

The Law Of Trade Names

Royal Decree No. M/15 12 Sha'ban 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 decision. 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.