen Konsequenzen für Produkte, die auf einmal in der verbotenen Liste standen und dann existentielle Auswirkungen auf die Unternehmen dahinter (sowohl Iraner als auch die Internationale) hatten, sind nur einige Fragen von Vielen, die unsere Kanzlei in letzter Zeit bearbeitet und berät. Desweiteren tritt immer mehr die Frage in den Vordergrund, wer und wie die Interessen der aus dem Markt aussteigenden Unternehmen beantwortet und wie alles gewährleistet wird.

Hier helfen wir aus unter anderem als „Trustee“ bzw. als rechtlicher Vertreter, um die eher unklar, bevorstehenden Tage zu überbrücken helfen.

Letztens ist immer stärker zu beantworten, ob die Repräsentanzbüros bzw. die iranischen Gesellschaften der internationalen Unternehmen geschlossen werden müssen/sollen oder lieber in einen „Suspensionsmodus“ treten sollten oder aber auch weiterexistieren sollen und was für Konsequenzen diese Szenarien bedeuten.

Wie verhält man sich gegenüber der Steuerbehörde, der Sozialversicherung, den Arbeitnehmern und dem Arbeitsministerium und wie schaut es mit der Liquidation aus und wer wird Liquidator und vieles mehr. All dies sind täglich relevante Fragen die unsere Gruppe bearbeitet und begleitet.

In diesem Newsletter und aufbauend auf unsere bisherige Methode werden wir auch diesmal einige immer noch sehr relevante Rechtsthemen ausleuchten und versuchen auf einfache Weise zu veranschaulichen.

In dieser Ausgabe legen wir unser Augenmerk auf das Thema Arbeiserlaubnis, Franchiseverträge und insbesondere Immaterialgüterrechte und thematisieren hiernach speziell die praktischen Schritte für die Durchsetzbarkeit von Immaterialgüterrechten im Iran, was immer mehr zum Thema von internationalen Unternehmen wird auch in schwierigen Zeiten.

Wir wünschen Ihnen viel Freude beim Lesen und hoffen, dass sich dieser Newsletter als informativ für Sie erweist.

Mit freundlichen Grüßen,

Alireza Azimzadeh

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Work Permit

1. WORK PERMIT

In the labor code of Iran and its related bylaws strict rules for issuance of work permit are contemplated. According to the law, the work permit can be only issued once there is not any Iranian national on the same level of expertise and education compared to foreign nationals. Moreover, foreign nationals shall have enough knowledge and expertise for the requested job.

However, with the ultimate goal of attracting foreign investors and capital, the respective laws concerning foreign Investment are changing day by day. Among those are the rules and regulations for foreign nationals to obtain a residence and work permit.

For a CEO or a member of the Board to enter Iran for work, the visa is issued for three months first, starting from the day of entry. If the visa is to be extended upon expiration of the first visa, the company has to commit to the foreign national by guaranteeing to bear his/her complete debts. Afterwards he/she can apply for a multi-entry-visa (visa F) issued for one year.

The employer is obligated to provide the foreign national with all required documents for the visa issuance including his/her work permit no later than one month after the (s)he will have entered the country in order for the person to present the respective documents. Otherwise a detention order ranging between 91 and 180 days will be issued.

After visa F has been issued, the foreign national can enter Iran.

It is important to note that the foreign national has to hand in his tax return every time and before his departure as soon as he intends to leave Iran.

Without that he is not permitted to leave the country according to Article 89 of the Direct Tax Code) Article 89 [1]:

“For the issuance of the permission to leave the country or to extend the permanent residence or working permit for foreign nationals, except for those who are exempted from paying the aforementioned type of tax, it is required of them to present their tax recoupment or the written commitment of the Iranian legal persons’ employer by means of the contract concluded with the foreign nationals’ employer or third party, who must be an Iranian natural person. “

Another important duty on foreign nationals holding a work permit, will arise upon termination of their employment relationship towards their employer. The labor law requires that when an employment relationship between a foreign national and an employer is terminated, the employer shall notify the Ministry of Labor and Social Affairs thereof within 15 days from the date of termination of the employment. The foreign national shall surrender his work permit to the said Ministry against a receipt within 15 days too. It is worth noting that failure to do so can lead to deportation of the foreign national.

In this context, it is valuable to understand the interconnectedness of three different Institutions - the bank, the office of foreign affairs and the tax and property office. Due to the fact that obtaining a residency permit with the right to work is subject to tax filing, the opening of a bank account is in turn subject to receiving a residency permit for the authorized foreign signatories.

It bears the question whether and how a foreign managing director – be it a shareholder or not - will receive a residence and working permit?

As soon as the name of a foreign national appears among the names of the authorized signatories of a company in the official gazette; before the announcement of the establishment of the company, these foreign nationals have to apply for a residence visa and along with it a work permit even if they have no intention to work in Iran. Otherwise, the banks will not open a new account.

This is justified by the fight against money laundering and the need for customer identification and is in accordance with many other laws that were recently passed.

Although such procedures complicate doing investment in Iran and establishing a company by a foreign national, the Iranian government has a legitimate Interest of making sure the foreign national is legally present and working. However, they are generally trying to attract foreign investors and in line with it and if licensed are granting ease in this process then. This is apparent in the Foreign Investment Promotion and Protection Act (FIPPA, 2002), the provisions of the Fifth Five Year Plan of 2011 and especially the Sixth Five Year Plan of 2016 too.

Although this procedure is in the process of changing in order to be simplified, currently it is still like mentioned above and the banks will follow the procedure strictly.

Therefore, until the changes will have been accomplished there are two basic strategies one can follow:

- Employing an Iranian Managing Director:

The employment of an Iranian Managing Director does not only prevent one from paying the license fee for the residence permit but also from receiving monthly invoices for the departure of the company's foreign signatory holders of the company, but at least alleviate complications.

In addition to this, the residency of the Managing Director in Iran who handles the company's internal affairs and who is the executive of the Board of Directors can be of great help for the development of the company's growth and performance.

- Employing an Iranian MD plus one person with granting the Power of Attorney:

In this scenario the company does put a legal representative (mostly lawyer) into the board with a nominal share and grants him power to sign documents along with the Iranian MD upon instruction.

Remark:

The Iranian company can appoint a foreigner as the signatory power holder in the company official documents. In this situation, the signatory has to apply for the work permit as mentioned above however, this issue has a solution.

She/he can delegate the authorizations related to the banking affairs to an Iranian person through an official Power of Attorney along with carrying out some other administrative steps. Which itself is not a waiver for the residency permit, but at least would not require real presence in the country.

It has to be taken into account that, only banking and administrating affairs can be delegated to the third party, either through shareholders or out of them and the official documents in respect to the Board resolutions must be signed by the board member, individually.



Conclusion:

Despite the changes having already been made in the field of regulations and rules related to foreign investment in Iran, the point of concluding different approaches and unifying the approach as well as finding a consensus for these laws and procedures has still not been reached yet. That means that there is no perfect approach.

Nevertheless, by putting the emphasis on enhancing industries by means of foreign investment in the 6th five year development plan, the legislators will slowly, but surely ease the above mentioned hurdles irrespective the general international situation around Iran.

2. FRANCHISE CONTRACTS

To understand the concept and the chances and challenges of franchising in Iran

let us first have a look at the international approach to franchising on which the Iranian concept is based. Franchising is a formal system for joint enterprises between two independent entrepreneurs during which one party (franchisor) receives a payment and under certain conditions grants the right to manufacture and sell his products as well as the right to use the trademark or brand to the other party (franchisee). Furthermore the franchisor offers technical services, technical assistance and knowledge and instructs the franchisee with business practice. Franchise contracts are concluded primarily with marketing objectives. According to the United Nations Industrial Development Organization, franchising is a way of distribution of goods and services through license and trademark. It blends the licensing of technical knowledge, trade secrets, copyrights and distribution agreements. The elements of franchise agreements can be summarized as follows: Permission to use a name or a registered trademark, transfer of technical knowledge on the part of the franchisor to the franchisee and the distribution of finished goods.

Although franchise contracts require the licensing of trademarks and are in that regard very similar to licensing agreements, a main difference is the scope of the franchisor's monitoring activities and technical services: He is far more involved than a mere licensor. Due to this difference, the franchisor may in some cases even be sued by a third party, namely if said party suffered damages.

Also, in a pure licensing agreement the emphasis of the contract is on the production of goods, whereas in a franchise contract the royalties are best understood as a management fee. Therefore, consistent customer service across borders is an integral part of any franchise.

When it comes to intellectual property, the improvement in production in a pure licensing agreement is usually subject of a separate agreement. Contrary to that, in a franchising environment, the franchisor will give his progress to the franchisee as an integral part of their agreement without a need for negotiation.

The payment the franchisor receives from the franchisee consists of different types of fees. Most franchisors charge an entry fee as a compensation for constant costs. This fee has to be paid once. Besides, the franchisee has to pay a continuous fee, either in form of a fixed amount or a percentage share of the turnover. In addition to the continuous fee, a significant number of franchisors charges a so-called "promotion package fee".

So far, this is the International approach. The Iranian approach is based on that model. Since there are no regulations in Iranian law specifically designed for franchising contracts, ordinary contract law applies, mostly distribution contracts with agreed upon terms out of the international franchise agreements.

In the legal system of Iran, every new form of contract which is not mentioned in civil code of Iran such as franchise, licensing, BoT contracts etc. is enforceable as far as the essential conditions for the formation of valid contract is observed and this unprecedented contract is not against explicit rules of law, public policy and morality as well.

The reasoning behind that is rooted in article 10 of the Civil Code of Iran, which provides that:

“Private contracts shall be binding on those who have signed them, provided that they are not contrary to explicit provision of the law”

It is worth mentioning, contrary to many western countries, Iran does not have a national franchising organization yet.

For foreign investors, it is valuable to know that Iran protects the intellectual property of the franchisor though. Meaning the franchisor does not have to worry about the franchisee going rogue. Read more on that in our article concerning IP in Iran in the next pages.

Furthermore, as in most countries, non-disclosure agreements and restraints on completion are enforceable clauses. As you can see, the legal rights of the franchisor are protected in its entirety.



Dispute Resolution:

Dispute resolution by arbitration is possible and Iran as a member of the New York Convention will enforce foreign arbitration awards. However, this only applies if and when an Iranian court deems the matter arbitrable. It also should not go against Iranian order public. Since this is based on sharia law, there might be some unknown hurdles for western investors. However, until now, Iran has usually honored the arbitration awards, therefore it is recommended to make use of an arbitration clause.

While all of that sounds good, there are of course some hurdles:

First, there is the issue of registrations.

All the rights the franchise contract refers to have to be registered. This especially concerns all intellectual property rights. This is a tedious but necessary procedure. If IP is not registered it is not protected by Iranian law itself. However, since Iran is a signatory of the Paris Convention for the Protection of Industrial Property, it will grant protection nonetheless. The problem however is the burden of proof. With a local registration, the rightful owner's precedence of usage is proven.

Furthermore, registrations are mandatory with certain authorities, namely the Ministry of Mines and Trade (MIMT) and the Ministry of Health (MOH) for import and distribution of foreign products.

However, these registrations are the legal responsibility of the franchisee and not the franchisor directly. They will take some time nonetheless and require the support of the franchisor. In particular, in line with the provisions of the Consumer Protection Law (CPL) all providers of capital and durable goods must register with the MIMT, as without this registration the import of products into Iran is not possible. To implement the CPL requirements, the MIMT has issued instructions relating to the registration of distributors and agents, namely the 2016 Instructions, which are currently in force.

The second issue is the liability:

It is possible that the franchisor may be held responsible for the losses of his franchisee or even sub-franchisee. To prevent this, the franchisor has to fulfill pre-sale disclosure obligations. In case of non-compliance, the franchisor may be liable for any damage resulting thereof.



Furthermore, any conclusion of a contract requires consent. If it is not given with the proper information it will be regarded as not given in the first place, which makes the contract void.

To conclude, Iran offers a big opportunity for any outside investors hereto. Franchising is a suitable way of investment, and with the characteristics of Iranian law taken into account, investors will find legal support and protection. Compared with other countries of the MENA region, its legal system is quite sophisticated and predictable. Especially now, after the JCPOA, it is a worthwhile endeavor to start investing in this emerging market, also in line with an overseeable presence with lesser involvement.

3. INTELLECTUAL PROPERTY IN IRAN

i. Basic Information

Intellectual property (IP) covers several types of legally recognized rights which arise from some type of intellectual creativity, as such they are protected by law and are of utmost importance for any potential foreign investor. In the Five-year-plan of 2011 the protection of IP has therefore been a focal point; several steps have been taken to protect foreign Investors. IP in Iran includes regulations on industrial designs and trademarks, patents and utility models as well as copyrights and related rights. As of now, each one is covered either by specific laws or is at least based on international law. In 2008, the government enacted the Patents, Industrial Design and Trademarks Registration Act.

ii. Copyright Law

According to Article 9 of the Civil Code, international treaties which are in line with the general constitution of Iran, have the force of law.

The most important international treaties concerning IP are:

The Paris Convention for the Protection of Industrial Property

The Madrid Agreement Concerning the International Registration of Marks

The Lisbon Agreement for the Protection of Appellations of Origin and their International Registration



Copyright and related rights are protected under The “Law for Protection of Authors, Composers and Artists Rights” and The “Law of Translation and Reproduction of Books, Periodicals and Audio Works”. Due to the growing importance of infringements on the internet the Iranian law provides since 2003 protection under the “Electronic Commerce Act”. Iran is as of yet no signatory of the Berne Convention of 1886 which deals with copyright.

I Therefore provisions based on international law like a minimum of protection of rights holders or the recognition of the copyright in the country of origin does not apply. Rather, the territorial principle of copyright applies, which means the scope of the protection is limited to the country where the copyrights originated. As a result, you can easily find pirated music or movies in Iran and there is generally no sense of wrongdoing in the people buying and selling those. This Situation is likely to change if and whether the United States will refrain from vetoing Iran’s entry to the World Trade Organization (WTO). Until that happens, Iran has no inclination of signing the Berne Convention.

Industrial Design

By accepting the application for industrial design the law provides measures of protection. The filing requirements for a successful application are that the person handing in the information, is formally authorized. In other words (s)he can prove his/her power of attorney. Subject of registration can be drawings, photography or similar representations of the design. Furthermore a description of the design and a specimen of the actual design have to be handed in. Last but not least the Deed of Assignment from the designer(s) should be proven and therefore needs to be submitted. Within 60 days starting from the notification date, all the aforementioned documents have to be submitted. The responsible authority will examine only the conditions to form and novelty. The law provides protection for five years starting from the filing date; a renewal for two consecutive terms of five years each is possible.

iii. Trademark

The trademark owner will be provided with maximum protection available under Iranian law with the registration of the trademark. Given the various common infringements found in the market such protection is highly recommended. Security is granted under the umbrella of the Law on the Registration of Patents, Industrial Design and Trademarks 2009. Furthermore Iran is member of the Madrid Agreement Concerning the International Registration of Marks and its Protocol and the Paris Convention for the Protection of Industrial Property. This treaties combined with Article 9 of the Civil Code provides additional protection for the trademark owner. To gain all this rights the applicant has to register the trademark and by that has to submit information about him-/herself as well as details and descriptions of the trademark itself. The Registry reviews the application within 30 days to ensure compliance with the relevant laws and regulations. It also checks and confirms that the trademark confirms with the specific international trademark classes. In case of rejection of the application due to any faults or discrepancies the Registry will ask for the modification of the application within 30 days. If the application is approved than the trademark is going to be published in the Official Gazette.

Third parties are entitled to object the application within 30 days of it being published. Without any objections the registration will be finalized and for a period of 10 years valid.

The rights holder is entitled to a renewal for an unlimited number of times.

In case of infringement specialized courts in the capital, which process all lawsuits related to trademark and trade name in all civil and criminal claims are called to solve the dispute.



iv. Utility Models

Also consider the existence of the specific prosecution office which is mainly responsible to hear criminal complaints made for breach of trademark and trade name rights. Available remedies in case of infringement are inter alia compensation, ordering product recalls, injunction or preventive measures.

Iran does not have a Utility Model Law. However, Iran is a party of the Paris Convention and has to implement Article 11 of the Convention. This article provides limited protection.

v. The Patents, Industrial Design and Trademarks Registration Act

Now we would like to give you a brief overview about how the situation was under the Patents, Industrial Design and Trademarks Registration Act and how it will be after its expected renewal.

As apparent from the title of the law, copyright is not protected under it: for other forms of IP -industrial designs, patents and trademarks- however, the protection has been greatly increased/will be greatly increased.

If the IP rights get infringed, whereas infringement is defined as any “act in Iran by a person other than the owner of the rights that enjoys protection under the present Act and without the agreement of the latter” (Art. 60), the owner of the IP can summon the infringing party to court hearings. This holds true for infringement of Patents, Trademarks and Copyrights (Art . 15 lit. b, Art. 40 lit. b, Art. 28 lit. c). The court may then issue an injunction. If the so summoned refuses to comply, the court can “award damages and grant any other remedy to administer justice”. The level of threat is therefore not to be underestimated.

Additionally, Art. 61, first paragraph grants a penal protection. The Infringer can be sentenced to a fine ranging from ten million to fifty million Rials or face imprisonment between 91 days and 6 months.

The rights protected in the act are similar to provisions of other countries. As in most nations, the right of economic exploitation of the patent belongs to the employer, if the novelty was found or created in execution of an employment contract. The employer is however not automatically recognized as the Inventor. Rather, the contributions of the actual Inventor are recognized.

It is also important to notice that the government reserves the right for itself to use the patented process itself or authorize a third party to do so in issues it deems a national emergency. This is however not done arbitrarily. In order to do so a committee has to decide to waiver the exclusive exploitation rights, this committee consists of Head of the State Organization for Registration of Deeds and Properties, one of the Judges of the Supreme Court as nominated by the Head of the Judiciary, the Prosecutor General, a representative of the President of I.R. of Iran and the Minister or the highest authority of the concerned organization (Article 17 lit. a). If that were to happen, it is only done so for a limited time, and the owner of the patent will be remedied, taking into account the economic value of the patent (lit. b).



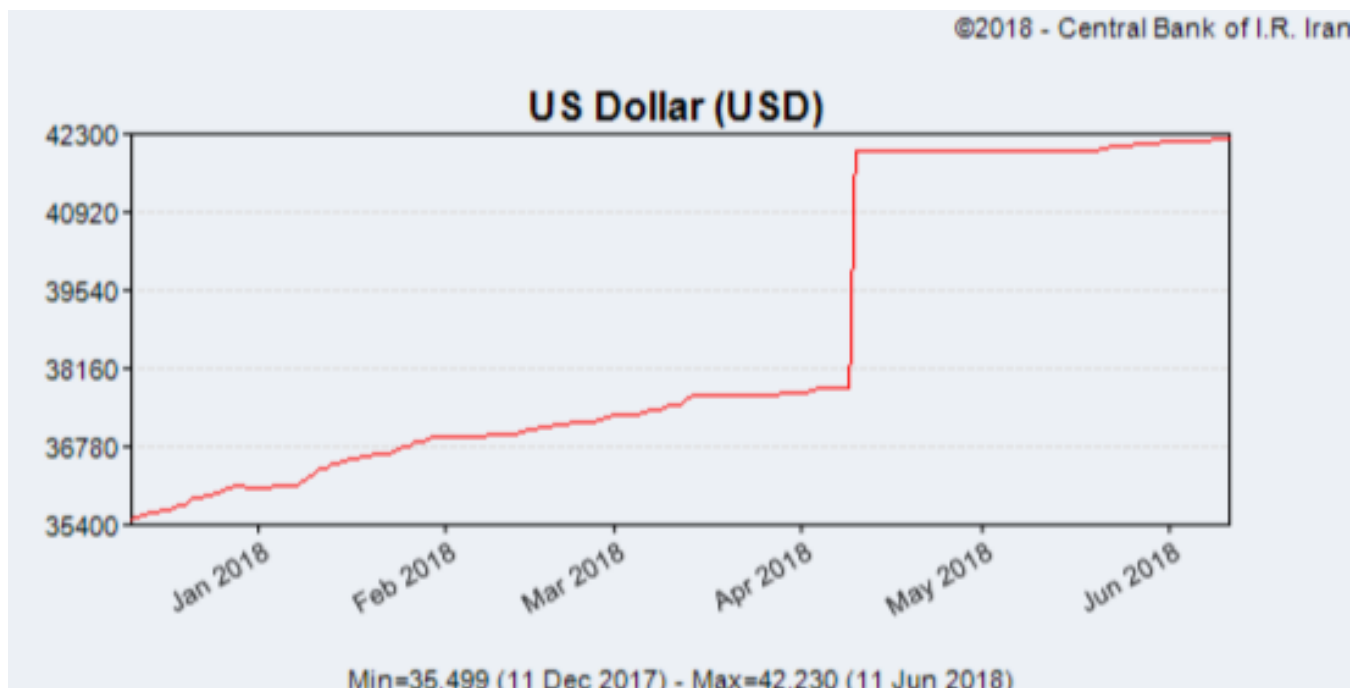
While mentioning, that Iranian provisions on IP are similar to other countries, there are of course some minor differences too. Most prominent will be Art. 4 lit. f, according to which patents will not be granted if the economic exploitation of it contradicts the principles of sharia law. This, while similar to the principles of equity, is a rather unique feature of Iranian law and always has to be taken into account. While that provision is unclear, it is very clear that patents on seeds and other genetic resources as well as methods for treatment or diagnosis of human or animal diseases will not be granted (Art. 4 lit. c, d). This might probably be the biggest difference to patent law in the western world. Obviously Iran is taking steps in the right direction. It is becoming serious about protection of intellectual property. Together with the Foreign Investment Promotion and Protection Act (FIPPA 2002) and its well educated people and rich natural resources it becomes apparent that Iran is worthy of consideration for any investor.



4. LEGAL AND ECONOMIC DEVELOPMENT NEWS

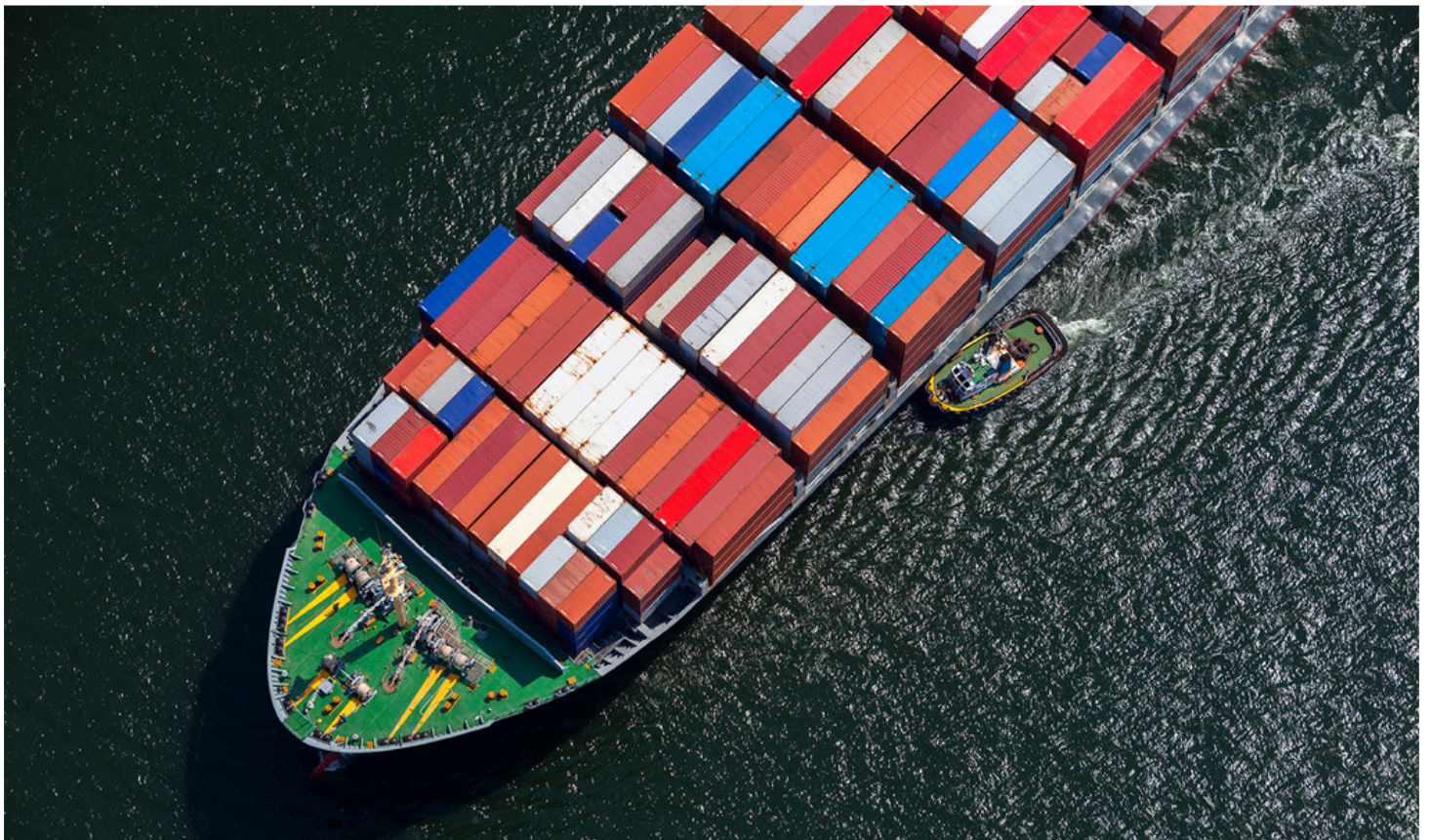
i. A View on New Import Policies and Exceptions

Due to the current economic situation and frequent fluctuations in the forex rates shown in the following graph and in order to encourage the policies of resistive economy and to protect domestic production in Iran during the beginning months of 1397 solar year (2018 - 2019) some prohibitions have been made to imports in the Iranian legislation, that are considered an urgent response to the actual economic deadlocks with the intention to overcome these difficulties.



To illustrate an example of these bounds, the prohibition of issuing/renewing Import licenses for cosmetics by the Food and Drug Administration of Iran (FDAI) can be mentioned. Whereas as of 21.03.2018 the general administration of the affairs related to cosmetics products will not be allowed to accept and inspect the applications related to the issuance of import licenses relevant to cosmetics products including the following products:

1. All types of creams, lotions, and moisturizing emulsion, softeners, and hydrating for adults,
2. All types of anti-wrinkle creams lacking Cosmo pharmaceutical substances,
3. All types of sunscreen creams and lotions,
4. All types of creams for heel cracks,
5. All types of cold creams,
6. All types of hair removals (physical and chemical),
7. All types of shampoos and normal hair conditioners,
8. All types of anti-dandruff shampoos,
9. All types of body shampoos,
10. All types of air fresheners,
11. All types of mouthwash,
12. All kinds of tooth paste,
13. All types of cellulose products including, baby diapers, Kleenex, cotton swaps, sanitary napkins, wet wipes, make-up dissolving wipes, cotton hydrophilic for make-up,
14. All types of household hygiene products including, dishwashing liquid, hand-washing liquid, bar and liquid soaps, washing products of washing machines and dishwashing machines, all kinds of descaling and surface cleaning products.



Remark:

Co-production and bulk imports are still possible and in line with the general policy of the country.

Also, as of the award issued by technical and legal committee of food and drug administration of Iran it will be informed that soft drinks and energy drinks are considered harmful products to health and therefore no hygienic certificate will either be issued nor renewed.

Finally, the Iranian customs has forbidden the import of 1339 of tariff codes some of those are:

1. Edibles:

Potato, Olive, Purified Water, Green Tea, Biscuits, Tomato Sauce, and Honey etc.

2. Home Appliance and Sanitary Items:

Refrigerator, Stoves, Washing Machine, Vacuum Cleaner, Microwave, Tea Maker, Soap, Napkin, Electronic Blanket, Facial and Cosmetic Tissue, Detergents etc.

3. Office Supplies:

Any Types of Sandbox, Any Types Of Office Supplies, Wooden Handicraft, Pencil and Colored Pencils etc.

4. Garment:

Any Two-Piece Clothing Such as Suits (Male or Female), Socks, Scarf and Shawl, Gloves and other Men and Women Clothing etc.

5. Mineral Materials:

Marble, plaster, cement, clay, different types of rocks and cast iron etc.

6. Industrial Tools and Vehicles:

Saw, screw, scissor, tractor, fire truck, ambulance etc.

7. Leather Artifacts

8. Some Other Items.

Note: The complete list is available upon request.

On the other hand, some modifications to these rather strict prohibitions have been made which reduce the intensity and inclusiveness of such bounds namely, in case of cosmetics, importation continuance of the known tooth paste brands which have presented from previous years in Iranian market will be allowed, providing the direct attendance of the manufacturing company office in Iran as the owner of the license, after the legal committee award.

Or for hygienic products with specific claims or new technologies which have no similar domestic production E.g. organic products, probiotic, prebiotic etc. on condition of provision of documents according to food and drugs general administration regulations as well as proving of the claims raised, will be capable of inspection and issuance of hygiene license to the extent of one year and until the end of 1397 solar year.

Or excluding the domain of this prohibition with a provision which governs the capability of files related to the companies that have attempted to import from some countries for being registered and inspected from the date 2018-03-21.

The list below includes solely these countries:

Austria-France-Germany-England-Switzerland-Canada-Australia-Japan-Belgium-Spain-Italy-Sweden-Denmark-Norway-the Netherlands- Southern Korea-Luxembourg- Monaco-San Marino.

As another encouraging method of creating a balance between prohibition and authorization the central bank of Iran (CBI) in its new forex policy (executive bylaws No. 97214) has prioritized the allocation of foreign currency based on official rates to 9 categories including:

1. Expenses of foreign representative office in Iran (including representative banks) provided that the requested foreign currency is already financed by them.
2. Expenses related to the consular services of foreign embassies in Iran and diplomatic representatives' resident in Iran.
3. Forex needed by Export Guarantee of Fund of Iran for costs related to the reinsurance of the foreign insurer, payment of damages in insurance policies and payment of legal fees to foreign institution for collection of foreign claims.
4. Forex needed for lawyer's fee in foreign claims and legal expenses of governmental sectors.
5. Provision and transfer of forex resulting from foreign direct investment in Iran after approval of Organization for investment Economic and Technical Assistance of Iran.
6. Forex need for transportation, carriage and shipping of international consignment for Iranian National Postal Company
7. Costs needed for holding international conferences and grants and gifts for international competitions
8. Provision of forex to foreign nationals (foreign tourists) for purpose of exchange of extra Rials arising from the exchange of their foreign currency in Iran banking system.
9. The expenses related for membership and subscription of information network s and digital marketing (google, Reuters,)

Therefore, although some widespread banning process has been made to foreign goods imported to Iran in some areas some modifications and compensatory policies have come into effect to balance this situation.

ii. Continuance in Cooperation Between International Monetary Fund (IMF) and Iran

After the forecasted return of some sanctions and the US government's one-sided withdrawal of the JCPOA (Atomic Deal), that left Iran and 4 countries namely Germany, Britain, Russia, China and France still in the deal,

International Monetary Fund (IMF) declared on Friday May 25, 2018 that it will continue cooperation with the Central Bank of Iran (CBI) despite the US sanctions against it.

In this declaration it is stated that "Iran is a member of the IMF, and as with all members, the IMF will continue to work with Governor Seif and the Central Bank, consistent with the IMF's Articles of Agreement,' IMF's Communications Department announced in a response letter to CBI, which has asked the international financial body to clarify its stance regarding the US treasury sanctions.

Source: <http://www.irna.ir/en/News/82925588>



5. ABOUT PERSIA GROUP

Persia Associates International Law Office is specialized in unique practical and business related legal advice in Iran. The firm is among others the legal firm of confidence of some Embassies in Iran. For our international clients we provide experience in International Law, Commercial Law, Technology Law and Intellectual Property Law, Corporate Law and Contract Law. This expertise backs up our business development and strategic consultancy services that are summed up in Persia Consulting as a separate arm of the Group.

Our partners and associates combine a superior academic background with international and Iranian legal experience being graduates of top-tier universities and law schools in Iran and Europe. The team is being headed by Dr. Alireza Azimzadeh who obtained his doctorates degree from the Law School of the University of Vienna. With over 23 years of experience in the Iranian business, he sets the standard for outstanding legal advice in Iran, especially for companies of the DACH region in Europe.

Persia Strategy Consultants is your professional partner in providing specialized commercial advice on how to enter Iran and expand business, establish companies and partnerships, invest and get negotiation support in order to build long-lasting business relations or to position yourself in hard times.

Our portfolio comprises of market analysis, partner search, registration with Iranian authorities, business development services as well as strategic management consultancy for international corporations in Iran. HR services including Executive Searches and HR-Development with renowned, selected companies is also a service for detailed oriented companies.

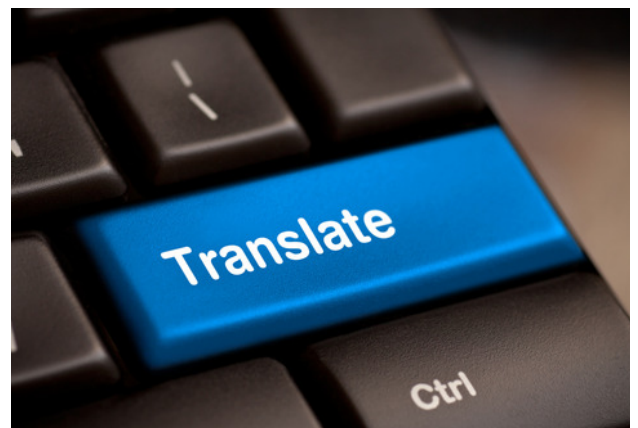
Persia Financial is mainly providing accounting, book keeping and payroll services for smaller or mid size companies or does provide financial services once the company wants to downgrade its size.

Persia Translations is the last part of the Group, that does in the first place offer very strong and time sensitive translation services into German and from German into Persian, very specialized on company matters. The license holder is Dr. Azimzadeh as the official certified translator of the Iranian Judiciary for German Language.

Throughout the years of successful cooperation, we have accompanied our international clients from various industries into the Iranian market. This enabled us to gather an extensive know-how about most market segments and expand our top-class networks. Nevertheless, our focus is on five main fields: Automotive, Consumer Business, Energy, the Construction Industry and Hospitality.

Member of the German-Iranian Chamber of Commerce and exclusive member of MSI-Global Alliance.

The past issues of our legal newsletters you can find on our website : www.persia-associates.com



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