

Yes! It happens in the Courts of the UAE

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The United Arab Emirates ('UAE') is witnessing advanced steps in the development and prosperity of its economy and legislation, as well as significant developments in its judicial process. However, we still see that many international clients that operate or have significant economic activities in the UAE prefer to submit their disputes to foreign jurisdictions, arbitration, or other forums, as an attempt to avoid litigation in the national courts, as they are considered relatively new when compared to other jurisdiction.

Recent cases, including the case that is the focus of this article, have reaffirmed the strength and power of the UAE judiciary and its absolute neutrality. Based on this confidence, Al Tamimi & Company, Sharjah Office, represented a private company in its dispute against an entity wholly owned by the Government of Sharjah before the Federal Court in the Emirate of Sharjah itself (the 'Court'). The case had a significant financial claim, exceeding half a billion United States dollars (approximately two billion dirhams), for the purchase of oil supplies for the power plants of the Emirate of Sharjah. The case was registered in 2011, wherein the government entity filed a counterclaim on the efficiency of supply by the private company.

The Court decided to appoint technical experts to examine the merits and technical issues of the dispute. The Court decided not to appoint experts from the roll approved by the Ministry of Justice but to appoint international experts in accounting and auditing from the 'big four' international offices and further appointed an international expert in the field of oil. The Court ultimately issued its ruling in favour of the private company and rejected most of the requests by the governmental entity.

The Sharjah Court of First Instance issued its judgment on 31 July 2016, obliging the government entity to pay the private company an amount of AED 1,709,220,465. On appeal before the Federal Court of Appeal of Sharjah, the court issued its judgment on 14 February 2017, affirming the ruling of the Court of First Instance. Both parties appealed the matter before the Federal Supreme Court in the capital of Abu Dhabi, and the Federal Supreme Court decided to reject the appeal by the Sharjah governmental entity and accept the appeal of the private company, regarding the date of starting to calculate the interest rate. The amount payable and enforceable under this UAE federal judgment amounted to AED 1,820,000,000. This is a great testament to the credibility of the judiciary in the UAE and its absolute neutrality, no matter the opponent, even if it is a government authority, and no matter the claim amount.

In this context, we conclude that the UAE judiciary is constantly evolving and has the credibility and impartiality that puts it in the ranks of modern and renowned jurisdictions in terms of both judicial integrity and investor protection.

It is also necessary to emphasise that the federal judiciary understood the importance of using the necessary foreign expertise to assist in adjudicating the cases before it and accepted the fees charged by such foreign experts. Wherein in this case the courts accepted the fees provided by the offices of each appointed expert, which amounted to AED 1,000,000 (approximately two hundred and eighty thousand US dollars). The court was focused on receiving objective and competent expert evidence in order to protect the rights of the parties.

Therefore, we reaffirm the existing evidence of the power of the UAE judiciary and its perpetual development and absolute neutrality and we desire the continuity of the same.