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East meets West: managing intellectual property rights in the United Arab Emirates

Yasir Masood and Bassel El Turk of Rouse provide a guide for IP owners to consider when doing business in the United Arab Emirates. From pre-market research to mechanisms for enforcement, they look at the basics of protecting trademarks and other IP in this new member of BRICS.

Located east of Europe and west of Asia, the UAE has long served as a global hub of trade and commerce. With its accession to BRICS, the country is leveraging its ability to straddle not only between regions but also between different economic paradigms. It's a strategic balancing of the country's interests amid evolving geopolitical dynamics.

Rouse has been present in the United Arab Emirates since 1997. Known for our substantial footprint across Asia – particularly in China – we're also a bridge between worlds for our IP-owning clients. The UAE's accession to BRICS has all the potential to increase the flow of goods and services into the country, which makes IP protection even more important. We've put together this guide to help IP owners understand the local landscape.

As with any market, an IP owner entering the UAE for the first time should conduct a comprehensive assessment of IP in their domain of business. This is done in order to identify any conflicting trademarks that could pose challenges to the registration or use of an intended mark. The exercise essentially involves conducting official searches in the local trademark office database. Such due diligence is intricate and time-consuming in the UAE, so having a local partner is essential.

Business owners first need to differentiate between what they choose as a trade name (i.e. the company name that will distinguish their business from other businesses), and what they choose as a trademark (i.e. the name, logo, or sign that will distinguish their products or ser-



Yasir Masood



Bassel El Turk

vices from their competitors' products or services.) Although trade names and trademarks have separate functions – as set out above – they may still be confused in consumers' minds. Business owners therefore need to be careful and strategically aligned when choosing both names.

Searching trade name databases in the United Arab Emirates is challenging as the country has more than 40 different commercial registers. These are scattered across the seven Emirati mainland commercial registers and more than 40 UAE Free Zones. A trademark search is a somewhat easier exercise, as there is a single centralized trademark register for all the Emirates and Free Zones. But determining whether there is a risk of a trademark infringing on a trade name opens up the aforementioned complexity again, as the various trade name databases need to be consulted.

A major hotel chain wanted to enter the UAE market in the early 2000s. As soon as the chain had secured a trademark registration and had started operating, it was served with a warning letter from a local hotel business. The basis of the warning was that the company name of the local hotel business is confusingly similar to that of the international hotel brand. In this particular case, the matter was settled amicably.

Rouse often conducts trade name and trademark



due diligence on behalf of our clients. If conflicting marks are discovered, we typically perform further enquiries. In cases where the holder of a mark may be using it illegitimately, actions against such use may be taken. Negotiations, coexistence arrangements, or trademark modification are also considered.

Registering IP and forming local partnerships

The UAE's trademark application process has become more straightforward for many international applicants since the country joined the Madrid Protocol in late 2021. Applicants from Madrid Protocol member states can extend their basic home-registration IP rights to the UAE without needing a local agent. This is unless the application is challenged, refused, or an opposition is raised.

A foreign applicant filing a trademark directly in the UAE must appoint a local trademark agent in the country. This is done by granting a notarized power of attorney and legalizing the document at the UAE consulate in the applicant's home country. The document is then locally super-legalised by the UAE's Ministry of Foreign Affairs.

Rouse recommends swift registration of your IP rights once you have decided to enter the UAE. This is particularly important for trademarks, as even though the country adheres to the first-to-use principle – whereby the first user is presumed to be the rightful owner – registration is strong evidence of first use and is much easier to enforce.

For example, a major international media company that operates online radio broadcasts did not register its radio mark in the UAE (where radio is widely listened to). A local company launched a radio channel under an identical trademark and filed for that mark in the UAE. The foreign company then had to litigate for over a year to show earlier rights through the online use of the trademark and the online radio being accessible in the UAE. The court subsequently ordered the cancellation of the local com-

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pany's trademark application and ordered the local channel to change its name. The procedure would have been shorter and cheaper for the foreign company if it had had an earlier trademark registration.

It should be noted that trademark registration office fees are relatively high in the UAE. These costs are compounded by the fact that a separate application is required for each class of goods or services. The law in fact already allows for multi-class applications, but this practice is not yet being implemented. We expect it will be soon. Rouse recommends that our clients register only those of their trademarks that require protection in the UAE. Registering multiple variants is expensive, time consuming, and typically unnecessary. We do however recommend registering marks in both Latin and Arabic letters. This strengthens the protection of the Arabic transliteration of the mark and helps to thwart third parties from securing slightly different variations.

The UAE does not require proof of trademark use upon registration. However, any mark that has not been used for a period of five consecutive years after its registration will be vulnerable to cancellation.

A party interested in pursuing such a cancellation action needs to do so with the Ministry of Economy, as cancellation is not automatic. The owner of the trademark for which cancellation is being sought should produce thorough documentation of the mark's use during the five-year period. Records of imports, sales figures, and any advertising campaigns help to substantiate use.



In one particular case, the trademark application of a large multinational was rejected on the basis of an earlier registration that was deemed confusingly similar to the multinational's mark. Investigations showed that the owner of the earlier trademark had never used it in the five years since registration. On this basis, the multinational then filed a request with the Ministry of Economy to cancel the earlier trademark and register its own.

As indicated earlier, it's common practice in the UAE for foreign businesses to collaborate with local partners rather than establish their own independent entities. While this partnership approach offers several advantages, it can pose challenges when it comes to managing IP.

It's imperative for an IP owner to register IP rights in their own name, even when engaging a UAE partner. Relying on a local agent, importer or distributor can jeopardize IP assets in cases where the partnership dissolves. Though recovery is possible, it's often costly, and legal proceedings are protracted.

In one example, the local distributor of a well-known manufacturer of electronics registered the principal's trademark in its own name. After the cancellation of the distribution agreement, the principal struggled to engage with a new distributor as they did not have the registered rights to the trademark. The principal had to engage in several years of litigation to successfully recover its trademark rights. The length of litigation had a negative commercial impact on the principal, as it was unable to enter a productive commercial relationship in the interim.

Battling counterfeiting in the UAE

Given the UAE's location and the high volumes of goods flowing through the country, anti-counterfeit measures need to be part of any local IP strategy. When counterfeits or other infringements are encountered, Rouse recommends a swift reaction. A lengthy delay may be considered as acceptance of the infringement and could later hamper enforcement.

In five of the seven Emirates – Abu Dhabi, Dubai, Sharjah, Ajman, and Ras Al-Khaimah – IP owners can record their registered trademarks directly with the customs authorities. This enables incoming shipments to be monitored for any products that infringe trademark rights. It's an effective system – seizures, fines, and the disposal of counterfeit goods are commonplace occurrences.

There are also other official channels for battling counterfeits, with some variation between the different Emirates. In Dubai, for example, the Department of Economy and Tourism provides a service to monitor the local market for any trademark infringements.

Brand owners can file criminal complaints through the police or a public prosecutor. A case is investigated and proceeds to the criminal court if substantiated. The court may impose fines, order the confiscation or destruction of goods, or even hand down jail sentences. Repeated infringements may result in the court ordering the defendant's premises to be closed.

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Trademark owners also have the option of filing civil lawsuits against infringers. This approach enables evidence presented in the civil case to also be submitted in the criminal court. Proceedings are lengthy and costly though, so Rouse recommends businesses only to resort to this approach when the infringement is complex or the litigation is strategic.

For example, Rouse has assisted several clients in enforcing three-dimensional trademarks. These are unconventional marks represented by the three-dimensional shape of the product, or a part thereof. Given the complexity and strategic importance of some of these trademarks, Rouse has on occasion taken such cases to the courts to enforce rights.

While legal proceedings are an option, Rouse often recommends administrative actions as a fast and effective way to counter infringements. Several of the Emirates enable trademarks to be registered for monitoring and also accept complaints against infringers. Subsequent investigations may lead to actions for removing the counterfeit goods from the market.

In light of the UAE's strategic location and its new role within the BRICS partnership, we anticipate increased attention to safeguarding IP in the country. Navigating the terrain of trade names, trademarks, and counterfeiting is not without its challenges. But through prudent local partnerships and smart registration decisions, businesses can thrive at this crossroads of global commerce.

Résumés

Yasir Masood is an Intellectual Property Manager at Rouse's office in the United Arab Emirates. He has been advising clients across the MENA region since 2016. Yasir's areas of expertise include IP audits, trademark filing strategies, enforcement measures, and drafting of IP clauses in contracts. He is well-versed in laws and procedures in the UAE, GCC, Europe, and the US, and regularly holds presentations and authors articles on IP protection.

Bassel El Turk is a Principal and Managing Partner of Rouse's Middle East & Africa business based in the United Arab Emirates. He works on a range of IP matters in our Dubai office, with a particular focus on enforcement and complex IP litigation in the Middle East and North Africa.

Bassel manages the IP portfolios for a number of multinational entities across the Middle East and North Africa as well as regional entities worldwide. He also advises on potential legal and cultural risks associated with Arabic language marketing and advertising across the MENA region.

Contact:

Rouse, United Arab Emirates

11th Floor, The Maze Tower, Sheikh Zayed Road, PO Box 31778,
Dubai, United Arab Emirates

Tel: +971 4 309 8000 **Email:** dubai@rouse.com
www.rouse.com

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Bridging the World between East and West

With a presence in the United Arab Emirates going back more than 25 years, Rouse can support IP owners coming into the region from across the BRICS economies.

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