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Powerful Option for Creditors Enforcing Judgments from Common Law Courts in the United Arab Emirates

Many believe that it is difficult to enforce judgments from common law courts in the United Arab Emirates. This is increasingly shown to be untrue - as a recent Kobre & Kim case shows, creditors can obtain recognition of a hard-earned judgment even when no bilateral enforcement treaty exists.

There is a common misconception that it is difficult or impractical to enforce judgments from common law courts in the United Arab Emirates (UAE). Overseas creditors should not be discouraged, however – even when no bilateral enforcement treaty exists on reciprocal enforcement, there are ways to obtain recognition of a hard-earned judgment and enforce against a debtor's assets in the UAE, as a recent Kobre & Kim case demonstrates.

Reciprocal Enforcement in the UAE

In 2020 our client obtained an English judgment for over US \$50 million against a group of debtors in relation to their default on personal guarantees related to various loan agreements. The debtors have significant ties to the UAE, but there is currently no bilateral enforcement treaty between the UAE and UK with respect to the reciprocal enforcement of court judgments. Creditors with non-UAE judgments must meet the criteria set out in a UAE cabinet resolution to obtain recognition.

The UAE and UK have recently made efforts towards reciprocal recognition of one another's judgments. The UK High Court held in 2020 that a decision made in a Dubai court is enforceable in the UK if it is not contrary to public policy. In response, the UAE Ministry of Justice drafted a directive noting the criteria in the cabinet resolution were satisfied and encouraged Dubai courts to find the same when considering the enforcement of English court judgments.

Enforcement in UAE Domestic Courts

Given the debtors' ties to the UAE, it was crucial that the English judgment was recognized in the court of the local Emirate. The application for recognition of the foreign judgment was heard within a matter of weeks, and the client swiftly obtained the writ of execution.

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With the judgment recognized, the client was able to deploy powerful enforcement tools available under domestic UAE law. This included travel restrictions against the debtors, attachment or transfer of numerous valuable assets to the creditor – including luxury vessels – and disclosure from banks with which the debtors were affiliated.

The UAE Offers Unique Opportunities to Creditors

As a regional financial hub, the DIFC, Dubai and onshore UAE have courts that offer international creditors underappreciated opportunities to enforce their claims and obtain a speedy and effective return.

Note that in a recent unrelated case, a DIFC Court of Appeal judgment reversed worldwide freezing orders and contempt orders granted in support of foreign proceedings, setting itself apart from English courts that do have the ability to grant freestanding injunctions against respondents outside the court's jurisdiction. However, this serves to highlight the powerful tools available within the court's jurisdiction and the need to coordinate UAE proceedings with a broader, global strategy to maximize effectiveness against debtors.

As the above case demonstrates, creditors with common law judgments in hand have access to domestic UAE courts, in proceedings that can be timely and efficient.

About Kobre & Kim

Kobre & Kim is a global law firm that focuses on cross-border disputes and investigations, often involving fraud and misconduct. The firm:

- Focuses on helping clients realize value from their claims, developing investigative, enforcement and asset tracing/recovery plans in the pre-dispute stage, to maximize future monetization.
- Often works with other law firms as special counsel in cases beyond their geographic reach, including in Dubai, to enforce high-value judgments and arbitration awards around the world with our integrated team of former U.S. government lawyers, Hong Kong solicitors, UK solicitors and barristers (including King's Counsel) and offshore lawyers.
- Maintains our independence as advocates ready to litigate against virtually any institution by avoiding repeat client relationships, and the conflicts of interest that come with them.