

Landmark decision- 1.7 Million fine imposed by Dubai Customs against tobacco counterfeit importer

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The legal and IP Department in Dubai customs secured a unique judgment for the Claimants (our clients) handing down a decision imposing probably the largest fine ever in a Trademark customs complaint in Dubai. The Dubai Customs demonstrated a strong will to combat illicit trade and intellectual property infringement. Dubai Customs issued a firm decision to seize and destruct more than 920 master cases of counterfeit cigarettes and further imposed a fine of 1.7 Million Dirhams, i.e. \$ 462,811 against the importer of counterfeit cigarettes through Jebel Ali port.

LEGAL ACTION TAKEN

The shipment comprised cigarettes branded with various well-known trademarks. The trademarks were owned by three different brand owners. Al Tamimi & Company took the lead, representing two brand owners in this action, where it managed to track the container on arrival in Dubai, assisted in the container preliminary seizure and investigated the same in coordination with the customs inspectors at Dubai Customs.

Eventually, the customs complaints were officially lodged in July 2011 but the preparatory work, such as targeting the shipment and inspecting its content, commenced a few months before complaints were officially lodged. After filing the complaints, the cases went through further proceedings within the customs authority and technical support was provided to the Customs, in order to prove the seizures were in violation of the Trademarks Law and the Customs Law. Finally, we sought for the confiscation and destruction order and Customs further imposed a hefty fine against goods which were treated as smuggled goods.

IMPORTANT TRADEMARK AND ANTI-COUNTERFEITING PRECEDENT

This case sets an important precedent in favor of trademark owners and encourages right holders to pursue protection from the Dubai Customs/ IPR unit. It is important to note that Dubai Customs have considerably strengthened their efforts fighting counterfeit goods and in this case, Dubai Customs took the initiative to impose a substantial fine against the importer, which was calculated based on the actual value of goods and nominal customs tariff thereof.

Another objective achieved in this landmark decision was that Dubai Customs considered enforcing trademark rights against a cigarette pack that lacked registration of the word mark in the UAE, but enjoyed registration only for the device. The customs found the registered device was sufficient to issue a seizure and destruction decision.

We are keen to leverage on this landmark decision to reduce the volume of illicit trade in tobacco. Dubai Customs proved once again that the enforcing agencies in the UAE are determined to undertake the necessary action and impose deterrent sanctions against traders in counterfeit goods.