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Corporate Update May 7, 2025

Saudi Arabia's New Trade Name Law: Legal Update

In a transformative step to enhance and better protect its business environment, Saudi Arabia has enacted a new Trade Name Law, which was published in the Official Gazette (Um AlQura) on October 4, 2024, and has come into effect on April 3, 2025.

Introduction

The law came into effect on April 3, 2025, replacing the previous legislation that had been in force since November 23, 1999. The implementing regulations were published on March 30, 2025, and took effect concurrently with the new law.

This law reform marks yet another significant step in the modernization of Saudi's legal framework, streamlining processes and fostering a transparent, efficient business landscape. Below, we outline the key features of the new law and its practical implications in Saudi Arabia.

Key Features of the New Trade Name Law

1. Simplified Trade Name Selection

The updated Trade Name Law offers businesses greater flexibility in reserving and registering trade names. Trade names can be reserved for an initial period of 60 days, with the possibility of extending for an additional 60 days. Further extensions may be granted but are subject to specific registration circumstances. Given the exclusivity associated with registered/reserved trade

names, there is a greater practical need to register desired trade names ahead of time. If the reservation period expires and the procedures for the issuance of a commercial register certificate are not complete, the reservation will lapse, and the trade name will become available for reservation by any person. All reservations and extensions will be subject to payment of fees.

2. Linguistic Flexibility

The old trade names regime was renowned for its strict restrictions on the use of foreign trade names with only a few exceptions being permitted for certain foreign companies or as determined on a case-by-case basis by the Minister of Commerce. The new Trade Name Law ushers in a new era as trade names can now be registered in Arabic, transliterated Arabic (i.e., Arabic words or text that have been written using the Latin (Roman) alphabet instead of the Arabic script**)**, English, or combinations of letters and numbers (with a maximum of 9 digits).

It is recommended that all businesses ensure linguistic consistency in branding to maximize recognition. Foreign investors will need to ensure that the foreign trade name is writable in English and is capable of being translated into Arabic.

3. Independent Trade Name Ownership

Trade names are capable of being owned, sold, or assigned to other persons, which enhances their commercial value. Given that trade names are exclusive and cannot be replicated, registering and owning a trade name provides businesses with a potentially valuable asset.

What Else Has Changed? A Deeper Look at the New Trade Name Law

Trade Name Registration Process

Article 5 of the new law provides a clearer process regarding the trade name application process, including clearer decision-making timelines of up to 10 days from the date of submission of the application, compared to the old timeline which took up to 30 days (see Article 7 of the old regulation). The decision timeline is extendable in certain cases to 30 days when external approval of a trade name is required.

The Ministry of Commerce has integrated the trade name reservation service into the Saudi Business Center portal, which now manages all trade name applications. After a trade name application is accepted, publication is now mandatory, with applicants bearing associated costs.

Priority is given to the first applicant i.e. first in time to submit an application, if multiple applications for the same name exist. If the registrar rejects an application, applicants will have 60 days to appeal to the Ministry.

Trade Name Protection Against Unauthorized Use

The new law, under its Article 6, strengthens protection against unauthorized use such that no person is entitled to use a trade name registered that belongs to someone else. A fine of SAR 10,000 is now imposed as per Article 15 of the implementing regulations to strengthen adherence

to the law and limit unauthorized use of registered or reserved trade names. Businesses with registered names in the Commercial Register have the right to seek compensation for damages caused by unauthorized use. This means that the commercial register serves as proof of ownership, and any person who makes any unauthorized use of a registered trade name will have committed a violation and may be liable to pay compensation to the registered owner of the trade name.

Prohibited Trade Names

Article 7 of the new law outlines the following prohibitions:

- Trade names must not violate public order or morality.
- Names that are misleading, deceptive, or resemble an already registered trade name (regardless of activity type) are not allowed.
- Names similar to famous trademarks are restricted unless owned by the applicant.
- Names containing political, military, or religious references are prohibited.
- Trade names must not resemble symbols of local, regional, or international organizations.

The Ministry of Commerce will also maintain and update a public list of prohibited names regularly, for transparency. Some of the prohibitions introduced by the Trade Names Law are quite broad in nature (particularly the prohibitions relating to “public order or morality” and “famous trademarks”).

It remains unclear how broadly these prohibitions will be interpreted and applied by the Registrar, and the practical challenges such prohibitions may create for applicants wishing to register their trade names. It also remains to be seen whether other restrictions will be unilaterally imposed by the Ministry by way of practice or by way of circumstance and how far the Ministry may go in enforcing these restrictions. To date, the Ministry has already started to reject applications containing the word “company” or that otherwise include a description of an ordinary business activity such as “regional headquarter”.

Monetary Fees for Name Reservations

Article 14 of the implementing regulation introduces the following new fee structure for trade name reservations:

- SAR 200 for an Arabic trade name.
- SAR 500 for an English trade name.
- SAR 100 to extend reservation duration.
- SAR 100 to dispose of the trade name.

New Guidelines for Trade Names Similarity Criteria

Article 5 of the implementing regulation stipulates a formal set of criteria and guidelines that will be used to determine whether a trade name is deemed too similar to an existing one, reducing ambiguity. Under these guidelines, a trade name will be considered like another if its written form closely resembles that of a registered, famous, or reserved trade name. This includes:

- Identical spelling with different word arrangements.
- Identical spelling with a one-letter difference.
- Identical spelling with minor changes, such as adding, removing, or altering pronouns, definite articles, pluralization, or diminutives.
- Identical pronunciation despite differences in spelling or numbers replacing letters, and vice versa.

Criteria mentioned above shall apply to English trade names and their corresponding wording with the use of Arabic letters.

Use of 'Saudi' or names of Saudi Cities and Regions in Trade Names

As per Article 4 of the implementing regulation, businesses can now reserve names containing 'Saudi' or the name of a Saudi city or region, subject to the following conditions:

1. The name must not be identical or similar to any governmental entity.
2. The main component or essential element of the name must not be 'Saudi' or a Saudi city or region.
3. The name must not be used in a manner that would cause harm to the reputation of the Kingdom of Saudi Arabia.
4. For both Makkah and Madinah regions, approval from the Royal Commission for Makkah and the Holy Sites or the Madinah Development Authority is required.

Practical Considerations for Businesses

Saudi Arabia's new Trade Name Law enhances transparency, secures commercial identities, and increases business interests in Saudi. In line with this, businesses should consider the following:

- **Ensure Distinctiveness:** With stricter rules on name similarity and given the relative ease of reserving/registering a trade name, applicants should conduct comprehensive trade name searches and check the Ministry's prohibited names list before applying to avoid getting rejected.
- **Understand New Protections:** Trade names are now valuable commercial assets—businesses should actively monitor for unauthorized use and take prompt legal action if necessary.

- **Consider Linguistic Strategy:** With increased linguistic flexibility, businesses can choose names that enhance global branding while remaining compliant with local regulations.

For Tailored Legal Guidance

For expert legal advice on trade name registration and compliance, contact our team below.

The following Gibson Dunn lawyers prepared this update: Mohamed A. Hasan and Hadeel Tayeb.

Gibson Dunn's lawyers are available to assist with any questions you may have regarding these developments. To learn more, please contact the Gibson Dunn lawyer with whom you usually work, or the authors in Riyadh:

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