

The “Prior Use” Doctrine in UAE Trademark Law

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The question arises however, as to the legal position of a party that has used an unregistered trademark from a date anterior to the date of application for registration of the same trademark by another. Should the party who applied for, and secured registration of the relevant trademark still be the exclusive owner of that mark? Should such a trademark proprietor be able to prevent the prior user of the mark from making further use thereof? Should the prior user of the mark be in a position to object to and / or cancel the registration of the relevant mark by another?

These questions are not academic. There is a real risk to both the users of unregistered trademarks and the owners of some trademark registrations that their rights to use their respective marks may be limited or even cancelled under UAE law. The position with respect to the prior use of trademarks in the registration context is not explicitly regulated under UAE law, resulting in a level of legal uncertainty and possible prejudice to the parties involved in such matters.

With the implementation in 1992 of Federal Law no. 37 Concerning Trademarks (the “Law”), owners of trademark registrations in the separate Emirates, as well as the owners of unregistered trademarks, were all required to re-apply for the registration of their trademarks with the Ministry of Economy. In order to ensure that the proprietors of trademarks previously registered or used were given a reasonable opportunity to retain the ownership of their trademark rights during the one year transition period, Article 44 of the Law specifically provided that prior use of a trademark would grant a priority right to the user of the mark for the purpose of registration. Apart from this one provision dealing with prior use, the Law is silent on the legal effect of the prior use of trademarks in the trademark ownership and enforcement contexts.

The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) provides in Article 16 (1) that:

“The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion.”

Article 16 (1) continues however, providing specifically that:

“The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of [WTO] Members making rights available on the basis of use.”

Article 17 of the Law is aligned with the UAE’s obligations under the TRIPS agreement to the extent that it relates to the rights of owners of registered trademarks, but as mentioned before, there is no explicit provision related to the protection of “existing prior rights”.

The prior use of trademarks may be relevant at a number of stages in the trademark protection and enforcement lifecycle, but in all cases it turns to the fundamental question of the ownership of the trademark.

The Law provides in Article 3 for the kind of trademarks that shall not be accepted for registration. In the event that a party who alleges prior use of a trademark wishes to oppose a trademark application on the basis that the mark is identical or similar to the prior used mark (and sought to be protected in respect of the same or similar goods or services), the party alleging prior use will have to rely on the existing general provisions of the Law.

Based on our experience with the Ministry of Economy, we have found that the registration of trademarks is based on a “first to file” basis and that oppositions based on prior use are unlikely to be entertained. This position appears to be an appropriate approach to prior used trademarks, provided that there is adequate consideration of and provision for dealing with factors such as possible bad faith on the part of the trademark applicant, the bona fide ownership of the trademark and the possibility for the prior used trademark to also be registered under such conditions as may be reasonable (limited with respect to goods/services or geography for example). The position can be taken that an equitable approach to dealing with situations where there is continuous use of a trademark subsequently registered by a third party in good faith, is not to penalize either party by “expropriating” their rights, but rather to allow for the formalisation of a co-existence relationship that would have existed in the market.

Article 21 of the Law provides for the cancellation of registered trademarks where a mark was registered wrongly. Article 21 does not specify the criteria to determine when a mark is to be considered registered “wrongly” and there is accordingly more scope in cancellation proceedings to argue for the removal of a trademark from the register based on “prior use”. Where prior use is underpinned by a clear prior right copyright, or a cancellation action is supported by proven bad faith on the part of the trademark applicant, a cancellation action may have good prospects to be successful.

Article 21 must be read with the provisions of Article 17 which provides that once a trademark had been used for a period of five years from the date of its registration, its validity can no longer be disputed. This article provides a clear statutory limitation on the possible cancellation of trademark registrations providing some balance between the rights of registered right holders and the users of unregistered marks.

The exclusive right of the proprietor of a registered trademark in respect of the use of its trademark is articulated in Article 17 of the Law, which provides that the owner of a registered mark shall enjoy the right of preventing third parties to use an identical or similar mark to distinguish identical or similar products or services or products or services related to the products and services in respect of which the mark is registered, in a way that may lead to cause confusion to consumers. In addition to this general provision, there are also specific trademark infringement provisions in the Law, but again there is no provision in respect of prior use in the context of infringement. The implication is that “prior use” is not recognized as a defense to trademark infringement claims in the Law, as it is in some other jurisdictions.

The prior user of an unregistered trademark in the UAE may accordingly be subjected to a trademark infringement claim despite use of the “infringing” trademark predating the date of application for the relevant registered trademark. If the infringement action takes place within five years from the date of registration of the registered trademark, it may be possible for the prior-user to seek the cancellation of the relevant trademark registration. However, in the event that the infringement action takes place after five years from the date of registration of the registered trademark, the cancellation of the registered trademark would no longer be a possible way to defend the claim of infringement.

The question of “prior use” has been the subject of a number of legal disputes in the UAE in the past, with users of unregistered trademarks having sought the cancellation of registered trademarks before the competent courts. In a number of cases dating back to the 1980s (predating the Law) the courts accepted the principle of “prior use” and found in favour of the earlier users of marks. This approach was also followed by the Cassation Court of Dubai in a judgment of 30 November 2003 (case no. 260/2003) where it confirmed that the ownership right in a trademark can be established through the use of the mark and not only through obtaining a trademark registration. It accordingly follows that, the prior users of registered

trademark(s) remain entitled to challenge the registration of those marks by third parties and seek cancellation of such registration(s) within the first five year of their registration. However, indications are that there is no consistency in the way that courts deal with the claims of “prior use” or the evidences related to the proof thereof in cancellation proceeding.

As mentioned above, an equitable approach to claims of trademark cancellation or infringement where there is “prior use” involved, may not be to “expropriate” the right or penalize the party making use of the unregistered trademark, but rather to allow for the formalisation of a co-existence relationship that would have existed in the market. In order however to achieve this goal, the Law will have to be amended to provide for the coexistence of such marks, as well as a statutory defense to trademark infringement proceedings in this context.

The Law’s silence on the regulation of prior use has resulted in considerable uncertainty and an imbalance in the protection of the rights of the proprietors of registered trademarks and the rights of the prior users of unregistered trademarks. There is clearly a need on the part of trademark owners for the legislator to address prior use in order to provide both certainty and an equitable framework with respect to the ownership, protection and enforcement of rights in this context. It is hoped that with adequate involvement from relevant stakeholders, the legislator may consider amending the Law, which may include:

1. An express provision that a mark in respect of which the application for registration was made in bad faith should not be registered as a trademark.
2. A provision to the effect that the proprietor of a registered trademark shall not interfere with or restrain the use by any person of an unregistered trademark where that person has made use of that unregistered trademark continuously and in good faith from a date that is earlier than the date of the use of the registered trademark.
3. A statutory recognition of the laches doctrine as a defense against prior users that neglect to assert a claim for an unreasonable lapse of time to the detriment of the owner of a registered trademark.

While the uncertainty with respect to matters of “prior use” continue, and irrespective of any amendments to the Law that may or may not take place in the future, it is of critical importance to the users of trademarks to ensure that they diligently clear the use of proposed marks and seek adequate protection for those marks through registration. These steps will not remove the uncertainty that exists with respect to “prior used” trademarks, but will put trademark owners in the best possible position to address this uncertainty and protect their rights.