

**IBA European Fashion and  
Luxury Law Conference  
May 4th, 2023  
CASA SEAT  
Barcelona**

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# SESSION TWO



# **EXPERIENCE IS THE NEW LUXURY: EUROPE MEETS MIDDLE EAST**

**IBA European Fashion and Luxury Law Conference  
Barcelona, May 4th, 2023**

# EXPERIENCE IS THE NEW LUXURY: EUROPE MEETS MIDDLE EAST

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EXPERIENCE  
IS THE **NEW LUXURY**

**EUROPE MEETS MIDDLE EAST**

By: **Claire Bechara El-Khazen** | General Counsel  
S.H. Al Mana Group

# FRANCHISING LAW IN QATAR



There is no specific “franchise law” in Qatar, nor is the term “franchise” defined.

Rather, franchising arrangements are subject to a number of laws and regulations that apply to companies and business operations in Qatar.

For instance, the Civil Law, the Commercial Companies Law, the Commercial Agency Law, the Intellectual Property Laws, the Tax Law, etc.

THE BROADER  
**LEGISLATIVE**  
ENVIRONMENT

- The Civil Law – Law no. (22) of 2004
- Article 64 of the Civil Law
- The three key components of a contract under the Civil Law are offer, acceptance and the contract having a lawful purpose.
- Article 172 of the Civil Law
  - I. The contract must be performed in accordance with its contents and in a manner which is consistent with the requirements of good faith.
  - II. The contract is not confined to obliging a contracting party to its contents, but also include its requirements in accordance with the law, custom and equity as per the nature of the obligation.
- The Commercial Agents Law – Law No. (8) of 2002
- The commercial agency agreement must be registered in order to receive the benefits of the law for the agent. In addition, the commercial agent must generally be exclusively appointed.



- This type of arrangement has certain advantages for the agent, particularly with respect to compensation and termination.
- The Franchisor will typically avoid the commercial agency relationship and include provisions in the Franchise Agreement nullifying the franchise in the event the Franchisee seeks to create a commercial agency.
- Anti-Competition Law – Law No. (19) of 2006
  - I. The parties must ensure their business operations do not become monopolistic or restrictive in practice in violation of the law (for instance, restrictions on agreements that substantially reduce competition, territorial restrictions and resale price maintenance (the Franchisor pressuring a Franchisee not to sell products below a certain price)).
- Intellectual Property Laws – Law on Trademarks, Commercial Indications, Trade Names, Geographical Indications and Industrial Designs No. (9) of 2002 and the Law on Protection of Copyright and Neighboring Rights No. (7) of 2002.
  - I. It is paramount for a Franchisor to ensure its intellectual property is registered with the applicable government authorities.
  - II. The franchise agreement should carefully and clearly identify and delineate the Franchisor's intellectual property and detail how it should be used.

- Mediation, Arbitration and Alternative Dispute Resolution
- Civil and Commercial Arbitration Law - Law No. 2 of 2017
  - I. Commercial parties in Qatar are more often considering arbitration and mediation to resolve disputes.
  - II. Franchise Agreements often include mediation and arbitration provisions.
- Taxation – Law No. (24) of 2018 as amended by Law No. (11) of 2022
  - I. Article 11 imposes a withholding tax of 5% of the gross amount of royalties and technical fees paid to an entity without a permanent presence in Qatar.
  - II. The obligation to withhold lies with the Franchisee.

# THE FRANCHISE AGREEMENT

- In the absence of a Franchise Law, the Franchise Agreement becomes the centerpiece of the legal relationship between the Franchisor and Franchisee.
- The freedom to contract - The general principle under Qatar law is that the contract is the law of the contracting parties and shall be performed in accordance with its contents and in accordance with the dictates of good faith. This is, however, subject to any mandatory provisions of Qatar law and to considerations of public order and morals, all of which will be applicable despite the choice of another law as the governing law of the contract.
- The franchise agreement does not need to be registered (absent it being considered subject to the Commercial Agency Law).
- The Franchise Agreement is often drafted in favor of the Franchisor and offers little room for negotiation with the Franchisee.
- The Franchise Agreement is often quite detailed and includes provisions addressing, without limitation, the following topics: the franchise, the duration of the arrangement, the scope of the territory, fees and royalties, supplies, number of stores to be opened within a certain time, leasing, location, exclusivity, anti-competition, training, obligations of the parties, intellectual property, branding and trade dress, re-branding, capital improvements, right to sell, sub-leasing, penalties, liquidated damages, force majeure, termination, governing law, and mediation and arbitration.

LAW AND THE QATAR LUXURY

AND **FASHION**

INDUSTRY

- Fashion lawyers deal in a variety of practice areas – intellectual property, contracts, employment law and distribution agreements.
- The work often focuses on drafting and negotiating contracts, addressing and litigating trademark and other intellectual property issues, coordinating with tax and financial advisors on setting up legal structures, ensuring compliance with local laws and regulations.
- Work opportunities are global.
- Mordor Intelligence Report - Qatar's luxury goods market is regarded as the world's fastest growing luxury market, valued at \$1.84bn.
- Qatar owns some of Europe's most iconic brands – Harrods, Valentino, Claridge, Printemps
- Many citizens and expats have high incomes and luxury and fashion brands are popular in the country and wider Gulf region.
- Virginia Commonwealth School of Arts under Qatar Foundation is a fashion and design university.
- Fashion Trust Arabia 2022 – non-profit organization that aims to provide financial support and business support as well as international recognition to the dynamic fashion designers in the MENA region.

- Various luxury, fashion and design exhibitions – Doha Jewellery and Watches Exhibition, Heya Arabian Fashion Exhibition, Forever Valentino Exhibition, etc.
- Few examples: How a brand such as Hermes adapts to the region and the needs of the region.
- For Hermes Grand Opening last year, Hermes hired a music composer from Paris, Christophe Chassol, to compose the sound of Qatar, in addition to hiring actors speaking the local language. A concept created exclusively for the opening of the new store in Qatar.
- Hermes introduced the Arabic fragrances such as Oud and Anbar to their perfumes. These fragrances are only produced for the region.
- Ramadan Concept: Customized exclusively every year for our 6 stores in the region. A retail (in-store) animation, a generous moment shared with our clients (serving coffee and offering dates along with a Oud player wearing traditional outfits and offering Eid cards to our walk-in clients during Eid).



THANK YOU



# CHRISTIE'S

Experience is the new luxury: Europe  
meets Middle East

IBA European Fashion and Luxury  
Law Conference  
4 May 2022

**Mariolina Bassetti**

Chairman Post-War & Contemporary Art Continental Europe  
Chairman Italy

## Christie's Key Take-Aways From 2022

### Guillaume Cerutti, Chief Executive Officer, Christie's:

*"In 2022, despite a challenging macro-environment, Christie's has achieved our highest ever global sales. Three factors explain this performance: the resilience of the art and luxury markets, the remarkable success of several major art collections— including the unforgettable Paul Allen sale— and the expertise and hard work of our teams around the world."*

- **Highest annual total** in art market history **\$8.4B** (+17% in USD)
- **Paul G. Allen's landmark sale** achieved **\$1.62B** to become the most valuable collection sale of all time, 5 works sold above \$100M, thousands of visitors to worldwide tour, 4M online viewers
- The most valuable 20th Century artwork was sold by Christie's in 2022: Andy Warhol's **Shot Sage Blue Marilyn** for \$195M – the second highest price ever achieved for an artwork at auction
- Christie's sold 8 of the top 10 works at auction in 2022
- Christie's sold the top 3 Collections of 2022, **Allen** (\$1.62B), **Ammann** (\$359.2M), **Bass** (\$363.1M) as well as the top collection sold this year outside of the US, **Hubert de Givenchy Collectionneur** (€118.1M) in Paris
- Superior **sell-through rate of 85%** for all lots at auction
- Business and competition driven by **new generation of collectors**: 35% of all buyers in 2022 are new to Christie's, and 34% of these new buyers are millennials (up from 31% in 2021); APAC has fastest growing base of new collectors
- Launch of **Christie's Ventures** – new investment fund to support early-stage Web 3.0, Technology and FinTech companies with direct relevance to Christie's art and luxury goods business
- **Private Sales** remain at a high level, exceeding the \$1.2B (£1B) mark, the 3rd highest consecutive total ever for the platform and up 49% since pre-pandemic levels in 2019



## 2022 RECORDS – FOCUS ON THE LUXURY CLUSTER

- Top prices achieved for Jewels: **The Rock**, the largest white diamond ever offered at auction at 228.31 cts sold for \$21.7M; **The Fortune Pink** sold for \$28.8M and at 18.18 cts, was the largest pear-shaped, fancy vivid pink diamond ever to be sold at auction;
- Christie's Hong Kong realised the highest total ever for **Wine** sales at Christie's globally (US \$63.5M); In Hong Kong, **The Visionary's Spectacular Cellar** (\$19.6 M) – became the most valuable single-owner wine collection ever sold at Christie's, benefitting the London Business School and the Joseph Lau Collection doubled its low estimate to sell for \$16M;
- **Watches:** Christie's **Legendary and Unique Collection** of timepieces was 100% sold, achieving a total of CHF32M / \$32M; **the Kairos collection** of 128 Patek Philippe watches was 100% sold across sales in Geneva, Hong Kong and New York for a total of \$22.2 M); **The Champion Collection** made over HK\$275.4M.

## GLOBAL FIGURES FOR 2022

Total sales: \$8.4B / £7B / HK\$68.1B (+17% USD v 2021 / +34% GBP / +22% in HK\$)  
 Auction sales: \$7.2B / £6B, including online-only sales (\$363M / £305M)  
 # Lots sold: 46,322 lots sold at auction in 2022 (vs 43,386 in 2021)  
 Private Sales: \$1.211B / £1.017B

### Sales by Category

Total 2022 global sales by category, including (live and online) auction and private sales:

- 20/21 \$6.219B / £5.226B (+21% USD / +39% GBP v 2021)  
(Impressionist, Modern, Post-War, Contemporary, Design, Prints, Photography)
- **Luxury** \$988M / £830M (+2% USD / +17% GBP v 2021)  
(Jewellery, Watches, Handbags, Wine)
- Classics \$789M / £663M (+37% USD / +57% GBP v 2021)  
(Old Masters, Iconic Memorabilia, Antiquities, Decorative Arts)
- Asian & World Art \$397M / £334M (-20% USD / -8% GBP v 2021)  
(Asian, African, Oceanic, Islamic Art)



THE ROCK  
Pear brilliant-cut diamond of  
228.31 carats



The Kairos Collection

## LUXURY RECRUITS NEW BUYERS AND DRIVES BUSINESS

Luxury sales (Jewels, Watches, Wine, Bags and accessories) are the major point of entry for newcomers to Christie's auctions. Global demand for Luxury continues to drive Christie's online platform, constituting more than half of all lots offered online, a notable shift that began during the pandemic.

The **average sold price** for a Luxury item (excluding wine sales) **online** in 2022 was **\$24.5K** (vs. \$21.4K in 2021). In 2022 in Asia Luxury sales reached HK\$2B with a record total for Wine and Spirits and Handbags and a stand-out year for Watches with total sales at HK\$500M total, for a second consecutive year, reflecting the outstanding private collections on offer.

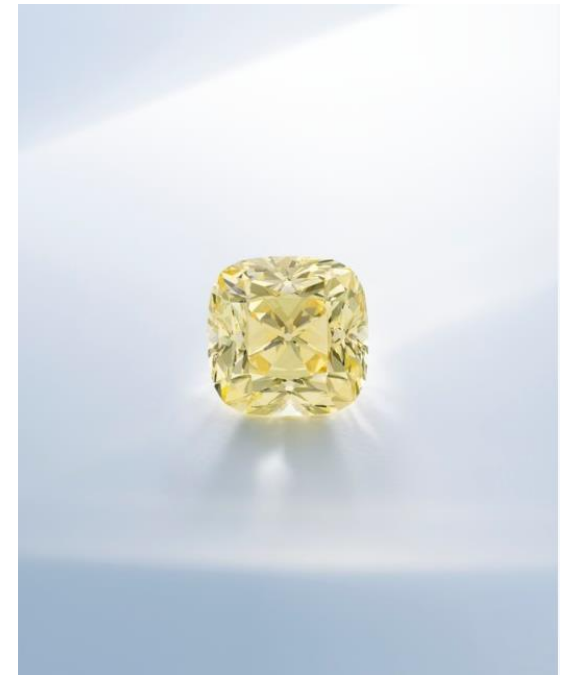
In **Jewelry** there is an ongoing interest in **large diamonds**, both white and coloured, (including the **Red Cross Diamond** of 205.07 cts, sold for \$14.2M and first offered by Christie's in 1918), also for jewels from the 70's and 80's. Other highlights were jewels with great provenance, including \$11.1M sale of jewellery from the legendary actress **Rosamund Kwan** in Hong Kong and 12 lots by contemporary jeweller **JAR**, sold from the **Getty collection** for \$5.9M.

**Watch** sales in 2022 reaffirmed the strength of **Rolex** and **Patek Philippe** timepieces, with three important private Watch collections offered live and online also recording excellent sell-through rates.

Christie's Hong Kong is set to make horological history once more with two live sales on 26 May 2023. The Ultimate Collection sale will present a comprehensive selection of both contemporary and vintage pieces.

Global auction sales for **handbags** totalled \$32.8M, the highest ever for the category. Across Christie's 10 handbag auctions, live and online, 49% of buyers were new to the category in 2022, with global demand continuing for the **rarest Hermès pieces**.

Following the success of last March's white-glove online sale and the growing market appetite in recent seasons, Christie's Hong Kong is thrilled to present a curated selection of 210 exquisite handbags and accessories that will be offered in a live auction on 25 May 2023.





Christie's in Dubai is a stronghold for developing successful relationships with our clients throughout the Middle East. It is the global hub for exceptional timepieces and Middle Eastern 20th and 21st Century Art, with a strong presence in the desirable gallery location of the Dubai International Financial Centre.

Our biannual Dubai Watches auctions consistently achieve exceptional results, with an average sell-through rate of 92% by lot. In April 2021, we sold a rare Patek Philippe Ref. 5002P-001 Sky Moon Tourbillon for an impressive \$1.6 million.

Christie's is an official partner of the annual **Dubai Watch Week**. Each November, we offer a series of lectures, panel discussions, workshops and highlight exhibitions during this important industry event.

As a response to the growing international appetite for Middle Eastern 20th and 21st Century Art, our specialist team has established a strong presence in both Dubai and London, with an annual online auction taking place during Frieze Week every October, followed by a live auction in November. Alongside extraordinary works by modern masters and contemporary icons, we are renowned for offering distinguished **private collections**, including the **Dr Mohammed Said Farsi collection** in 2010, one of the most prestigious Egyptian art collection ever to come to the market or more recently, in November 2021, the **Orin and Rita Parker Collection of Modern Iraqi Art**.

In addition to our regular auctions, we support educational opportunities and academic initiatives, holding exhibitions and seminars throughout the region.

In 2022 we enhanced our Middle East operation with two senior appointments, launched an ambitious regional programme of events and the 6th edition of **Art + Tech** tying in with Art Dubai in 2023.

On November 2022, we brought to Dubai during Design Days 11 exceptional sculptures and other works by the French artist couple Claude and François-Xavier Lalanne, from the collection of the artists' daughter, Madame Marie Lalanne. These pieces led Christie's ***Sculpting Paradise*** sale, that took place in New York and totalled \$ 77,043,008. This view in Dubai vividly brought to life the enchanting power of the legendary Lalannes works and created dynamic dialogues between Eastern and Western masterpieces.

During all April 2023 highlights from the exceptional sale ***The World of Heidi Horten*** toured in 9 cities all over the world, including Dubai.



AI INNOVATION BLOCKCHAIN

DUBAI | 2 MARCH 2023

CHRISTIE'S  
Art+Tech Summit

### Art+Tech Summit in Dubai

In March the sixth iteration of the agenda-setting conference took place in Dubai, having previously taken place in New York, Hong Kong and London. The focus of this year's Art+Tech Summit was to explore the areas of AI, digital asset ownership, financial innovation and Blockchain, bringing together international creators and collectors from a spectrum of disciplines across art and technology, as well as to lead regional expertise from the Middle East. From Metaverse to Artificial Intelligence and FinTech innovations, summit attendees had the opportunity to hear from and interact with innovators on the forefront of building and developing disruptive new products and businesses.

MIDDLE EASTERN ART SALES RESULTS (2022 - LONDON)

CHRISTIE'S		Date & Time	Lots Offered	Low	High	Result	Sold by Value
Modern & Contemporary Middle Eastern Art, Part I	Live	2nd November	28	£ 1,518,000	£ 2,170,000	£ 2,191,140	94.59%
Modern & Contemporary Middle Eastern Art, Part II	Online	12 Oct - 03 Nov	38	£ 641,000	£ 887,000	£ 653,310	91.52%
<b>Total</b>			<b>66</b>	<b>£ 2,159,000</b>	<b>£ 3,057,000</b>	<b>£ 2,844,450</b>	

DUBAI SALES (2023)

AUCTION

*Modern & Contemporary Middle Eastern Art*  
 1-16 May 2023, online  
 Low \$1.3M / High \$1.8M

*Watches Online: The Dubai Edit*  
 24 April – 4 May 2023  
 Low \$9.3M / High \$15.2M

PRIVATE SALE

*Fabienne Verdier: Energy Lines*  
 9-19 February 2023  
 Total Asking = \$2,305,000, 73% sold by volume



**THANK YOU FOR YOUR ATTENTION**

**Mariolina Bassetti**

Chairman Post-War & Contemporary Art Continental Europe

Chairman Italy