Saudi Arabia is governed by Shari'a, or Islamic law as based on the Qu'ran (the holy book of Islam, representing the word of God as delivered to the prophet Mohamed, the messenger of God), and on the sunnah (the deeds, utterances, and unspoken approvals of the Prophet Mohammed), ijmah, the consensus of Islamic scholars and kias, or analogy.

Since 1928, Saudi courts have officially relied on the Hanbali School of Islamic Law, one of four such schools. In practice, the Saudi courts apply Shari'a, to the exclusion of any other regulations, in cases involving domestic relations (including decedents' estates), criminal matters, questions of property, and generally in contract disputes.

Commercial activities generally, such as distributorship agreements, corporate matters, trademarks and patents and government contracts are subject to "Regulations" and "Implementing Rules", which are decreed or issued by the Saudi Council of Ministers and the various government ministries. These administrative rules and regulations are viewed as supplementing and conforming to, but not replacing, the Shari'a. Because Shari'a courts generally adjudicate matters governed purely by Shari'a, the various commercial rules and regulations are less relevant in these courts and rarely utilized there. All Saudi courts, however, whether they be Shari'a, the secular commercial courts or arbitration tribunals, are meant to apply Shari'a rules of evidence and procedure. Some commercial courts have specific procedural and evidentiary rules, set out in ministerial rules and regulations, but they are implied to conform to Shari'a.

The Saudi court system consists of:

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1 On 1/7/1347H (1928G) the Saudi Judicial Board issued a resolution mandating for Saudi courts, in secular transactions, to rely on Hanbali fatwa, or religious interpretations. See generally N. Saleh, The General Principles of Saudi Arabian and Omani Company Laws (1981). The other three official schools of Islamic law are the Hanafi, Shafi and Malaki schools.

Saudi Arabia officially uses the lunar Hejira calendar, which commences with the flight of the Prophet Mohammed from Mecca to Medina in 622 AD and has eleven fewer days each year than the Gregorian calendar. References in this article are to the Hejira date (H) with the corresponding Gregorian date (G); Hejira references refer to the Hejira month first, followed by the day.
(1) Several levels of Shari`a courts that have general jurisdiction (including jurisdiction over civil matters); and

(2) Specialized judicial committees for commercial matters whose jurisdiction is determined by their respective constituting decrees.

Theoretically Shari`a courts can hear certain commercial disputes, but such disputes are normally adjudicated by the specialized committees, the principal ones of which are:

(1) The Board of Grievances;
(2) The Commercial Papers Committee (CPC);
(3) The Commercial Agency Commission (CAC);
(4) The Saudi Arabian Monetary Agency (SAMA) Committee for Banking Disputes; and
(5) The Primary and Supreme Commissions for Labor Disputes.

The Patents Regulation provides for a Committee for Settlement of Patent Disputes but it has not yet been constituted. In addition, Saudi Arabia implemented its own arbitration regulations in 1983.

This article provides an overview of arbitration, Shari`a courts, and the five judicial committees above, as well as choice of law and judicial procedures.

**CHOICE OF LAW AND JURISDICTION**

The Saudi court will normally assume jurisdiction if a commercial dispute is brought before it, regardless of a contractual stipulation for exclusive submission to a non-Saudi court. Thus, should a British employee whose employment contract for work in Saudi Arabia with a UK company—who is subject to the laws of England and provides for dispute resolution in a court in England—choose to sue his employer in Saudi Arabia, the Commission for Labor Disputes will probably assume jurisdiction and apply Saudi law.

As a general rule, Saudi courts and regulations do not recognize the concept of conflict of laws other than conflicts among the different schools of Islamic law; one would expect conflicts among the various schools of law to arise, if at all, only in personal legal disputes brought before a Shari`a court. Consequently, if a commercial contract provides for a governing law that is not Saudi law, a Saudi court that takes jurisdiction of a dispute arising under a commercial contract governed by other than Saudi law, will generally ignore the choice of foreign law and apply Saudi law.

Certain commercial documents must provide for Saudi law to be the governing law and for Saudi tribunals to have jurisdiction. All contracts with the Saudi Government are subject to Saudi law, and disputes arising under such contracts that are not amicably resolved must be submitted to the Board of Grievances. As will be discussed

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2 Royal Decree M/39 dated 06/10/1409H (17 January 1989G).