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Reassessing the Doctrine of Good Faith in Contract Performance under the United Arab Emirates Civil Transactions Law

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Abstract

The doctrine of good faith in contract performance under the United Arab Emirates Civil Transactions Law has attracted increasing scholarly attention within contemporary debates on contractual justice, legislative reform and judicial interpretation. Although the doctrine has been widely examined from comparative and theoretical perspectives, the existing literature has not sufficiently evaluated the adequacy of the legislative and judicial framework governing its application, particularly following the enactment of Federal Decree-Law No. 25 of 2025, which repealed Federal Law No. 5 of 1985 and entered into force on 1 June 2026. This study addresses that gap by examining the conceptual and legal foundations of the doctrine of good faith and by assessing the adequacy of the current legislative and judicial framework governing its application in contractual performance. The study adopts a qualitative doctrinal legal research methodology drawing on statutory provisions, judicial decisions, comparative legal materials and peer-reviewed scholarly literature, all of which were subjected to rigorous thematic analysis guided by the Theory of Contractual Justice in its distributive and corrective dimensions. The findings reveal that the 2025 reforms have strengthened the statutory regulation of good faith by extending its application to pre-contractual negotiations and disclosure obligations while reinforcing fairness and contractual accountability. The study recommends clearer legislative guidelines, more consistent judicial interpretation and greater harmonisation of contractual principles in order to enhance legal certainty and equitable contractual performance. It contributes to UAE contract law scholarship by advancing a contemporary understanding of the doctrine and by informing future legislative reform, judicial practice and comparative contract law research.

Keywords: *Civil Transactions Law, contract performance, good faith, doctrinal legal research, United Arab Emirates, Federal Decree-Law No. 25 of 2025*

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I. Introduction

The doctrine of good faith is a fundamental principle of modern contract law because it governs the manner in which contractual rights and obligations are exercised throughout the contractual relationship (Gray, 2024). Although its precise meaning differs across legal systems, good faith generally requires the parties to act honestly, fairly and consistently with reasonable commercial expectations during the negotiation, performance and enforcement of contracts (Wan & Guo, 2024). In civil law jurisdictions, good faith extends beyond the express terms of a contract and operates as a legal standard that promotes fairness, prevents the abuse of contractual rights and preserves the integrity of contractual relationships (Tetley, 2004). The doctrine originates in the Roman law concept of *bona fides*, which emphasised honesty, loyalty and equitable conduct in contractual dealings. It later developed through the continental European codifications, particularly the French *Code civil* and the German Civil Code (*Bürgerliches Gesetzbuch*), and it has significantly influenced the civil law systems of the Middle East, including that of the United Arab Emirates (Deibel, 2025).

The United Arab Emirates has incorporated the civil law conception of good faith into its legal framework while also reflecting the principles of Islamic jurisprudence, which emphasise honesty, justice, trustworthiness and the faithful fulfilment of contractual undertakings. Under the former UAE Civil Transactions Law, Federal Law No. 5 of 1985, Article 246(1) established good faith as a mandatory principle by requiring that a contract be performed in accordance with its contents and in a manner consistent with the requirements of good faith (United Arab Emirates, 1985, art. 246). This approach reflects the broader objective of UAE private law, which is to balance contractual freedom against public policy and equitable treatment between the contracting parties. Unlike many common law jurisdictions, in which a general duty of good faith has traditionally been recognised only in limited circumstances, the UAE treats good faith as a statutory obligation that generally cannot be excluded by agreement. The doctrine consequently plays a vital role in judicial interpretation, regulating the exercise of contractual rights and ensuring that contractual obligations are performed in accordance with both legal and ethical standards.

Despite its established status, the practical application of good faith in UAE contract law has generated significant academic and judicial debate. The broad language of Article 246 offered limited guidance on the precise scope and legal consequences of the doctrine, leaving the courts with considerable discretion in determining whether particular contractual conduct satisfied the requirements of good faith. The growing complexity of commercial transactions, cross-border

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investment, digital contracting and international arbitration has further exposed the limitations of the traditional framework, particularly in relation to pre-contractual negotiations, disclosure obligations and the balance between contractual autonomy and mandatory legal duties. In response, the UAE enacted Federal Decree-Law No. 25 of 2025, which was promulgated in 2025, entered into force on 1 June 2026 and repealed the 1985 Civil Transactions Law, replacing it with a more comprehensive framework that expressly regulates pre-contractual negotiations and disclosure obligations (United Arab Emirates, 2025). These reforms aim to strengthen legal certainty, judicial consistency and commercial confidence while modernising the contract law of the UAE.

Although the doctrine of good faith has attracted increasing scholarly attention within comparative contract law, much of the existing literature concentrates either on the theoretical foundations of good faith or on comparative analyses of civil law and common law jurisdictions, with relatively limited critical examination of the evolving UAE framework following the enactment of Federal Decree-Law No. 25 of 2025. Existing studies also tend to discuss Article 246 descriptively, without comprehensively evaluating the relationship between legislative reform, judicial interpretation, contractual autonomy and emerging commercial realities. This study accordingly seeks to fill that gap by critically reassessing the doctrine of good faith in contract performance under the UAE Civil Transactions Law through an integrated doctrinal analysis of the statutory framework, judicial interpretation and contemporary legal reform. The study is guided by two overarching research questions: what is the contemporary legal scope of the doctrine of good faith in contract performance under the UAE Civil Transactions Law, and how has legislative reform reshaped its interpretation and application within UAE contract law? To answer these questions, the study examines the conceptual and legal foundations of the doctrine of good faith and assesses the adequacy of the current legislative and judicial framework governing its application in contractual performance. The scope of the study is confined to the doctrine of good faith within the UAE Civil Transactions Law, with comparative references to selected civil law jurisdictions where these are necessary to illuminate doctrinal developments. The significance of the study lies in its contribution to the growing body of scholarship on UAE contract law, in that it provides a contemporary legal analysis of the doctrine of good faith capable of informing judicial interpretation, legislative development, commercial legal practice and future academic research in the field of contract law.

II. Methodology

This study adopts a qualitative research design based on doctrinal legal research methodology, an approach that is widely recognised as suitable for examining the legal framework governing the doctrine of good faith in contract performance under the United Arab Emirates Civil Transactions Law. Creswell and Poth (2018) explain that qualitative research facilitates an in-depth understanding of complex legal issues through the interpretation of textual data within their legal context. Consistent with that approach, the study critically analyses the statutory provisions, judicial decisions and relevant legal literature relating to the doctrine of good faith, with particular attention to the reforms introduced by Federal Decree-Law No. 25 of 2025.

The study employs thematic analysis as its principal analytical technique. Braun and Clarke (2006) define thematic analysis as a method for identifying, analysing and interpreting recurring patterns within qualitative data. The analysis focuses on the key themes of contractual performance, the judicial interpretation of good faith, contractual autonomy, the abuse of contractual rights, pre-contractual negotiations and disclosure obligations. The study relies exclusively on secondary data obtained from authoritative legal sources, including the United Arab Emirates Civil Transactions Law, Federal Decree-Law No. 25 of 2025, judicial decisions, official government publications and peer-reviewed journal articles indexed in reputable databases such as Scopus, Web of Science, HeinOnline, LexisNexis and Google Scholar.

Taken together, the integration of doctrinal legal analysis and thematic analysis provides a systematic and rigorous framework for reassessing the doctrine of good faith in contract performance under the United Arab Emirates Civil Transactions Law and for evaluating the implications of the recent legislative reforms for judicial interpretation and contractual certainty.

III. Theoretical Premise Underpinning the Study

This study adopts the Theory of Contractual Justice, in its distributive and corrective dimensions, as its guiding theoretical framework. The theory originates in the Aristotelian conception of justice (Aristotle, 2009) and has been developed in modern private law scholarship, most influentially by Ernest Weinrib (1995). It posits that contract law is concerned not merely with enforcing agreements but also with securing fairness, equity and justice in contractual relationships. The theory distinguishes between distributive justice, which promotes the fair allocation of contractual rights and obligations, and corrective justice, which seeks to remedy the injustice arising from the wrongful exercise of contractual rights (Benson, 2019; Weinrib, 1995). On this account, the doctrine of good faith functions as a legal mechanism for

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ensuring that contractual autonomy is exercised consistently with fairness and with the legitimate expectations of the parties.

The study adopts this theory in order to explain that the doctrine of good faith under the United Arab Emirates Civil Transactions Law limits absolute contractual freedom by requiring the parties to perform their obligations honestly, fairly and reasonably. The theory provides an appropriate analytical framework for examining how the statutory provisions governing good faith, particularly Article 221 of Federal Decree-Law No. 25 of 2025, promote equitable contractual performance, prevent the abuse of rights and protect legitimate contractual expectations. It further explains the role of judicial interpretation in balancing contractual certainty against fairness in the resolution of contractual disputes.

Contemporary scholars have applied contractual justice theory to demonstrate that fairness constitutes the normative foundation of private law and of contractual liability (Esmailpour et al., 2024). Comparative scholarship similarly recognises good faith as an essential principle for achieving equitable contractual performance in civil law jurisdictions (Zimmermann & Whittaker, 2000). Limited attention has nevertheless been devoted to examining the doctrine of good faith under the UAE Civil Transactions Law through the lens of contractual justice theory, particularly following the enactment of Federal Decree-Law No. 25 of 2025. This study addresses that gap by demonstrating how legislative reform and judicial interpretation collectively promote contractual justice within the evolving framework of UAE contract law.

IV. Literature Review

A. Conceptual Foundations of the Doctrine of Good Faith

The doctrine of good faith is one of the fundamental principles of modern contract law, functioning as a legal standard that governs the exercise of contractual rights and the performance of contractual obligations. Although its precise meaning varies across legal systems, good faith generally requires the parties to act honestly, fairly, reasonably and consistently with the legitimate expectations arising from their contractual relationship (Kałduński, 2026). Rather than representing a merely moral obligation, the doctrine has evolved into an enforceable legal principle that promotes fairness, discourages opportunistic conduct and strengthens commercial confidence. It has consequently become an indispensable feature of civil law systems and an increasingly influential concept in international commercial law (Zimmermann & Whittaker, 2000).

The origins of the doctrine are commonly traced to the Roman law principle of *bona fides*, which required judges to take account of fairness, honesty and commercial practice when resolving contractual disputes (Deibel, 2025). Unlike strict legal formalism, *bona fides* enabled contractual obligations to extend beyond the express terms of an agreement so as to include duties arising from equitable conduct and from the reasonable expectations of the parties. That principle subsequently influenced the medieval *lex mercatoria* and later formed the doctrinal foundation of modern European contract law (Farrokhi, 2025).

The doctrine achieved its fullest legal development within continental European civil law. In France, Article 1104 of the *Code civil* requires contracts to be negotiated, formed and performed in good faith, and expressly declares that requirement to be a matter of public order. German law recognises the doctrine through section 242 of the *Bürgerliches Gesetzbuch* under the principle of *Treu und Glauben*, a provision that empowers the courts to imply duties of cooperation, loyalty and disclosure where these are necessary to ensure fair contractual performance (Giliker, 2022; Grundmann & Schäfer, 2022). These civilian approaches have significantly influenced comparative contract law and the codification of private law in many Arab jurisdictions.

The transmission of continental legal thought into the Arab world occurred primarily through the work of ʿAbd al-Razzāq Al-Sanhūrī, whose drafting of the Egyptian Civil Code integrated French civil law principles with Islamic jurisprudence. Al-Sanhūrī regarded good faith as an essential limitation upon contractual autonomy, on the view that contractual rights should always be exercised consistently with justice and social responsibility. His work subsequently influenced several Arab civil codes, including the UAE Civil Transactions Law, in which the doctrine reflects both civilian legal theory and the ethical values of Islamic law (Al-Sanhūrī, 1952). Islamic jurisprudence reinforces the doctrine through principles such as *amanah* (trustworthiness), *sidq* (truthfulness) and *ʿadl* (justice), each of which requires contracting parties to fulfil their agreements honestly and to avoid deception.

Contemporary legal scholarship distinguishes between subjective and objective good faith (Kałduński, 2026). Subjective good faith refers to a party's honest belief, or absence of knowledge, regarding defects, illegality or adverse circumstances affecting a legal transaction. Objective good faith, by contrast, evaluates whether contractual conduct conforms to recognised standards of honesty, fairness, loyalty and reasonable commercial behaviour expected of contracting parties. Modern civil law jurisdictions overwhelmingly adopt the objective approach because it supplies a consistent normative standard for assessing contractual performance and for regulating the exercise of contractual rights. The same approach is reflected in Article 1.7 of the *UNIDROIT Principles of International Commercial Contracts*, which requires each party to act in accordance with good faith and fair dealing in international trade and expressly provides that the parties may not exclude or limit that duty (UNIDROIT, 2022).

Despite its widespread acceptance, the doctrine remains the subject of considerable academic debate. While many scholars, including Deibel (2025) and Farrokhi (2025), regard good faith as essential for protecting legitimate expectations and preventing the abuse of contractual rights, others argue that its flexible nature may increase judicial discretion and reduce contractual certainty. These competing perspectives are particularly evident when civil law systems are compared with English common law, which has traditionally declined to recognise a general duty of good faith except in limited categories of contractual relationship (Gray, 2024). The continuing debate concerning the scope and function of good faith accordingly provides the conceptual foundation for examining its interpretation and application under the United Arab Emirates Civil Transactions Law.

B. The Legal Framework Governing Good Faith under the United Arab Emirates Civil Transactions Law

The doctrine of good faith occupies a central position within the contract law framework of the United Arab Emirates (UAE), reflecting the legislature's intention to balance contractual autonomy against fairness and justice in contractual performance. The UAE Civil Transactions Law, originally enacted through Federal Law No. 5 of 1985 and replaced by Federal Decree-Law No. 25 of 2025, recognises good faith as a mandatory legal principle governing contractual relationships. This legislative approach reflects the influence of continental European civil law, and in particular of the Egyptian Civil Code drafted by Al-Sanhūrī, while also incorporating the ethical principles of Islamic jurisprudence. Contractual rights under UAE law are consequently exercised not only according to the express terms of the agreement but also in accordance with statutory duties that promote honesty, cooperation and equitable conduct (Al-Sanhūrī, 1952; United Arab Emirates, 1985, 2025).

The principal statutory foundation of the doctrine under the former Civil Transactions Law was Article 246, which required a contract to be performed in accordance with its contents and in a manner consistent with the requirements of good faith. The provision further established that the parties are bound not only by the express terms of the contract but also by such obligations as arise from the law, from commercial custom and from the nature of the transaction. Unlike English common law, in which contractual duties generally depend upon the express or implied intentions of the parties, Article 246 imposed good faith as a mandatory statutory obligation that could not ordinarily be excluded by agreement. The doctrine therefore extended contractual

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obligations beyond the written agreement by requiring the parties to exercise their rights honestly, fairly and consistently with the legitimate purpose of the contract (United Arab Emirates, 1985, art. 246).

The legislative philosophy underlying the UAE Civil Transactions Law reflects the civilian understanding that contractual freedom is not absolute but operates within mandatory legal limits designed to protect legitimate expectations and to prevent the abuse of contractual rights. Good faith therefore functions as a mechanism for balancing party autonomy against broader considerations of fairness and commercial justice. This approach distinguishes the UAE from jurisdictions that have traditionally rejected a general doctrine of good faith, and it reinforces the legislature's commitment to ensuring responsible contractual behaviour within an increasingly sophisticated commercial environment (Zimmermann & Whittaker, 2000).

Federal Decree-Law No. 25 of 2025 significantly modernises the statutory framework while preserving the central role of good faith. Article 221 maintains the obligation to perform contracts in accordance with good faith, in terms that substantially reproduce the former Article 246, whereas Articles 121 to 123 introduce a comprehensive regime governing pre-contractual negotiations. These provisions require the parties to conduct and to terminate negotiations in accordance with the requirements of good faith, while making clear that entering into negotiations does not of itself create an obligation to conclude a contract. They impose a mandatory duty to disclose information of decisive importance to the other party's consent, a duty that the parties may not limit or exclude, so that any clause purporting to do so is void. They further regulate the use or disclosure of confidential information obtained during negotiations and provide statutory remedies, in the form of compensation for actual damage, in respect of bad-faith conduct. The reforms therefore extend the application of good faith beyond contractual performance and establish an independent legal framework for addressing misconduct during negotiations, thereby enhancing legal certainty and commercial transparency (United Arab Emirates, 2025, arts. 121–123, 221).

Despite these legislative developments, important doctrinal issues remain unresolved. The legislation continues to employ broad concepts such as good faith and fairness without providing detailed statutory criteria for their application. The courts consequently retain substantial discretion in determining the practical scope of the doctrine in individual cases. Questions concerning the relationship between mandatory statutory obligations and negotiated contractual terms also continue to arise, particularly in commercial transactions involving limitation clauses, electronic contracts and cross-border agreements. These issues demonstrate that although the UAE has strengthened its legislative framework through the 2025 reforms, the effectiveness of the doctrine ultimately depends upon consistent judicial interpretation. The statutory framework therefore provides the essential legal foundation for examining how UAE courts have interpreted and applied the doctrine of good faith in contractual performance.

C. Judicial Interpretation of Good Faith in Contract Performance

The practical significance of the doctrine of good faith under the United Arab Emirates (UAE) Civil Transactions Law has been shaped largely through judicial interpretation (Malkawi, 2023). Although the legislature establishes good faith as a mandatory obligation, its broad statutory language requires the courts to determine the scope and application of the doctrine in individual disputes. UAE courts have consequently played a central role in defining the legal content of good faith, balancing the principle of contractual certainty against considerations of fairness and justice. Judicial interpretation has consistently affirmed that good faith is not merely an ethical expectation but an enforceable legal obligation requiring the parties to exercise their contractual rights honestly, reasonably and consistently with the purpose of the agreement (United Arab Emirates, 1985, art. 246).

UAE courts have generally interpreted Article 246 as extending contractual obligations beyond the express wording of the contract. In applying the provision, the courts have held that the parties must perform their contractual obligations in accordance with the requirements of good faith, commercial custom and the nature of the transaction. Contractual rights accordingly cannot be exercised in a manner that frustrates the legitimate expectations of the other party or defeats the contractual purpose. Judicial decisions have therefore recognised implied obligations of cooperation, honesty and loyalty where such duties are necessary to ensure proper contractual performance. This interpretation reflects the broader civilian tradition, in which good faith operates as a general legal principle governing contractual relationships rather than as a narrowly defined contractual term (Zimmermann & Whittaker, 2000).

Judicial interpretation has also clarified the relationship between good faith and contractual liability. UAE courts generally require a claimant to establish the essential elements of contractual liability, namely breach of an obligation, damage, and a causal connection between the breach and the loss suffered. The assessment of breach frequently incorporates considerations of good faith, however, particularly where a party has exercised contractual rights in an unreasonable or abusive manner. The courts have similarly applied the doctrine alongside the statutory provisions governing deceit and the abuse of rights in order to prevent parties from relying upon contractual provisions for improper purposes; under the 1985 Law, deceit was governed by Article 185, the abuse of rights by Article 106, and liability for harm more generally by Article 282. This integrated approach demonstrates that good faith functions both as an interpretative principle and as a substantive standard governing contractual conduct (United Arab Emirates, 1985, arts. 106, 185, 246, 282).

An important development in the judicial interpretation of good faith followed the establishment of the Commission for the Unification of Conflicting Judicial Principles under Federal Law No. 10 of 2019, whose determinations bind both the federal and the local courts. In its early decisions, the Commission confirmed that good faith is presumed but that the presumption may be rebutted where a party fails to exercise the degree of care expected of a reasonable person or deliberately ignores facts that ought reasonably to have been investigated. This clarification contributes to greater judicial consistency by supplying a more objective framework for evaluating contractual conduct and by reducing the uncertainty arising from divergent judicial interpretations (United Arab Emirates, 2019).

Despite these developments, the judicial application of the doctrine continues to attract academic criticism. The broad statutory language governing good faith confers considerable discretion upon the courts, which has occasionally resulted in inconsistent judicial reasoning and in uncertainty regarding the precise limits of contractual obligations. The absence of comprehensive statutory criteria has also generated debate concerning the interaction between good faith and contractual autonomy, particularly in complex commercial transactions involving limitation clauses, electronic contracts and international business agreements. Comparative experience from France and Egypt demonstrates that although judicial discretion is an inherent feature of civilian legal systems, greater consistency in the application of good faith enhances legal certainty without undermining contractual fairness. Judicial interpretation therefore remains fundamental to the continued development of the doctrine in the UAE, particularly following the enactment of Federal Decree-Law No. 25 of 2025, which introduces new statutory obligations that will inevitably require further judicial clarification.

D. Contemporary Challenges in Applying the Doctrine of Good Faith

Despite its well-established position within the United Arab Emirates (UAE) Civil Transactions Law, the doctrine of good faith continues to present significant legal and practical challenges (Sherif & Abou-Hikal, 2026). One of the principal concerns is the broad and flexible nature of the statutory language governing good faith, which provides limited guidance on its precise scope and application. Although that flexibility enables the courts to respond to the particular circumstances of individual disputes, it may also create uncertainty regarding the extent of contractual obligations and the circumstances in which judicial intervention is justified.

Scholars have consequently questioned whether the absence of clear statutory standards may lead to inconsistent judicial outcomes, particularly in complex commercial transactions in which contractual certainty is highly valued (Zimmermann & Whittaker, 2000).

A further challenge concerns the relationship between good faith and contractual autonomy. While the UAE legal framework recognises freedom of contract as a fundamental principle, that freedom is subject to mandatory legal obligations requiring contracts to be performed honestly and fairly. Determining the appropriate balance between party autonomy and judicial supervision remains difficult, because excessive judicial intervention may undermine commercial certainty, whereas an overly restrictive interpretation of good faith may permit unfair or opportunistic conduct. This tension has become increasingly significant in sophisticated commercial transactions involving limitation of liability clauses, entire agreement clauses and other contractual mechanisms designed to allocate commercial risk between the parties (United Arab Emirates, 1985, art. 246).

The rapid development of digital commerce and international business transactions has further complicated the application of the doctrine. Electronic contracts, smart contracts and cross-border commercial agreements frequently involve automated performance, multiple jurisdictions and complex technological systems that were not contemplated when the original Civil Transactions Law was enacted. These developments raise important questions regarding the application of good faith to electronic negotiations, digital disclosure obligations and algorithmic decision-making. Similar challenges arise in international commercial arbitration, where arbitral tribunals must reconcile the mandatory requirements of UAE law with international commercial practice and with the contractual arrangements of the parties. Such developments illustrate the need for a more coherent and predictable legal framework capable of accommodating technological innovation while preserving the fundamental objectives of contractual fairness and commercial certainty (UNIDROIT, 2022).

Recognising these developments, Federal Decree-Law No. 25 of 2025 introduces substantial reforms intended to strengthen the legal framework governing good faith. Articles 121 to 123 establish statutory duties governing pre-contractual negotiations, impose mandatory disclosure obligations in respect of material information, protect confidential information exchanged during negotiations and provide remedies for bad-faith conduct occurring before a contract is concluded. Article 221 simultaneously preserves the long-established obligation to perform contracts in accordance with good faith. Collectively, these reforms broaden the doctrine beyond contractual performance and provide greater legislative guidance for addressing misconduct during negotiations. Because these provisions are relatively recent, however, their practical effectiveness will depend upon consistent judicial interpretation and upon their interaction with established principles of contractual liability and commercial practice (United Arab Emirates, 2025, arts. 121–123, 221).

Although the recent legislative reforms represent a significant advance, important gaps remain within the existing literature. Most studies focus on the theoretical foundations of good faith or on the operation of Article 246 under the former Civil Transactions Law, while comparatively little attention has been devoted to evaluating the implications of the 2025 reforms for contractual performance, judicial interpretation and contemporary commercial transactions. This study addresses those shortcomings by critically reassessing the doctrine of good faith under the current UAE Civil Transactions Law and by examining the interaction between legislative reform, judicial interpretation and comparative civil law principles, so as to provide a more comprehensive understanding of the evolving role of the doctrine in UAE contract law.

V. Discussion and Findings

A. The Doctrine of Good Faith

The doctrinal and thematic analyses demonstrate that the doctrine of good faith has evolved into a universal legal standard governing contractual performance rather than remaining a merely moral or ethical obligation. A key finding is the convergence of multiple legal traditions, in which Roman *bona fides*, continental European civil law and Islamic jurisprudence collectively establish good faith as a mandatory principle requiring honesty, fairness, cooperation and the protection of legitimate contractual expectations. The analysis reveals that although these traditions originate in different philosophical and jurisprudential foundations, they consistently recognise that contractual rights should not be exercised arbitrarily or in a manner that undermines equitable contractual relationships. This convergence has significantly influenced the development of modern contract law, including the United Arab Emirates Civil Transactions Law, in which good faith functions as a legal limitation upon absolute contractual autonomy.

A second significant finding is the emergence of an objective approach to good faith as the dominant normative standard within contemporary contract law. The discussion indicates that modern legal systems increasingly assess contractual conduct according to recognised standards of honesty, fairness, loyalty, cooperation and commercial reasonableness rather than by reference to a party's subjective state of mind. The analysis further establishes that this objective standard enhances legal certainty while simultaneously protecting legitimate contractual expectations and discouraging both opportunistic conduct and the abuse of contractual rights. The findings also reveal, however, a continuing scholarly debate regarding the appropriate balance between judicial discretion and contractual certainty, particularly where courts are required to interpret broad statutory concepts of fairness and good faith. The conceptual evolution of the doctrine therefore demonstrates that good faith has become an indispensable mechanism for promoting equitable contractual performance and commercial confidence within modern civil law systems. This finding aligns with the central assumption of the Theory of Contractual Justice, namely that contractual rights and obligations must be exercised consistently with fairness, equity and corrective justice in order to preserve the legitimate expectations of contracting parties.

B. Good Faith under the United Arab Emirates Civil Transactions Law

The doctrinal and thematic analyses indicate that the legislative development of the doctrine of good faith under the United Arab Emirates (UAE) Civil Transactions Law reflects a progressive evolution towards strengthening fairness, justice and contractual accountability. A key finding is that the legislature has transformed good faith from a general principle governing contractual performance into a comprehensive statutory obligation regulating both the formation and the execution of contractual relationships. The analysis reveals that this legislative approach reflects the influence of continental European civil law and of Islamic jurisprudence, both of which recognise that contractual rights must be exercised consistently with honesty, fairness and the protection of legitimate expectations. Good faith consequently functions not merely as an interpretative principle but as a mandatory legal standard underpinning the UAE contractual framework.

A second significant finding is the substantial expansion of the statutory scope of good faith following the enactment of Federal Decree-Law No. 25 of 2025. The discussion establishes that whereas the former Article 246 of Federal Law No. 5 of 1985 imposed a mandatory obligation to perform contracts in good faith, the current legislation extends that obligation through Articles 121 to 123 and Article 221, introducing statutory duties relating to pre-contractual negotiations, the disclosure of material information, the protection of confidential information and remedies for bad-faith conduct. The analysis further reveals that these reforms enhance contractual certainty by providing clearer legislative guidance while simultaneously reinforcing commercial transparency and responsible contractual behaviour. This development demonstrates a deliberate legislative effort to balance contractual autonomy against fairness and equitable dealing in an increasingly sophisticated commercial environment.

Taken together, the findings demonstrate that the legislative reforms have strengthened the legal framework governing good faith by expanding its application beyond contractual performance to encompass the entire contractual relationship. Although broad statutory concepts such as fairness and good faith continue to require judicial interpretation, the revised framework provides a more coherent legal foundation for preventing the abuse of contractual rights and for protecting legitimate contractual expectations. This finding aligns with the central assumption of the Theory of Contractual Justice, namely that contractual freedom must operate within mandatory legal limits in order to ensure fairness, prevent injustice and promote equitable contractual performance between contracting parties.

C. Judicial Interpretation of Good Faith

The doctrinal and thematic analyses demonstrate that judicial interpretation has played a decisive role in defining the practical scope and legal effect of the doctrine of good faith under the United Arab Emirates (UAE) Civil Transactions Law. A key finding is that UAE courts consistently interpret good faith as an enforceable legal obligation rather than as a merely ethical principle, thereby extending contractual duties beyond the express terms of an agreement. The analysis further reveals that judicial interpretation integrates statutory provisions, commercial custom and the nature of the contractual relationship in order to ensure that contractual rights are exercised honestly, fairly and consistently with the legitimate expectations of the parties.

A second significant finding is that judicial interpretation reinforces the relationship between good faith, contractual liability and the prohibition of the abuse of rights. The discussion establishes that the courts apply the doctrine to imply duties of cooperation, loyalty and reasonableness, while preventing parties from exercising contractual powers arbitrarily or in a manner that frustrates the purpose of the contract. The analysis also indicates that recent judicial developments have strengthened the application of an objective standard of good faith, thereby promoting greater consistency in the resolution of contractual disputes and enhancing commercial certainty.

The findings nevertheless reveal that the absence of detailed statutory criteria continues to confer considerable interpretative discretion upon the courts, particularly in disputes involving limitation clauses, electronic contracts and cross-border commercial transactions. Judicial interpretation therefore remains fundamental to balancing contractual certainty against fairness by ensuring that contractual obligations are performed consistently with the principles of justice and equitable dealing. This finding aligns with the central assumption of the Theory of Contractual Justice, namely that judicial intervention is necessary to correct contractual injustice, to prevent the abuse of contractual rights and to safeguard the legitimate expectations of contracting parties.

D. Challenges in Applying the Doctrine of Good Faith

The doctrinal and thematic analyses establish that, despite the strengthened legislative framework, the application of the doctrine of good faith under the United Arab Emirates (UAE) Civil Transactions Law continues to encounter significant legal and practical challenges. A key finding is that the broad statutory language governing good faith affords flexibility in addressing diverse contractual disputes but simultaneously creates uncertainty regarding the precise scope of contractual obligations. The analysis further reveals that balancing contractual autonomy against mandatory obligations of fairness remains a persistent challenge, particularly where parties rely on limitation of liability clauses and other contractual mechanisms that may conflict with the equitable objectives of good faith.

A second significant finding is that technological innovation and the increasing complexity of commercial transactions have expanded the contemporary application of the doctrine beyond traditional contractual relationships. The discussion establishes that electronic contracts, smart contracts, digital negotiations and cross-border commercial transactions require a more adaptive interpretation of good faith in order to address issues relating to disclosure, automated contractual performance and international commercial practice. Although Federal Decree-Law No. 25 of 2025 strengthens the legal framework through the introduction of pre-contractual duties and statutory disclosure obligations, the analysis indicates that the practical effectiveness of these reforms will depend largely upon consistent judicial interpretation and upon their integration with established principles of contractual liability.

Taken together, the findings demonstrate that the future effectiveness of the doctrine of good faith depends upon achieving an appropriate balance between legislative certainty, judicial consistency and commercial flexibility within an evolving contractual environment. This finding aligns with the Theory of Contractual Justice, which maintains that contractual fairness is achieved through the continuous interaction of legislative safeguards, equitable judicial interpretation and the protection of legitimate contractual expectations, thereby ensuring that contractual rights are exercised consistently with justice and corrective fairness.

VI. Conclusion

This study reassesses the doctrine of good faith in contract performance under the United Arab Emirates (UAE) Civil Transactions Law, with particular emphasis on its conceptual foundations, legislative evolution, judicial interpretation and contemporary application. The first part of the study examines the conceptual foundations of the doctrine by demonstrating how Roman *bona fides*, continental European civil law and Islamic jurisprudence collectively shaped the modern understanding of good faith. It further establishes that the doctrine has evolved from a moral principle into a mandatory legal obligation that promotes fairness, honesty, cooperation and the protection of legitimate contractual expectations within contemporary contract law.

The second part analyses the legislative framework governing good faith under the UAE Civil Transactions Law. It demonstrates how the transition from Federal Law No. 5 of 1985 to Federal Decree-Law No. 25 of 2025 has strengthened the statutory regulation of contractual relationships by extending the application of good faith beyond contractual performance so as to include pre-contractual negotiations, disclosure obligations and remedies for bad-faith conduct. The analysis highlights the legislature's commitment to balancing contractual autonomy against fairness, transparency and commercial certainty through mandatory statutory obligations.

The third part examines the judicial interpretation of good faith in contractual performance. It demonstrates how UAE courts have consistently interpreted the doctrine as an enforceable legal standard that extends contractual obligations beyond the express terms of an agreement so as to include duties of honesty, cooperation, loyalty and reasonableness. The findings further reveal that judicial interpretation plays a critical role in balancing contractual certainty against equitable contractual performance while preventing the abuse of contractual rights. The fourth part critically evaluates the contemporary challenges affecting the application of the doctrine, including broad statutory language, judicial discretion, technological development, electronic contracting and cross-border commercial transactions. It concludes that although the 2025 legislative reforms have strengthened the legal framework, the effectiveness of the doctrine will continue to depend upon consistent judicial interpretation and upon its adaptation to evolving commercial realities.

The study adopts a qualitative doctrinal legal research methodology supported by thematic analysis of statutory provisions, judicial decisions and authoritative legal literature. Its significance lies in its contribution to the evolving scholarship on UAE contract law, in that it provides a comprehensive reassessment of the doctrine of good faith through the lens of the Theory of Contractual Justice. On that basis, the study recommends clearer legislative guidelines on the content of the good-faith standard, greater consistency in its judicial interpretation, and closer harmonisation of contractual principles with comparative and international instruments, so as to enhance legal certainty and equitable contractual performance. The study further contributes to legal scholarship by demonstrating how legislative reform, judicial interpretation and comparative legal principles collectively reinforce fairness, equitable contractual performance and the protection of legitimate contractual expectations within the UAE contractual framework.

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