

# Arbitrability of trademark disputes in the UAE

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The UAE Trademark Law No. 37 of 1992 and its amendments (the 'UAE Trademark Law') vests the UAE Trademark Office and the Civil Courts with exclusive authority to settle certain trademark disputes such as disputes related to trademark acceptance and registration. On the flip side, there are some trademark disputes which are open for settlement through all settlement mechanisms (including arbitration) such as disputes related to trademark distribution agreements. Traditionally, in the context of trademark disputes, states set some topics beyond the scope of arbitration. In the UAE, the governing laws do not provide a crystal clear view of the possibility of applying arbitration to trademark disputes. In this article we will highlight two types of trademark disputes in the UAE where arbitration can be utilised.

## Trademark ownership disputes

Ownership of a registered trademark in the UAE can be transferred from one entity to another by submitting, to the Trademark Office, a document confirming the transfer of ownership. This is in line with article 37 of the UAE Executive Regulations of the UAE Trademark Law. Generally, the document which is required to confirm the transfer of ownership can be a deed of assignment or a court judgment. In a recent judgment by the Dubai Court in Alfahim vs Alfahim Case No. 205 of 2020, it was decided that trademark ownership can be transferred by virtue of an arbitral award.

The case of Alfahim vs Alfahim Case No. 205 of 2020 concluded that the Memorandum of Association of Alfahim Holdings (the 'Company') includes an arbitration clause for settling disputes related to the rights and duties of the partners as well as the management and the properties and business transactions of the Company. In 2012 a dispute arose between the parties regarding various issues including the shares of the partners in the assets of the Company which comprised the "Dhind Aloud" trademark. Mr. Abdullah Alfahim (the 'Claimant'), who is a shareholder in the Company, requested the Dubai Court of First Instance to audit the assets of the Company and to decide on his share in the Company, but the Dubai Court of First Instance rejected the request of the Claimant, and proceeded to enforce the arbitration clause in the Company's Memorandum of Association and appointed a panel of five arbitrators to settle the dispute. The panel of arbitrators found that the Company incurred losses as a result of the commercial behaviour of the Claimant and they decided to transfer the share of the Claimant in the Company to his brothers (the 'Defendants') and award compensation for the losses the Claimant caused the Company. The Claimant, subsequently, lost his shares in the "Dhind Aloud" trademark and other trademarks, and the Defendants transferred the ownership of the disputed property, including the trademarks, to themselves. The Claimant challenged the arbitral award in court, arguing that his trademarks were illegally transferred to the other party, but the Dubai Court of Cassation in Case No. 205 of 2020 found that the decision of the panel of arbitrators was correct and confirmed the decisions of the lower courts.

Alfahim vs Alfahim Case No. 205 of 2020 is a remarkable court case as it sheds light on the possibility of relying on arbitration in settling trademark ownership disputes instead of bringing the dispute exclusively before the competent UAE court. However, parties are to be reminded that trademark ownership disputes which may arise during the trademark registration process are to be raised before defined authorities, namely, the UAE Trademark Office in line with article of (12) of the UAE Trademark Law.

# Trademark infringement disputes

Trademark infringements fall within the remit criminal law in the UAE and the Trademark Law authorises the imposition of a fine of not less than AED5,000 (approximately US\$1,300) and/or imprisonment for a period of one to three years for such breaches (Article (37)). for such breaches. However, by agreeing to arbitration as a means of resolution in trademark infringement disputes raises potential conflicts with public policy in the UAE because criminal acts are generally, exclusively, prosecuted by the Public Prosecutor. Even though trademark infringement is a criminal act, parties who are in a dispute over duplicate trademarks that are not registered with the UAE Trademark Office, may still succeed in resolving their dispute via arbitration. In other words, trademark infringement disputes against non-registered trademarks can be settled through arbitration as they do not fall within the exclusive jurisdiction of the criminal courts .

On January 3 1993, the Dubai Court of Cassation issued its final judgment No. 241/1992 Civil in which the court refused to stop importing counterfeit products; as claimed in the court's statement of claims, (from Bangladesh to the local market) and decided to appoint an arbitrator to settle the dispute. The judgment in this case implies that trademark infringement acts can be arbitrated instead of taking the traditional court route. In this case, an Indian tobacco company (the 'Claimant') contracted with a UAE local distributor (the 'Defendant'), who was accused of manufacturing a confusingly similar trademark for tobacco products and began exporting the same to the local market in the UAE. The contract between both parties included an arbitration clause which could be used to settle all disputes that may arise from the contractual relationship or from harmful acts. The Claimant requested the Dubai Court of First Instance to prevent the Defendant from its trade in counterfeit cigarettes in the UAE. Conversely, the Defendant requested the court to appoint an arbitrator to settle the dispute because the disputing parties were engaged in a contract that included an arbitration clause. In response, the Dubai Court of First Instance issued a judgment in favour of the Claimant and ordered the Defendant to stop the infringing acts. The Defendant appealed the judgment and the Dubai Court of Appeal confirmed the judgment of the Court of First Instance. The Defendant escalated the dispute and challenged the judgment of the Court of Appeal before the Dubai Court of Cassation which decided that the disputing parties were engaged in a contract that included an arbitration clause, and the arbitration clause clearly states that *"All disputes which may rise from the contractual relationship or any harmful act shall be resolved by arbitration"*. The court considered the act of the trademark infringement to be arbitrable which opened the door for disputing parties, regarding trademark infringement acts, to utilise arbitration instead of litigation through the courts. It is worth mentioning that the so-claimed duplicate trademark in this case was, seemingly, not registered with the UAE Trademark Office.

The Dubai Court of Cassation judgment No. 241/1992 Civil shows that disputes related to trademark infringement acts can be the subject of arbitration if there is an arbitration agreement between the disputed parties. However, trademark infringements are treated as criminal acts, in line with the UAE Trademark Law, and criminal courts may have a different view over the arbitrability of these types of disputes. This type of dispute is still debatable because the criminal courts, to our knowledge, are yet to test the same.

In conclusion, utilising arbitration in the UAE to resolve trademark disputes is not yet fully mature because the UAE laws do not include explicit provisions regulating the arbitrability of trademark disputes. However, it has been observed, from selective court judgments, that disputing parties can benefit from arbitration in order to settle some of their trademark disputes.

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