

Confidentiality Violations in the UAE: Legal Implications for Employees

Introduction:

The protection of confidential information is an important aspect of employer-employee relationships, and the UAE has established comprehensive laws to address violations of confidentiality clauses.

This article discusses the legal consequences an employee may face for disclosing confidential information to competing companies in the UAE, based on Federal Decree-Law No. 33/2021 on the Regulation of Labour Relations (UAE Labour Code) and Cabinet Decision No. 1/2022 on the Implementing Regulation of Federal Decree-Law No. 33/2021.

Non-Compete Clause:

Article 10 of the Labour Code addresses non-compete clauses, allowing employers to include such provisions in employment contracts that workers shall not compete or participate in any competing project within the same sector for a specified period after the expiry of the employment contract, not exceeding 2 years.

This clause aims to protect the legitimate business interests of employers. However, the clause must be determined in terms of time, location, and type of work. If an employer terminates the contract unlawfully, the non-compete clause becomes invalid.

Employers must file lawsuits against the employee for violations within 1 year of discovering the breach.

Worker's Obligations:

Article 16 of the Labour Code outlines the worker's obligations, emphasizing the preservation of confidentiality regarding work-related information.

This includes not disclosing work secrets, returning relevant materials to the employer upon service termination, and avoiding unauthorized possession of work-related documents.

The breach of such obligations can lead to disciplinary penalties, including dismissal.

Disciplinary Penalties and Dismissal:

According to UAE Labour Code Article 39, employers may have the authority to impose various disciplinary penalties on workers who violate the Decree Law.

These penalties include written notices, warnings, deductions from end-of-service gratuity, suspension from work, rejection of increments or promotions, and even dismissal.

Additionally, Article 44 specifies that disclosure of work secrets leading to industrial or intellectual property loss can be the reason for immediate termination of the employee.

Dispute Resolution:

According to the new amendment of Federal Decree-Law No. 20/2023, Article 54 outlines the procedure for settling individual labour disputes.

The Ministry of Human Resources and Emiratisation (MoHRE) examines and attempts to settle disputes amicably with them and issues the final decisions for claims not exceeding AED 50,000. If the dispute claim value exceeds this amount, it is referred to the competent court.

Article 55 exempts labour cases from judicial fees at all stages, and if workers or their heirs submit a request with the value of the claim not exceeding AED 100,000, it may be more accessible for employees.

Conclusion:

The legal framework in the UAE emphasises the importance of safeguarding employers' business interests, especially regarding the disclosure of confidential information by employees. It provides clear guidelines on the consequences of such disclosures to competing companies.

Employees, in turn, must adhere to confidentiality obligations to avoid facing severe consequences outlined in the Labour Code and its implementing regulations.