

# Trademark Considerations for the Hospitality Sector in the UAE

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By the Dubai Expo in 2020, the UAE plans to have more than 170,000 hotel rooms according to news reports. Dubai currently boasts 100,000 hotel rooms, surpassing other major touristic cities such as London, which has 90,000 hotel rooms. Dubai is now tied with Bangkok and New York, each of which also have 100,000 hotel rooms. According to recent news reports, over 150 five-star hospitality projects, 80 four-star projects and 35 three-star projects are currently underway in Dubai. The expected completion date for 40 of those projects is the end of this year.

Given these numbers, from an intellectual property perspective, hospitality market entrants to a vibrant market, such the UAE, now need to take a more circumspect approach to leveraging their available resources. The question that poses itself to such entrants is what would be the most suitable approach to capitalising on intellectual property rights with the aim of increasing competitiveness?

The reality is that intellectual property is very important in the context of the hospitality industry, especially when considering trademarks and branding. A trademark communicates the source of the service to consumers. This allows consumers to associate the quality of the service with the specific service provider. In short, the trademark signifies the brand on offer and provides indications as to the origin and quality of the service on offer. In this article, we shall highlight some trademark issues that arise under UAE law, which hospitality industry experts ought to consider.

## Trademark registration

Trademark registration is the very first step that market entrants, who wish to enter into the UAE market, must consider and prioritise. The UAE Federal Law No. 37 of 1992 and its amendments (the “Trademarks Law”), which govern trademarks in the UAE, provides for the registration of trademarks with the Ministry of Economy. The Trademarks Law and judicial precedent recognises the prior use concept with respect to trademark rights protection, where seniority in use of a mark is the basis for the accrual of trademark

rights. Nevertheless, lack of registration allows third parties to easily infringe trademarks. Enforcing unregistered trademark rights in the UAE is challenging, especially with the administrative authorities or the police.

When registering a trademark in the UAE, the classes and specifications of goods and services covered by the registration are of equal importance. The UAE adopts the Nice Classification 10th edition for trademark registration. In this regard, while all 45 classes are recognised in the UAE, due regard to certain cultural and religious nuances is necessary when drafting the specifications. For example, Class 43, is the classification of services relevant to the hospitality sector generally (it covers temporary accommodation, hotel, and food and drink services). While the Nice Classification recognises bars, clubs, casinos, and related services, a hospitality brand owner must take care to exclude such services from their application for the registration of their mark under Class 43 in the UAE. A failure to do so may well result in the rejection of their application. The UAE Trademarks Office considers that bars, clubs, casinos, and related services are contrary to public order and therefore are not registrable as a matter of law.

## **Trade names**

Each company with a business presence in the UAE must have a trade name that is registered with the Department of Economic Development in the relevant Emirate. Trade name and trademarks systems in the UAE have for many years allowed for conflicting names and trademarks to co-exist. The systems remain unsynchronized and no crosschecking between the trade name registry (which is held with the Department of Economic Development) and the Trademark Registry (which is held with the Ministry of Economy/ Trademarks Office) exists to clear conflicts between trade name rights and trademark rights before these are registered. As a result, it was not a surprise for an owner of a five-star plus hotel brand to find their UAE-registered trademark rights effectively misappropriated by a two-star hotel in Dubai enjoying a trade name registration for the same name. This had an impact on their plans to enter into the UAE market and it was only until the trade name was amended, that the brand owner was able to operate their hotel in the UAE.

To challenge a trade name registration, brand owners must bring a Court action for cancellation of the trade name on the grounds of their UAE-registered trademark. However, the risk with trade name cancellation cases is that courts assess the ownership based on the date of first registration in the country where the dispute arose. That is, if the trade name owner in the UAE holds a trade name registration that predates that of the trademark registration, then the court may rule in favor of the trade name owner, based on the prior use argument.

As such, when registering a trademark in the UAE, hospitality brand owners ought to consider conducting proper clearance searches both at the federal level (with the Trademark Registry) and the Emirates level (with trade names registries).

## **Non-traditional trademarks**

A hotel guest who spends a memorable holiday in a resort may also attach positive memories and emotions to the melody he heard multiple times a day. He may also recall the specific aroma he smelled as he ventured through the hotel lobby, on his way to the pool, spa or restaurant. Hospitality industry experts can capitalise on such touristic experiences of sound and smell, which a guest often associates with the hospitality service. Such sounds and smells are increasingly recognised as a new non-traditional form of trademark protection in major jurisdictions. To this end, brand owners in the hospitality industry are advised to better consider these non-traditional aspects when devising and implementing their branding strategy.

Trademarks have been historically limited to the traditional insignias such as words, slogans, and logos. However, many companies are now increasingly turning to non-traditional trademarks to gain competitive advantages. One such example of a non-traditional trademark is Verizon Wireless's "flower blossom scent". Verizon Wireless in the USA successfully managed to register the "flower blossom scent" as a trademark. Verizon uses this scent at all their stores. With this use, the scent became very distinctive and source identifier of Verizon's stores. Another famous example of a non-traditional trademark is Metro-Goldwyn-Mayer's roaring lion. MGM managed to register the roaring lion as a sound trademark to distinguish its services in the entertainment industry.

In the UAE, the Trademarks Law provides a broad definition of what constitutes a trademark. Article (2) of the same reads:

*"A trademark is anything which takes a distinctive form whether names, words, signatures, letters, figures, drawings, symbols, titles, tax stamps, seals, pictures, inscriptions, advertisements or packs or any other mark or a combination thereof, used or is intended to be used, either in distinguishing goods, products or services whatever their origin is, or to show that goods or products are owned by the mark owner by virtue of their manufacture, selection or dealing in, or to indicate the performance of a service. Sound is considered a part of the trademark if it accompanies thereto."*

It follows from the above definition that the list therein is non-exhaustive in terms of what can be capable of trademark registration, as long as the distinctiveness requirements are satisfied. The Trademarks Law also provides specifically for sound as a trademark. However, to date there have not been any sound or smell trademarks registered in the UAE due to the lack of guidelines for such protection and registration. Nevertheless, brand owners in the hospitality industry are encouraged to take advantage of this aspect of the Trademarks Law by seeking the protection of such non-traditional marks in the UAE.

### **Other IP aspects to consider**

In 2010, Apple succeeded in registering their standard retail store appearance and layout as a trademark with the US Trademark Office and the European Trademarks Office. On the face of it, the Apple case demonstrates that it may be possible to protect a hotel room, lobby, spa and restaurant provided they are distinctive enough in their overall appearance, colour, shape and arrangement of furniture allowing consumers to distinguish them from other hotel rooms, lobbies, spas and restaurants. Under the UAE Trademarks Law, it could be very difficult to obtain registration for a hotel room's, or lobby's, design. However, other options for protection may be sought, such as copyright and design protection.

### **Conclusion**

Intellectual property assets are increasingly more important given the increasing competition in the hospitality sector in the UAE. Accordingly, business owners in this sector should secure the right protection as early as possible.