

Well-known Trademark: Bad Faith and Prior Use in the UAE

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Precis:

The United Arab Emirates Federal Supreme Court recently upheld important principles in relation to well-known trademark protection and elements; bad faith as a reason to lose ownership of a prior-filed application; and the need to consider ownership in the country of origin.

Recent case law has set a precedent in the United Arab Emirates. The Federal Supreme Court has upheld important principles in relation to:

- well-known trademark protection and elements;
- bad faith as a reason to lose ownership of a prior-filed application; and
- the necessity to consider ownership in the country of origin.

A trademark owner in the restaurant and cafe services sector, specializing in selling cupcakes and sweets, noted that a potential franchisee had moved to file and register the owner's trademark, which had originated in Jordan. The owner therefore moved and opposed the mark on the following grounds:

- It owned the trademark in the country of origin and therefore had prior use of the mark and ownership of prior registration;
- It alleged bad faith based on various correspondence between the parties relating to use of the mark in the United Arab Emirates; and
- It had prior use in the United Arab Emirates based on advertisements and marketing materials published in international magazines which were possibly distributed in the United Arab Emirates.

The Trademark Office rejected the registration application on grounds of bad faith based on opposition filed by the prior owner. This principle does not explicitly exist in UAE trademark law as bad faith, but is rather implied from the law as a form of 'unjustified registration'. The opposition registrar held that the trademark was applied for while the applicant was still contracted with the legitimate owner for use of the mark in the United Arab Emirates and therefore the application was made in bad faith.

The registrar's decision was challenged before the Grievance Committee, which reversed the decision and accepted the application. However, the trademark owner appealed before the Abu Dhabi Federal Court of First Instance according to UAE trademark law.

The Court of First Instance appointed a specialist trademark expert who met with the parties and made the following conclusions in his report:

- The owner had prior use based on advertisements in magazines published in the United Arab Emirates;
- The applicant had acted in bad faith; and

- The mark was well known by virtue of the various registrations. Registration was accomplished in only a few countries in the region, but this was enough for the purpose of meeting the definition of 'well-known trademark' according to UAE trademark law.

The Court of First Instance affirmed the findings of the report, overturned the Grievance Committee decision and rejected the trademark registration.

The case went to the Court of Appeal, which argued, among other things, that the Court of First Instance had failed to consider the appellant's documents which proved its use of the mark in the United Arab Emirates. The Court of Appeal took up the matter and while it did uphold the primary decision, it also addressed the issue of bad faith in trademark infringement and identified a list of criteria to determine bad faith. This is an important issue which is seldom broached in this type of case. Foremost among these criteria are the following

- A trademark registration may be challenged as invalid if it was procured in bad faith.
- Instances which can be considered as bad faith include an agent or representative of a trademark owner registering the mark in its own name without authorization from the trademark owner.
- Written evidence that can be relied upon to establish bad faith includes:
 - correspondence between the parties regarding the products which carry the trademark;
 - a distribution agreement under which the registrant distributes the products of the party having prior use of the mark where the latter seeks to have the registration in the name of the registrant deleted;
 - purchase orders issued by the registrant to the person having prior use in order to procure the products which carry the trademark; and
 - prior cooperation between the parties.

The Court of Appeal dismissed the appeal. However, the case was brought to the Court of Cassation on the same grounds, but with an emphasis on the Court of Appeal's failure to consider evidence of the appellant's use of the mark in the United Arab Emirates which proved its prior rights in the mark.

The Court of Cassation reversed the Court of Appeal's decision and, while dismissing most grounds for appeal, reversed the judgment on grounds of evidence of use.

The Court of Appeal, on remand from the Court of Cassation, affirmed its earlier finding. It balanced the prior use evidence and confirmed that the owner of the trademark in Jordan provided evidence of prior use via advertisements which was sufficient to prove prior use. The Court of Cassation then received a further appeal but it was dismissed.

This case highlights the following points:

- Well-known trademark elements – there is no need to show use and registration on all continents to find a trademark to be famous. This can be proven if use and registration are shown in three or more countries, so long as the court finds that the mark exceeds the country of origin and has become famous in other countries.
- Prior use of a trademark is acquired only through commercial activity – in this case, actual marketing and distribution of the product or service carrying the trademark in the United Arab Emirates. However, other forms of usage such as advertisements for service marks can be considered.
- Bad faith – this does not exist in the law explicitly, but it can be considered when pursuing illegitimate trademarks.