

Regulating the Digital Economy Court: The Case of Dubai

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Abstract

Considering sustainable development and digital technological transformation, the Dubai International Financial Centre Courts announced the launch of a specialized court for the digital economy, the Digital Economy Court. The Digital Economy Court aims to resolve digital transactions and electronic network disputes and overcome its users' challenges. The researchers relied on the descriptive approach and analysis of texts and related rulings. Through the announcement of the Dubai International Financial Centre Courts, the researchers found a new set of specialized rules for the Digital Economy Court, namely Chapter 58. This chapter facilitated the resolution of digital economy disputes with high efficiency. The Digital Economy Court has contributed to developing an electronic judicial system capable of meeting all digital transformation requirements. Also, by integrating global judicial expertise and benefiting from advanced digital systems, The Digital Economy Court will contribute to enhancing and developing the digital commercial economy. The Dubai model in organizing the Digital Economy Court provides bright visions towards digital technological progress and development with high transparency and distinguished quality. Also, it enhances financial security and sustainable development.

Keywords: Dubai International Financial Center, Transformation, Currency, Economy, Court, Blockchain.

Introduction

The term digital economy emerged in 1995 thanks to Don Tapscott. He predicted that most economic activities would be based on networks, and his prediction was proven correct, as the economy via the Internet and networks reached approximately \$ 4.2 trillion in 2016 (Johns, 2015, p. 2). The digital economy is one of the concepts used in government programs and plans, which helped in the emergence of the Fourth Industrial Revolution and in bringing about significant economic changes and perhaps organizational restructuring in the economic community (Schwab, K. 2016; Smorodinskaya & Katukov, 2017, p. 82). The digital transformation and technological revolution may contribute to global economic growth and expansion and the emergence of economic relations that impact digital economic growth. Moreover, digital electronic platforms have emerged that contribute to and facilitate digital transactions in all forms (Fakhoury, 2024, p. 612). This is considered a significant digital economic expansion and is increasing over time. However, some governments are showing concerns about this progress and the emergence of some regulatory gaps. This calls for a strong regulatory system

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and framework supporting liberal, flexible, and rules-based markets, essential to promote innovation and sustainable economic growth (Lippoldt, 2022).

Among the countries that have been interested in the economy and digital transactions is the United Arab Emirates, one of the leading and advanced countries in the fields of technology and communications. Through this, it seeks digital transformation to overcome infrastructure and workforce challenges (United Arab Emirates). This strategy began to be used in 1982. In 2000, the Middle East and North Africa region launched the first e-government (digital transformation in the UAE). The State of Dubai and its government were considered at the forefront of the Emirates, seeking to develop the infrastructure, benefiting from technological and information progress. Accordingly, the Dubai government allocated the regulatory and legal systems and regulations that govern digital transformation. This is part of the digital transformation strategy the United Arab Emirates seeks. The UAE adopted the electronic dirham in 2001 as part of this strategy. It also launched an initiative in 2013 called the Smart Government Initiative, and in 2016 and 2019, it launched the Dubai Strategy and the Digital Vault on Blockchain, respectively. Then, the Electronic Transactions and Trust Services Law was issued in 2021 (Ahmed & Jirayr, 2022). All these initiatives have made the UAE one of the best digital countries, according to the World Bank's Government Technology Maturity Index for 2021. The UAE seeks to raise and increase the digital economy from 9.7% in 2022 to 20% in 2031. As a result, His Highness Sheikh Mohammed bin Rashid, Ruler of Dubai, approved the Dubai Digital Services Regulation Law on March 14, 2022, which was published in the Official Gazette and implemented on March 24, 2022 (Ahmed & Jirayr, 2022). Before that, in 1999, the Ruler of Dubai issued an initiative to designate Dubai as an Internet City, one of the world's pioneering initiatives. Also, in 2000, he established the Free Zone Law for Electronic Commerce, Technology, and Media. Indeed, Dubai has become home to many leading global companies in the digital economy, such as Microsoft, Facebook, Amazon, and other major international companies (The Laws Behind Dubai's Digital Transformation, 2023). Therefore, this study aims to investigate the systems, laws, and regulations governing the Digital Economic Court in Dubai. It also seeks to examine the role of this court in resolving disputes and problems faced by users of digital transactions.

Literature Review

The Russians have defined the digital economy as an economic activity based on digital data and its processing and analysis in ways that differ from traditional methods. Thus, the main factor for this type of economy is digital data, which helps in growth, production, and development (Rodionov et al., 2017). Therefore, this development based on this digital data requires efforts from the state to improve and develop it and work to find solutions to any gaps that may cause its failure. We find that many great countries that are considered pioneers in the field of the digital economy, such as China, Singapore, and the European Union countries, are constantly striving to develop for the better and seek to develop their electronic programs to meet this purpose, such as the industrial digitization programs used by

Germany, the electronic economy programs used by the United States, and other major countries. Countries such as Malaysia, Saudi Arabia, and the United Arab Emirates are among the countries whose governments are making efforts towards digital use and support (Malakhova et al., 2018, p. 580). The digital economy is an economic organization driven by scientific and technological progress. Its goal is to create greater value through the sixth technological system and support long-term sustainable development. Digital modernization of the economy requires significant financial investment and government support. Special economic zones and various public-private partnership models can be practical tools to attract capital (Akatkin et al., 2017, p. 19). The digital economy, which relies on digital data, is a significant production factor in society, in addition to the traditional factors of capital, labor, and land (Li, 2015, p. 9). Currently, dealing with digital transactions has become available, especially in countries that rely on it in most of their transactions. The era of digital technological progress is a promising, broad-based era connected to all users, individuals, companies, or governments across different platforms, transcending all borders. The digital economy has many advantages, including speed and increased data access in a sustainable digital environment (Li, 2015, p. 9). Despite these advantages, it requires many legislations, laws, and regulations that contribute to facilitating access to digital data, preserving the personal data of participants in these transactions, and preventing any problems or damages that may harm all users of the digital network (Mitchell & Mishra, 2017, p. 1100).

Research Methods

This research seeks to identify the laws and regulations that regulate and enact the Digital Economy Court in the Emirate of Dubai, which the Dubai International Financial Center Courts announced in December 2022. Therefore, the researcher adopted the descriptive approach due to its suitability to the nature of the research, through which we can know the most important regulations and their role in resolving disputes arising from digital transactions.

Results and Discussion

Dubai International Financial Centre (DIFC) Courts

Since the early 2000s, the UAE has been actively implementing e-government initiatives. The UAE e-government policy encourages the use of information and communication technology to improve the efficiency and effectiveness of government services while ensuring easy access to information and services for citizens and businesses. In addition, the policy aims to promote transparency, accountability, and participation in government decision-making processes (Nasir, 2023, p. 7). To regulate digital transactions and e-commerce, the Emirate of Dubai sought to formulate governing laws for digital transactions. In 2002, the Emirate of Dubai issued a law for this purpose, which was developed and amended periodically to keep pace with developments in the digital economy. This law helped accelerate digital transactions and contributed to strengthening the infrastructure of technology and the digital economy. Based on Law No. 11 of 2014, Dubai issued the Dubai Electronic Security Center, aiming to establish appropriate principles and guidelines for electronic information security (Efthymiopoulos, 2016, p10). This center has

implemented many strategies to combat cyber-attacks and crimes and protect the emirate from cyber-attacks that threaten the security of economic sustainability. In 2015, Law No. 26 was issued, which contributed to regulating and publishing data exchange in the emirate and clarified a set of guidelines and rules that reduce costs and contribute to the process of exchanging information in a significant and smooth manner (The Laws Behind Dubai's Digital Transformation, 2023; Gugler, 2021, p. 9).

Recently, the digital development related to the announcement of a specialized court for the digital economy as part of the Dubai International Financial Centre (DIFC) Court has dominated the scene in the UAE and represents an important legal development (How Legal Frameworks Support Dubai's Digital Economy Transformation, 2022). Then, the Dubai International Financial Centre Courts announced the Digital Economy Court in 2021. It aims to address and manage problems and disputes related to the digital economy locally and globally. This includes big data, the electronic cloud, blockchain, artificial intelligence, unmanned aerial vehicles, robotics, 3D printing technologies, and other electronic financial technologies. The DIFC announced a set of important and specialized procedures and rules related to the DEC, which are the first of their kind (The World's First International Court for the Digital Economy, 2022). This court has appointed a group of international and local judicial experts to follow up on supervising digital infrastructure.

It also appointed a group of international judges led by Tom Montagu Smith KC and Matthew Watson to oversee and operate the court. In 2022, Sheikh Mohammed bin Rashid Al Maktoum appointed the Ruler of Dubai, Judge Michael Black (England), to oversee the Digital Economy Court. The proposed draft of the Digital Economy Court provided an insight into all the powers the court had as of April 2022. These powers included any claims related to the digital economy and how to intervene and resolve them, whether temporarily or permanently. This draft also assumed that hearings would be held remotely and that materials would be submitted digitally (How Legal Frameworks Support Dubai's Digital Economy Transformation, 2022; The Laws Behind Dubai's Digital Transformation, 2023). In 2022, the first judgment related to digital transaction disputes was considered one of the few cases reported globally (The Laws Behind Dubai's Digital Transformation, 2023). The number of litigation sessions conducted via the electronic network has increased to 344,329 sessions, and this platform's users are 389,259 users, including clients and lawyers. In addition to processing 139,432 smart payment orders, this indicates the efficiency of these courts and their administrations distinctively and smoothly and their response to all segments of society (Government of Dubai Media Office, 2023).

Digital Economy Court (DEC)

The Digital Economy Court is a type of court that looks into cases and disputes related to the digital economy. This type of court aims to provide a quick and effective ruling appropriate to such cases, which include the electronic cloud, artificial intelligence, e-commerce, and others. Dubai is taking a big step towards

this by establishing the Digital Economy Court, which contributes to enhancing users' confidence in protecting their rights and interests. Establishing such a court contributes to developing and enhancing the digital economy (Hamdan, 2023; Al-Doush, 2023).

This court is characterized by its ease of access and includes several highly qualified judges from different countries with distinguished experience. It relies on electronic platforms based on artificial intelligence and includes a diverse group of specializations that include different types of disputes related to them (Hamdan, 2023).

Part 58 Rules for the World's First Digital Economy Court

This part of the Rules of Procedure is intended to resolve digital disputes relating to the digital economy in an efficient and modern manner. This will include standardizing the use of innovative forms to provide information through a dynamic platform based on artificial intelligence. Cases will also be conducted, in line with the mandate of paperless courts, using advanced digital systems to speed up service to parties and enforcement. This will help reduce the environmental impact of court proceedings (UAE: Dubai's Digital Economy Court Unveils its Operating Rules, 2023).

In April 2022, Part 58 of the DEC Rules on the Digital Economy was announced, which represents broad visions about the authority and expected rulings of this court and contributes to supporting the Emirate of Dubai to become a digital leader. The main aspects of these rules include:

This court has been granted various jurisdictions and powers related to various disputes. These rules provide a broad definition of various disputes and claims that belong to the digital economy and how to address them and overcome obstacles that may arise for the user. Moreover, we find that these rules are flexible and can adapt to any developments that may appear and remain in line with any new technology (Eldridge et al., 2024, p130).

The Rules set out a list of claims that are appropriate to the DCE relating to, connected with, or arising from financial technology. These rules include digital assets, distributed ledger, and blockchain technology, and big databases. Additionally, e-commerce, digital payment platforms, online brokers, or marketplaces provide virtual asset services and exchange transactions electronically. Also, they exchange and manage digital transactions and virtual currencies or facilitate participation in financial services related to the offering or selling of virtual assets and virtual reality interactions. It also includes implementing automated dispute resolution processes, decentralized autonomous organizations, decentralized finance mechanisms, and decentralized applications. As well as the rules are related to the validity of digital signatures and digital identification and verification systems, cyber-physical systems, and claims under the Dubai International Financial Centre Data Protection Law (Law 5 of 2020);

The Rules place great emphasis on digital dispute resolution, innovative forms, and digital procedures. For example, hearings are assumed to be held

remotely, with a digital presentation of materials rather than personal and paper submissions.

The Rules provide a fast-track process for claims of AED 100,000 or less for claims where the parties have agreed to use this process regardless of the claim's value. This fast-track process allows only a limited appeal to the Digital Economy Court on matters of law or procedural irregularities, with no option to appeal to the Court of Appeal (How Legal Frameworks Support Dubai's Digital Economy Transformation, 2022). The DEC will only allow an appeal from a judgment in a consumer claim if the decision is legally incorrect or unfair due to procedural irregularities or other significant irregularities.

Rules of the Digital Economy Court

The Dubai World Trade Center is the headquarters of the Regulatory Authority for Digital Transactions and Services. The Digital Economy Court has set a set of rules for digital transactions, including setting appropriate rules and standards for digital trading. It has organized a set of procedures that would protect the beneficiary and his data from any problems or breaches that would harm his trading. This is done by utilizing a specialized group of lawyers and consultants in the judicial aspect. It has set appropriate standards and determined the prices of digital currency. It has set appropriate controls to prevent manipulation according to the provisions of Law (20) of 2018. Relying on advanced digital systems and moving away from paper transactions to preserve the environment and sustainability (The laws behind Dubai's digital transformation, 2023; William & Antonios, 2023).

This endeavor emphasizes economic sustainability and global financial security. It aims to enhance transparency in the market in line with Dubai's economic goals and make Dubai the capital of the future economy. Through this, we find that the Emirate of Dubai ranked first among Arab countries and obtained fifth place globally in the E-Government Development Index for the year 2022. In addition to obtaining first place globally in the sub-indicators of electronic services (Mohammed et al., 2024, p. 1970; Dubai Economic Agenda 'D33').

Based on what has been previously highlighted, we find that commitment to the equal importance of both encouragement and standardization to stimulate the dynamic development of the digital economy. This works to protect the beneficiary's property rights, which are the cornerstone of the growth of the digital economy. This is done by adhering to the principle of equal, comprehensive, and legal protection of property rights. This will contribute to preventing behaviors that violate the legitimate rights and interests of institutions and businessmen, which negatively affect the digital economy. All of this will contribute effectively to creating a digital financial and economic environment governed by law, effectively raise market expectations, and enhance the vitality of innovation and creativity. Digital economic regulation also helps business people do business quickly, invest confidently, and focus on entrepreneurship. This regulation enhances data rights protection, which is a basic and primary factor for production in the digital economy. Digital economic regulation helps improve the governance environment

of the digital economy. This regulation works to maintain a good system for the electronic market by taking the necessary measures to regulate the sound development of new digital business forms. It also works to establish appropriate rules for arbitration in various types of unfair competition and anti-monopoly procedures.

In light of the new characteristics of cybercrimes, the Digital Economy Court should enact various laws, such as the Cybersecurity Law and the Data Security Law, which aim to prosecute, combat, and then eliminate these crimes. In addition, maintaining the security of personal information in the era of the digital economy is not only a basic civil right but also a very important commercial resource. It is necessary to effectively maintain the security of personal information based on considering the demands of all parties and balancing interests in accordance with the law. Therefore, the Digital Economy Court has enacted laws to protect personal information and issued judicial interpretations on legal issues related to the processing of personal information. This is done through facial recognition technology and determining the legal limits of the application of facial recognition technology to protect the security of the basic vital information of the individual.

Conclusion

The Emirate of Dubai has made great efforts to develop digital services and improve their quality for the benefit and service of both citizens and visitors. In its keenness on the user or beneficiary of digital services, it issued Law No. (9) of 2022, through which it defines the appropriate standards, procedures, and controls necessary for digital transaction services. Also, it defines the responsibilities of users of this service, which facilitates transparency and credibility for all parties. Establishing and organizing the Dubai Court for Digital Economy is considered a bold step towards progress and advancement for a digital future, economy, and digital trade that will help the country progress and prosper. Organizing such a type of court provides opportunities for the user or beneficiary and removes all challenges and obstacles they may face. It also helps all users of digital technology to work with high quality and efficiency. In light of the regulatory work of this court, it enhances the goals of economic development and its objectives that the Emirate of Dubai seeks by 2033 and enhances a sustainable and secure economic environment. Indeed, through all these efforts, the emirate was able to obtain a position among the twenty major countries for four consecutive years through the Smart Cities Index 2023 issued by the International Institute for Management Development (Lausanne, Switzerland). In conclusion, the organization of the Digital Economy Court in the Emirate of Dubai is not just a protection for the beneficiary or user. Still, it extends to driving the growth and development of the digital economy, which is considered a future vision that balances innovation, development, and organization in light of the global digital technological revolution.

The announcement of the Digital Economy Court represents a bright vision, a pioneering model, and a point of intersection for researchers, lawyers, and those interested in the economic aspect and digital transformation. Academic

contributions include the legal aspect, as they help to present and develop ideas about new legal systems and address the challenges facing their beneficiaries. In the judicial direction, the organization of the Dubai Digital Economy Court has contributed to the exchange of judicial rulings and experiences among them and the development of legal regulations to solve the problems of the digital economy. It provides researchers with a rich field for digital technology studies and works to improve their quality and efficiency. Benefit from the regulatory frameworks provided by the Emirate of Dubai and compare them with major countries that follow the same approach and work to improve the shortcomings in some regulations and grow for the better.

Recommendations

The researchers recommend through this work to:

- Provide the right approach and appropriate legal frameworks for each digital transaction individually.
- Improve the quality of life by improving the digital economy and the correct use of digital technology.
- Conduct comparative studies with major global countries for these regulatory legal frameworks for the Emirate of Dubai and work to improve these frameworks in a manner consistent with innovation and development.

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