

The unfair competition lawsuit for protecting the unregistered trademark which is accompanying a sound under the UAE legislation

Ramzi Madi*

Faculty of Law,
Al Ain University for Science and Technology,
Abu Dhabi, United Arab Emirates
and
Al Al-Bayt University,
Al-Mafraq, Jordan
Email: drramzimadi@gmail.com
*Corresponding author

Mohammad Almistarehi

Ministry of Defense,
Abu Dhabi, United Arab Emirates
Email: mistarehi1972@yahoo.com

Abstract: Sound mark as a type of unconventional trademark is becoming more accepted and registered around the world. The UAE Trademark Law No. (37) of 1992 and its amendments requires registration of any type of trademarks to be protected. However, due to the lack of guidelines for protecting and registering trademark which is accompanying a sound, this raises the question regarding the infringements taking place on such unregistered trademarks. Should they be left without any protection as their holders failed to register them? The aim of this paper is to find out the position of the UAE Trademark Law regarding the unregistered trademark which is accompanying a sound. Authors focus on case law as it was found, when referring to UAE judicial rulings, that they approved protection for unregistered trademarks. Many judgments were based on the general principles of civil liability stipulated in the Civil Transactions Law or unfair competition. However, this article will tackle only the unfair competition lawsuit.

Keywords: unfair competition lawsuit; unregistered trademark; sound mark; UAE legislation.

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Biographical notes: Ramzi Madi received his PhD in Intellectual Property and Internet Law from the University of Aberdeen (UK). He is an Associate Professor and Head of Private Law Department in the Faculty of Law at Al Ain University of Science and Technology (Abu Dhabi, UAE) and Al-Al Bayt University (Mafraq, Jordan).

Mohammad Almistarehi received his LLM in private Law from Al Ain University of Science and Technology (Abu Dhabi, UAE) and MA in Defence Studies from King's College London (UK). He is a Lecturer in the Ministry of Defense (Abu Dhabi, UAE).

1 Introduction

This section will briefly discuss sound mark under several jurisdictions, and unfair competition under UAE laws.

1.1 Sound mark

Sreenivasulu N.S defines 'sound mark' as "where the products and services are identified by means of an audio clip, the particular means of such identification could be a sound mark"¹. He gives examples of sound marks as "musical tones, ring tone, songs, noises, sound of desserts winds, sound of sea tides, sound of flowing water, sound of moving plants and leaves, sound of automobiles, etc."²

Jurisdictions vary regarding the registration of the sound mark, and they are divided into three categories. Countries are only accepting the registration of visual marks. For example, Article (2) of the Saudi Law of Trademarks [promulgated by Royal Decree No. M/21 of 28 Jumada I 1423 (August 7, 2002)], states clearly that: "... trademarks shall be names of distinct shapes, signatures, words, letters, numbers, drawings, symbols, stamps and protruding inscriptions or any other sign or combination thereof which can be recognized by sight ..."

Other legal systems accept the registration of visual and non-visual marks. For instance, Article (2) of the Bahraini Law No. (11) of 2006 on the Protection of Trademarks defines a trade mark as: "... everything that takes a distinctive form such as names, words, signatures, characters, codes, numbers, signposts, seals, drawings, sounds, smells, pictures, inscriptions, packaging, figurative elements, figures, colours, combinations of colours, or any combination thereof or any other sign or a group of signs"³

However, the Emirati Trademark Law No. (37) of 1992 and its amendments trend an intermediate position. Article (2) of the Trademark Law, refers to what shall be considered a trade mark as:

"Anything having a distinctive form such as names, words, signatures, letters, figures, drawings, logos, titles, hallmarks, seals, pictures, engravings, advertisements, packs or any other mark or group of marks if used or intended to be used either to distinguish goods, products or services whatever their source or to indicate that the goods or products belong to the trade mark's owner due to its manufacturing, selection or trading or to indicate the rendering of a service. The sound shall be considered as part of the trade mark if it accompanies it."

The law did not define 'sound', and moreover, according to the above article, sound cannot be registered solely; it should be a 'part of the trade mark if it accompanies it'.

This would raise the following question: whether the law refers to the procedure of filing a trademark, which is accompanying a sound? The law did not clarify any

procedure. Other jurisdictions, for example 807.09 of the US Trademark Manual of Examining Procedure, provide the procedures in detail for registering sound marks by stating that:

“If the applicant selects ‘Sound Mark’ as the mark type in a TEAS application [Trademark initial application forms], the applicant will be required to indicate whether it is attaching an audio file. The applicant should submit an audio reproduction of any sound mark ... [The reason behind reproduction] is to supplement and clarify the description of the mark. The reproduction should contain only the mark itself; it is not meant to be a specimen.”

The US Trademark Manual of Examining Procedure distinguishes between the reproduction in electronic file and paper filings. It states:

“The reproduction must be in an electronic file in .wav, .wmv, .wma, .mp3, .mpg, or .avi format and should not exceed 5 MB in size because TEAS cannot accommodate larger files. For paper filings, reproductions of sound marks must be submitted on compact discs (“CDs”), digital video discs (“DVDs”), videotapes, or audiotapes ... The applicant should clearly and explicitly indicate that the reproduction of the mark contained on the disc or tape is meant to supplement the mark description and that it should be placed in the paper file jacket and not be discarded.”⁴

The UAE Trademark Law did not refer to similar procedures, or even to other procedures, whether the reproduction should be in electronic files and/or paper filings. Moreover, the Trade Marks Department in the Ministry of Economy launched a new online smart application on 2018, however, the application do not present an option for submitting trademark which is accompanying a sound.

It should be noted that unclear procedures for registering a trademark, which is accompanying a sound under the UAE Trademark Law and online smart application, would not encourage the holders of trademarks for registering such marks. This issue will leave such marks without protection under the UAE Trademark Law. For that reason no such marks were registered in the UAE⁵. Moreover, the UAE Trademark Law did not recognise the trademark, which contains only a sound and is known as a ‘sound mark’; in spite of the fact that Article (3) of the UAE Trademark Law⁶ did not refer to sound as a mark which shall not be registered as a trade mark or an element therefore.

1.2 Unfair competition

Although the Emirati legislator did not regulate provisions relating to unfair competition when using trademarks in a separate law, the UAE courts have used these provisions in many judgments to provide protection for unregistered trademarks. Chapter 2 of the Commercial Transactions Law No. 18 of 1993 has mentioned some forms of unfair competition in the field of commercial business. Article (65) states that:

“A trader may not disclose such matters as are inconsistent with the reality regarding the origin or description of his goods, or any other matters pertaining to their nature or importance. He may not either declare falsely that he holds a status or degree or award, nor may he resort to any other misleading means, with the intent thereby to usurp the customers of a competitor trader; or else, he shall be liable for compensation.”

Moreover, Article (66) stipulates that:

“A trader may not resort to fraud and cheating when marketing his goods, nor may he spread or publish false particulars tending to be prejudicial to the interests of another competitor trader; in default he shall be liable for damages.”

As trademarks are considered among the moral elements of a commercial store and are means used by traders, manufacturers and service providers to distinguish their products, goods and services, therefore, they play a large and essential role in commercial competition and may be subjected to actions considered as unfair competition actions⁷. Therefore, the above-mentioned articles may be used as general principles to protect unregistered trademarks in the UAE. Judicial rulings have stated in more than one judgment that unregistered trademarks enjoy protection and that unfair competition lawsuits are the means for this protection. In a judgment issued by the Federal Supreme Court, it was mentioned that:

“It has been decided that registering a trademark does not in itself create a right of its ownership, as this ownership arises from precedence of use, whereas, registration is considered a legal presumption for the ownership of the trademark. The opposite may be proven. An unfair competition lawsuit is considered an important means to protect the owner of a trademark”⁸.

2 The concept of unfair competition

Commercial life between traders is based on competition between them to attract consumers and achieve profit. Therefore, competition is considered a legal action provided that he who practices it commits to methods that take into account prevalent laws, customs and traditions leading to attracting clients and, therefore, the success and flourishing of the business. On the other hand, the absence of competition between producers, traders and service providers has negative effects such as preventing innovation and encouraging bad performance in the goods and services fields alike⁹.

Whereas competition is essentially allowed and legal, this calls for a study of unfair competition and the protection of those damaged by it. In other words, when is an infringement to an unregistered trademark considered an action of unfair competition and, therefore, requires civil protection against it? Therefore, the following shall include a definition of unfair competition and the legal basis for unfair competition.

2.1 Definition of unfair competition

The concept of unfair competition appeared for the first time in France around 1850 AD¹⁰. Although at that time there were no specific legal texts prohibiting actions of unfair competition, the French legislator included in the civil law a general principle of civil liability. He used it as a basis to ban competitive actions which he saw as harming public interest and stated that such actions were incorrect¹¹. As a result, the principle of unfair competition received a lot of attention, especially on the international front due to the increase of commercial activity between states seeking to open new markets. This required protecting capital from the negative effects of unfair competition. Therefore, this led to the adoption of this principle on a global scale and legal provisions related to it were included in international conventions where all member states were obliged to

ensure effective protection against unfair competition for the citizens of all member states¹².

As a result, both jurisprudence and jurisdiction have attempted to set a definition for unfair competition. Definitions have varied as some focused on the means used in unfair competition, while others focused on what is intended by it. Some defined it as “the trader’s use of methods violating laws, customs or principles of trust and honor in transactions”¹³. Others view that unfair competition “is realized through the use of means violating applied local customs of trade and industry”. While others view that “if competition deviates from the correct path, it shall therefore fail to be a means of proficiency and innovation and shall become merely the grabbing of customers who have been accustomed with dealing with another store. This shall be considered unfair competition”. Some defined it as “inflicting harm to someone else’s trade and production through the promotion of other people’s trade and production through cheating and in a way that deceives and confuses the purchaser or consumer leading to his neglect of the original goods”¹⁴. Others defined it as “the adoption of a trader, in order to beat his competitors, of dishonorable means violating trust, integrity and dominant customs in trade and industry to win over the largest number of customers and achieve the largest profit”¹⁵.

At the level of judiciary, the Egyptian Court of Cassation has defined it by saying that:

“Unfair commercial competition is a delinquent action subjecting its perpetrator to compensate for the damage resulting from it... actions violating the law or customs or use of means violating the principles of trust and honor during transactions shall be considered a violation of the limits of fair competition if the aim from them is to cause confusion between two commercial entities or to cause disruption to one of them should they cause the attraction of the clients of one of the entities towards the other or cause the neglect of the clients of one of the entities of that entity.”¹⁶

It can be noticed from this definition that it has used the means used in unfair competition, as well as the meaning intended by it.

Among other judicial definitions is that of the Lebanese Court of Cassation, which stated in one of its judgments that “a trader must follow principles of legal integrity, which may be followed during competition between traders. A trader’s use of suspicious or twisted methods in competition leads to considering his conduct as unfair competition”¹⁷.

The Emirati judiciary mentioned unfair competition in many of its judgments but did not mention a definition for it. Among these judgments is the decision of the Federal Supreme Court stating that:

“No trademark shall be registered if it is identical or similar to a trademark previously registered ... implying that the rejection of a request to register a trademark shall be a result of the presence of a similar or identical trademark registered with another name and that this rejection shall protect others and prevent unfair competition”¹⁸.

In another judgment, the court used the phrase ‘violating the principles of fair competition’¹⁹.

The Abu Dhabi Court of Cassation mentioned unfair competition in a number of its judgments, such as that issued in 2011 which stated that “it has also been decided that legal protection of commercial names is a protection against unfair competition, which

could cause confusion with another competitor, his products or his commercial activities”²⁰. In another of its judgments, it mentioned what is considered as unfair competition with acts based on the Paris Convention for the Protection of Industrial Property. It mentioned in the judgment that “in Article 10 (2) of the same convention, among unfair competitive actions is any act of competition contrary to honest practices in industrial or commercial matters”²¹. In another of its judgments, it was stated that:

“A trade name is one of the moral elements of a commercial store and is every name by which a trader practices his commercial activity. The right to use it shall be restricted to its owner and the trader may use his trademark as a trade name whereby he shall enjoy the same protection. It has also been decided that the ownership of a trade name is acquired by the first one to use it. It shall be enough for a trader to be the first person to assign his name to signify his store for this precedence to be a source of his right to its ownership. Should a competitor practicing a similar trade assume this name, the assaulter shall be committed, based on the lawsuit of unfair competition, to refrain from using the assumed name or to amend it in a way that prevents confusion”.²²

At the level of legislation, it is found – as mentioned previously – that the Emirati legislator has mentioned unfair competition in Articles (65) and (66) of the Commercial Transactions Law. It can be noticed that the legislator did not mention a definition for it and that he mentioned the actions considered as unfair competitive acts.

The Paris Convention for the Protection of Industrial Property²³ mentioned unfair competition in Article (10) *bis*, which states that: “(1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition. (2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition”. It then mentioned in Clause (3) actions that are considered as unfair competition.

Based on the above, it can be said that both jurisprudence and judicial visions agreed in their attempts to define unfair competition despite “not setting a final definition for it. However, those visions form a beneficial legal framework helping to determine which actions are considered within unfair competition and which are not”²⁴. The reason for this failure to reach a final definition is technological development and the continuous widening of the scope of commercial activities resulting in new practices and actions that could be considered within the scope of unfair competition. Therefore, it can be said that there are general characteristics for the definition of unfair competition including:

“Carrying out actions that fail to conform to principles of trust, honor and integrity recognized in the commercial field. Such a competition shall also be between two parties (the party which carried out the action and the damaged party). This necessarily implies that both parties practice the same commercial activity or ones similar to a large extent. Also, the actions shall cause harm to the trader. However, it is not a condition that the perpetrator achieves material profit as a result of this competition, as his intention may be only to inflict harm to another trader and draw his clients without gaining profits”.²⁵

3 The legal basis for unfair competition

Despite the importance of the issue of unfair competition, the Emirati legislator, as mentioned above, has not regulated this lawsuit according to explicit and determined legal provisions except those stipulated in Articles (65) and (66) of the Commercial

Transactions Law mentioned above. These two Articles were confined to mentioning practices violating fair competition without mentioning the principles governing an unfair competition lawsuit. It left this issue for the judiciary and jurisprudence, therefore, requiring the study of the legal basis for it.

As is the case with the definition of unfair competition, difference is also present in understanding the legal basis for it. Judicial and jurisprudence visions varied in determining the basis for an unfair competition lawsuit. These visions shall be presented below, as well as the position of the UAE judiciary towards them.

3.1 Establishing the lawsuit on the basis of delinquency liability

Supporters of this opinion view that an unfair competition lawsuit shall be based on the general principles of civil delinquency liability mentioned in Article (282) of the Civil Transactions Law No. (5) of 1985 stating that “Any harm done to another shall render the actor, even though not a person of discretion, liable to make good the harm”. Illegal methods constitute an error requiring compensation to the party damaged by such an action. The argument is that legal principles, in general, forbid damaging others and require people to take full care while practicing their works and performing their various activities. In case any illegal action is performed, they shall be obliged to compensate for the damage resulting from their practices. This shall grant the right to anyone who has been damaged to file a lawsuit requesting compensation for the damage incurred to him as a result, provided that the three bases for delinquency liability are provided. They are the error, the damage and the causal relationship between them.

However, this opinion has been subjected to many criticisms such as: that the lawsuit here requires the presence of an error committed by the perpetrator resulting in damage and a causal relationship between the two. This is true regarding civil laws, which apply civil delinquency liability based on error. However, the UAE Civil Transactions Law constitutes this liability as soon as damage occurs by an action, even if this damage was not a result of the actor’s error as stated in the pre-mentioned Article (282), which mentions the phrase “any harm done to another”. Should the view of the Emirati legislator be accepted, this would lead to complications. The reason is that damage would require compensation in all cases, whether this damage “resulted from a violation of law, custom, tradition or morals”. This would be very dangerous as all fair and unfair competition actions would be subjected to the principle of damaging action. This implies that compensation would have to take place in all cases without searching for the standard of illegality. It is well known that competitive actions, even if fair, result in damages being incurred in all cases. Therefore, allowing compensation for damage resulting from fair competition would lead to the “demolition of the principle of free trade and competition”.²⁶

Also, an attempt to exclude legal actions from the previous principle would result in a new problem, which is to place a clear standard determining actions that shall be considered unfair with the absence of a clear and explicit text in the UAE law defining unfair competition, despite mentioning some of its form as pre-mentioned.

Among other criticisms was that should unfair competition lawsuits be based on actual damage, in some cases there could be an error without any damage incurred as a result. An example for such a case is a trader copying the trademark of a competing institution. In this case, the perpetrator would have carried out an unfair competition action even if the clients did not turn away from the competing institution.²⁷

Finally, allocating the unfair competition lawsuit to the principles of delinquency liability raises problems regarding compensation in two ways. The basis is that compensation intends to return the status to its original form before the assault took place and repairing the damage so that the damaged party is indemnified for his incurred losses and loss of profit pursuant to Article (292) of the Civil Transactions Law which states “In all cases the compensation shall be assessed on the basis the amount of harm suffered by the victim, together with loss of profit, provided that that is a natural result of the harmful act”. This implies that the court orders an end to the actions of unfair competition. The problem is raised that should the competition end before the lawsuit is filed or during its filing, this issue shall be useless in this case. The other point is that the value of compensation is difficult to estimate in a way that is enough to indemnify for losses incurred and profits lost.²⁸

3.2 Establishing the lawsuit on the basis of abuse of right

In light of the criticisms towards the previous trend, some were directed towards the theory of abuse of the right to establish unfair competition lawsuits upon them. This implies that a trader may use his right in competing with other traders provided he committed to the legal framework defined by law. Should this result in damage, especially when using unaccepted methods, he shall be considered as abusing his right. Therefore, it can be said that unfair competition is based on the general principles of the theory of abuse of right.²⁹

Supporters of this opinion see that this lawsuit is similar to the standards mentioned by the legislator in the Civil Transactions Law relating to considering a person abusing his right. Article (106) of the Civil Transactions Law states that: “(1) A person shall be held liable for an unlawful exercise of his rights. (2) The exercise of a right shall be unlawful: (a) if there is an intentional infringement (of another’s rights); (b) if the interests which such exercise of right is designed to bring about are contrary to the rules of the Islamic *Shari’ah*, the law, public order, or morals; (c) if the interests desired are disproportionate to the harm that will be suffered by others; or (d) if it exceeds the bounds of usage and custom”.

Accordingly, the application of such conditions is in conformity with the unfair competition lawsuit. For instance, when a tradesman exceeds his right and competes with others of the business elements, whether physical or moral, his purpose would be to cause damage, even if it does not aim to. The core matter here is ‘excessiveness’. The tradesman’s mere exceeding of its limits means that it assaults others’ rights. This would be considered an illogical behaviour and makes the first condition present. The assaulting tradesman’s interest would, of course, be to have the maximal profit. This matter contains in its essence a benefit that is considered unfair. However, the method followed by such businessman to reach such a benefit is considered unfair as the interest itself is improper when it breaches public order, ethics, or laws. By behaving like that, the businessman certainly would have trespassed the acknowledged customs and traditions of using honest means by businessmen in order to maintain their old customers and attract new ones. By such conduct the tradesman is deemed as abandoning the customs and traditions in the meaning given above³⁰.

Yet, such a view has not escaped criticism, too. The condition of trespassing an aim or assumed damage is expected in legal and unfair competitions equally. This creates an undesirable expansion as it opens the door for everyone suffering damage from any

competition – even if it is fair – to bring a lawsuit to the court and claim for compensation. It also creates inflexibility through putting a burden on the persons that are aggrieved by the unfair competition by proving the competitor's bad faith and aim to cause damage³¹.

As regards the interest criterion, this trend leads to the interest illegality through which the competitor intends to obtain, and it is considered as unfair, and, consequently, the competitor will be deemed as abuser of its rights. This criterion has received criticism because the interest the competitor aims to achieve is often unfair and it is for profit-making and customer winning. This in essence is legal, but the means used are considered unfair³².

As for disconformity between the benefit coming from competition and the damage suffered by another, the unfair competition may not necessarily cause serious damage to the aggrieved persons. The competitor's benefit may be significant, such as making big profits, and at the same time a moral or financial loss may be suffered by the aggrieved person³³.

Finally, the penalty for abusing such a right, the legislator forces guaranty on the illegal use of the right. Nevertheless, it does not determine the nature of such guaranty.

3.3 *Establishing the lawsuit as an 'action in rem'*

Some jurists consider that the unfair competition lawsuits are *action in rem* because the tradesman has the property right of its business with all its physical and moral elements. Therefore, it has the right to be protected from aggressors. So, the unfair competition is considered an assault on the right of property because it results in directing customers from this business to other businesses that practice similar activities. Such behaviour requires judicial accountability, and the goal of the lawsuit will be the prevention of assault on the business. So, this makes it close to a property lawsuit.

However, this opinion has received criticism as the tradesman does not have the property right on the customers. Consequently, it does not have the right to prevent them going to other tradesmen whenever they like. Shifting from a business to another one(s) may be due to a change in their tastes and desires of certain merchandise. Thus, the unfair competition is the one where the assailant has committed a wrong doing, even if unintentionally³⁴.

3.4 *Establishing the lawsuit as it is of a special nature*

The supporters of this opinion say that the unfair competition lawsuit is one of a special nature that does not come under the classical classification of lawsuits in relation to its ability to reach the goal it aims to.

The supporters of this trend establish their theory on posing the following question: 'Is the aim of the unfair competition lawsuit to claim for a right or to revoke money?' In other words, does the unfairly competed person claim for confirming its right in the competition and, consequently, denying the right of the competitor in that competition? That is, it disputes for a right that is unfairly taken by the other competitor, or is such dispute of the lawsuit for money itself (trade mark for example) and the damage resulting

therefrom?³⁵ In other words, what is the right the lawsuit aims to protect? The supporters of this trend see that the right protected here is the right of the competitor in a fair competition. However, the question to be imposed here is: what is the nature of the subject of this right? And is it one of the known rights or is it a new one that has its own elements?

The supporters of this trend debate over the determination of the nature and subject of this right. Some of them see it as a right of property; others consider it as a personal right that is enjoyed by human beings. A third opinion says that it is a mix of human and financial elements. Therefore, it is at the same time a financial and moral right. In this case, the aggression on a trademark must not be limited to the known narrow view, which sees that an assault on money and anything of economic value must be protected. Rather, it must be seen as an assault on the right of honest competition, too. This right has the unique nature that does not accept being listed among the traditional classification of rights³⁶.

As regards the criticism of this opinion, we may say in the first place that the supporters of such criticism have not agreed on the subject of the right to be protected. They acknowledge its difficulty and, sometimes, vagueness. This makes it difficult to accept it as a basis for an unfair competition lawsuit.

The researchers see that the UAE law establishes the unfair competition lawsuit on the tort civil liability witnessed through the judgments issued in some cases. For example, the judgment issued by the Supreme Federal Court that:

“The trademark owner is solely the one who is entitled to use it to distinguish the products or services of the trademark. If someone imitates, forges, or uses it to distinguish similar products or services, this shall be deemed as an assault against the trademark owner’s right and causes damage to such owner due to weakening the trust of the product or service distinguished by that trademark.”

In this case, the trademark owner shall be entitled to bring an unfair competition lawsuit to the court as stipulated in Article (282) which provides that: “Any harm done to another shall render the actor, even though not a person of discretion, liable to make good the harm”, and in Article (66) of the Commercial Transactions Law that provides that: “A trader may not resort to fraud and cheating when marketing his goods, nor may he spread or publish false particulars tending to be prejudicial to the interests of another competitor trader; in default he shall be liable for damages”³⁷.

Another judgment issued by the Supreme Federal Court states that:

“A competition as an activity that is prohibited or illegal shall not be made except under a law’s provision or agreement between two contracting parties. The claim of the party aggrieved by such competition aims basically to protect its business from competition by preventing the competing activity and for compensation for the damage suffered due to such compensation. Then, in order to determine the liability of the competitor, the elements of liability, such as a mistake, damage, and casual relationship between them, must exist; the two activities (the competing and competed together) must also exist; the competitor’s activity results in attracting customers who were usually dealing with the damage claimant, or influencing such customers, or actually causing both; that there is a link between the competing activity and the resulting damage. If the court finds that all these elements exist, it decrees elimination of the competing activity and compensation if so required.”³⁸

4 Unfair competition lawsuit

This section discusses in two subsections the procedures of the unfair competition lawsuit, in particular: the parties to the lawsuit in the first subsection, and the competent court in the second subsection.

4.1 Parties to the unfair competition lawsuit

Like any civil lawsuit, the unfair competition lawsuit must have litigating parties, a plaintiff and a defendant, in order to commence the case. This requires finding out who has the right to bring the lawsuit to the court and against whom it is brought.

4.1.1 Plaintiff

Because the UAE law establishes the unfair competition lawsuit based on the tort civil liability, this means that its general rules apply to this lawsuit. Therefore, the plaintiff here is anyone who suffers damage from unfair competition activities and such damage requires compensation for, whether such a plaintiff is a natural or legal person, provided that it has an interest in this lawsuit as stated above in the condition of interest.

Therefore, the first party to suffer damage is the trademark holder, which is not registered in the first class, because the unfair competition activities cause it physical and moral damage resulting from the aggression on its trademark and affecting its reputation in the market leading to customers refraining from dealing with it. It is to be proved that it is the holder of the trademark and the one who first used it as it is not registered.

This was confirmed by the Supreme Federal Court in a judgment issued in 1994 where it is given that:

“The owner of the trademark is solely entitled to use it to discriminate the mark’s products or services. If anyone else imitates, forges, or uses it to discriminate similar products or services, it shall be deemed an assault on the right of the owner of the trademark that causes damage to it due to weakening the trust in its merchandises or services that are distinguished with the trademark. The trademark owner is entitled to bring an unfair competition lawsuit to the court on the basis of the Article (282) of the Civil Transactions Law and the provisions of Article (66) of Commercial Transactions Law stipulating that a trader may not resort to fraud and cheating when marketing his goods, nor may he spread or publish false particulars tending to be prejudicial to the interests of another competitor trader; in default he shall be liable for damages.”³⁵⁹

The supplier using the offended trademark shall be entitled to file a lawsuit for being harmed by such acts as a result of reluctance of the clients to buy his goods bearing the offending trademark, whether such damage is material or moral. The UAE legislator has defined (the supplier) in Article (1) of the Consumer Protection Law No. (24) of 2006 that he is: “Any judicial or natural person who provides Services, information, manufacturing, trading, selling, supplying, or exporting Goods or engaged in their production or distribution”.

Also, the consumer of the products, goods or services bearing the offending mark shall have the right to bring such action in case of injury. The consumer, as stated in Article (1) of the Consumer Protection Law, is that: “Anyone who attains any Goods or Services, with or without a return in order to satisfy his personal or others needs”. From

this definition, it is clear that the consumer who is entitled to protection is the person who obtains the goods or services in order to achieve a desire for personal or for others' consumption, so such persons when affected by unfair competition, shall be entitled to sue for damages and to claim compensation. Article (16) of the Law on the Consumer Protection stipulates that: "The Consumer shall be entitled to compensation against personal or financial damages according to the applicable general rules, provided that any contradictory agreement shall be considered void".

The UAE legislator has permitted the Consumer Protection Department and the Consumer Protection Society to lodge a lawsuit on the basis of the Consumer Protection Law, where in Article (4) thereof it stipulates that the Consumer Protection Department shall:

"Coordinate with the concerned authorities to combat the illegitimate commercial practices that may harm the Consumer, [and to] receive Consumers complaints and to take actions accordingly or to refer them to the competent authorities, [while] the complaint might be filed directly by the complainant as well as by the Consumer protection society as the complainant's representative."

Article (17) of the Law states that:

"The Directorate shall have the legal capacity in representing the Consumer before courts of law and any other authority as specified by the law. Without prejudice to the parties' rights to refer to courts, the Directorate shall undertake any settlement related to Consumer protection provided that its decision in this regard may be challenged to the Minister."

But what is the compensation which this society has the right to claim? There is no doubt that the aim of the legislator in creating this society is to protect the consumer primarily from the damage that may happen to him as a result of consumption of a particular product or commodity. So that the main purpose of its creation is to challenge illegal business practices that are harmful to consumers and to achieve the principle of competition, combating monopoly and diffusion of consumer consciousness. Therefore, the consumer protection society does not aim to defend personal interests and thus to achieve a material benefit from exercising its activity, so the unfair competition claim filed by the society is not intended for material compensation as much as it aims to prove the damage which takes place as a result of the actions done by the competitor. Then it leaves the field for each aggrieved to sue for compensation. Although the legislator has authorised the society to represent the consumer before the judiciary, the compensation that may be requested by the society in case of filing a lawsuit on behalf of the consumer, such compensation shall certainly go to the affected consumer and not to the society.

4.1.2 The defendant

In accordance with the general rules of civil liability, one who causes the damage shall be required to compensate in accordance with the provisions of Article (282) of the Civil Procedures Law No. (11) of 1992 and its amendments, so the unfair competition lawsuit is raised against anyone who causes harm as a result of his actions. Therefore, the defendant may be the merchant himself in case he commits an act of unfair competition, which is set out in Article (65) of the Commercial Transactions Act, which states that:

"A trader may not disclose such matters as are inconsistent with the reality regarding the origin or description of his goods, or any other matters pertaining

to their nature or importance. He may not either declare falsely that he holds a status or degree or award, nor may he resort to any other misleading means, with the intent thereby to usurp the customers of a competitor trader; or else, he shall be liable for compensation.”

Also, the actions contained in Article (66) which stipulate that: “A trader may not resort to fraud and cheating when marketing his goods, nor may he spread or publish false particulars tending to be prejudicial to the interests of another competitor trader; in default he shall be liable for damages”.

The defendant may also be anyone who participates with the merchant or the competitor in the preceding acts, provided that he knows the illegality of what he is doing, or that he could have known. Also the merchant shall be responsible for the damages caused by his subordinates in the exercising of their business and activities, as long as their business is illegal and resulted there from damage to third parties, provided that such acts are in the interest of the principal, he shall also be responsible for the acts of his deputy when acting in his name and for his interest, as in the case of commercial companies with legal personality, which are responsible for the acts of their staff,⁴⁰ this is established in Article (313) of the Civil Transactions Law which indicates that:

“No person shall be liable for the act of another person, but nevertheless the judge may, upon the application of an injured party and in the event that in his opinion there is justification for taking that course, render any of the following persons liable as the case may be to satisfy any amount awarded against a person who has caused the harm ... any person who has actual control, by way of supervision and direction, over a person who has caused the damage, notwithstanding that he may not have had a free choice, if the act causing harm was committed by a person subordinate to him in or by reason of the execution of his duty.”

In the event of a multiplicity of those responsible for acts of unfair competition, they shall be in solidarity to make reparation for the damage caused by their illegal acts, in accordance with Article (291) of the Civil Transactions Law, which states: “if a number of persons are responsible for a harmful act, each of them shall be liable in proportion to his share in it, and the judge may make an order against them in equal shares or by way of joint or several liability”.

The compensation that the aggrieved can seek in accordance with the unfair competition lawsuit, may be in kind or in cash and the compensation in kind consists by order of the judge to return the case to its previous situation, or to decide implementation of a particular order related to the malicious act. Therefore, the Dubai Court of Cassation ruled that:

“Performing precautionary seizure on the counterfeit products requires the Court to order its destruction. Therefore, failure to respond to the harmed request to remove the offence committed by the perpetrator of the malicious act, because there is a vested interest in requests for destruction of these products as a compensation in kind and is considered as a necessary effect for the judiciary to confirm this seizure, because trading such goods in the market means continuation of the same harmful act and infringement of right of the appellants, so the verdict may be against the law; which requires in part to be revoked in this regard.”⁴¹

4.2 Competent court of the unfair competition lawsuit

The lawsuit of unfair competition is the legal means of the victim to protect his right of an unregistered trademark through recourse to the judicial authorities, but the Commercial Transactions Law did not specify the courts competent for commercial disputes in general. It left the matter to provisions of the jurisdiction laws, organised by the UAE legislature with regard to the Civil Procedure and the Criminal Procedure Laws.

Since the lawsuit of unfair competition is sought in order to protect unregistered trademarks, it is subject to the Civil Procedures Law and is governed by its provisions of the law, as the UAE legislator has covered the registered marks by both criminal and civil protection and defined the offences thereon in the Trademark Law, through Articles (37)⁴² to (40)⁴³ thereof, therefore the provisions of these articles do not apply to unregistered trademarks. So, by reference to the provisions of the Law of Civil Procedure we find that it follows rules of the specific and value jurisdiction to determine the court competent to hear the lawsuit, which first requires the determination of type of the unfair competition lawsuit.

The UAE's Commercial Transactions Law includes in Article (5) the activities that are considered commercial by virtue of their nature, regardless of the person exercising them, even if the person only practices it indecently once. The law also discussed in Article (6), the activities that are considered commercial if they are practiced by the person professionally, also the legislator has bestowed the commercial nature to the businesses carried out by the trader for matters related to his trade, which is called 'accessory commercial activities', where Article 4 (1) of the law stipulates that: "Commercial activities are: 1. Such activities which are carried out by a trader in relation to his trade affairs, provided that each activity carried out by a trader is considered to be related to his trade unless proved otherwise".

On the basis of the foregoing, it may be argued that acts of unfair competition fall within the range of (accessory commercial activities) if the trader is engaged therein during or on the occasion of exercising of his business. Therefore the filed lawsuit shall be a commercial one⁴⁴, i.e., subject to provisions of the Civil Procedure Law in determination of the competent court for its consideration. When referring to provisions of the Law of Civil Procedure, the Court of First Instance, which is the trial court, was established to hear the civil, commercial and labour cases, then based on the rules of value and quality jurisdiction in the determination of the competent department of the case, and the department here refers to the district and the comprehensive department that consists of the Court of First instance⁴⁵.

As to the value related jurisdiction, which is the basis for determination of the competent court, the law stipulates in Article (30) that: "the minor circuits formed by a single judge shall be competent to decide on the civil and commercial lawsuits not exceeding five hundred thousand Dirhams and the counter claims, whatever they worth. While the major circuits composed of three judges shall be competent to consider all civil and commercial lawsuits that are not within jurisdiction of the partial departments", this means that the unfair competition lawsuit is considered in one of the departments based on value of the case at the time of its filing.

As far as domestic jurisdiction is concerned, the legislator has defined it in Article (31), which states that: "The court, in which area the defendant's residence exists, should have the jurisdiction unless the law stipulates otherwise, in case he had not a residence in the state, the jurisdiction should be given to the court in which area his

residence or his workplace exists”, but the Emirati legislator has set exceptions to this rule so that the jurisdiction of another court may be sought, including commercial actions, as established in Article 31 (3), which states: “The jurisdiction should be in the commercial matters of the court in which circuit the prosecuted residence exists or be given to the court in which circuit the agreement has been concluded, totally or partially executed or to the court in which circuit the agreement should be executed”.

Therefore, a plaintiff in an unfair competition law suit may choose among three first instance courts to file the case, i.e., the Court of Law or the competent Court in the territory of the defendant, the court under which jurisdiction all or part of the agreement was implemented or the court under which jurisdiction the agreement must be implemented.

As for summary proceedings, to which a plaintiff resorts in cases of unfair competition lawsuits, legislators have identified the court of competent jurisdiction in Article (28) of the Civil Procedures Law, which stipulates as follows:

- 1 “There shall be appointed, at the location of the court of first instance, one of its judges to decide temporarily, and with no prejudice to the original right, in the summary issues, of which there is worry from the expiry of date.
- 2 The court of merits shall have jurisdiction to examine such issues if they were prosecuted consequently thereto.
- 3 As for in the out-sphere of the city, where the court of first instance is located, such jurisdiction shall belong to the court of summary justice.”

5 Conclusions

The UAE Trademark Law No. (37) of 1992 and its amendments trend an intermediate position regarding accepting the registration of visual and non-visual marks. Article (2) of the Trademark Law refers to ‘sound’ while stating what shall be considered as a trade mark, unfortunately, sound cannot be registered solely; it should be a ‘part of the trade mark if it accompanies it’. Contrary to other jurisdictions, which recognise trademarks that contain only a sound and are known as a ‘sound mark’, the UAE Trademark Law did not clarify any procedure of filing a trademark, which is accompanying a sound. Whether the reproduction should be in electronic file and/or paper filings is not clear.

The UAE legislator did not regulate provisions relating to unfair competition when using trademarks in a separate law; however, the UAE Commercial Transactions Law has mentioned some forms of unfair competition in the field of commercial business, and the UAE courts have used these provisions in many judgments to provide protection for unregistered trademarks. Neither the UAE Commercial Transactions Law nor the courts mentioned a definition for the concept of ‘unfair competition’.

It is highly recommended that the UAE Trademark Law defines sound and regulates the procedure of filing online a trademark, which is accompanying a sound. Moreover, it is required to regulate unfair competition with a separate law due to insufficient provisions in the Commercial Transactions Law in this regard.

Notes

- 1 PartridgeIndia (2013) *Law Relating to Intellectual Property*, p.123.
- 2 *Ibid*, p.123. For the examples of registered sound marks in the USA see the United States Patent and Trademark Office website accessed via the link: <https://www.uspto.gov/trademark/soundmarks/trademark-sound-mark-examples> (accessed 15 November 2018).
- 3 See Article (2) of the unified GCC Trademark Law and Article (3) of the Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks.
- 4 For more details about sound mark see Ramzi Madi, 'Colour and sound marks: a brief overview of civil protection in light of Jordanian legislation', *ALQ Journal*, January, Vol. 24, No. 1, pp.49–55.
- 5 Al Ardeh, R. and Bessisso, K. (2018) *United Arab Emirates: Trademark Considerations for The Hospitality Sector in the UAE*, 25 June, Mondaq [online] <http://www.mondaq.com/x/712508/Trademark/Trademark+Considerations+for+the+Hospitality+Sector+in+the+UAE>.
- 6 Article (3) of the UAE Trademark Law enumerated 14 marks or elements, which shall not be registered as a trademark or an element thereof.
- 7 Al Shawawreh, N.K. (2017) 'Trade Mark and its protection from acts of unfair competition – a comparative study', *International Scientific Publication and Distribution House*, Amman, Jordan, First Edition, p.49.
- 8 Cassation No. 57 of judicial year 14, dated 11/10/1992 –Federal Supreme Court judgments in 1992, pp.344–346.
- 9 Awwad, M.A.R.A. (2007) *Civil Protection of Unregistered Trade Marks in accordance with the Jordanian Law and International Conventions – A Comparative Study*, University of Jordan: Masters Dissertation, p.72.
- 10 World Intellectual Property Organization (WIPO) (1994) *International Bureau of WIPO, Protection Against Unfair Competition Analysis of the Present World Situation*, Geneva, 1994, p.15.
- 11 *Ibid*, p.15. See also Al Khasawneh, A.A. (2015) *Law Provisions on Unfair Competition and Trade Secrets – A Comparative Study*, 1st ed., Wael Printing Press, Amman, Jordan, p.35.
- 12 Madanat, H. (2005) 'Unfair competition – its concept and the principles of protection against it under the umbrella of paris convention for the protection of industrial property', A research published in the *Arab Society for Intellectual Property* electronic bulletin, March.
- 13 Awwad, M.A.R.A. op. cit., pp.72–73.
- 14 Mohaisen, S.Z. and Abed, S.O. (2014) 'Civil and international protection of trade marks from unfair competition', *Al Kufa Journal for Legal and Political Sciences*, No. 1, p.45.
- 15 Al Baiaydha, A.S. (2007) 'Unfair competition and legal protection of affected parties in Jordanian legislations', p.43, a research published in 2007 on the Jordanian Judicial Council's website, and can be accessed via the link: www.jc.jo/files/research-1.pdf (accessed 15 November 2018).
- 16 Collection of the Egyptian Court of Cassation judgements, Cassation Decision No. 62 dated 25 June 1959, The Court's website. A photocopy of the judgement is available via the following link: <http://www.cc.gov.eg/Images/H/111115921.pdf> (accessed 30 November 2018).
- 17 The Lebanese Court of Cassation Judgement No. 116 dated 23/10/1969. Judgement is published on the Lebanese University website via the link: <http://legallaw.ul.edu.lb/RulingRefPage.aspx?id=130148&SeqID=1340&type=2&selection> (accessed 30 October 2018).
- 18 Cassation No. 509 of 2010 Administrative dated 16/03/2011. Judgments passed by the Federal Supreme Court in 2011.
- 19 Cassation No. 586 of 2015 Administrative, dated 09/12/2015 – Judgments passed by the Federal Supreme Court in 2015.

- 20 Cassation No. 752 of Judicial Year 7 dated 13/12/2013. A collection of judgments by Abu Dhabi Court of Cassation in 2013, pp.2479–2484.
- 21 Cassation No. 633 of 2012 Commercial, Judicial Year 7 dated 20/03/2013. A collection of judgments by Abu Dhabi Court of Cassation in 2013, p.618.
- 22 Cassation No. 229 Commercial dated 27/05/2015 of Judicial Year 9. A collection of judgments by Abu Dhabi Court of Cassation in 2015, p.621.
- 23 Of March 20, 1883, as revised at Brussels on December 14, 1900, at Washington on June 2, 1911, at The Hague on November 6, 1925, at London on June 2, 1934, at Lisbon on October 31, 1958, and at Stockholm on July 14, 1967, and as amended on September 28, 1979. The UAE has joined this agreement on September 19, 1996.
- 24 Ahmed Ali Al Khasawneh, op. cit., p.53.
- 25 Abdul Jabbar Al Saffar, Z.G. (2002) *Unfair Competition in Industrial Property – A Comparative Study – Al Hamed Publishers and Distributors, Amman, Jordan*, 1st ed., pp.29–31 .
- 26 Hamdan, M.F. (1999) *Trade Mark Protection*, The University of Jordan Press, Amman, Jordan, p.75.
- 27 Walid Kahhouli, *Legal Liability for Trade Mark breach crimes in the Algerian Legislation*, PhD Thesis, Khodhaira Biskra University, Algeria, Academic year 2014/2015, pp.222–223.
- 28 Maher Fawzi Hamdan, op. cit., pp.88–92.
- 29 Zeina Ghanem Abdul Jabbar Al Saffar, op. cit., pp.127–129. Maher Fawzi Hamdan, op. cit., pp.92–93.
- 30 Tobayshat, B.M. (2009) ‘Legal protection of trade marks under the jordanian law, the egyptian law and international conventions’, *Modern World Books*, Irbid, Jordan, p.180.
- 31 Maher Fawzi Hamdan, op. cit., pp.94–95.
- 32 *Ibid*, p.95.
- 33 *Ibid*, p.95.
- 34 Ahmed Salem Al Baiaydha, op. cit., p.43.
- 35 Maher Fawzi Hamdan, op. cit., p.97.
- 36 *Ibid*, op. cit., pp.97–99.
- 37 See the Cassation No. 60, dated 04/07/1994 – Collection of judgments passed by the Federal Supreme Court in 1994, p.590.
- 38 Cassation No. 63 of judicial year 18, dated 07/11/1996– Collection of judgments passed by the Federal Supreme Court in 1996, pp.533–536.
- 39 Cassation No. 60, dated 04/07/1994 – Collection of judgments passed by the Federal Supreme Court in 1994, p.590.
- 40 Bassam Mustafa Tobayshat, op. cit., p.86.
- 41 Cassation No. 77 of 1991, dated 29/12/1991 – *Judicature and Legislation Magazine*, Government of Dubai, Court of Cassation, Issue No. 8, April 1999, Vol. 1, pp.624–629.
- 42 Article (37) of the UAE Trademark Law No. (37) of 1992 and its amendments states: “Any person who forges a trade mark registered according to law ... 2. Any person who places with bad faith on his products a registered trade mark owned by a third party, ...”
- 43 Article (40) of the UAE Trademark Law No. (37) of 1992 and its amendments states: “Any person who is prejudiced as a result of any of the acts provided for in Articles (37) and (38) hereof may lodge an action before the competent civil court to claim from the person who is responsible for the said act a proper compensation for the damages sustained by him.”
- 44 Fayez Naem Radhwan, *Principles of Commercial Transactions Law*, Dubai Police Academy, Dubai, United Arab Emirates, First Edition 2008, p.510.
- 45 For more details see Mustafa Al Mitwalli Qandil, *Concise Legislation and Litigation in accordance with the UAE Civil Transaction Law*, Third Edition, Bright Horizons Printing Press, Dubai, United Arab Emirates, 2017, second section.