

THE LAW OF TRADE NAMES

Royal Decree No. M/15
12 *Sha'bān* 1420 / 20 November 1999

Article 1:

Every merchant must have a trade name to be recorded in the Commercial Register. This name shall consist of his name as recorded in the Civil Register, a novel appellation or both. It may include data relating to the type of commercial activity. In all cases the name must be suitable, not misleading, nor inconsistent with Islamic Shari'ah or public interest.

Article 2:

Subject to the provisions of the Companies' Law, the name of the company shall be its trade name and may include a novel appellation or data relating to the type of commerce in which the company is engaged.

Article 3:

The trade name shall consist of Arabic or Arabized words, and may not include foreign words, excepted from this provision are: names of foreign companies registered abroad, companies with well-known international names, and companies of mixed capital, to be specified by a decision issued by the Minister of Commerce.

Article 4:

Application for registration of a trade name shall be submitted to the Commercial Register Office. If more than one merchant or company applies to register the same name, priority shall be given to the first one who used it publicly.

Article 5:

In case the application for registration of the name is approved, it must be published in the manner specified by the implementing regulations. The Commercial Register Office may reject the application pursuant to a reasoned decision within thirty days.

Article 6:

Upon registration of the name in the Commercial Register no other merchant may use it in the Kingdom in connection with the same commercial activity in which the owner of the registered name is engaged. If the commercial name applied for is similar to a commercial name already registered in the Commercial Register, the merchant shall add to that name something to distinguish it from the name already registered.

Article 7:

The merchant, whether an individual or a company must post his trade name clearly on the front of his place of business as well as all his printed materials. Where there is a difference between the trade name of the individual merchant and his name as registered in the Civil Register, the merchant shall record his name as registered in the Civil Register fully in all his printed materials and he shall sign the same in all his commercial transactions.

Article 8:

The trade name shall not be disposed of independently of the place of business, and any disposition of the place of business does not include its trade name unless otherwise agreed to in writing. In this case the person to whom the name is transferred shall add to it a statement signifying the transfer of ownership. If the predecessor agrees to the use of the original trade name without any addition, he shall be responsible for the obligations of the successor entered into under this name if the successor fails to meet them.

Article 9:

Whosoever succeeds to own a trade name incidental to transfer of ownership of a place of business shall also succeed his predecessor's rights and obligations undertaken under this name, Nevertheless the predecessor shall remain responsible jointly with the successor for the performance of these obligations. Any agreement to the contrary is not binding on third parties unless recorded in the Commercial Register and third parties are given notice,

by registered mail, and is published in the Official Gazette and another Saudi newspaper, provided that no one objects to it within thirty days after the date of delivery of the notice or the date of publication in the newspaper whichever earlier. A lawsuit for responsibility of the successor for the obligations of the predecessor shall not be heard after the expiration of five years from the date of transfer of ownership of the place of business.

Article 10:

In case of transfer of the place of business without its trade name, the predecessor shall be responsible for the obligations arising prior to the transfer of ownership of the place of business unless there is an agreement providing, in addition to that, for the joint responsibility of the successor for these obligations.

Article 11:

If the trade name is used by other than its owner or is used by its owner in a way that violates the law, those concerned may request the Minister of Commerce to prevent its use or strike it off the Commercial Register if already registered. They may also resort to the Board of Grievances for compensation if appropriate.

Article 12:

Without prejudice to any more severe penalty provided for under another law, anyone who uses a trade name contrary to the provisions of this Law shall be punished with a fine that may not exceed fifty thousand riyals. The penalty may be doubled in the event the violation is repeated.

Article 13:

The officers of the Commercial Register, each in his area of competence, shall investigate and record violations of this Law and the decisions issued for its implementation.

Article 14:

Investigating violations of this Law and the imposition of penalties shall be vested in a committee formed in pursuant to a decision of the Minister of Commerce composed of three members, at least one of whom is a law specialist.

Article 15:

The representative of the public prosecution in the Ministry of Commerce and its branches, each in accordance with its powers, shall be charged with the responsibility of prosecuting violations of the provisions in this Law before the Committee.

Article 16:

The protection provided pursuant to provisions of this Law expires when the commercial registration of the merchant, whether an individual or a company, is cancelled, and whatever the reason may be. It also expires when the name is stricken off the Commercial Register by a decision of the Minister of Commerce, if it appears that the registration was effected in violation of the provisions of this Law.

Article 17:

Parties concerned may object before the Minister of Commerce decisions of the Commercial Register Office and to the decisions of the Committee empowered to impose penalties within thirty days from the date of notice of the decision.

The refusal of the Commercial Register Office to make a decision which the Office should have made in accordance with the laws and regulations or its failure to act, shall be deemed a decisions. Within thirty days from the date of notification of the Minister's decision, the parties concerned may also file a grievance with the Board of Grievances against the decisions of the Minister of Commerce made in connection with their objections or which were made pursuant to Articles 11 or 16 of this Law.

In case no decision is made by the Minister in connection with the objection or the application submitted to him, within a period not exceeding sixty days of the date of filing the objection or the application, the party objecting or the applicant may file a grievance with the Board of Grievances against the decision of the Commercial Register Office or against the decision of the committee empowered to impose penalties, or in connection with his application, within thirty days of the date of expiration of the period specified for the Minister to make his decision.

Article 18:

The Board of Grievances shall have jurisdiction to decide all lawsuits and disputes arising from the implementation of this Law.

Article 19:

The Minister of Commerce shall issue the regulations and decisions necessary for the implementation of the provisions of this Law.

Article 20:

This Law shall be published in the Official Gazette and shall come into force after ninety days of the date of publication.

Implementing Regulations of the Law of Trade Names

Article 1:

Every merchant must have a trade name to be recorded in the Commercial Register. This name shall consist of his name as recorded in the Civil Register, a novel appellation or both. It may include information relating to the type of commercial activity. In all cases, the name must be suitable, not misleading, nor inconsistent with the rules of Islamic Shari'ah or public interest.

Article 2:

Subject to the provisions of the Companies' Law, the name of the company shall be its trade name and may include a novel appellation or information relating to the type of commerce in which the company is engaged.

Article 3:

The trade name shall consist of Arabic or Arabized words, and may not include foreign words. Excepted from this provision are: names of foreign companies registered abroad, companies with well-known international names, and companies of mixed capital, specified by a decision issued by the Minister of Commerce.

Article 4:

The application for registration of a trade name shall be submitted, using the appropriate form, to one of the Commercial Register Offices in the Kingdom, each within its own jurisdiction, by the person concerned or by his official attorney-in-fact. The original of the power of attorney or a copy thereof shall be filed with the application at the Commercial Register Office.

Article 5:

The application for registration shall include the following data:

- 1- The name of the applicant as stated in the Civil Register, his place of residence and nationality. If the applicant is a company, its name and the address of its head office shall be stated.
- 2- If the application is submitted by an attorney-in-fact, his name, address and the number of his Civil Register shall be stated.
- 3- The trade name.
- 4- The type of activity the merchant is engaged in under the trade name.
- 5- The address of the place where the merchant carries out his commercial activities under the trade name.
- 6- The signature of the applicant or his attorney-in-fact or whoever is authorized to sign on behalf of the company.

Article 6:

The Commercial Register Office shall review the application, and may, before taking a decision, request the party concerned to complete what it deems necessary for the approval of the application. It may also introduce amendments necessary to the trade name, to distinguish it from others and to identify it in a way that prevents confusion with another trade name that predates it.

Article 7:

The Commercial Register Office shall take a decision in respect of the application within thirty days from the date of submission. If the Office finds that the application does not conform to the provisions of the Law and the Implementing Regulations, it shall inform the applicant in writing that his application is rejected, stating the reasons thereof. The party concerned may file

an objection before the Minister of Commerce within thirty days of receiving notification of rejection.

Article 8:

The party concerned shall be informed of the Minister's decision in writing. In case his objection is rejected, he may file a grievance with the Board of Grievances against the Minister's decision within thirty days of receipt of notification of the Minister's decision.

Article 9:

Upon approval of the application, the Commercial Register Office shall prepare a notice with the following information:

- 1- The name of the applicant as stated in the Civil Register, his place of residence and nationality. If the applicant is a company, its name and the address of its head office shall be stated.
- 2- The trade name.
- 3- The type of commerce engaged in by the merchant under the trade name.
- 4- The address of the place where the merchant is carrying out his commercial activities under the trade name.

The applicant shall publish the notice in the Official Gazette and a local newspaper at his expense, within thirty days from the date of receipt thereof; otherwise, he shall be deemed to have waived his application. The applicant may renew this period for a similar period if he submits an application therefor prior to the expiration of the said period, with the approval of the reasons justifying renewal by the head of the Commercial Register Office in Riyadh or the head of the Ministry's branch.

Article 10:

After publication, the trade name shall be recorded in the Commercial Register, and once the name is recorded, its owner shall be given a certificate to that effect containing the following information:

- 1- Registration number.
- 2- Registration date.
- 3- The trade name.
- 4- The name of the owner of the trade name as stated in the Civil Register, his place of residence and nationality. If the owner is a company, its name and the address of its head office shall be stated.
- 5- The type of commerce in which the merchant is engaged under the trade name.
- 6- The address of the place of business where the merchant carries out his commercial activity under the trade name.

Article 11:

Upon the registration of the name in the Commercial Register, no other merchant may use it in the Kingdom in connection with the same type of commercial activity in which the owner of the registered name is engaged. If the commercial name applied for is similar to a commercial name already registered in the Commercial Register, the merchant shall add to that name something to distinguish it from the name already registered.

Article 12:

The merchant, whether an individual or a company, must post his trade name clearly on the front of his place of business and write it in all his printed materials. Where there is a difference between the trade name of the individual merchant and his name as registered in the Civil Register, the merchant shall

record his name as registered in the Civil Register fully in all his printed materials, and he shall sign the same in all his commercial transactions.

Article 13:

An entry shall be made in the Commercial Register showing the transfer of ownership of the trade name at the request of the person to whom the trade name is transferred or his attorney-in-fact enclosing therewith documents indicating transfer of ownership and agreements between the two parties with respect to the responsibility of the predecessor and the successor for obligations undertaken under this name prior to and after the transfer of ownership, in a manner that does not conflict with the Law and the Implementing Regulations.

Article 14:

The Commercial Register Office shall prepare a notice of the transfer of ownership of the trade name containing the following data:

- 1- Number and date of registration of the trade name.
- 2- The name of the previous owner of the trade name.
- 3- The name as stated in the Civil Register of the person to whom ownership of the trade name is transferred, his place of residence and nationality. If the ownership is transferred to a company, its name and the address of its head office shall be stated.
- 4- The trade name.
- 5- The information indicating transfer of ownership, if any.

The owner of the trade name shall publish the notice in the Official Gazette and a local newspaper at his expense.

Article 15:

After publication, the Commercial Register Office shall make an entry in the Register showing the transfer of ownership of the trade name, stating the name

of the new owner, his address and the cause of transfer of ownership and the date of entry in the Commercial Register.

Article 16:

No agreement violating the provisions of Article 9 of the Law shall have effect against a third party unless recorded in the Commercial Register at the request of the person concerned and the third party is given notice thereof by registered mail, sent by the Commercial Register Office and published in the Official Gazette and a local newspaper, in a notice prepared by the Commercial Register Office and published by the person concerned at his expense.

Article 17:

Any interested party may object to the agreement in violation provided for in the preceding Article, before the Minister of Commerce within thirty days from the date of his notice thereof or the date of publication in the newspaper, whichever is earlier. He shall be informed of the Minister's decision in writing, and he is entitled to file a grievance with the Board of Grievances within thirty days of the date of notification of the decision.

Article 18:

If the trade name is used by other than its owner or is used by its owner in a way contrary to the law, those concerned may request the Minister of Commerce to prohibit its use or strike it off the Commercial Register if already registered. They may also resort to the Board of Grievances for compensation, if appropriate.

Article 19:

Without prejudice to any more severe penalty provided for under another law, anyone who uses a trade name contrary to the provisions of this Law shall

be punished with a fine that may not exceed fifty thousand riyals. The fine may be doubled in the event of the repetition of the violation.

Article 20:

The officers of the Commercial Register Office, each within his own jurisdiction, shall investigate and record any violations of the provisions of the Law of Trade Names and the decisions implementing it, in accordance with instructions of the head of the Commercial Register Office.

Article 21:

In discharging their duties, the officers referred to in the preceding Article, after showing their official identifications and after explaining the purpose for which they came, may review books, records and documents, request any necessary information, and enter the place of business and related warehouses and stores to conduct inspection if required. The employee in charge of the place of business must extend to them all assistance to achieve this objective.

Article 22:

If inspection shows that there is a violation of the provisions of the law or the decisions implementing it, the officer concerned shall seize the documents and shall record the incidence in the minutes and conduct an investigation thereof. He shall submit the matter to the head of the Commercial Register Office in order to refer the documents to the public prosecutor.

Article 23:

The officer in charge of investigating and recording violations shall observe good conduct, good manners and public morality when carrying out the above procedures. He shall not visit the places of business for purposes of investigation and recording except during working hours.

Article 24:

The representative of public prosecution at the Ministry of Commerce and its branches , each within his jurisdiction, shall prosecute violations of the Law of Trade Names and the decisions implementing it, before the committee provided for in Article 14 of the Law of Trade Names.

Article 25:

One or more committees shall be formed by a decision of the Minister of Commerce in accordance with Article 14 of the Law of Trade Names to investigate violations of this Law and the decisions implementing it and to impose penalties. It may seek the assistance of any expert, summon the parties concerned and request them to present any relevant evidence or information it deems of value.

Article 26:

The parties concerned shall be informed in writing of the decision of the committee, and each of them may file an objection against the decision to the Minister of Commerce within thirty days from the date of notification thereof. It may file a grievance with the Board of Grievances against the Minister's decision within thirty days after the date of notification thereof.

Article 27:

Protection provided for under the provisions of this Law shall expire when the commercial registration of the merchant, whether an individual or a company, is cancelled for whatever reason. It also expires when the name is stricken off the Commercial Register pursuant to a decision of the Minister of Commerce, if the name proves to have been registered in violation of provisions of this Law.

Article 28:

The Board of Grievances shall have jurisdiction to adjudicate all lawsuits and disputes arising from the implementation of this Law.

Article 29:

These Regulations shall be promulgated by a decision by the Minister of Commerce, published in the Official Gazette. It shall come into force on the date on which the Law of Trade Names comes into force.