

LEBANON: THE ENTREPRENEUR'S LEGAL MANUAL

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Disclaimer: This manual is designed to provide general guidance to start-ups, as well as female and male entrepreneurs, on how to launch a business and protect its intangible assets. It is not intended to serve as a comprehensive resource on these topics. Consequently, this manual does not constitute legal advice. Readers should seek professional legal counsel tailored to their specific circumstances and needs. Fees and regulations may have changed since the date of publication. The publishers of this manual bear no responsibility for any direct, incidental, or consequential damages resulting from its use.

ACKNOWLEDGEMENT

Economic empowerment is among the most powerful tools for shaping just, inclusive, and resilient societies where individuals are equipped to transform innovative ideas into sustainable economic initiatives, create opportunities, and contribute to national development. No economy can grow without the full, equal, and meaningful participation of women in economic life, entrepreneurship, and decision-making. Women's participation is a strategic imperative for sustainable development, social stability, and national prosperity.

In this context, this manual was developed within the framework of the National Commission for Lebanese Women's work to advance women's economic empowerment, in line with the National Strategy for Women in Lebanon (2022-2030) and its first National Action Plan. It reflects our national commitment to ensure that women are equipped with the knowledge and tools required to participate effectively in economic recovery and development.

The preparation of this manual was carried out under the Mashreq Gender Facility program, implemented by the World Bank with the support of the Governments of Canada and Norway, and in close coordination and cooperation with the National Commission for Lebanese Women.

This manual serves as a practical and introductory guide to the legal and regulatory frameworks governing economic activities in Lebanon. It is intended to support aspiring and emerging entrepreneurs, particularly women, and start-ups, by strengthening their understanding of the procedures, requirements, and legal options involved in establishing, operating, and growing economic projects. By doing so, they can contribute to sustainable economic growth in Lebanon.

The National Commission for Lebanese Women extends its sincere appreciation to all those who contributed to the development of this manual. Special thanks are extended to the World Bank for its continued partnership and support, and to SADER & Associates (Advocates and Legal Consultants) for their legal expertise and practical insight, which were essential in translating the legal frameworks into clear and accessible guidance.

First Lady Nehmat Aoun

President of the National Commission for Lebanese Women

This guide was designed to place essential legal knowledge directly within your reach. It aims to equip women and men entrepreneurs with the legal foundations needed to establish and manage their businesses efficiently and confidently, while providing comprehensive coverage of key areas, from company registration procedures to the protection of intellectual property rights and long-term institutional continuity planning. Our objective is to reinforce the role of the law as a practical tool and a reliable source of support, rather than an obstacle, in the journey of building projects and ensuring their sustainability.

Lebanon has long been an enabling environment for enterprise and initiative. Despite the challenges and periods of uncertainty it has faced, the Lebanese people have consistently demonstrated a remarkable capacity for innovation and resilience. In this context, entrepreneurs, both women and men, continue to carry the torch of innovation by establishing companies, creating employment opportunities, and proving that an idea, when coupled with discipline and determination, can transform society and contribute to national development.

Women occupy a leading position among the most dynamic contributors to Lebanon's entrepreneurial landscape. Their leadership across various sectors, from navigating complex markets to building sustainable institutions to advancing social and economic progress, reflects a fundamental conviction firmly upheld by this Ministry: investing in women's economic empowerment is a strategic investment in Lebanon's future. We deeply value the pivotal role of the National Commission for Lebanese Women in advancing this vision, and we are proud to stand alongside it as a committed and supportive partner in promoting women's empowerment and strengthening national development.

Intellectual property protection lies at the core of sustainable entrepreneurship. An idea does not realize its full economic value unless it is registered, protected, and legally secured. When a woman entrepreneur registers her trademark and protects her invention, she transforms her concept into a tangible, legally recognized asset. By safeguarding her innovation, she builds a solid foundation that supports growth and attracts investment. Intellectual property rights are not merely a procedural formality; they are among the most powerful tools available to any entrepreneur seeking to build a lasting and impactful enterprise.

We extend our utmost gratitude and appreciation to the National Commission for Lebanese Women, SADER & Associates (Advocates and Legal Consultants), the Mashreq Gender Facility Program, implemented by the World Bank with support from the Governments of Canada and Norway, and the General Directorate of Economy and Trade and the Intellectual Property Protection Office for their expertise and dedicated efforts in developing this guide. Their collective efforts have produced a professional reference of genuine and lasting value for Lebanon's entrepreneurial community.

Lebanon's economic recovery begins with the initiatives of entrepreneurs who invest in their ideas, protect their innovations, and contribute to shaping a more dynamic and resilient national economy. To all women and men entrepreneurs reading these pages: the legal framework stands as your support and ally. The Ministry of Economy and Trade remains committed to supporting and accompanying you at every step toward building strong and sustainable institutions.

Dr. Amer Bisat

Minister of Economy and Trade

GLOSSARY

Name	Abbreviation	Definition	Arabic Translation
Allowance Letter		Statement by which the owner of a real estate property grants the right to an entity to use this property on a free of charge basis as its address.	اشغال على سبيل التسامح
Articles of association	AoA	A Document approved by all the Partners or Shareholders of a Company which sets the rules that will govern the company's management and administration.	النظام الاساسي
Assets		The entire property of a physical or moral person which can have economic value and can be used to settle debts.	الاصول
Bankruptcy		A legal proceeding initiated when a moral or physical person fails to pay its commercial debts.	افلاس
Board of directors	BoD	An executive committee that supervises the activities of the company or entity.	مجلس الادارة
Capital		Money or assets owned by the company or entity.	رأس المال
Chairman		A board member who is elected by the Board to preside over it and oversees the Company's management.	رئيس مجلس الادارة
Commercial register	CR	A department within the Commercial Court which handles the registration and listing of all types of commercial entities.	السجل التجاري
Director general		A person entrusted with the day-to-day management of the Company.	مدير عام
Economic beneficial owner	EBO	A natural person, residing in Lebanon or abroad, who ultimately holds or controls, whether directly or indirectly, activities undertaken by a natural or a legal person on the Lebanese territory.	صاحب الحق الاقتصادي
Entrepreneur		An individual who creates a new business while bearing most of the risks.	رائد اعمال
Free zone	FZ	An area within which goods may be received and stored without payment of customs duty.	المنطقة الحرة
General assembly meeting	GAM	A meeting of the company's partners/ shareholders to make decisions regarding the company or entity.	اجتماع الجمعية العمومية
Intellectual property rights	IPR	Creations of the mind, such as inventions; literary and artistic works; designs; and symbols, name and images used in commerce.	حقوق الملكية الفكرية

Name	Abbreviation	Definition	Arabic Translation
Investor		A physical or moral person or who injects capital in an entity with the expectation of financial returns.	مستثمر
Ministry of Economy and Trade	MoET	A ministry concerned with economic affairs, responsible for planning, coordinating, and implementing in the fields of commerce/trade, economy and supply.	وزارة الاقتصاد والتجارة
Ministry of Interiors	MoI	A ministry concerned with maintaining the security of the nation and its citizens, responsible for devising and implementing security strategies to protect the safety of individuals and society from any infringements by lawbreakers.	وزارة الداخلية
Official gazette	OG	A legal newspaper of a country which publishes the text of new laws, decrees, regulations, treaties, legal notices and public announcements.	الجريدة الرسمية
Part		A unit of ownership in a partnership or limited liability company.	الحصة
Partner		A moral or physical person who owns parts in a partnership or limited liability company.	الشريك
Public auction	N/A	Procedure to sell assets seized by Court Orders.	مزاد علني
Quietus	N/A	Discharge given by a Public Authority confirming that the entity has no pending taxes or fines due.	براءة ذمة
Residency		An authorization issued by the authorities of a Country to a foreigner nationality to stay on its territory.	اقامة
Share		A unit of ownership in a joint stock company capital	السهم
Shareholder		A moral or physical person who owns shares in a joint stock company.	المساهم
Startup		A newly established business or company focusing on bringing a new product or solution to the market.	شركة ناشئة
Trademark	TM	A sign capable of distinguishing the goods or services of one enterprise from those of other enterprises.	علامة تجارية
Work permit		An official document giving a foreigner permission to work in a country.	إجازة عمل

INTRODUCTION

In today's dynamic business landscape, navigating legal intricacies is essential for entrepreneurs, start-ups, and established businesses alike. Our legal manual is tailored to equip all business stakeholders with essential knowledge and practical tools to navigate and overcome the complexities of legal challenges, involved in starting, operating, and growing a business. It covers critical areas such as the various types of establishments or companies operating in Lebanon and the intricacies of intellectual property rights. From understanding company structures to safeguarding innovations and trademarks, this manual provides clear insights and actionable advice. By demystifying legal complexities and offering practical solutions, it empowers businesses to navigate challenges confidently, fostering growth and protection in a competitive marketplace.

This manual draws on many years of experience of working with start-ups and entrepreneurs, presenting key insights in a user-friendly way. It sheds light on best practices in the field and offers practical tips to help navigate challenges and avoid common pitfalls.

The charges and fees mentioned here are subject to change and may no longer be up to date by the time you are reading the manual. Therefore, it is crucial to verify current charges and fees with the relevant authorities or service providers before making any decisions or taking any actions.

PART 1:

Business Setup

For Entrepreneurs

Why is having a legal entity to carry out your business required?

When you start a business as an entrepreneur, it is very important to have the appropriate legal entity in place to carry out your business. The establishment of the legal entity helps ensure compliance with local laws and regulations; protects your personal assets, if you opt for a company with limited liability benefits; establishes the rights and obligations among business owners; opens the way for funding; and builds goodwill and trust, which can attract investors.

It is worth noting that “no one size fits all”. Thus, you will need to choose carefully, with the assistance of professionals, the type of entity/company that best fits your business and your plans for it.

So, you want to start a business in Lebanon. What are the available legal entities?

In Lebanon, you can choose between registering as a trader; business concern or establishment; company; branch; or representative office of a foreign company. Additionally, depending on the nature of the business, you may be able to establish a cooperation.

The following sections outline the characteristics of each type of legal entity, along with its advantages and disadvantages.



I. Trader

1. WHAT ARE THE CHARACTERISTICS OF A TRADER?

Any person who conducts trade activities in Lebanon is considered a trader under Lebanese law, whether or not registered as a trader at the commercial register. Thus, if you are conducting trade activities in Lebanon without a legal entity in place, you will nevertheless be considered a trader, with all the legal implications that come with it.

It is worth noting that the trader's business does not have a legal personality and financial status separate from the trader's own legal personality and financial status. This means that the trader has unlimited liability and is personally liable for all debts incurred by the business. As a result, in the event that the trader fails to pay debts arising from the business, the creditors will have the right to seize the trader's personal assets and belongings, such as real estate properties, cars, furniture, and so on, and sell them in public auctions to collect their debts. Eventually, the bankruptcy of the business will lead to the bankruptcy of the trader.

For this reason, and owing to the instability of the business environment in Lebanon, registering as a trader is not recommended. It is better to opt to establish a type of company—all of which benefit from limited liability—especially with the emergence of single partner limited liability companies.

In addition, this type of entity is not relevant if you are seeking to have investors on board: a trader is a type of sole proprietorship and hence cannot have partners.

2. DO YOU NEED ANY MINIMUM CAPITAL TO REGISTER AS A TRADER? 💡

There is no minimum capital requirement to register as a trader. The commercial register will not require the deposit of capital in a bank to conclude the registration formalities.



This does not mean that you do not need working capital to run your business.

3. CAN A FOREIGNER REGISTER AS A TRADER?

A foreigner can register as a trader in Lebanon. He/she will, however, be prohibited from some activities, namely in relation to real estate acquisition and commercial representation. In addition, a foreign trader should have residency and a work permit for Lebanon to be able to register in the country as a trader.

4. WHAT INFORMATION AND DOCUMENTS ARE REQUIRED TO REGISTER AS A TRADER?

All traders are obliged to finalize the registration procedure at the commercial register within one month of starting the business. Only small traders, such as peddlers, are exempted from this formality.

The application should be submitted to the relevant commercial register according to the location of the business and should include the following information:


- Trader's full name, place and date of birth, and civil register number and place, along with a copy of the trader's identity card or passport
- Trade name under which the trader is carrying out his/her business
- List of activities to be carried out by the trader
- Address of the business location and a copy of the title of deed, lease agreement, or allowance letter
- Full name of the authorized signatory (usually the trader).

5. WHAT IS THE PROCEDURE TO REGISTER AS A TRADER?

To register as a trader, the applicant should appear before the head of the commercial register to sign the application, or it can be signed before a notary public.

Afterward, the application will be processed by the trader or his/her legal representative at the commercial register, through payment of the registration fees and issuance of the registration certificate and commercial circular.

6. WHAT ARE THE OFFICIAL CHARGES FOR REGISTRATION AS A TRADER?

Description	Amount	Place of Payment
Stamps Duty Tax	LBP 34,500,000	Ministry of Finance
Beirut Bar Association fee	US\$30	Beirut Bar Association offices in the courts
Or Tripoli Bar Association fee 	US\$18	Tripoli Bar Association offices
Judicial/financial fees	LBP 19,000,000	Competent Court
Stamp duty for each certified true copy of any incorporation documents	LBP 120,000 per document	Commercial register
Stamp duty for the tax registration certificate	LBP 20,000	Ministry of Finance

As a final step, within two months of registration with the commercial register, the trader should obtain a tax registration certificate and tax number from the Lebanese Ministry of Finance.

7. HOW IS THE INCOME TAX APPLIED TO TRADERS?

Traders in Lebanon can choose to pay their income tax based on the "real profit method" or "deemed profit method". If the trader opts to pay income tax based on the deemed profit method, the tax is levied at progressive rates ranging from 4 to 21 percent depending on the amount of the revenues.

If the trader opts to pay income tax based on the real profit method, the tax is fixed at 17 percent of the net profit of the business.



Only applied in case of filing the application by a lawyer.



II. Business Concern

1. WHAT IS A BUSINESS CONCERN?

A business concern is a commercial enterprise solely owned by a single individual who is already a trader. Thus, to register a business concern, you should first have registered as a trader with the commercial register.

2. WHAT ARE THE CHARACTERISTICS OF A BUSINESS CONCERN?

A business concern comprises two types of elements:

- **Corporeal Elements:**
Corporeal elements are tangible elements consisting of business equipment (machines, tools, furniture, and so on) and merchandise.
- **Incorporeal Elements:**
These constituent parts are intangible and include goodwill and customers; the location and lease right; the signboard; the trade name; licenses and authorizations; and intellectual property rights.

The business concern can be subject to several transactions, namely the sale of the business concern, pledge, contribution as capital in a company, or free management agreements. A free management agreement is an agreement by which the owner of the business concern rents it to another individual, who will freely manage it without any liability on the owner.

All such agreements should be duly registered with the commercial register to take full legal effect.

Similar to a trader, a business concern has no legal personality or financial status separate to that of the owner. Thus, the owner of a business concern has unlimited liability and will be personally liable for all debts incurred by the business concern.

Given the high risk involved in the current business environment, establishing this type of entity is not recommended.

3. WHAT INFORMATION AND DOCUMENTS ARE REQUIRED TO REGISTER A BUSINESS CONCERN?


The application should be submitted to the relevant commercial register according to the location of the business and should include the following information:

- Applicant's full name, place and date of birth, and civil register number and place, along with a copy of the applicant's identity card or passport
- Trade name under which the business concern will conduct business
- List of activities to be carried out by the business concern
- Address of the business location and a copy of the title of deed, lease agreement, or allowance letter
- A copy of the certificate confirming the applicant's registration as a trader
- A quietus from the National Social Security Fund.

4. WHAT IS THE PROCEDURE TO REGISTER A BUSINESS CONCERN?

To register a business concern, the application should be submitted by the owner or his/her legal representative to the relevant commercial register with all the required documents. After conducting a formal examination to ensure that all required documents have been submitted, the commercial judge will appoint a court clerk to inspect the premises of the business concern and ensure that it is operational. Based on the inspection report, the judge will issue his/her decision to accept or reject the application.

5. WHAT ARE THE OFFICIAL CHARGES FOR THE REGISTRATION OF A BUSINESS CONCERN?

Description	Amount	Place of Payment
Stamp duty tax	LBP 34,500,000	Ministry of Finance
Beirut Bar Association fee	US\$200	Beirut Bar Association offices in the courts
Or Tripoli Bar Association fee 	US\$30	Tripoli Bar Association offices
Inspection fees	Fixed by the judge presiding over the commercial register	
Judicial/financial fees	LBP 19,000,000	Competent court
Stamp duty for each certified true copy of any incorporation documents	LBP 120,000 per document	Commercial register
Stamp duty for the tax registration certificate	LBP 20,000	Ministry of Finance

6. HOW IS THE INCOME TAX APPLIED TO A BUSINESS CONCERN?

As with traders, business concerns can opt to pay their income tax based on the real profit method or deemed profit method.



Only applied in case of filing the application by a lawyer.



III. Main Types of Companies

In Lebanon, you can select from various types of companies for the best fit to carry out your business. The type of legal entity you choose for your business will depend upon several factors including the number of partners/shareholders, level of capital, business activities, place of business transactions, and taxation.

The most recommended and used types of companies are the following:

1. LIMITED LIABILITY COMPANY (SOCIÉTÉ À RESPONSABILITÉ LIMITÉE)	PAGE 17
2. JOINT STOCK COMPANY/ SOCIÉTÉ ANONYME	PAGE 21
3. OFFSHORE COMPANY	PAGE 24
4. HOLDING COMPANY	PAGE 27
5. CIVIL COMPANY	PAGE 29
6. BRANCH OFFICE FOR A FOREIGN COMPANY	PAGE 30
7. REPRESENTATIVE OFFICE FOR A FOREIGN COMPANY	PAGE 31

1. LIMITED LIABILITY COMPANY/ SOCIÉTÉ À RESPONSABILITÉ LIMITÉE (SARL/LLC):

a. What are the characteristics of a limited liability company?

As the name suggests, the liability of the partners of a limited liability company is restricted to their contribution to the company's capital. Partners in such a company are not responsible for settling any company debts using their own personal wealth. The partners are not considered traders and thus are not subject to the trader's obligations.

b. How many partners are needed to form a limited liability company?

A limited liability company can be formed by a single partner or by as many as 20 partners. On the death of a partner, his/her heirs may have the right to succeed this partner if allowed for under the articles of association or partners' agreement. In such cases, the company may have up to 30 partners maximum.

c. What is the minimum capital requirement for a limited liability company?

The minimum capital requirement for a limited liability company is five million Lebanese pounds, which should be deposited at a bank before the registration of the company. The capital should be divided into equal parts, and each partner must fully pay for their parts.

Should the company's capital exceed thirty million Lebanese pounds, the appointment of an auditor is mandatory.

d. Can a foreigner be a partner in a limited liability company? 💡

In general, there are no restrictions on foreign participation in a limited liability company. All partners may be foreign nationals, except in companies in certain regulated sectors that have specific requirements around the proportion of parts to be held by Lebanese nationals.

e. Are there any restrictions on the activities carried out by a limited liability company?

The limited liability company can undertake any business activities except banking, finance, insurance, or organized air transport.

f. Who manages the company?

The limited liability company is managed by one or more managers, who can be partners of the company (or not), appointed for a limited or unlimited duration. The manager(s) can be Lebanese or foreign nationals, provided that any foreign manager obtains residency and a work permit for Lebanon.



Although permitted by law, full foreign ownership of a company could be hampered by banks not agreeing to open accounts for companies wholly owned by foreigners.

g. What is the purpose of the various types of general assembly meeting?

In a limited liability company, there are three types of general assembly meeting:

- **Constituent General Assembly Meeting:**

This is held once, upon formation of the company, to confirm that all registration formalities have been concluded. This assembly can also appoint the manager(s)—if not appointed in the articles of association—and determine their powers and responsibilities. 💡

- **Ordinary General Assembly Meeting:**

Held at least once per fiscal year to validate the company's accounts and to discuss any additional topics. Decisions of the Ordinary General Assembly Meeting should be taken by a quorum representing at least 50% of the company's capital. 💡 If this majority is not achieved, and there is no contrary text in the company's bylaws, the partners are convened or consulted again and decisions are taken on the basis of a majority vote, regardless of the amount of capital represented.

- **Extraordinary General Assembly Meeting:**

Such a meeting will be convened only to take major decisions such as to amend the articles of association, accept new partners, increase the company's capital, or transform the company into a joint stock company. Decisions of the Extraordinary General Assembly Meeting are taken by a majority of partners representing at least three quarters of the company's capital. Some decisions require unanimity, for example, to change the nationality of the company, or oblige the partners to increase their contributions or obligations. 💡



It is always recommended to appoint the manager(s) in the Constituent General Assembly Meeting rather than the articles of association. In the latter case, changing/replacing the manager would require the articles of association to be amended, which necessitates a larger quorum and a special quietus from the National Social Security Fund.




The partners can agree, in the articles of association, on another proportion for the quorum and decision-making, provided that it is not less than 50%.



The partners can agree on the majority required for some decisions and stipulate further decisions that call for unanimity.

h. What information is required from the partner(s) to start the formation process?

To proceed with the company formation, you need to provide the following information:

- Name(s) of the partner(s) and the distribution of parts among them, according to their contribution to the company's capital.  A copy of each partner's identity card or passport is required.
- Company name, which should not be confusingly similar to the trade name or trademark of a third party, to avoid any conflict over the use of the company name.
- Details of the bank in which the company's capital is deposited. After the company registration is concluded, the company can hold multiple accounts across different banks.
- Company address or registered office address, which may be owned by any of the partners (or any of their close relatives) or rented. The company address, in terms of the mohafaza (governorate) in which it is located, will determine the commercial register where the company should be registered. A copy of the title of deed and rental agreement or allowance letter is required.
- Name of the manager(s) and their powers.
- Name of the lawyer who will handle the registration process, along with a copy of the lawyer's bar association identification document.
- Name of the auditor, if required, along with copies of the auditor's identity card and Lebanese Association of Certified Public Accountants identification document.

i. What are the steps for the company formation and registration process?

Based on all the information and documents received from the client, the lawyer should prepare the following documents required for the company registration:

- Articles of association or bylaws, which outline the rules and regulations of the company. This document should be signed by all the partners or legal representatives at the notary public's office.
- Application, addressed to the relevant commercial register, including a summary of the company details. This document should be signed by the company's lawyer.
- Minutes of the Constituent General Assembly Meeting, signed by all the partners.
- Commercial circular, which names the manager(s) and describes their powers. This document should be signed by the manager(s).
- Letter to be presented to the bank to open the bank account in the name of the company "under formation". This letter names the partners and sets out their contribution to the capital and the number of parts owned by each partner. This document should be signed by all the partners.
- Economic beneficial owner form, which confirms the person who is the ultimate beneficial owner of the parts. This form should be signed by each partner.

j. What are the steps for the company formation and registration process?

- Signature of the articles of association. The partners should sign the articles of association before a notary public and pay any applicable stamp duty tax within five days of the date of signature.
- Bank approval. The articles of association, along with all other incorporation documents, are submitted to the bank for review and approval when opening the bank account for the company "under formation". The bank should issue a letter confirming that the bank account has been opened and that it has received the deposit of the company's capital by the partners.



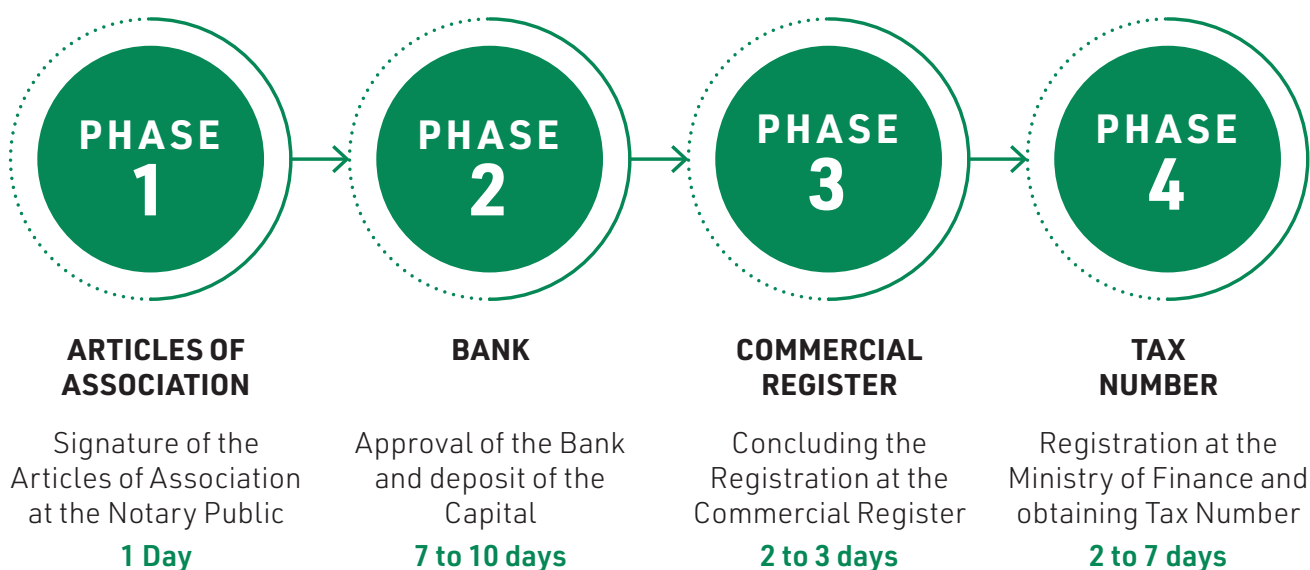
Avoid 50:50 distribution of the parts since it will lead to deadlock more often.

It is recommended to have a partners agreement, which defines the rights and obligations of each of the partners.

- Registration at the commercial register. After receiving the bank's letter confirming the deposit of the capital, the company's lawyer should handle the registration process at the relevant commercial register. This process includes payment of registration fees and judicial fees, obtaining certified true copies of the incorporation documents, and obtaining the company registration certificate issued by the commercial register to confirm the registration date and number of the company.
- Registration at the Ministry of Finance. Within two months of the company registration at the commercial register, the company should register at the Lebanese Ministry of Finance to obtain its tax registration certificate and tax number. This procedure can be carried out either by the company, its auditor, or its lawyer.

k. What is the average time frame to conclude the registration process?

Figure 1: Phases and Time Frame to conclude the registration of a Limited Liability Company



l. What are the official charges for the registration of a limited liability company?

Description	Amount	Place of Payment
Notary public's fee	Can vary from one notary public to another	Notary public's office
Stamp duty tax	LBP 34,500,000 +4/1000 of the Company's Capital	Notary public's office or the Ministry of Finance
Beirut Bar Association fee Or Tripoli Bar Association fee	US\$200 US\$100	Beirut Bar Association offices in the courts Tripoli Bar Association offices
Judicial/financial fees	LBP 18,000,000	Competent court
Stamp duty for each certified true copy of any incorporation documents	LBP 120,000 per document	Commercial register
Stamp duty for the tax registration certificate	LBP 20,000	Ministry of Finance

m. What is the tax rate applied to a limited liability company?

A limited liability company is subject to a 17% tax on its net profits. In addition, dividends distributed to the partners are subject to taxation at 10% .

n. Can partners sell their parts in a limited liability company?

Parts are not freely negotiable. Transfers among partners are allowed, but transfers to third parties are subject to the preemptive right of partners. Selling parts to third parties requires the prior approval of three quarters of the company's capital.

SUMMARY

Company Type: Limited Liability			
Liability	Limited	Management	One or more managers
Minimum Capital	LBP 5,000,000	Foreign Ownership	Possible
No. of Partners	One to 20	Taxation	17% on net profits
Activities	Prohibited from some activities		10% on distribution of dividends

2. JOINT STOCK COMPANY (SOCIÉTÉ ANONYME)

a. What are the characteristics of a joint stock company?

The liability of the shareholders of a joint stock company is restricted to their contribution to the company's capital. The shareholders in such a company are not responsible for settling any company debts using their own wealth. The shareholders are not considered traders and thus are not subject to the trader's obligations.

The company may also be open to the public for subscription. In this case, the shareholders must publish the details of the call to the public in the official gazette, in a local daily newspaper, and in a business newspaper.

b. How many shareholders are needed to form a joint stock company?

The minimum number of shareholders in a joint stock company is three. There is no maximum number of shareholders.

c. What is the minimum capital requirement for a joint stock company?

The minimum capital requirement for a joint stock company is 30 million Lebanese pounds. At least one third of the capital should be deposited at a bank before the registration of the company. The capital should be divided into equal shares.

d. Can a foreigner be a partner in a joint stock company?

In general, there are no restrictions on foreign participation in a joint stock company. All shareholders may be foreign nationals, except in companies in certain regulated sectors that have specific requirements around the proportion of shares to be held by Lebanese nationals.

e. Are there any restrictions on the activities carried out by a joint stock company?

The joint stock company can carry out any business activity, with no restrictions. Some activities may, however, require prior authorization or a license from the concerned authorities, or a higher level of capital.

f. Who manages the company?

The joint stock company is managed by a board of directors comprising at least three and no more than 12 members, presided over by a chairperson and/or director general elected from the board of directors. The board members may be elected from among the shareholders or from outside the company.

g. What is the purpose of the various types of general assembly meeting?

Please refer to the equivalent section on limited liability companies (p. 18).

h. What information is required from the shareholders to start the formation process?

To proceed with the company formation, you need to provide the following information:

- Names of the shareholders and the distribution of shares among them, according to their contribution to the company's capital. A copy of each partner's identity card or passport is required.
- Company name, which should not be confusingly similar to the trade name or trademark of a third party, to avoid any conflict over the use of the company name.
- Details of the bank in which the company's capital is deposited. After the company registration is concluded, the company can hold multiple accounts across different banks.
- Company address or registered office address, which may be owned by any of the shareholders (or any of their close relatives) or rented. The company address, in terms of the mohafaza (governorate) in which it is located, will determine the commercial register where the company should be registered. A copy of the title of deed and rental agreement or allowance letter is required.
- Names of the board members, chairperson, and/or director general.
- Name of the lawyer who will handle the registration process, along with a copy of the lawyer's bar association identification document.
- Name of the auditor, along with copies of the auditor's identity card and Lebanese Association of Certified Public Accountants identification document.

i. What are the incorporation documents prepared by the company's lawyer?

Based on all the information and documents received from the client, the lawyer should prepare the following documents required for the company registration:

- Articles of association or bylaws, which outline the rules and regulations of the company. This document should be signed by all the shareholders or legal representatives at the notary public's office.
- Application, addressed to the relevant commercial register, including a summary of the company details. This document should be signed by the company's lawyer.
- Minutes of the Constituent General Assembly Meeting, signed by all the shareholders.
- Commercial circular, which names the chairperson and/or director general, describes their powers, and sets out the term of their appointment. This document should be signed by the chairperson and/or director general.
- Letter to be presented to the bank to open the bank account in the name of the company "under formation". This letter names the shareholders and sets out their contribution to the capital and the number of shares owned by each shareholder. This document should be signed by all the shareholders.
- Economic beneficial owner form—one to be signed by each shareholder.

j. What are the steps for the company formation and registration process?

- *Signature of the articles of association.* The founders should sign the articles of association before a notary public.
- *Bank approval.* The articles of association, along with all other incorporation documents, are submitted to the bank for review and approval when opening the bank account for the company "under formation". The bank should issue a letter confirming that the bank account has been opened and that it has received the deposit of the company's capital (or at least one third of the total sum) by the founders.
- *Registration at the commercial register.* After receiving the bank's letter confirming the deposit of the capital, the company's lawyer should handle the registration process at the relevant commercial register. This process includes payment of the registration fees and judicial fees, obtaining certified true copies of the incorporation documents, and obtaining the company registration certificate issued by the commercial register to confirm the registration date and number of the company.
- *Registration at the Ministry of Finance.* Within two months of the company registration at the commercial register, the company should register at the Lebanese Ministry of Finance to obtain its tax registration certificate and tax number. This procedure can be carried out either by the company's founders, its auditor, or its lawyer.

k. What is the average time frame to conclude the registration process?

Please refer to the equivalent section on limited liability companies (p. 20).

l. What are the official charges for the registration of a joint stock company?

Description	Amount	Place of Payment
Notary public's fee	Can vary from one notary public to another	Notary public's office
Stamp duty tax	LBP 46,000,000 +4/1000 of the Company's Capital	Notary public's office or the Ministry of Finance
Beirut Bar Association fee Or Tripoli Bar Association fee	US\$200 US\$200	Beirut Bar Association offices in the courts Tripoli Bar Association offices
Judicial/financial fees	LBP 30,000,000-35,000,000	Competent court
Stamp duty for each certified true copy of any incorporation documents	LBP 120,000per document	Commercial register
Stamp duty for the tax registration certificate	LBP 20,000	Ministry of Finance

m. What is the tax rate applied to a joint stock company?

A joint stock company is subject to a 17% tax on its net profits. In addition, dividends distributed to shareholders are subject to taxation at 10%.

n. Can a shareholder sell his/her shares in a joint stock company?

Shares are freely negotiable. The articles of association or the shareholders' agreement may, however, include provisions related to preemptive rights, which grant the other shareholders the right to buy the shares under the same conditions offered to third parties.

o. Do some business activities require special licenses from the authorities?

Some activities require a license or permission, obtained in advance from the relevant authorities—for instance, all restaurants in the country must obtain a license from the Lebanese Ministry of Tourism. Pharmacies and medical centers require a license from the Lebanese Ministry of Public Health. Banks and financial institutions must obtain a license from the central bank.

SUMMARY

Company Type: Joint Stock Company			
Liability	Limited	Management	Board of directors
Minimum capital	LBP 30,000,000	Foreign ownership	Possible
No. of shareholders	Minimum 3	Taxation	17% on net profits 10% on distribution of dividends
Activities	All kinds of activities		

3. OFFSHORE COMPANY

a. What are the characteristics of an offshore company?

Establishing an offshore company in Lebanon is ideal for companies operating outside Lebanon or in Lebanese free zones, allowing them to conduct various business activities with negligible tax liabilities, regardless of the turnover or profits. Although formed in Lebanon, offshore companies operate only in free zones or outside the country. Additionally, offshore companies are attractive investments owing to favorable Lebanese laws and a flexible economic system.

b. How many shareholders are needed to form an offshore company?

An offshore company can be incorporated by a single shareholder and may be fully owned and managed by foreigners. A shareholder's liability is limited to his/her shares in the company.

c. What is the minimum capital requirement for an offshore company?

The minimum capital requirement for an offshore company is thirty million Lebanese pounds. At least one third of the capital should be deposited at a bank before the registration of the company. The capital should be divided into equal shares.

The company's capital can be specified in a foreign currency; in such cases, the company's accounts must be maintained in that same foreign currency.

d. Can a foreigner be a shareholder in an offshore company?

In general, there are no restrictions on foreign participation in an offshore company. 💡

e. Are there any restrictions on the activities carried out by an offshore company?

By law, the object of an offshore company is restricted to the following:

- Negotiation and signature of contracts for operations and transactions performed outside the Lebanese territories, relating to assets located outside Lebanon or in free zones.
- Management from Lebanon of companies and institutions whose activities are carried out exclusively abroad, and export of professional, administrative, and organizational services, as well as all kinds of information technology (IT) software services, on demand to institutions located outside Lebanon.
- Trilateral or multilateral foreign trade operations abroad. For this purpose, the offshore company may negotiate and conclude contracts, ship goods, and reissue invoices pertaining to activities and operations executed outside Lebanon or from within Lebanon's free zones (including for the use of facilities available in the free zones in Lebanon for the storage of goods imported for reexport).
- Maritime freight activities.
- Acquisition of shares, equities, and bonds, as well as contributions, in foreign institutions and companies that are nonresident in Lebanon, and lending to institutions in which the offshore company owns more than 20 percent of the capital.
- Acquisition of and/or benefiting from rights belonging to agencies of goods and products, and representation of foreign companies in foreign markets.
- Opening of branches and representative offices outside Lebanon.
- Investment in and/or construction, management, and acquisition of economic projects of all types, except for those restricted under article 2 of Legislative Decree no. 46, dated June 24, 1983, and its amendments.
- Opening of lines of credit and borrowing from banks and financial institutions resident in Lebanon or abroad to finance any of the operations and activities above.
- Rental of offices in Lebanon and acquisition of real estate properties needed for the company's activities, taking into account the law regulating foreign ownership of real estate properties in Lebanon.

f. Who manages the company?

Since an offshore company is formed as a joint stock company, it is managed in a similar way (see p. 22).

g. What is the purpose of the various types of general assembly meeting?

Please refer to the equivalent section on limited liability companies (see p. 18).

h. What information is required from the shareholder(s) to start the formation process?

An offshore company is formed as a joint stock company. Please refer to the equivalent section on joint stock companies (see p. 22).



In practice, however, the banks in Lebanon may be reluctant to open bank accounts for an offshore company fully owned by foreigners owing to the risk of money laundering.

i. What are the incorporation documents prepared by the company's lawyer?

The requirements are the same as for a joint stock company (see p. 22).

j. What are the steps for the company formation and registration process?

The steps are the same as for a joint stock company (See p. 23).

k. What is the average time frame to conclude the registration process?

The time frame is the same as for a joint stock company (See p. 23).

l. What are the official charges for the registration of an offshore company?

Description	Amount	Place of Payment
Notary public's fee	Can vary from one notary public to another	Notary public's office
Stamp duty tax	LBP 46,000,000 +4/1000 of the Company's Capital	Notary public's office or the Ministry of Finance
Beirut Bar Association fee Or Tripoli Bar Association fee	US\$200 US\$200	Beirut Bar Association offices in the courts Tripoli Bar Association offices
Judicial/financial fees	LBP 30,000,000	Competent court
Stamp duty for each certified true copy of any incorporation documents	LBP 120,000 per document	Commercial register
Stamp duty for the tax registration certificate	LBP 20,000	Ministry of Finance

m. What are the tax advantages of an offshore company?

Offshore companies are exempt from:

- Tax on profits;
- Tax on distribution of dividends; and
- Stamp duty tax on overseas contracts signed in Lebanon.

Offshore companies are subject to:

- An annual flat tax of fifty million Lebanese pounds;
- 10 percent tax on profits received from the sale of fixed assets in Lebanon; and
- Income tax on the salaries of company employees working in Lebanon.

n. Can a shareholder sell his/her shares in an offshore company?

The same situation applies as for a joint stock company (see p. 24).

SUMMARY

Company Type: Offshore Company			
Liability	Limited	Management	Board of Directors
Minimum capital	LBP 30,000,000	Foreign ownership	Possible
No. of shareholders	One or more	Taxation	Annual flat tax of LBP 50,000,000
Activities	Outside Lebanon		

4. HOLDING COMPANY

a. What are the characteristics of a holding company?

A holding company is a type of company that is formed to own, manage, and finance its subsidiaries and affiliates in Lebanon or abroad. It is prohibited from conducting business transactions directly. Holding companies in Lebanon enjoy tax advantages.

b. How many shareholders are needed to form a holding company?

The minimum number of shareholders in a holding company is three; no maximum number is imposed.

c. What is the minimum capital requirement for a holding company?

The minimum capital requirement for a holding company is thirty million Lebanese pounds. At least one third of the capital should be deposited at a bank before the registration of the company. The capital should be divided into equal shares.

The company's capital can be specified in a foreign currency; in such cases, the company's accounts must be maintained in that same foreign currency.

d. Can a foreigner be a shareholder in a holding company?

In general, there are no restrictions on foreign participation in a holding company.

e. Are there any restrictions on the activities carried out by a holding company?

By Law, the object of a holding company is restricted to the following:

- Ownership of shares or stakes in Lebanese or foreign joint stock or limited liability companies, whether existing or incorporated by the holding company.
- Management of companies in which it holds partnership shares or participation.
- Lending to companies in which it holds partnership shares or participation and guaranteeing those companies to third parties. For this purpose, the holding company may borrow from banks and issue bonds in accordance with the provisions of the Commercial Code (article 122 and subsequent articles), provided that the total value of the issued bonds at no time exceeds five times the value of the holding company's share capital plus reserves, as per the latest approved financial statements.

The holding company is not permitted to lend to companies operating in Lebanon in which it has less than a 20% stake in the capital.

- Ownership of patents, discoveries, concessions, registered trademarks, and other reserved rights, and their lease to establishments located in Lebanon and abroad.
- Ownership of movable and immovable property, provided that any such property is exclusively reserved for the holding company's business needs, while complying with the provisions of the law regarding the acquisition of real property rights by non-Lebanese entities in Lebanon.

f. Who manages the company?

Since a holding company is formed as a joint stock company, it is managed in a similar way (see p. 22).

g. What is the purpose of the various types of general assembly meeting?

Please refer to the equivalent section on limited liability companies (see p. 18).

h. What information is required from the shareholders to start the formation process?

The requirements are the same as for a joint stock company (see p. 22).

i. What are the incorporation documents prepared by the company's lawyer?

The requirements are the same as for a joint stock company (see p. 22).

j. What are the steps for the company formation and registration process?

The steps are the same as for a joint stock company (see p. 23).

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Judicial/financial fees	LBP 30,000,000	Competent court
Stamp duty for each certified true copy of any incorporation documents	LBP 120,000 per document	Commercial register
Stamp duty for the tax registration certificate	LBP 20,000	Ministry of Finance

m. What are the tax advantages of a holding company?

Holding companies are exempt from:

- Tax on profits;
- Tax on distribution of dividends; and
- Tax on interest, management fees, and royalties received from abroad.

Holding companies are subject to:

- Yearly tax on paid-up capital and reserves, capped at Fifty million Lebanese pounds;
- 10% tax on interest received from loans granted for a period of less than three years to companies operating in Lebanon;
- 5% tax on management fees received by the holding company from companies operating in Lebanon;
- 15% tax on capital gains on financial assets in Lebanese companies if the assets were held for less than two years; and
- 10% tax on royalties received from Lebanese companies for intellectual property rights.

n. Can a shareholder sell his/her shares in a holding company?

The same situation applies as for a joint stock company (see p. 24).

SUMMARY

Company type: Holding Company			
Liability	Limited	Management	Board of directors
Minimum capital	LBP 30,000,000	Foreign ownership	Possible
No. of shareholders	Minimum of three	Taxation	No corporate income tax Annual flat tax of up to LBP 50,000,000 on paid-up capital
Activities	Management of subsidiaries and Intellectual Property licensing.		10% tax on interest received from loans granted to Lebanese companies for less than three years 5% tax on management fees received from Lebanese companies

5. CIVIL COMPANY

a. What are the characteristics of a civil company?

A civil company is defined as a company established by a group of individuals sharing the same profession or competency. This company is governed by the provisions of the Code of Obligations and Contracts. The liability of the partners is unlimited. Such companies are usually established by lawyers, auditors, engineers, or other professionals. All civil companies in Lebanon are registered at the Civil Companies' Register in Beirut, regardless of the company's address.

b. How many partners are needed to form a civil company?

The minimum number of partners in a civil company is two; no maximum number is imposed.

c. What is the minimum capital requirement of a civil company?

There is no minimum capital requirement for a civil company. The partners should agree on the company's capital.

d. Who manages a civil company?

The civil company is managed by one or more directors appointed in the articles of association or at a general assembly meeting.

e. Can partners sell their parts in a civil company?

A partner in a civil company can sell his/her parts provided that the other partners—who have a priority right to acquire the parts for sale—approve this assignment, and provided that the assignee exercises the same profession.

SUMMARY

Company Type: Civil Company			
Liability	Unlimited	Activities	Liberal profession
Minimum capital	No minimum capital	Management	One or more directors
No. of shareholders	Two or more	Foreign ownership	Possible

6. BRANCH OFFICE OF A FOREIGN COMPANY

a. What are the characteristics of a branch office of a foreign company?

A foreign company has the right to open a branch office in Lebanon to operate its local business. A branch office may engage in any business activity listed in the foreign company's articles of association provided that it does not contravene Lebanese law.

The main characteristics of a branch office are as follows:

- The branch office is considered a legal extension of the foreign company, operating under the same corporate identity and subject to the foreign company's articles of association. As such, it retains the foreign company's nationality.
- Branch offices are not subject to minimum capital regulations.
- A branch office of a foreign company should be registered with the Lebanese MoET and the relevant commercial register.
- If the head of the branch office is a foreigner, he/she must obtain residency and a work permit for Lebanon.
- The net income derived from the branch office's operations in Lebanon is subject to Lebanese business income tax, levied at a rate of 17%.

b. What information and documents are required to register a branch of a foreign company?

The application to establish a branch office of a foreign company in Lebanon should be signed by the branch manager or a lawyer and addressed to the Lebanese MoET. It must include the name of the foreign parent company, the address of its registered head office, and the details of its capital and structure. The application should be accompanied by the following documents:

- A copy of the articles of association of the foreign company, certified by the commercial register and the Lebanese consulate in the country of origin and by the Lebanese Ministry of Foreign Affairs, translated into Arabic by a sworn translator, and certified by the Lebanese Ministry of Justice.
- A copy of the resolution of a board of directors or general assembly meeting to set up a branch in Lebanon, certified by the Lebanese consulate in the country of origin and the Lebanese Ministry of Foreign Affairs, translated into Arabic by a sworn translator, and certified by the Lebanese Ministry of Justice.
- A copy of the resolution of a board of directors or general assembly meeting to appoint the branch manager, certified by the Lebanese consulate in the country of origin and the Lebanese Ministry of Foreign Affairs, translated into Arabic by a sworn translator, and certified by the Lebanese Ministry of Justice.
- A power of attorney in favor of a representative in Lebanon, authorizing him/her to act on behalf of the foreign parent company in establishing the branch office in Lebanon, notarized and legalized before the Lebanese consulate in the country of origin.

After the notice is granted by the MoET, the branch office should be incorporated at the commercial register for the Lebanese district in which the branch will be located. The representative should submit to the commercial register both the set of documents presented to the MoET (as described above) and the notice received from it.

Figure 2: Phases to register a branch of a foreign company



7. REPRESENTATIVE OFFICE OF A FOREIGN COMPANY

a. What are the characteristics of a representative office of a foreign company?

A foreign company has the right to open a representative office in Lebanon to promote its business without engaging in direct business operations or sales.

The main characteristics of a representative office are as follows:

- The representative office shall not have a separate legal personality from the one of the foreign company and shall be subject to its articles of association.
- The activities of the representative office are restricted to the marketing of services and goods provided directly by the foreign company, without any engagement by the representative office in any commercial, industrial, or financial activities in Lebanon.
- The representative office of a foreign company should be registered with the Lebanese MoET and the relevant commercial register.
- If the manager of the representative office is a foreigner, he/she must obtain residency and a work permit for Lebanon.
- A representative office is exempt from Lebanese income tax.

b. What information and documents are required to register a representative office of a foreign company?

The application to establish a representative office of a foreign company in Lebanon should be signed by the branch manager or a lawyer and addressed to the MoET. It should include the name of the foreign parent company, the address of its registered head office, and the details of its capital and structure. The application should be accompanied by the following documents:

- A copy of the articles of association of the foreign parent company, certified by the commercial register and the Lebanese consulate in the country of origin and by the Lebanese Ministry of Foreign Affairs, translated into Arabic by a sworn translator, and certified by the Lebanese Ministry of Justice.
- A copy of the resolution of a board of directors or general assembly meeting to set up a representative office in Lebanon, certified by the Lebanese consulate in the country of origin and the Lebanese Ministry of Foreign Affairs, translated into Arabic by a sworn translator, and certified by the Lebanese Ministry of Justice.
- A copy of the resolution of a board of directors or general assembly meeting to appoint the representative office manager, certified by the Lebanese consulate in the country of origin and the Lebanese Ministry of Foreign Affairs, translated into Arabic by a sworn translator, and certified by the Lebanese Ministry of Justice.
- A power of attorney in favor of a representative in Lebanon, authorizing him/her to act on behalf of the foreign parent company in establishing the representative office in Lebanon, notarized and legalized before the Lebanese consulate in the country of origin.

After the notice is granted by the MoET, the representative office should be incorporated at the commercial register for the Lebanese district in which the office will be located. The representative should submit to the commercial register both the set of documents presented to the MoET (as described above) and the notice received from it.

Figure 3: Phases to register a representative office of a foreign company



APPLICATION
TO THE MINISTRY OF
ECONOMY AND TRADE

ISSUANCE OF THE
NOTIFICATION

REGISTRATION AT
THE COMMERCIAL
REGISTRY



IV. Other Types of Companies

In addition to the types of companies detailed above, Lebanese commercial law also allows for other types of companies that are no longer recommended owing to the unlimited liability placed on some or all of the partners. Unlimited liability exposes partners to significant risks as their personal assets can be used to settle debts if the company's resources are insufficient. This makes the following options less attractive for most businesses than limited liability structures:

1. PARTNERSHIP COMPANY**PAGE 35****2. LIMITED PARTNERSHIP COMPANY****PAGE 35****3. JOINT VENTURE****PAGE 35**

Thus, only a quick overview of these types of companies is provided below, without going into further detail.

1. GENERAL PARTNERSHIP COMPANY

A general partnership company is a business structure formed by two or more people who agree to co-own and operate the business for profit. Each partner is considered a general and has unlimited personal liability for the debts and obligations of the partnership. This means that if the business cannot meet its financial commitments, creditors can pursue the partners' personal assets to collect the debts.

There is no minimum capital requirement to form a general partnership. Partners can contribute to the capital in the form of cash, assets, or services.

In a general partnership, parts are generally not freely transferable. Transferring a part to a third party usually requires approval from all partners.

The management of a general partnership can be handled by one or more partners, or by an outsider appointed in the articles of association or at a general assembly meeting.

2. LIMITED PARTNERSHIP

The limited partnership company is similar to the general partnership, except that this company comprises two categories of partners: the general/authorized partners and the limited/silent partners.

A limited partnership should have at least one general partner. General partners are jointly liable for all debts and obligations of the company. A general partner has the status of a trader and is thus subject to the provisions applicable to traders.

Limited partners are not traders, and their liability is limited to the amount of their contribution to the company's capital.

The management of the limited partnership can be handled by one or more of the general partners; limited partners are prohibited from carrying out management activities.

3. JOINT VENTURE COMPANY

A joint venture company is a hidden association, formed between two or more individuals or companies who decide to join efforts to carry out specific project(s) and divide the profits and losses among them according to their agreement. Such companies have no legal existence, and they are not required to disclose to third parties the existence of the company or its terms and conditions. Thus, unlike other types of companies, there are no procedures for joint venture companies to register at the commercial registries.

A joint venture company may be appropriate for parties that do not wish to disclose to the public that they are collaborating on specific projects.

A joint venture company does not have a minimum capital requirement as such. Each partner should, however, contribute to the joint venture in cash, assets, or services.

A joint venture company does not have articles of association, but the partners usually agree in writing on the terms and conditions of their partnership, in the form of a partners' agreement, which remains confidential.

The management of such companies is entrusted to one or more managers appointed from among the partners or outsiders.

Since the joint venture company has no legal existence and is kept hidden from the public, the partners or managers who deal with third parties on behalf of the joint venture company are held personally liable for such acts and agreements. Third parties may seek to collect their debts from the partners or managers who represented the joint venture company or from any of the partners who are publicly known to be partners in the company. The liability of these partners/managers is unlimited.

The distribution of profits and losses is made in accordance with the agreement between the partners or is prorated to the partners' contribution to the capital.

Since a joint venture company has no legal existence, it is not considered a taxable entity. The partners should, however, include the income generated from the joint venture company in their tax declaration.



V. Cooperative

1. WHAT ARE THE CHARACTERISTICS OF A COOPERATIVE?

A cooperative is a nonprofit entity formed by a minimum of 10 members with a common economic goal. It aims to improve members' social and economic status through collective efforts under the principle of general cooperation. The cooperative enjoys several advantages, including unlimited capital and tax benefits. It has a legal personality, allowing it to own assets, including a commercial establishment; enter contracts; and receive grants. Liability can be limited to members' shares or it can be unlimited, making members jointly and severally responsible, even after the cooperative's dissolution. Governance is managed by the shareholding, board of directors, surveillance committee, and general assembly meetings, ensuring accountability within the organization.

2. WHAT DOCUMENTS ARE REQUIRED TO ESTABLISH A COOPERATIVE?

To establish a cooperative, an application should be submitted to the central administration of the General Directorate of Cooperatives at the Lebanese Ministry of Agriculture. The application, signed by at least 10 founding members, should be accompanied by the following documents:

- A copy of the identity card of each founding member
- A business plan for the cooperative based on the template provided by the Ministry of Agriculture's General Directorate of Cooperatives
- Official documentation or statement to prove that the founders of the cooperative are in the field of practice for which they are requesting the cooperative
- Proposed date for holding the general assembly meeting.

In addition, the following information is required:

- Cooperative name, which should not include any of the members' names
- Type of cooperative: limited liability or unlimited liability
- Legal capacity of the founding members
- Background of the founding members
- Number and value of shares (no minimum).

3. HOW IS THE COOPERATIVE GOVERNED?

The cooperative is managed and administered through different layers to ensure good governance and protection of the minority shareholders. These layers are as follows:

- **Shareholding**
 - » In a cooperative, the number of shares can be increased or reduced according to needs.
 - » Shares are nominal and can only be transferred with the approval of the board of directors, which should ensure that the transferee meets the criteria to become a shareholder in the cooperative.
 - » To avoid the risk of monopoly, no shareholder may own more than a fifth of the shares.
- **Board of directors**

- » The board of directors is elected at the general assembly meeting.
- » The board of directors can be formed of three, five, or seven members, as agreed in the cooperative bylaws.
- » The term of the board of directors can range from two to three years depending on the cooperative bylaws.
- » The board of directors will elect one of its members as chairperson.
- » Management of the cooperative is entrusted to the board of directors.
- » Individuals on the board of directors are entitled to representation fees.

- **Surveillance committee**

Management of the cooperative by the board of directors is subject to the supervision of a surveillance committee elected at the general assembly meeting. The committee should be composed of three members and should have the same term as the board of directors. The committee should meet at least once every six months and should issue a yearly report on the results of the board's work, with comments and recommendations.

The surveillance committee must:

- » Monitor the decisions of the board of directors and general assembly meetings and instructions of the management of the cooperative;
- » Inspect the records, books, and documents of the cooperative and make a comprehensive inventory of assets statement;
- » Inspect the accounts, budget, and reports generated by the board of directors; and
- » Request the dismissal of one or more members of the board of directors or of the surveillance committee when appropriate.

- **General assembly meeting**

The general assembly of the cooperative comprises all members of the cooperative. During the meetings, each shareholder shall have one vote, regardless of the number of shares he/she holds. The decisions are issued at a simple majority.

4. IS IT POSSIBLE FOR THE COOPERATIVE TO MAKE PROFITS? IF SO, HOW ARE THEY DISTRIBUTED?

The cooperative may have a small net profit at the end of the financial year, after deducting all overheads and depreciation from the revenue. A limited liability cooperative should keep 25% of the surplus as a reserve; in an unlimited liability cooperative, this should rise to 50% of the surplus.

After deducting the reserve, the cooperative can distribute the remaining profits in the form of interests to its members, prorated to their contribution to the cooperative's capital. The total amount distributed cannot exceed 25% of the net revenue. The cooperative can allocate 5% of the net revenue for urban, social, and cultural activities.

The cooperative can apply for loans to finance its projects or grant loans to its members, provided it obtains the approval of the general assembly on the loan and interest amounts and on the general terms.

5. WHAT ARE THE TAX ADVANTAGES OF A COOPERATIVE?

- **A cooperative is exempt from the following taxes and/or official fees**
 - » Advertising fees (for signage);
 - » Construction permit fees;
 - » Technical (professional) studies fees;
 - » Rent taxes;
 - » Electricity and water taxes;
 - » Municipality taxes;
 - » Other fees and allowances;
 - » Publication fees for the official gazette;
 - » Laboratory examination fees for government-related institutions or laboratories; and
 - » A percentage reduction, set by the Minister of Agriculture, on the sale price of Ministry of Agriculture products.
- **Various indirect fees and taxes**
 - » Stamp duty fees on lending and borrowing contracts and bonds;
 - » Judicial fees and judicial stamp duty fees;
 - » Fees on the transfer of property (real estate);
 - » Car and truck registration fees, and mechanic fees; and
 - » 50 percent of the export fees applicable to goods produced by the cooperative for export.
- **Some direct taxes**
 - » Property tax for properties owned by the cooperative and which it uses to achieve its objectives (no need to submit a request for exemption to the Lebanese Ministry of Finance);
 - » Fees on the transfer of property (such as grants, donations, and inheritances); and
 - » Income tax on the profits of the cooperative, including any interest it charges to its debtors (the cooperative is also exempted from submitting any declaration to this effect to the financial authorities).

These exemptions apply only to the cooperative itself, with no third parties permitted to benefit from such exemptions, even if they are members of the cooperative.

PART 2:

Intellectual Property

Start-ups are born from the fertile ground of innovation, driven by the desire to solve pressing problems and disrupt existing markets. At the heart of every successful start-up lies a unique idea, a novel solution, or a groundbreaking technology. These intellectual creations are the lifeblood of the company, driving growth, attracting investment, and ultimately determining its success.

In the dynamic and competitive world of entrepreneurship, however, these innovative ideas are vulnerable. Competitors may attempt to copy, imitate, or even steal these creations, undermining the start-up's competitive edge and potentially curbing its growth.

This part of the manual explores the critical role of intellectual property (IP) in safeguarding a start-up's most valuable assets: its innovative ideas. It delves into the various forms of IP protection available, such as patents, trademarks, copyrights, industrial designs, and trade secrets, and discusses how each can be strategically leveraged to secure a competitive advantage.

The following pages provide practical insights and actionable advice to enable entrepreneurs to navigate the complexities of IP law and effectively protect their intellectual creations. By understanding and leveraging the power of IP, start-ups can unlock their full potential, drive innovation, and build sustainable businesses that can thrive in a competitive marketplace.

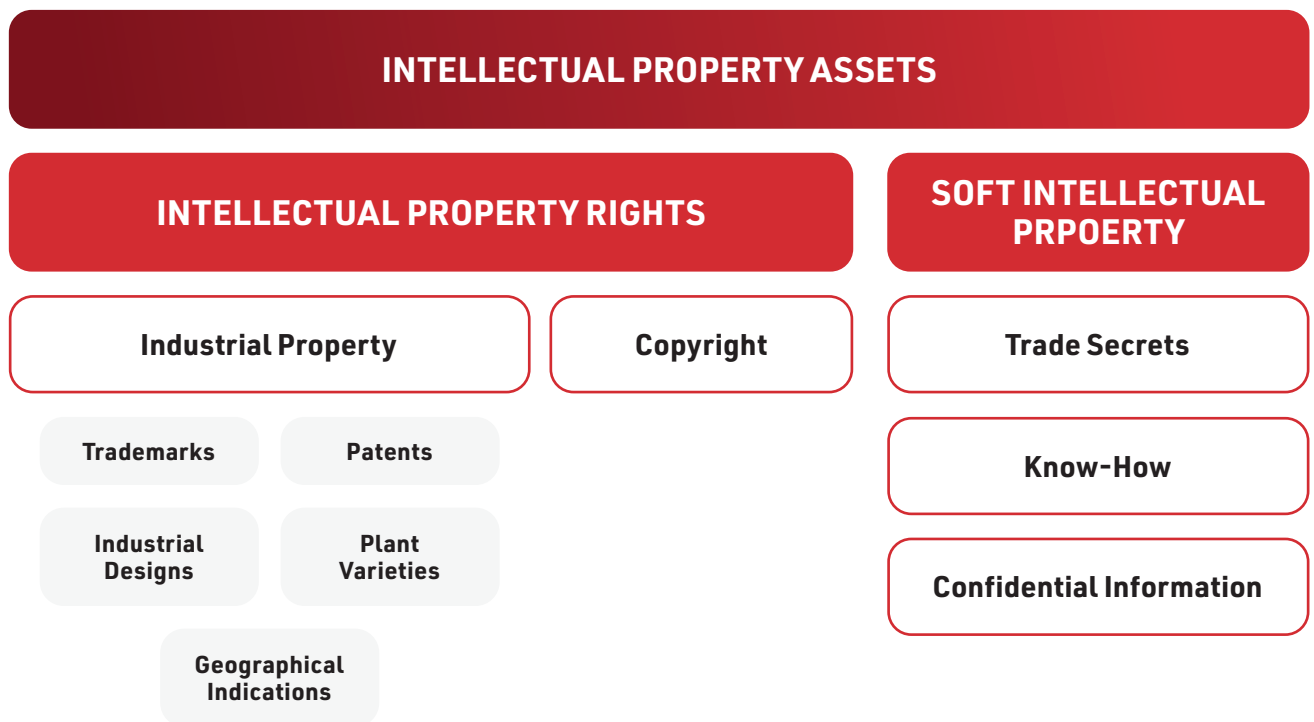
1. WHAT IS INTELLECTUAL PROPERTY?

Intellectual property (IP) refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names, and images used in commerce.

2. WHAT ARE THE DIFFERENT TYPES OF IP?

IP assets fall into several categories, broadly divided into traditional IP rights and soft IP:

- Traditional IP rights are formally registered and offer legal protection:
 - » Literary and artistic property (copyright) safeguards original creative works like books, music, software, and artistic expressions.
 - » Industrial property encompasses inventions (patents), brand identities (trademarks), unique designs (industrial designs), geographical indications, and protection for plant varieties.
- Soft IP encompasses valuable yet often unregistered assets crucial for a start-up's success. These assets include trade secrets (such as confidential formulas or customer lists), know-how (specialized skills and expertise), and other confidential information that provides a competitive advantage.





I. Trademark

1. WHAT IS A TRADEMARK?

A trademark is a name, symbol, or sign used by companies to distinguish their goods or services from those of other companies. A trademark expresses the identity of a product or service and is usually used on products or in service promotion campaigns. Trademarks are not just logos; they can include words, images, sounds, or even distinctive shapes. Registering a trademark gives a company the exclusive right to use it in the market, which strengthens the brand identity and protects it from competitors.


2. WHAT TYPES OF TRADEMARKS EXIST?

Trademarks come in various forms, each offering a unique image for a company. These forms include:

- **Verbal mark:** Consists of words, letters, or numbers.
- **Figurative mark:** Takes the form of a logo or graphic element without text.
- **Combined mark:** Consists of a combination of words and graphics.
- **Shapes:** Represent the unique design of a particular product (such as the distinctive shape of a Coca-Cola bottle).
- **Pattern:** A repetitive decorative design used on packaging or products to distinguish them.
- **Color:** Includes a specific color or set of colors that represent the brand.
- **Position mark:** A mark based on a distinctive design placed in a specific position on the product.
- **Sound:** Includes unique sounds (such as the distinctive tone of Intel).
- **Multimedia:** A combination of visual and audio elements in digital media.

In Lebanon, nontraditional marks such as sound and multimedia marks are not yet registrable.

3. WHAT ARE THE REQUIREMENTS FOR TRADEMARK PROTECTION?

A trademark must be distinctive and meet certain requirements for protection. In Lebanon, trademarks can generally be registered unless they contain national or foreign symbols, are misleading, or breach public order. Common reasons for rejection include: 

- Similarity to an existing trademark (for example, Starbucks versus Starbox)
- Trademark is too generic or descriptive (for example, use of "milky" in a trademark for a milk product)
- Trademark includes misleading words (for example, use of "natural" in a trademark for a chemical product).



Before proceeding with a trademark registration, an availability search should be conducted for the trademark to minimize the risk of refusal.

4. HOW DO I CHOOSE A TRADEMARK?

Creativity is key when choosing a trademark. Aim for a distinctive word or logo that avoids being generic or merely descriptive of your products or services.

Before adopting any trademark, it is crucial to conduct an availability search. This ensures that your chosen mark is unique and available for use and registration, both in your home country and in any other country where you plan to expand your business.

While online databases and search engines can provide initial insights, official searches through IP offices are often necessary in many countries. Consider seeking professional assistance from a trademark attorney, who can conduct a thorough and effective search and expertly evaluate your trademark's availability and registrability.

5. WHAT IS THE TERM OF PROTECTION FOR TRADEMARK REGISTRATION?

In Lebanon, trademark protection lasts for 10 years and can be renewed indefinitely for successive 10-year periods. This duration of protection is common in many countries, although some may stipulate slightly longer or shorter protection periods.

6. DO I NEED TO REGISTER MY TRADEMARK TO PROTECT IT?

While unregistered trademarks in Lebanon have some level of protection, formal registration is crucial to enjoy stronger safeguards. Registered trademark owners have access to legal remedies, including the ability to pursue criminal action against a trademark infringer.

7. HOW TO REGISTER A TRADEMARK?

Trademarks are registered in Lebanon through the Lebanese Intellectual Property Protection Office (IPO) portal at (<https://portal.economy.gov.lb/>). The process involves submitting an online application, followed by a hard copy (submitted to IPO at a later stage). The following documents/information are required:

- Applicant's name, address, nationality, and business activities
- Power of attorney, which must be notarized and legalized if filed through an agent
- Three copies of the trademark
- List of goods/services for which the trademark will be used
- Certified true copy of the company registration certificate and commercial circular, if the application is from a Lebanese company
- Original or certified true copy of the priority documents, if claiming priority based on an application submitted abroad.

After conducting a formal examination, and searches in the IPO database, the trademark examiner will decide whether to accept or reject the application. If accepted, the applicant or legal representative will pay the registration fees. Following payment, IPO will issue the trademark registration certificate. The application will then be published in the official gazette to inform third parties of the trademark's registration.

Figure 4: Process for trademark registration



8. WHAT ARE THE OFFICIAL CHARGES FOR TRADEMARK REGISTRATION IN LEBANON?

Description	Amount (LBP)
Registration fee per class	10,500,000 + 10% municipality tax
Registration fee for each additional class	10,500,000 + 10% municipality tax
Publication fee	200,000 (per line, each consisting of six words)
Publication fee for the trademark (black and white)	1,300,000
Publication fee for the trademark (color)	5,200,000
Stamp duty fee for the trademark registration certificate	4,600,000

9. DOES WORLDWIDE TRADEMARK REGISTRATION EXIST?

While trademark registration is made on a national basis, the Madrid System, governed by the Madrid Protocol and Agreement, allows applicants to seek registration of their trademarks in multiple countries using a single international application. Applicants must be a national of a member country.

It is worth noting that Lebanon joined the Madrid Protocol for the international registration of trademarks and its implementing regulations. The Protocol will be effectively applied once the logistical and technical arrangements at the Ministry of Economy are completed. 💡

10. HOW TO CHOOSE THE RELEVANT CLASS FOR TRADEMARK REGISTRATION?

The Nice Classification is an international classification system used to classify goods and services for the purpose of the registration of marks. It is used in more than 150 countries, as well as by several regional organizations.

The classification consists of 34 classes for goods and 11 classes for services. Each class groups together specific types of products or services. The Nice Classification can be accessed in full at: <https://nclpub.wipo.int/enfr/>

When registering a trademark, it is crucial to choose one or more Nice Classification classes in which the trademark should be registered. These must be relevant to the applicant's business activities. Choosing the correct class is fundamental for protecting a trademark in the relevant industry.

It is worth noting that Lebanon has a multi-class application system, in which a single trademark application can simultaneously cover more than one class. Additional registration charges are, however, applied for each additional class. 💡



A Lebanese national with dual nationality, where the other country of citizenship is a member of the Madrid Protocol and Agreement, can benefit from the Madrid System and file a single international application. So too can Lebanese companies with a branch office in one of the member countries.



To reduce costs, it is recommended to file the trademark application in several classes at once, if needed.

Some other countries adopt a single-class application system, where a separate application must be filed for each class.

11. WHAT IS THE PRIORITY PERIOD IN TRADEMARK REGISTRATION?

The priority period in trademark registration is the time frame during which an applicant can claim priority based on an application previously filed in another country. This period is six months from the filing date of the original application. During this period, the applicant's filing date in the new country will be considered the same as the original filing date, providing an advantage in securing trademark rights during this period.

12. WHAT RIGHTS DOES TRADEMARK REGISTRATION PROVIDE?

Trademark registration grants its owner exclusive rights to:

- Use and exploit the trademark in commerce
- Prevent others from using an identical mark or confusingly similar marks
- License the trademark for additional revenue
- Sell or transfer the trademark as a valuable asset
- Use the trademark for funding
- Stop any counterfeiting or unauthorized use of the trademark.

13. WHAT ARE SOME COMMON MISTAKES TO AVOID IN TRADEMARK PROTECTION?

Start-ups often overlook important details during the trademark registration process. The table below lists some key considerations to keep in mind:

Mistake	What to avoid	Consequence
Choosing a descriptive mark	Using marks that are too descriptive or generic—for example, "Fresh Juice" for a juice brand.	Marks will be rejected due to lack of distinctiveness.
Incomplete trademark availability search	Performing a search that is not sufficiently thorough, as this can lead to conflicts with existing trademark holders.	Risk of legal battles and potential loss of rights.
Improper classification	Using the wrong class or missing out on including multiple classes in the application.	Limits trademark protection and creates coverage gaps.
Failure to renew	Failing to renew the trademark after 10 years.	Loss of trademark rights.
Failure to register abroad	Using the trademark in other countries before it is registered, as this can put the mark at risk.	Potential risk of infringement.

14. HOW DO I PROTECT MY TRADEMARK AGAINST INFRINGEMENT?

Prompt action is crucial in the event of infringement of your trademark by a third party.

Infringement proceedings can take the form of civil or criminal actions depending on the circumstances. For instance, if a third party registers a trademark that is identical or confusingly similar to your trademark, you can file a cancellation action against this party before the competent court and request the cancellation of the infringing trademark.

In the event that a third party is making counterfeit copies of your products bearing the same trademark, you can file a criminal complaint against this party with the public prosecution, to seek seizure of the counterfeit products and to claim indemnities.

Remember, the specific legal procedures and available remedies may vary depending on the nature of the infringement and the applicable laws in Lebanon. So, always seek professional legal advice.



II. Copyright

1. WHAT IS COPYRIGHT?

Copyright is a legal term used to describe the rights that creators have over their literary and artistic works. It grants authors exclusive rights to use, reproduce, publish, adapt and share their work, while preventing unauthorized use.

2. WHAT IS PROTECTED UNDER COPYRIGHT?

A copyright protects every creation of the human mind, regardless of their value, importance, or purpose, and whatever the method or form of their expression, including but not limited to:

- Written works such as books, articles, and poems
 - Oral works such as speeches and presentations
 - Creative media such as photos, movies, and music
 - Performances such as dance and theater
 - Visual art such as paintings and sculptures
 - Technical works such as software, applications, games, maps, and sketches.
-

3. WHAT ARE THE REQUIREMENTS FOR COPYRIGHT PROTECTION?

To benefit from copyright protection, a work should meet the following requirements:

- The work must be created by one or more natural persons; and
 - The work must demonstrate a certain level of creativity and originality.
-

4. DO I NEED TO REGISTER MY COPYRIGHT TO PROTECT IT?

In Lebanon, in conformity with the Berne Convention for the Protection of Literary and Artistic Works, a copyright is protected without having to follow any formalities. Registration of a copyright is recommended, however, to serve as presumption of ownership of a work.

5. WHO CAN BE A COPYRIGHT OWNER?

Copyright ownership can apply to the following types of creators:

- **Individual.** When a work is created independently, the individual creator is the sole owner.
- **Joint authors/works.** When two or more people create something together, with the intention that their separate contributions will be merged into a single work, they share ownership of that work.
- **Collective authors/works.** When two or more people create something together but the work remains in distinct parts, each person will remain the copyright owner of his/her part, unless agreed otherwise.
- **Organizations.** Companies, organizations, and other legal entities can hold copyright ownership over works created by their employees or contractors.

6. WHAT TYPES OF RIGHTS ARE GRANTED BY COPYRIGHT?

Copyright law provides the creator with moral and economic rights, as indicated in the below table.

Moral rights	Personal rights that belong to the creator; cannot be transferred or sold.	<ul style="list-style-type: none"> - Decide when/how to publish their work - Claim authorship of the work - Make changes to or withdraw the work - Protect the work against harmful modifications
Economic rights	Rights that allow creators to earn from their work; can be sold or licensed to others.	<ul style="list-style-type: none"> - Reproduce the work in any form - Create derivative works, such as translations or adaptations - Sell, distribute, or rent the work - Permit public performance of the work - Enter contracts for exploiting or assigning economic rights

7. WHAT KINDS OF COPYRIGHTS CAN A START-UP OWN?

A start-up can copyright a variety of valuable assets, including the following:

- Websites, software, mobile applications
- Creative blogs and written content
- Product packaging and design artwork
- Marketing materials and social media content
- Music, sound recordings, and audiovisual works.

8. HOW LONG DOES A COPYRIGHT LAST?

The protection of the author's economic rights lasts for the duration of the author's life and for fifty (50) years after his death, which allows the creator's heirs to benefit from economic rights in the work. For anonymous or collective works, protection typically lasts for 50 years from the date that the work is first made public. As for the author's moral rights, they enjoy perpetual protection and are transferred to the heirs after the author's death.

9. HOW DO I REGISTER A COPYRIGHT IN LEBANON?

Although registration is not required for protection, it serves as an important means of establishing proof of ownership.

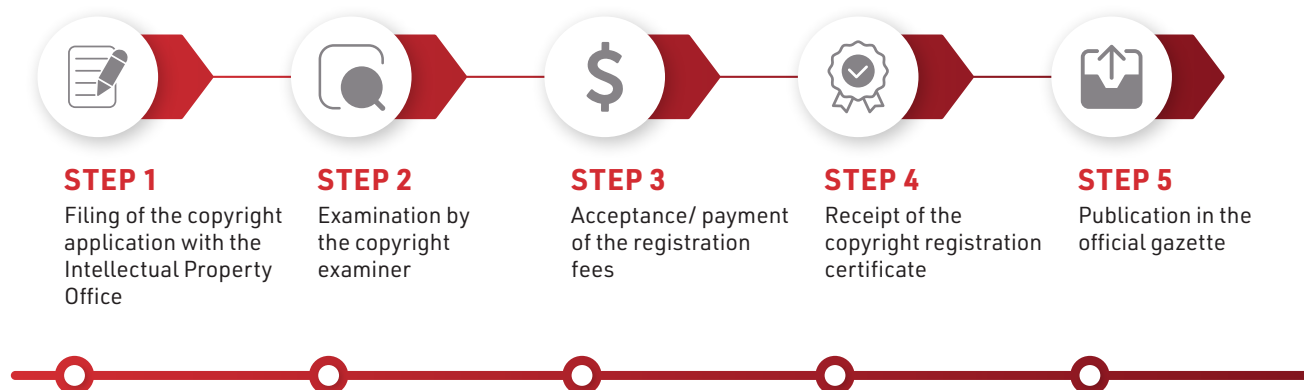
To proceed with copyright registration in Lebanon, applications are submitted to the Intellectual Property Protection Office at the MoET. If the applicant is foreign, a Lebanese representative is required.

The following documents/information are required:

- Power of attorney, which must be notarized and legalized if filed through an agent
- Applicant's details, including name, address, and nationality
- Brief description of the work, including its title and content
- Three digital copies of the work (for example, on compact disc)
- Certified true copies of the company registration certificate and commercial circular, if the applicant is a Lebanese company.

Upon receipt of the copyright application, the IPO copyright examiner will conduct a formal examination and issue a decision to accept or reject the application. If accepted, the applicant should pay the registration fees. Following payment, IPO will issue the copyright registration certificate and hand this over to the applicant, along with a copy of the deposited work. Later, a summary of the copyright application will be published in the official gazette to inform third parties of the copyright registration.

Figure 5: Process for copyright registration



10. WHAT ARE THE OFFICIAL CHARGES FOR COPYRIGHT REGISTRATION?

Description	Amount LBP
Deposit of a printed work	3,000,000
Deposit of a film, video, or audio recording	10,000,000
Deposit of a daily or periodical publication (for one year)	4,500,000
Deposit of a photograph, map, postcard, or daily or periodical publication (single issue)	1,500,000
Deposit of any other material not mentioned above	3,000,000
Publication fee	200,000 (per line, each consisting of six words)
Stamp duty fee for the registration certificate	4,600,000

11. DO I NEED TO REGISTER MY COPYRIGHT ABROAD?

No. Under the Berne Convention, a work is protected automatically in all member countries without the need for any formalities. Lebanon is a member country.

12. WHO OWNS THE WORKS CREATED BY MY EMPLOYEES?

Works created by employees during their employment, and under the supervision of the employer and at the employer's request, will be owned by the employer, unless otherwise agreed. 💡

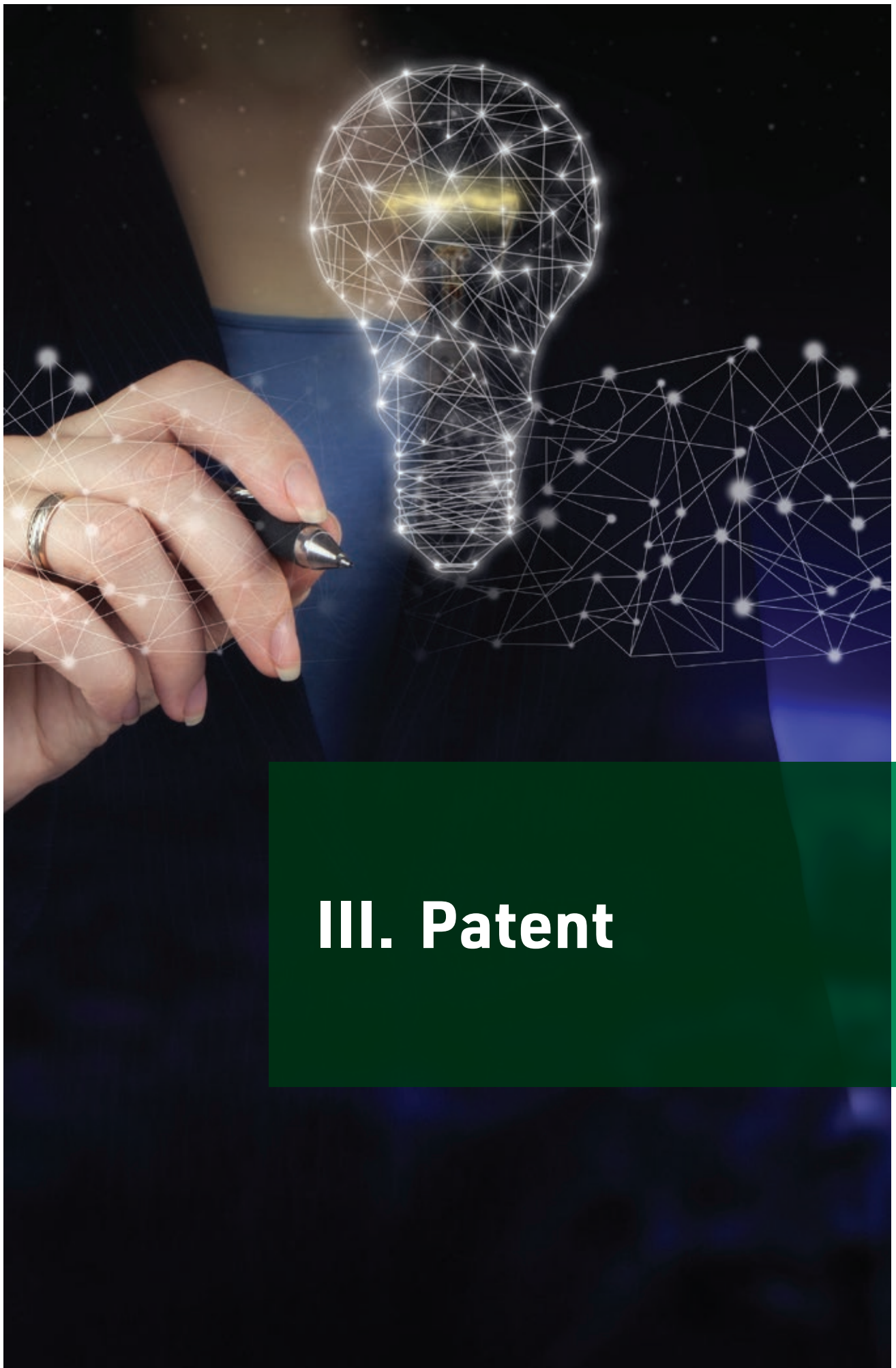
13. WHAT ARE THE COMMON MISTAKES IN COPYRIGHT PROTECTION?

Among start-ups, the following mistakes are commonly made in copyright protection:

- **Using unlicensed content.** Using copyrighted materials without proper licensing or permission can result in legal disputes.
- **Work-for-hire clause.** Failing to include a work-for-hire clause in contracts, which may affect ownership of the created works.
- **Assignment agreements.** Not properly executing assignment agreements, which could affect the transfer of copyright ownership.
- **Ignoring fair use.** Misunderstanding or misapplying fair use exemptions may lead to copyright infringement when using the works of others.
- **Not properly marking the work.** Failing to include a copyright notice (for example, copyright symbol, copyright date, and creator's name) can cause confusion over ownership of a work.



It is highly recommended to include in all employment contracts a clause whereby the employee acknowledges that all works created within the scope of employment will be owned by the employer.



III. Patent

1. WHAT IS A PATENT?

A patent is a legal right granted for an invention, which may be a product or process that offers a novel method or technical solution to a problem. Patents grant exclusive rights, preventing others from making, using, or distributing the patented invention for a specified period.

2. WHAT ARE THE REQUIREMENTS FOR PATENT PROTECTION?

An invention should satisfy the following four requirements to be granted a patent.

Requirement	Explanation
Existence of an invention	The subject matter must be an invention, not just an idea.
Novelty	The invention must be new, with no prior public disclosure.
Inventive step	The invention must not be obvious to someone skilled in the field.
Industrial applicability	The invention must be capable of practical industrial use.

3. WHAT IS THE TERM OF PROTECTION OF PATENT REGISTRATION?


A patent provides 20 years of protection, on a nonrenewable basis. During this period, annuity fees must be paid annually, by the deadline, to maintain the validity of the patent. Failure to pay these fees results in the patent falling into the public domain and losing protection.

4. HOW DO I CONFIRM THAT MY INVENTION IS NEW AND ELIGIBLE FOR PATENT REGISTRATION?

Before initiating patent registration, it is crucial to conduct a thorough prior art search. Such a search aims to determine whether your invention is both novel and nonobvious. That is, the invention must be:

- Truly new and not already publicly known or disclosed; and
- Not an obvious modification of an existing technology.

By identifying any prior art (existing inventions, publications, and so on) that may be relevant to your invention, you can assess your invention's patentability and avoid wasting time and resources on an application that is likely to be rejected.

You can conduct patent searches using the internet and the online databases of the United States Patent and Trademark Office, World Intellectual Property Organization, and Patent Cooperation Treaty. In addition, you should also search public information that is not specific to patents, such as scientific journals, scholarly materials, and other publications. 



Seeking the assistance of professionals is always recommended.

5. HOW DO I REGISTER A PATENT?

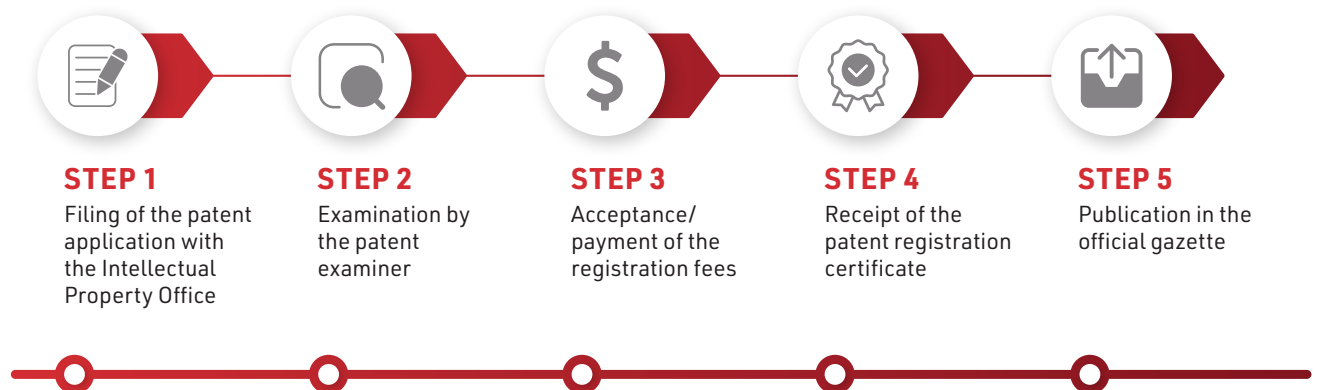
The patent application must be submitted by the applicant or a legal representative to the head of the Intellectual Property Protection Office at the MoET. If the applicant is foreign, a Lebanese representative is required.

The following documents/information must accompany the application:

- Power of attorney, which must be notarized and legalized if filed through an agent
- Title, summary, and detailed description of the invention, and its method of use
- Novelty statement that clearly demonstrates how the invention is new and unique compared with existing technologies
- Abstract giving a concise summary of the invention in Arabic
- Any relevant diagrams or illustrations that further clarify the nature of the invention
- Priority document, if claiming priority from a foreign filing or registration
- Certified true copy of the company registration certificate and commercial circular, if the applicant is a Lebanese company.

Upon receipt of the application, a formal examination will be conducted by the IPO patent examiner, who then decides whether to accept or reject the application. If accepted, the applicant should pay the registration fees, including the annuity fees for the first year. Following payment, IPO will issue the patent registration certificate and hand this over to the applicant, along with a copy of the patent description. A summary of the patent application will be published in the official gazette to inform third parties of the patent registration.

Figure 6: Process for patent registration



6. WHO OWNS THE PATENT?

Patent ownership can belong to any individual or entity. If the invention is the result of joint collaboration, ownership is typically shared equally, unless agreed otherwise in writing. In some cases, the commissioning party may hold patent rights, especially if the invention was created under a work-for-hire arrangement.

7. DOES INTERNATIONAL PATENTING EXIST?

The Patent Cooperation Treaty is an international treaty that simplifies the process of filing patent applications in multiple countries. Managed by the World Intellectual Property Organization, the treaty allows inventors to file a single “international” patent application, which is then used to seek protection in up to 156 member countries. The Patent Cooperation Treaty does not grant patents directly but streamlines the initial steps and defers the national phase, where individual countries decide on the granting of patents based on the international application. Lebanon is not, however, a member of the Patent Cooperation Treaty, so Lebanese nationals and companies cannot benefit from this streamlined process.

8. WHAT IS THE PRIORITY PERIOD IN PATENT REGISTRATION?

The priority period in patent registration refers to the 12-month time frame during which an applicant who has filed a patent application in a Paris Convention member country can claim priority when filing subsequent applications in other member countries for the same invention. These subsequent applications will then be treated as if they were filed on the same date as the first application. This means that the filing date of the original application (the priority date) is recognized in all other countries where subsequent applications are filed, providing a uniform starting point for evaluating the novelty and originality of the invention.

9. WHAT RIGHTS ARE CONFERRED TO A PATENT OWNER?

Patent owners are granted exclusive rights to the invention. These include the rights to manufacture, market, sell, and license the patented product or process. Any unauthorized use constitutes an infringement, subject to legal penalties.

10. HOW CAN A PATENT BENEFIT A START-UP?

The granting of a patent can significantly enhance the value of a start-up in the following ways:

- **Help to attract investment.** Start-ups with protected patents are more likely to attract investors, as patents add value and credibility.
- **Open up licensing opportunities.** Patents can be monetized through licensing agreements, creating additional revenue streams.
- **Offer a competitive advantage in the market.** A patent prevents competitors from copying the invention, providing a competitive edge in the marketplace.
- **Granting of monopoly rights.** The patent owner holds exclusive rights to use and exploit the invention for the term of the protection, preventing unauthorized use by others.

11. WHAT ARE SOME COMMON MISTAKES TO AVOID IN PATENTING?

Among start-ups, the following mistakes are commonly made in patenting:

- **Not conducting prior art searches.** Failing to conduct thorough prior art searches can lead to conflicts with existing patent owners and the rejection of the application.
- **Delay in filing the patent application.** Delaying the patent application process can jeopardize the novelty of the invention and may result in the loss of protection.
- **Disclosure of the invention before the application is filed.** Publicly disclosing the invention before filing a patent application can compromise the ability to obtain patent protection, as the invention may no longer be considered novel.

12. WHAT ARE THE OFFICIAL CHARGES FOR A PATENT REGISTRATION?

Description	Amount in LBP
Registration fee	3,000,000
Publication fee (calculated per line)	200,000 (per line, each consisting of six words)
Annuity fees for the first year	6,000,000
Stamp duty fee for the registration certificate	4,600,000

13. WHAT ARE THE OFFICIAL CHARGES FOR THE ANNUITY FEES?

Year	Annuity Fees	Year	Annuity Fees
2	9,000,000	12	39,000,000
3	12,000,000	13	42,000,000
4	15,000,000	14	45,000,000
5	18,000,000	15	48,000,000
6	21,000,000	16	51,000,000
7	24,000,000	17	54,000,000
8	27,000,000	18	57,000,000
9	30,000,000	19	60,000,000
10	33,000,000	20	63,000,000
11	36,000,000		



IV. Industrial Designs

1. WHAT IS AN INDUSTRIAL DESIGN?

An industrial drawing or design refers to the arrangement of lines, colors, shapes, or patterns that enhances the visual appeal of a product. This design can be applied in various industries or handicrafts, either manually or mechanically. Examples include fashion and textile designs, packaging designs, and any design that gives a product a unique, distinctive appearance.

2. WHAT ARE SOME EXAMPLES OF INDUSTRIAL DESIGNS?

Examples of industrial drawings or designs that can be registered include the following:

- **Fashion designs.** New designs of clothing, shoes, and accessories like belts, handbags, and hats.
- **Packaging designs.** Bottles for beverages, perfume packaging, and other unique containers for products.
- **Product designs.** For example, the unique shape of a Coca-Cola bottle, or the distinctive design of a video game controller.

3. WHAT ARE THE REQUIREMENTS FOR INDUSTRIAL DESIGN PROTECTION?

Industrial design protection is granted to designs that exhibit novelty and distinctiveness through external elements, imparting a unique appearance that sets them apart from other designs.

4. WHAT IS THE TERM OF PROTECTION FOR INDUSTRIAL DESIGNS?

The protection term for industrial designs in Lebanon is 25 years. Registration of an industrial design can be renewed once, for a further 25 years.

5. HOW DO I REGISTER AN INDUSTRIAL DESIGN?

The creator of an industrial drawing or design, or his/her agent or official proxy, must file the application with the head of the Intellectual Property Protection Office. If the applicant is foreign, a Lebanese representative must file the industrial design application.

The following documents/information must accompany the application:

- Power of attorney, which must be notarized and legalized if filed through an agent
- Applicant's details, including name, address, nationality, and type of business
- Clear drawings of the design, with dimensions from different perspectives
- Description of the design
- Priority documents, if claiming priority from a foreign registration
- Certified true copy of the company registration certificate and commercial circular, if the applicant is a Lebanese company.

It is worth mentioning that up to 100 designs from the same type (for example, different models of chairs or variations of a handbag design) can be included in one application. A registration charge will be applied for each design for which protection is granted.

Upon receipt of the industrial design application, the IPO industrial design examiner will conduct a formal examination and issue a decision to accept or reject the application. If accepted, the applicant (or legal representative) should pay the registration fees. Following payment, IPO will issue the industrial design registration certificate and hand this over to the applicant, along with a copy of

the design description and drawings. Later, a summary of the industrial design application will be published in the official gazette to inform third parties of the industrial design registration.

Figure 7: Process for industrial design registration



6. DOES WORLDWIDE INDUSTRIAL DESIGN REGISTRATION EXIST?

The Hague System for the International Registration of Industrial Designs provides a practical business solution for registering up to 100 designs in 96 countries, by filing a single international application. Lebanon is not, however, a member of the Hague System. Therefore, Lebanese nationals and companies cannot benefit from the Hague System.

7. WHAT IS THE PRIORITY PERIOD IN INDUSTRIAL DESIGN REGISTRATION?

The priority period in industrial design registration is six months from the first filing date. During this period, the applicant can file in other countries and claim the original filing date, ensuring the same priority over others who file later. This priority period is established under the Paris Convention for the Protection of Industrial Property.

8. WHAT IS DUAL PROTECTION FOR INDUSTRIAL DESIGNS?

Industrial designs are capable of protection by copyright and as trademarks.

- **Copyright protection.** Since an industrial design is a creation of the human mind, it is protected under copyright, which guarantees its protection without the need for any formalities.
- **Trademark protection.** Designs can be registered as three-dimensional trademarks, providing protection for a longer period since trademarks can be renewed indefinitely (unlike industrial design registration, which can be renewed once).

9. WHAT RIGHTS ARE CONFERRED TO AN INDUSTRIAL DESIGN OWNER?

The owner of an industrial drawing or design shall have exclusive rights to exploit that drawing or design, including the following:

- The rights to manufacture, sell, offer to sell, promote, use, import, export, or possess a product in which the drawing or design is incorporated or to which it is applied.
- The rights to prohibit third parties from manufacturing, selling, or importing in the course of a trade a product in which the drawing or design is incorporated or to which it is applied, without the owner's permission.

10. HOW CAN INDUSTRIAL DESIGN PROTECTION BOOST A START-UP'S BRAND VALUE?

Securing industrial design protection enables a start-up to establish a unique visual identity for its products. By protecting the design, the start-up can stand out in the market and build stronger brand recognition. The below table outlines the main benefits of industrial design protection for start-ups.

Benefit	Explanation
Differentiation	Protects the product's unique look, making it more recognizable to consumers.
Brand loyalty	Consumers associate the distinctive design with the start-up, helping to create a loyal customer base.
Market leadership	Enables the start-up to dominate the market with an innovative and exclusive product design.

11. WHAT ARE SOME COMMON MISTAKES TO AVOID IN INDUSTRIAL DESIGN REGISTRATION?

Among start-ups, the following mistakes are commonly made in industrial design registration:

- **Delaying registration without a strategy.** Delaying registration without a clear strategy can put at risk the novel aspect of the design.
- **Public disclosure before the application is filed.** Publicly disclosing the design before the application has been filed can compromise its novelty, preventing successful registration.

12. WHAT ARE THE OFFICIAL CHARGES FOR INDUSTRIAL DESIGN REGISTRATION?

Description	Amount (LBP)
Registration fee for one drawing/design	12,000,000 + 10% municipality tax
Registration fee for each additional drawing/design (up to 99 designs)	540,000
Publication fee	200,000 (per line, each consisting of six words)
Stamp duty fee for the registration certificate	4,600,000



V. Soft IP

1. WHAT IS SOFT INTELLECTUAL PROPERTY?

Soft IP refers to intangible assets that protect a business's creative, commercial, and strategic interests. These assets include the following:

- **Trade secrets.** Confidential business information that provides a competitive advantage and may be sold or licensed. Trade secrets can include processes, formulas, methods, or other valuable data that remain undisclosed to the public.
- **Know-how.** Knowledge of the methods or techniques of doing something, especially something technical or practical.
- **Confidential information.** This is information disclosed by one party to another in any way that is designated as confidential.

2. CAN I REGISTER SOFT IP RIGHTS?

Soft IP cannot be registered with public authorities in the same manner as patents or trademarks. Protection relies on being able to maintain confidentiality and prevent unauthorized disclosure.

3. WHAT QUALIFIES AS A TRADE SECRET?

For information to be considered a trade secret, it must meet all of the below criteria

Criteria	Explanation
Commercial value	The information must be valuable because it is secret and provides a business advantage.
Limited knowledge	It should only be known to a limited group of individuals, ensuring confidentiality.
Protective measures	The business must take reasonable measures to keep the information confidential, such as through the use of nondisclosure agreements.

Unauthorized acquisition, use, or disclosure of this information, in a manner contrary to honest commercial practices, is considered an unfair practice and violates trade secret protection. This is because trade secrets represent valuable business information that provides a competitive advantage; when obtained or used without permission, it undermines fair competition, harms the rightful owner's economic interests, and breaches legal obligations designed to maintain confidentiality and trust in commercial relationships.

4. WHAT KINDS OF INFORMATION CAN BE PROTECTED AS A TRADE SECRET?

In general, any confidential business information that provides an enterprise a competitive edge and is unknown to others may be protected as a trade secret. Information that may be protected includes:

- Data
- Business and financial information
- Business plans
- Recipes
- Internal processes and methods
- Software algorithms

- Marketing strategies
- Manufacturing techniques

5. HOW DO I PROTECT SOFT IP FROM DISCLOSURE?

Internal measures should be implemented rigorously by a business to safeguard soft IP from disclosure. Additionally, it is advisable to require third parties to sign nondisclosure agreements before any confidential information is disclosed to them. Nondisclosure agreements are an essential tool for the protection of trade secrets, know-how, and other confidential information. They ensure that sensitive business information is not disclosed without authorization and that receiving parties acknowledge their obligation to maintain confidentiality.

Nondisclosure agreements should be signed before the disclosure of any sensitive information. Common scenarios include the following:

- Business negotiations or collaborations
- Sharing of product designs or processes with suppliers or manufacturers
- Joint ventures or licensing discussions
- Hiring of employees or contractors who will have access to confidential data.

Nondisclosure agreements should be signed by anyone who will receive confidential information, including:

- Employees and contractors
- Business partners
- Suppliers and manufacturers
- Investors or licensees
- Consultants.

A nondisclosure agreement typically includes the following main clauses:

- **Definition of confidential information.** Clearly specifies what information is considered confidential and any exclusions.
- **Obligations of the receiving party.** The receiving party agrees not to disclose or misuse the information.
- **Duration of confidentiality.** Specifies how long the receiving party must maintain confidentiality.
- **Consequences of a breach.** Details the legal consequences if the agreement is violated.

6. WHAT ARE SOME COMMON MISTAKES TO AVOID WHEN MANAGING SOFT IP?

Among start-ups, the following mistakes are commonly made when attempting to protect soft :

- **Underestimating the importance of protection.** Failing to implement adequate measures such as security protocols, confidentiality agreements, and access restrictions significantly increases the risk of unauthorized access or disclosure.
- **Premature disclosure.** Sharing confidential information without appropriate protective measures in place, such as nondisclosure agreements or internal safeguards, can lead to the irreversible loss of a competitive advantage.

Intellectual property protections can be summarized as follows.

IP right	Scope	Duration	Registration
Copyright	Protection for creations of the human mind	50 years following the death of the creator	Optional worldwide protection (Berne Convention)
Trademark	Protection for marks that identify the source of goods/services	10 years, indefinitely renewable	Mandatory territorial registration
Patent	Protection for novel inventions	20 years, not renewable	Mandatory territorial registration
Industrial design	Protection for aesthetic features	25 years, renewable once	Mandatory territorial registration
Soft intellectual property	Protection for valuable and confidential information	Unlimited duration of protection, as long as the information remains confidential	Registration is not available

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