



## Enforcing IP rights in the United Arab Emirates' new and improved legislative landscape

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- The new Trademark Law has widened the definition of a trademark, making non-traditional marks eligible for registration
- Enforcement and deterrent measures been strengthened, with the minimum fine being increased to Dh100,000 (approximately \$27,000)
- Customs have been empowered to move proactively, and brand owners are advised to register their marks with these authorities given the high level of imports

On 1 March 2022, the UAE government enacted a new Trademark Law (Federal Decree Law 36/2021), abrogating the earlier Federal Decree Law 37/1992. At a stroke, the act gives the United Arab Emirates a far more sophisticated enforcement environment, bringing it into line with other jurisdictions in the region.

### The new Trademark Law

The United Arab Emirates – which is a federation of seven Emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah and Fujairah – now provides robust and resilient mechanisms for protection, maintenance and enforcement of exclusive IP rights for brands.

Trademark rights are entwined with jurisdiction and are one of the most important intangible assets owned by any commercial venture, making it crucial to safeguard and maintain the exclusivity of a mark by seeking statutory protection for it. This can be done when setting up a business or incorporating one as an entity in the United Arab Emirates as the new law provides for registration of a mark both by an individual as well as juristic person.

The updated regime also brings welcome clarity on certain issues, by widening the definition of a trademark (Article 2). In addition, it sets out clear licensing provisions and increases the fines that can be applied for infringing acts. Some non-traditional marks – such as a single-colour marks or colour combinations, holograms, sounds or smells – are now eligible for registration. Further, the new law now allows the filing of multi-class applications for which modalities are being worked out. A trademark application can be filed in up to 44 classes as per the Nice classification but with a prohibition on applications and registrations in Class 33 as this covers alcoholic beverages, which are not permitted in the United Arab Emirates, it being an Islamic jurisdiction.

## Fines and penalties

The minimum fine has been increased to Dh100,000 (approximately \$27,000), while the maximum is now Dh1 million (\$270,000) for anyone forging a registered trademark, using a counterfeit trademark for commercial purposes or knowingly importing or exporting goods bearing a forged or counterfeit trademark. For unlawful use of an unregistered mark, selling or offering for sale, or carrying a forged or imitated mark, offenders may be imprisoned for up to one year, and/or be fined between Dh50,000 (approximately \$13,500) and Dh200,000 (approximately \$54,000). Thus, the new law provides strong deterrents against would-be counterfeiters.

## Effective brand enforcement under UAE law

Back in 2018 the US Trade Representative 2018 Special 301 Report placed the United Arab Emirates on its watchlist as, in its view, there were “longstanding concerns about combatting the sale and transshipment of counterfeit goods”. The issues raised, among other things, included lack of staff dedicated to enforcement against counterfeiting and lack of proactive enforcement action without specific written complaints from rights holders.

The UAE federation responded to this with a series of ambitious and effective anti-counterfeiting measures. The IP Division at the Dubai Economic Development Department and Dubai Customs, along with the concerned authorities from other emirates (Abu Dhabi, Ajman, Ras Al Khaimah, Sharjah), worked hard to clamp down on the trade in fakes, which operated through shops, marketplaces, online portals, social media platforms and emails. Several measures were introduced, including an online IP portal that enables rights holders to take action by filing a simple complaint. Consequently, in 2021, drastic improvements in protection and enforcement regimes resulted in huge seizures, which led to the United Arab Emirates being removed from the US Trade Representative Special 301 Report watchlist.

As these events illustrate, one of the most important elements of an effective anti-counterfeiting strategy is to identify the origins of the infringing goods. Brand owners should therefore consider regularly monitoring the market (both physical and online) for infringements. Physical inquiries can be conducted in shopping districts in the major UAE port cities, which are the most likely places in which to find such goods. Once infringing products/party(ies) are identified, a brand owner can issue a warning or cease-and-desist letter to the offending party(ies). If this does not achieve the desired outcome, then civil and criminal procedures are available, as well as actions through Customs and administrative procedures, all of which are powerful tools for protecting IP rights.

## Enforcement actions available to brand owners

### Civil action

Documentation of IP rights is vital for a successful civil action. As per the provisions of Article 47 of the new Trademark Law, stakeholders may petition the urgent matters judge of the concerned jurisdictional civil court for an order to take one or more appropriate precautionary measures, including the following:

- making a detailed description regarding the infringement, including details on goods, materials, tools, equipment, proceeds resulting from infringement, and seek their attachment;
- preventing the goods from entering the market or export channels immediately after their release from Customs; and
- maintaining all evidence relevant to the infringement.

Stakeholders may then file a lawsuit within 20 days of such an order being issued. Further, Article 48 provides that the brand owner may file a lawsuit to claim compensation if they have suffered damages as a result of the infringement and can prove this. Civil actions may be taken alongside criminal action.

### Criminal action

The owner of a registered mark (or authorised representative) may prepare or file a criminal complaint with the police or the public prosecutor, enclosing the registration certificate and the supporting evidence of infringement. There are no official fees involved for lodging a criminal complaint. Once this is filed, the police conduct inquiries and will carry out raids on the accused party's premises, in part, to collect evidence. Thereafter, the matter is referred to the public prosecutor who then conducts further inquiries and decides whether to transfer the case to the criminal court which levies penalties, which may include fines and/or imprisonment.

Federal Decree Law 19/2016 specifically addresses counterfeiting, with Article 1 defining ‘counterfeits’ as “the goods which bear, without permission, a trademark which is identical or similar to a legally registered trademark”, and Article 2(a) stating that dealing in counterfeit goods is “commercial fraud”. Article 12 states that anyone found guilty of the crime of commercial fraud shall be punished by imprisonment for up to two years, and/or a fine of between Dh50,000 (approximately \$13,500) and Dh200,000 (approximately \$54,300). Further, Article 14 states that if the crime relates to food, animal food, medical drugs, agricultural crops or organic agricultural products, it shall be punishable by imprisonment for up to two years and/or a fine of between Dh250,000

(approximately \$67,900) and Dh1,000,000 (approximately \$270,000). The court shall also order destruction of the seized goods which the brand owners are required to deal with. The action(s) taken as a result of successful criminal complaints act as a deterrent against counterfeiting, and this is a powerful and efficient tool in the defence of IP rights.

## Action through Customs

In addition to attaining documented statutory rights, it is advisable to register trademarks with the individual customs authorities of each of the seven Emirates, which will then keep a record of them on their respective watchlists. As per the provisions of Article 45 of the new Trademark Law, UAE Customs have been empowered to proactively – or upon request of stakeholders (or their representatives) – seize and hold any infringing materials for 20 days. Brand owners may submit a request for inspection to search for counterfeit goods by providing evidence that the shipment is on its way or present in a UAE Customs point of entry. Moreover, the rights holder can provide training to Customs officials to familiarise them with their products and teach them how to identify imitations. If counterfeits are found then Customs may issue fines, make seizures and destroy or recycle the goods. These actions have the added benefit of obviating the need for court action.

Customs authorities have played a vital role in controlling the counterfeit trade in the United Arab Emirates. According to one news report, in 2020, UAE Customs seized 923,724 counterfeit goods. Further, in the same year, 255 disputes with an estimated value of Dh62.2 million (approximately \$16.9 million) were resolved, and 161,800 counterfeit items imitating 60 different brands were seized and recycled. In Q1 2021, Dubai Customs had resolved 81 IP disputes, with an estimated value of Dh11.3 million (approximately \$3 million) and recycled 510,000 counterfeit items infringing 26 international brands. Further, a news item in one of the UAE national dailies stated that “the IPR Department at Dubai Customs recycled 23,000 counterfeit items for international brands with a street value of 1.4 million Dirhams (approx. USD380,000) as a part of their efforts to combat piracy and support sustainable development”.

## Administrative action

Administrative action is carried out by the Department of Economic Development in Abu Dhabi, Dubai and Sharjah. For other Emirates, this is carried out by the Ministry of Economy. Rights holders can file a complaint with the concerned department highlighting any violation of their IP rights including brand infringements. However, before taking action on any such complaint, each Emirate will assess the type of dispute, in particular whether it involves counterfeiting or infringement, and then act accordingly. It is likely that some of the Emirates will act only if brand owners make a counterfeit claim whereas others will act based on infringement cases as well. Consequently, the concerned department conducts raids, which can either lead to the seizure and destruction of the seized goods or them being recycling, with fines and penalties then being applied. Rights holders must provide evidence of counterfeiting for the complaint to be admissible. Storage and destruction of the seized goods is dealt with by the respective economic department of each Emirate.

## Looking ahead

The United Arab Emirates has, over the years, built up strong enforcement mechanisms, taken effective measures to extend protection to brands and combatted the menace of counterfeiting and infringement by providing rights holders with various paths for recourse. More recently, Customs authorities – especially in the Emirates of Abu Dhabi, Dubai, Sharjah, Ajman, Ras Al Khaimah – have stepped up to play a vital role in monitoring and combatting infringement. The vast majority of goods on the UAE market are imported, so Customs is a critical resource for brand owners when it comes to enforcement.

The ultimate decision in any enforcement action must be taken by the brand owner, who must assess the severity of the damage either to its business revenues and/or the reputation of its mark. Substantial improvements in the UAE enforcement infrastructure means that brand owners and stakeholders are likely to have new confidence in this jurisdiction as a market that supports IP rights, and thus more investment is likely to come into the country, especially from foreign players. Additionally, the solid IP infrastructure will encourage innovation and technological advancement in various sectors within the country.

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