

Case 4631034735

Court	Circuit type	Case No.	Judgment pronounced	Judgment issued
Madinah Court of Appeal	Civil	4631034735	–	May 21, 2025

Facts

The facts of this case may be summarized as follows:

The plaintiff [the respondent in the arbitration] filed a statement of claim before the Court against the defendant [the claimant in the arbitration], stating the following:¹

A contract was concluded between the first party (the law office of [...]) and the second party ([...]) for the provision of legal services, namely a legal services agreement (attorney's fees) agreement.²

The contract contained an arbitration clause under Article 8, stipulating that any dispute arising between the parties shall be resolved by a sole arbitrator appointed by the first party. Since the subject matter of the contract does not relate to international commerce, a sole arbitral tribunal was constituted accordingly.

In the dispute between the parties, the arbitral tribunal issued its award, the conclusion part of which provided as follows:

First: The sole arbitral tribunal, composed of [...], a Saudi national, holder of National ID No. [...], has jurisdiction to hear the arbitration case filed by the claimant [...], a Saudi national, holder of National ID No. [...], against the respondent [...], a Saudi national, holder of National ID No. [...].

Second: Ordering the respondent [...], a Saudi national, to pay to [...], a Saudi national, an amount of SAR 822,592, inclusive of 15 percent value-added tax calculated on the awarded amount.

Third: All other claims are dismissed.

¹ Editorial insertions in square brackets have been made by the SCCA team for clarity or completeness and do not appear in the original Arabic text.

² Identifying information in this judgment has been redacted to protect personal and sensitive data.

The arbitral award was pronounced at a virtual arbitration chamber (via a remote hearing session) held on [...]/4/12 (14/10/[...]H) in the presence of Dr. [...].

Pursuant to Article 43 (1) of the Arbitration Law issued by Royal Decree No. M/34 dated April 16, 2012 (24/5/1433H), the award—comprising 17 pages—was transmitted to the parties via their registered email addresses recorded with [...], which constitutes valid notification. Accordingly, the award is deemed to have been rendered in the presence of both parties.

The tribunal further confirmed that, in accordance with Article 51 (1) of the Arbitration Law, the statutory period for filing an annulment action commences from the date of notification of the award. It also noted that the original copy of the award was to be deposited with the Madinah Court of Appeal pursuant to Article 44 of the Arbitration Law, with a second copy retained in the arbitration file before the arbitral tribunal.

We were notified of the award on 17/10/[...]H and challenge the award on the following grounds:

First: The contract containing the arbitration clause was executed by an employee lacking the requisite authority and without the signature of [...].

Second: [The arbitrator] was appointed unilaterally by the defendant without the knowledge or consent of my client.

Third: My client formally objected to the arbitral proceedings but was not afforded an opportunity to present his defense.

Fourth: The arbitral award was rendered in absentia despite my client's prior objection.

Fifth: The underlying contractual relationship was tainted by professional violations, including allegations of bribery and impersonation of an attorney, as documented in an official report.

Requests:

Accordingly, we request the annulment of the arbitral award. This is my claim.

The case was registered and referred to this Circuit. A hearing was scheduled and convened on Monday, 21/11/[...]H, at 13:00 p.m., attended by the plaintiff's attorney and the defendant, both appearing in person.

The plaintiff's attorney was asked about the claim, whereupon he stated:

It is as stated in the statement of claim; however, I would like to rewrite it with some additional detail.

The Circuit granted his request.

Thereafter, reference was made to the requests he had submitted, and it appeared that he had filed the claim in the following wording:

We submit to Your Honors this action on behalf of my client, the plaintiff, seeking the annulment of the arbitral award issued in Case No. [...], rendered by a sole arbitrator, Dr. [...], on [...] /10/17H. (See Exhibit No. 1: Arbitral Award).

The sole arbitrator was appointed unilaterally by the defendant without notifying or obtaining the consent of my client, in violation of the principle of equality between the parties and contrary to the agreed mechanism for the formation of the arbitral tribunal. Further, the contractual requirement for written confirmation of the arbitrator's neutrality and independence was not satisfied.

There are fundamental flaws that tainted the arbitral proceedings and the underlying contract due to violations affecting the equality between the parties, the impartiality and neutrality of the arbitral authority, and the validity of representation. These violations necessitate a ruling declaring the arbitral award null and void.

The contractual relationship between my client and the defendant arose from legal services agreements concluded between the parties. However, these agreements were signed by an individual lacking legal capacity, including a contract bearing only a seal without a signature. (See Exhibit No. 2: Two Contracts).

These contracts were drafted and executed by [...], an employee of the law office—of [...] nationality—without the involvement or signature of [...]. This constitutes a clear violation of Article 3 of the Code of Law Practice, which requires that anyone practicing the legal profession must be registered in the

roll of practicing attorneys. It also expressly contradicts Article 18 of the same code, which restricts representation and legal work to licensed practitioners.

Throughout the duration of the relationship, my client never dealt directly with [...], but only with the aforementioned employee, who presented himself, through his statements and conduct, in a manner suggesting authority he did not possess. Such conduct amounts to unauthorized practice and impersonation and falls within the scope of criminal acts stipulated in Article 37 of the Code of Law Practice, which penalizes anyone who impersonates an attorney or practices the profession without a license.

My client later discovered that the employee managing the contractual relationship held no legal capacity whatsoever. This became apparent when said employee demanded an amount of SAR 120,000 under the pretext that it would be used to “settle the pending cases,” a clear case of attempted bribery. This conduct fundamentally undermines the integrity of the contractual relationship, evidences the absence of proper legal representation, and calls into question the validity of the underlying agreement upon which the arbitration clause is based.

Accordingly, my client filed an official report before the Oversight and Anti-Corruption Authority (Nazaha) on 12/3/[...], which led to the initiation of investigative procedures and the arrest of the employee concerned. The complaint remains pending before the tribunal.

In addition, the plaintiff lodged a formal complaint with the Saudi Bar Association under No. [...], dated 22/1/[...], detailing incidents of impersonation as well as professional and financial violations associated with the law office. This complaint likewise remains under review. (See Exhibit No. 3: Complaint to the Saudi Bar Association).

Concurrently, my client addressed a formal notice to the defendant on 25/12/[...], requesting termination of the contract and reimbursement of the sums paid, citing serious professional and financial breaches. This notice evidences the absence of any subsequent intention to rely on the arbitration clause contained in the contract. (See Exhibit No. 4: Contract Termination Letter).

In view of this fundamental defect in legal representation, my client filed a separate action before the General Court under Case No. [...], dated 11/9/[...]H, seeking a declaration that the contract was null and void on the basis that it

had been concluded by a person lacking proper legal capacity. The Court, however, declined jurisdiction without addressing the merits, leaving the issue of the validity of the contract and the legality of the representation unresolved.

Despite these circumstances, the defendant proceeded to appoint the sole arbitrator without obtaining any acknowledgment from my client regarding the arbitrator's neutrality and independence, notwithstanding that the contract required mutual written confirmation of such neutrality. No such confirmation was ever issued by my client. Consequently, this unilateral appointment contravenes the contractual terms governing the constitution of the arbitral tribunal and undermines the validity of the arbitration proceedings from their inception.

This conduct constitutes a clear violation of Article 16 of the Arbitration Law, which imposes upon arbitrators a duty of disclosure of any circumstances giving rise to doubts as to their impartiality or independence, and precludes them from acting where such circumstances exist.

Upon becoming aware of the arbitration proceedings, my client formally objected to proceeding with arbitration and communicated his refusal to the defendant. (See Exhibit No. 5: Letter of Objection to Arbitration). Notwithstanding this objection, the arbitral tribunal proceeded with the arbitration and ultimately issued its award on 17/10/[...]H, ordering my client to pay SAR 822,592 plus 15 percent value-added tax. This award is based on a contract vitiated by defective representation and was rendered in violation of the regulatory requirements set forth in Articles 9, 16, and 50 (1) of the Arbitration Law.

Whereas the challenged arbitral award was based on a contract tainted by a fundamental defect in the legal representation of one of its parties; and whereas the arbitration proceedings were conducted on the basis of an arbitrator appointed unilaterally without mutual written agreement confirming his neutrality and independence; and in the absence of an explicit mutual will to arbitrate between the parties – this constitutes a violation of Article 50 (1) of the Arbitration Law, which permits the annulment of an arbitral award where no valid arbitration agreement exists. Accordingly, the award is legally void and must be annulled together with all legal consequences arising therefrom.

We would also like to draw Your Honors' attention to an issue of considerable importance which was not mentioned at the beginning of this statement of

claim, but which became apparent after reviewing the defendant's first statement of defense and the documents attached thereto, uploaded in the system under Request No. [...] dated 6/6/[...]H, to which the defendant attached a copy of the disputed contract. Although this matter appeared within the defendant's response, it reveals a fundamental defect that affects the validity of the contract, thus undermining a key element of the arbitration agreement. Upon review of the materials, it is evident that the copy of contract submitted by the defendant bears the signatures of both parties; however, it contains a visible handwritten (in ink) amendment to the date (altering the year from [...] to [...]), made without any indication that such amendment was approved by the other party or that it was made prior to the execution of the contract.

In contrast, the copy retained by my client bears only his signature and the office seal, without the signature of the other party. The presence of identical handwriting in both copies indicates that the amendment and the additional signature were inserted at a later time, without the my client's knowledge or consent, and without providing him with a corresponding executed copy (as evidenced in Exhibit No. 2). This undermines the requirement of contemporaneous mutual consent and confirms that the contract was executed by a person lacking proper legal capacity, in violation of the legal requirements governing contractual validity. This is further supported by the original action filed by my client seeking annulment of the contract on the basis that the signature was made by a foreign employee not authorized to practice the legal profession.

Accordingly, the arbitration clause contained in the disputed contract and relied upon in the arbitral award cannot be deemed valid, as it lacks proof of mutual written consent between the parties as required under Article 9 of the Arbitration Law, which provides that an arbitration agreement must be in writing, failing which it is void. Furthermore, Article 50 (1) of the same law establishes that the validity of the arbitration agreement is a prerequisite for the validity of the arbitral award itself.

Based on the foregoing, the document submitted by the defendant does not establish the existence of a valid arbitration agreement; rather, it reveals a fundamental defect in the underlying contract forming the basis of the arbitration proceedings. This defect, taken together with the other violations affecting the proceedings mentioned above, renders the annulment of the arbitral award both necessary and legally justified.

Consequently, the continued enforcement of the arbitral award, notwithstanding these substantive defects, constitutes a violation of the applicable legal provisions and necessitates a judicial ruling declaring the award null and void, together with all its consequential effects.

Requests:

Based on the foregoing, we respectfully request from Your Honors as follows:

First: To annul the arbitral award rendered on 17/10/[...]H in Case No. [...], on the basis of the fundamental violations affecting the validity of the arbitration agreement and the procedures of its issuance.

Second: To order the legal effects resulting from such annulment, including the stay of the challenged arbitral award, the refund of the amounts awarded thereunder, and the reservation of my client's right to seek compensation for damages arising from the unlawful contractual relationship and the documented professional violations affecting the fairness of the relationship and the integrity of the arbitration proceedings.

Upon presentation thereof to the defendant in person, he replied that he had previously submitted his response through the electronic system and would rely thereon. That submission stated:

The attached contract concluded between myself and the plaintiff contains an arbitration clause. The arbitration proceedings were conducted in accordance with the Arbitration Law without violation. I request confirmation of the arbitral award.

As the case was ready for adjudication, the Circuit proceeded to render its judgment.

Reasoning

Based on the foregoing, and after reviewing the statement of claim and the documents attached thereto, and since the annulment action was filed within the statutory period, the claim is therefore admissible in form.

As to the merits, Article 50 (1) of the Arbitration Law provides that:

(1) An action to nullify an arbitration award shall not be admitted except in the following cases:

- (a) If no arbitration agreement exists, or if such agreement is void, voidable, or terminated due to expiry of its term.
- (b) If either party, at the time of concluding the arbitration agreement, lacks legal capacity, pursuant to the law governing his capacity.
- (c) If either arbitration party fails to present his defense due to lack of proper notification of the appointment of an arbitrator or of the arbitration proceedings, or for any other reason beyond his control.
- (d) If the arbitration award excludes the application of any rules which the parties to arbitration agree to apply to the subject matter of the dispute.
- (e) If the composition of the arbitral tribunal or the appointment of arbitrators is carried out in a manner that violates this Law or the agreement of the parties.
- (f) If the arbitration award rules on matters not included in the arbitration agreement. Nevertheless, if the sections of the award relating to matters subject to arbitration can be separated from those not subject thereto, then nullification shall apply only to the sections not subject to arbitration.
- (g) If the arbitral tribunal fails to observe the conditions required for the award in a manner that affects its substance, or if the award is based on void arbitration proceedings that affect it.

Upon review of the arbitral award and the documents submitted by both parties, it is established that the appointment of the arbitral tribunal was carried out unilaterally by the defendant pursuant to the arbitration clause contained in the contract. This constitutes a violation of the principle of fairness between the parties [in the formation of the arbitral tribunal and undermines the validity of the arbitration agreement itself].

Accordingly, the Circuit concludes that the arbitral award is vitiated by a defect falling within Article 50 (1) (a) and (e) of the Arbitration Law, which necessitates its annulment.

Ruling

The Court hereby rules to annul the arbitral award rendered on 17/10/[...]H, which provided as follows:

First: The sole arbitral tribunal, composed of [...], a Saudi national, holder of National ID No. [...], has jurisdiction to hear the arbitration case filed by the

claimant [...], a Saudi national, holder of National ID No. [...], against the respondent [...], a Saudi national, holder of National ID No. [...].

Second: Ordering the respondent [...], a Saudi national, to pay to [...], a Saudi national, an amount of SAR 822,592, inclusive of 15 percent value-added tax calculated on the awarded amount.

Third: All other claims are dismissed.