# Dubai Judges Rule Employment Termination is Force Majeure in Rent Dispute

March 21, 2021

Amongst the flurry of expectations and predictions on the application of force majeure arguments in light of the employment terminations currently occurring globally, whether related or unrelated to COVID-19, a panel of judges in the Primary Circuit of the Rental Disputes Center of Dubai ruled that termination of employment fulfills the requirements of a force majeure event and can be relied on as grounds to terminate a lease agreement.

**Case**

A lessee failed to pay rent from 1 January 2019 till 23 October 2019.

The landlord issued the requisite formal notice for payment to the lessee on 19 February 2020.

Upon expiry of thirty days past the formal notice, the landlord commenced trial procedures.

In early 2020, the landlord filed a case before the Primary Circuit of the Rental Disputes Center requesting; eviction, payment of outstanding rents, payment of maintenance charges, penalties, amongst other reliefs.

The lessee filed a counterclaim on the basis that they had been terminated from their employment and hence a force majeure event had manifested preventing them from complying with their obligations of paying rent and requested; return of the rent deposit, termination of the lease agreement, and

costs.

In arguing force majeure in the counterclaim, the lessee relied on two real estate rulings of the Dubai Courts:

No. 238/2012: “Force majeure is understood to render compliance with obligations impossible pursuant to Article 273(1) of the Civil Procedures Law…”

No. 415/2011: “Hardship and force majeure events must be respected in ending or limiting the performance of an obligation…if the underlying event is in a general sense exceptional and unusual, and was not foreseen at the time of entering into the agreement…”

The lessee argued that the force majeure event was that they had been terminated from their employment on 29 December 2019.

The landlord did not counter the force majeure argument with any defenses on the non-application of a force majeure event.

Notwithstanding the fact that termination of employment had occurred after the debt had accrued, the panel of judges accepted the argument that termination of employment is an unexpected event fulfilling the conditions of a force majeure event and that the continuance of the obligations under the lease agreement would cause hardship to a level of the impossibility of performance and ordered the termination of the lease agreement as of the date of the final ruling.

**Author:** Mahmoud Abuwasel
**Title:** Partner – Disputes
**Email:** mabuwasel@waselandwasel.com
**Profile:**
https://waselandwasel.com/about/mahmoud-abuwasel/

**Lawyers and consultants.**
Tier-1 services since 1799.
www.waselandwasel.com
business@waselandwasel.com