

Case 4631092403

Court	Circuit	Case No.	Judgment pronounced	Judgment issued
Jeddah Court of Appeal	Civil	4631092403	–	June 22, 2025

Facts

On 14/8/1446H, at 12:10 p.m., the Eighth Civil Circuit of the Riyadh Court of Appeal convened a hearing, attended by the members of the Circuit, the plaintiff's attorney [...] [the plaintiff was the claimant in the arbitration], on behalf of [...], and the first defendant's attorney [...], on behalf of [...].¹

The second defendant [...] [both defendants were the respondents in the arbitration], failed to appear despite having been personally notified under Notification No. [...], which indicates the status "Notified." The Circuit therefore decided to proceed in absentia against the non-appearing defendant.

When the plaintiff's attorney was asked about his claim, he stated as follows:

I hereby submit before Your Honors this action seeking annulment of Arbitral Award No. [...], dated 1/6/1446H, rendered by a five-member arbitral tribunal composed of the presiding arbitrator [...], the umpire arbitrator [...], and arbitrators [...], [...], and [...], in the arbitration proceedings commenced by my client [...] against the first respondent [...] and the second respondent [...].

The conclusion part of the award reads as follows:

Based on the foregoing reasons, the tribunal, by majority, holds that the contract, concluded on November 8, 2016 (8/2/1438H) between the claimant [...], a Saudi national, holder of National ID No. [...]; the first respondent [...], a Saudi national, holder of National ID No. [...]; and the second respondent [...], a Saudi national, holder of National ID No. [...], is null and void.

Accordingly, the tribunal, by majority, rules as follows:

¹ Identifying information in this judgment has been redacted to protect personal and sensitive data. 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.

First: Dismissal of the claimant's claims and requests against the first respondent [...] and his discharge from this case, as set out in the reasoning.

Second: Ordering the second respondent [...], a Saudi national, holder of National ID No. [...], to pay to the claimant [...], a Saudi national, holder of National ID No. [...], the amount of SAR 121,667, as set out in the reasoning.

Third: Dismissal of the remaining requests submitted by the parties, as detailed in the reasoning.

[We hold that] the award ruled on matters not requested by the claimant, in violation of the law. The award is affected by procedural irregularities rendering it void. It further violates the principles of Sharia and applicable law. [Accordingly, we request annulment of the award based on the following grounds.]

Grounds for annulment

As to form:

First:

The arbitral award was rendered on December 2, 2024 (1/6/1446H), deposited on December 3, 2024 (2/6/1446H), and notified to my client on December 10, 2024 (9/6/1446H).

Pursuant to Article 49 of the Arbitration Law, which provides:

Arbitration awards rendered in accordance with the provisions of this Law are not subject to any form of appeal, except for an action to nullify an arbitration award filed in accordance with the provisions of this Law.

And since this action has been filed within the statutory period of 60 days from the date of notification under Article 51 (1) of the Arbitration Law, which provides:

An action for nullification of the arbitration award shall be filed by either party within 60 days following the date of notification of said party of the award; and such action is admissible even if the party invoking nullification waives his right to do so prior to the issuance of the arbitration award.

And since the Court of Appeal has jurisdiction pursuant to Article 2 of the Implementing Regulations of the Arbitration Law issued by Council of Ministers Resolution No. 541 dated 26/8/1438H.

I request that this action be admitted in form.

Second:

The arbitral award is null and void for exceeding the arbitral tribunal's jurisdiction and violating the royal decree governing standard lease contracts.

The award contravenes Circular No. 13/T/8843 dated 19/12/1443H, issued by the Ministry of Justice, which mandates the electronic registration of all residential and commercial lease contracts through the Ejar electronic platform and confirms that unregistered lease contracts do not produce administrative or judicial effects.

As the contract in question was not registered on Ejar, and given that the circular directs courts not to hear claims arising from unregistered lease contracts—while noting that the Enforcement Court has jurisdiction to enforce the executory clauses of registered contracts—the arbitral tribunal nonetheless proceeded to adjudicate the dispute in violation of these rules.

Third:

There is an internal inconsistency within the award between its legal characterization, reasoning, and final decision. The tribunal characterized the legal relationship as an “assignment of rights,” yet proceeded to declare the lease contract null and void.

Fourth:

The arbitral tribunal failed to verify compliance with the contractual precondition requiring prior attempts at amicable settlement before initiating arbitration.

Clause 9 of the tripartite contract [dated November 8, 2016 (8/2/1438H)] concluded between the claimant, the first respondent, and the second respondent provides:

In the event of any dispute between the parties regarding its implementation or the interpretation of its clauses, it shall be resolved amicably; if that proves impossible, then through arbitration.

There is no evidence that the parties attempted amicable settlement or that such attempts failed prior to commencing arbitration. [Proceeding directly to arbitration in the absence of this step] constitutes a breach [of the parties' agreement and renders] the award [susceptible to annulment].

As to the merits:

These grounds are confined to those set out in Article 50 of the Arbitration Law, which provides:

(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.

(2) The competent court considering the nullification action shall, on its own initiative, nullify the award if it violates the provisions of Sharia and public order in the Kingdom or the agreement of the arbitration parties, or if the subject matter of the dispute cannot be referred to arbitration under this Law.

(3) The arbitration agreement shall not terminate with the issuance of the competent court's decision nullifying the arbitration award unless the arbitration parties agree thereon or a decision nullifying the arbitration agreement is issued.

(4) The competent court shall consider the action for nullification in cases referred to in this Article without inspecting the facts and subject matter of the dispute.

I confine my claim to the grounds for annulment of the arbitral award, without addressing the facts or merits of the underlying dispute, as follows:

First:

The award contravenes Article 42 (2) of the Arbitration Law, which provides:

The arbitration award shall include the date of pronouncement and place of issuance; the names and addresses of the parties to the dispute; the names of the arbitrators as well as their addresses, nationalities, and capacities; a summary of the arbitration agreement and of the parties' statements, pleadings, and documents; a summary of the expert report (if any); and a text of the award. The award shall also determine the arbitrators' fees, costs of arbitration, and their distribution between the parties, without prejudice to the provisions of Article 24 of this Law.

The particulars set forth in this article constitute formal and substantive requirements mandated by the law for an arbitral award. Their omission results in nullity, as the statutory language is imperative [and leaves no discretion to the tribunal]. Any failure to include them renders the award devoid of legal purpose and reduced to surplusage without effect.

This approach has been consistently adopted in the judicial precedents of the courts in the Kingdom (see Exhibit No. 9).

Applying the foregoing to the arbitral award upheld by the contested tribunal ruling, the following becomes evident to Your Honors:

- (1) The arbitral award does not include the addresses of the arbitrators.
- (2) The arbitral award does not include the nationalities of the arbitrators.
- (3) The arbitral award does not specify the arbitrators' fees.
- (4) The arbitral award does not specify the arbitration costs.
- (5) The arbitral award does not indicate the manner in which such costs are apportioned between the parties.

Accordingly, the award omits mandatory formal and substantive particulars required under Article 42 of the Arbitration Law, rendering it subject to annulment.

Second:

The award also contravenes Article 38 (1) (c) of the Arbitration Law, which provides:

When deciding the dispute, the arbitration tribunal shall take into account the terms of the contract subject of the dispute, and prevailing customs and practices applicable to the transaction as well as previous dealings between the two parties.

This violation is apparent from the characterization of the tripartite contract [dated November 8, 2016 (8/2/1438H)]. The agreement is expressly titled "Real Property Lease Contract," and its preamble establishes a direct contractual relationship between the first party (the first respondent) and the third party (the claimant), with the third party replacing the prior tenant (the second respondent) from the contract dated 7/6/1434H.

That earlier contract dated 7/6/1434H is a lease agreement concluded between the first respondent and the second respondent concerning the property that forms the subject matter of the arbitration.

Clause 7 [of the Real Property Lease Contract], titled "Transfer of Obligation," confirms the arrangement, providing that:

The third party [the claimant] shall become the tenant, and the contractual relationship shall henceforth be limited to the first party [the first respondent] and the third party [the claimant].

By the admissions of the first respondent's attorney, the agreement subject of the arbitration is, in substance, a real property lease contract between the claimant and the first respondent.

The relationship between them is therefore one of lessor and lessee, giving rise to all attendant rights and obligations, as clearly expressed in their contractual intent.

In light of this, the arbitral tribunal was bound to give effect to the express terms of the contract. Its failure to do so constitutes a clear violation of the aforementioned article [of the Arbitration Law], which admits of no discretion where the contractual framework is unambiguous.

This conclusion is reinforced by established principles of Sharia, rendering the award subject to annulment. As Prophet Muhammad, peace be upon him, declared: "Muslims are bound by their conditions."

Furthermore, it is a well-established juristic principle that that no discretionary departure is permitted where the text is explicit and that giving legal effect to the latter is preferable to disregarding it. Clear contractual language prevails over interpretation, and Islamic juristic authorities consistently affirm that the apparent meaning of contractual terms must be upheld, and that a party may not renege from what it has previously acknowledged.

Accordingly, the contract constitutes the governing law between the parties, particularly where its provisions do not conflict with the principles of Sharia.

Moreover, Al-Qarafi stated:

The origin of contracts is their binding nature; for a contract is prescribed only to achieve its intended purpose or subject matter and to satisfy needs. Thus, such binding nature is appropriate to necessity and the attainment of the objective. (*Al-Furuq*, 4/13)

Likewise, Omar ibn Al-Khattab stated: "Rights are determined by conditions."

This is particularly so given that adjudication proceeds on the basis of what is outwardly established, as in judicial determinations.

[Applying such juristic authority, it is clear that] the award is inconsistent with established judicial and arbitral principles and is therefore subject to annulment.

Third:

The award also contravenes Article 8 of the Implementing Regulations of the Arbitration Law, which provides:

If the parties to arbitration fail to agree on its arbitration proceedings, the arbitral tribunal shall determine the proceedings it deems suitable in accordance with the provisions of Article 25 (2) of the Law and shall notify the parties thereof at least 10 days prior to their implementation.

Furthermore, Article 25 of the Arbitration Law provides:

(1) The two parties to arbitration may agree on the procedures to be followed by the arbitration tribunal in conducting the proceedings, including their right to subject such proceedings to the enforced rules of any organization, agency, or arbitration center within the Kingdom or abroad, provided that said rules are not in conflict with the provisions of Sharia.

(2) In the absence of such agreement, the arbitration tribunal may, subject to the provisions of Sharia and this Law, adopt the arbitration proceedings it deems fit.

However, as stated in the arbitral award (page 3, line 17 et seq.):

The arbitral tribunal asked the parties whether there is any other signed agreement between them regulating the arbitration procedures. Each party separately responded that no such agreement existed other than what had already been mentioned.

Accordingly, since the arbitral tribunal did not predefine the procedures to be followed and failed to notify the parties thereof within the 10-day period prescribed by law, [but instead proceeded to adopt procedures unilaterally], the award is rendered defective [and subject to annulment].

Fourth:

The award violates the procedural requirement stipulated in Article 43 (1) of the Arbitration Law, which provides that:

The arbitral tribunal shall deliver to each arbitration party a true copy of the arbitral award within 15 days from its date of issuance.

However, page 35 of the award states as follows:

The arbitral tribunal decided to issue the arbitral award [indicating that it had not yet formally been issued] in this case, and the award recorded below was pronounced on Monday, December 2, 2024 (1/6/1446H), and each party was handed a copy of the arbitral award instrument during this hearing.

Furthermore, the last page of the award states:

This award has been prepared in one original copy, signed by the members of the arbitral tribunal and the secretary, and the parties received a copy of the award manually on December 2, 2024 (1/6/1446H), and it will be sent to the parties electronically.

The procedural violation lies in the fact that the award indicates that a copy thereof was delivered before its formal issuance, contrary to the established procedures governing the issuance of judicial and arbitral awards.

Moreover, the copy delivered to the claimant was merely a photocopy rather than a true certified copy as required by law.

This procedural defect renders the arbitral award subject to annulment.

Fifth:

The award also violates the procedural requirement set forth in Article 14 of the Implementing Regulations of the Arbitration Law, which provides that:

The presiding arbitrator shall pronounce the award after the closing of arguments.

The award contains no indication that this requirement was observed. Page 35 of the award merely states: "The award was pronounced," without specifying that the pronouncement was made by the presiding arbitrator, as expressly required by the Implementing Regulations.

This omission constitutes a procedural violation of a mandatory requirement, rendering the arbitral award subject to annulment.

Sixth:

The award is null and void because [the tribunal] ruled on a matter not requested by the claimant, [namely its determination that the tripartite contract is null and void, even though the claimant's request was limited to] termination of the contract. It is impermissible for the arbitral tribunal to rule on matters not requested by the claimant. The claimant never sought a declaration of nullity of the contract.

Nevertheless, the arbitral tribunal, by majority, ruled that the contract forming the subject matter of the dispute was null and void. This constitutes an invalid ruling. Moreover, the tribunal proceeded on the basis that nullity of the contract entails the restoration of the parties to their precontractual positions, even though such relief was never sought by the claimant. This likewise exceeds the scope of the submitted claims and contradicts the principle that adjudication is limited to the parties' requests.

Furthermore, although the claimant in this annulment action does not address the facts or merits of the underlying dispute, this does not constitute a waiver of the right to challenge the contradictions and legal inconsistencies contained in the contested award.

In its reasoning concerning the nullity of the tripartite contract dated November 8, 2016 (8/2/1438H) concluded among the claimant, the first respondent, and the second respondent, the arbitral tribunal held that the effect of nullity is to restore the parties to the position they occupied before the contract, pursuant to Article 82 of the Law of Civil Transactions, and on that basis required the respondent to refund the amounts paid by my client under the said contract.

The tribunal further stated that all parties had affirmed the validity of the contract and its provisions, which is factually inaccurate. At the same time, the arbitral tribunal declined to award compensation to the claimant under the same Article 82, yet stated that compensation should be assessed by reference to the rent stipulated in the lease contract, despite having already ruled that same contract null and void.

Despite this reasoning, the tribunal refused to order reimbursement of the rental amount paid to the first respondent, totaling SAR 3,832,510, without providing any legal justification for that refusal.

The tribunal also relied on Article 111 of the Law of Civil Transactions, even though that provision governs rescission or termination of contracts and does

not address nullity in the manner adopted by the tribunal. [This constitutes a misapplication of the law] and further renders the award defective.

The tribunal thus relied on provisions contained in a contract that it had itself declared void. This is legally and procedurally contradictory and contrary to the established principle that a judgment must rest upon a coherent and proper understanding of the facts and legal consequences. If the contract is void, as the tribunal itself concluded, then all legal effects arising therefrom must likewise be void, and the parties must be restored to their precontractual positions [in a consistent manner].

Accordingly, the tribunal's conclusion that the first respondent bears no liability to SAR 6,000,000 paid by the claimant as consideration for the second respondent's transfer of usufruct rights is legally untenable. The tribunal further reasoned that the second respondent had already received that amount through accounts and set-offs between the parties, as provided in Clause 3 of the same contract that the tribunal had already declared null and void.

Accordingly, the tribunal's conclusion that the claimant's demand in this respect could not be directed against the first respondent and instead had to be pursued against the second respondent through separate proceedings an invalid procedural and legal determination.

Seventh:

The arbitral award is null and void for rejecting the claimant's request for compensation against the first respondent for the damage suffered by the claimant as a result of the first respondent's conduct and participation in the [transaction underlying the] arbitration proceedings. The first respondent did not dispute the claimant's entitlement to compensation, nor did he contest the claimant's request for compensation corresponding to the usufruct of the property until the expiry of the lease term on 14/6/1450H amounting to SAR 20,392,000. Rather, the first respondent confined his defense to pleas relating to his lack of standing and the lack of jurisdiction of the arbitral tribunal. Such failure to contest the substance of the compensation claim constitutes an implied admission of the claimant's entitlement thereto.

This is especially so given that the arbitral tribunal itself found that the second respondent was the party who assigned the usufruct rights to the claimant and expressly held that "the role of the first respondent [...] was limited to approving this assignment." This finding confirms that the first respondent

had knowledge of the prior contractual arrangements and expressly consented to them, thereby [establishing the factual basis for liability and] and the claimant's entitlement to compensation.

In such circumstances, there was no need to administer an oath [regarding the first respondent's knowledge], especially since the first respondent refused to take the oath after having been notified on three separate occasions concerning his knowledge of the prior judgment issued against [...] Company in Case No. [...] relating to the petition for reconsideration submitted by the first respondent, as recorded at page 33 of the arbitral award subject to this annulment action. Moreover, the second respondent himself acknowledged, at page 15, line 2, of the award, that the first respondent had knowledge of the matter.

Accordingly, the arbitral tribunal's conclusion that the elements of liability — namely fault, damage, and causation — were not established with respect to the compensation claim against the first respondent is [contrary to the evidence recorded in the award itself] and therefore constitutes an invalid determination.

Furthermore, the tribunal's conclusion that the compensation claim should instead be directed solely at the second respondent, on the basis that he was the party who transferred the usufruct rights to the claimant and allegedly misled him, is legally unsound, particularly since both respondents bear joint responsibility. The arbitral tribunal was therefore required to adjudicate the dispute in its entirety.

Consequently, the tribunal's majority decision rejecting the claimant's compensation claim against the first respondent, while advising the claimant that he may pursue such claim through separate proceedings against the party who misled him, constitutes an invalid legal and procedural determination [that failed to resolve the dispute submitted to arbitration in its entirety].

Eighth:

The award is null and void for failing to adjudicate the claimant's sixth request, namely:

To order the first respondent [...] to carry out the finishing works in the amount of SAR 1,372,465.

This request was [expressly submitted before the arbitral tribunal] notwithstanding the first respondent's defense, as recorded in the award, that:

The attorney of the first respondent [...] argued that the arbitral tribunal lacks jurisdiction to hear the claim and that his client lacks standing in the dispute. He also argued that no tort liability arises on the part of his client and that his client bears no relation to the damage resulting from eviction of the property that forms the subject matter of the arbitration claim, and that the claimant must pursue the party who actually caused the damage.

This defense demonstrates the first respondent's awareness of the alleged damage and [confirms that the dispute concerning the finishing works and the resulting losses was squarely before the arbitral tribunal and] required adjudication on the merits, including, where appropriate, referral to an expert [for technical assessment and valuation].

Nevertheless, the arbitral tribunal failed to determine the claimant's request and instead stated that the claimant may, if he wishes, pursue a separate action against the second respondent for the value of the finishing works to be considered in accordance with the applicable legal principles. Such reasoning constitutes an invalid procedural determination, because once the claim has been properly submitted within the scope of the arbitration proceedings, the arbitral tribunal is under a duty to adjudicate it and may not decline to rule upon it [by directing the claimant to pursue separate proceedings elsewhere].

Such conduct violates Article 50 (2) of the Arbitration Law, which provides:

The competent court considering the nullification action shall, on its own initiative, nullify the award if it violates the provisions of *Sharia* and public order in the Kingdom or the agreement of the arbitration parties, or if the subject matter of the dispute cannot be referred to arbitration under this Law.

It likewise falls within Article 50 (1) (f) of the Arbitration Law, which provides that an action to annul an arbitral award is permissible:

If the arbitration award rules on matters not included in the arbitration agreement.

By effectively leaving certain claims unresolved and directing that they be pursued through independent litigation, the arbitral tribunal failed to

conclusively determine all matters properly submitted to arbitration. This constitutes a procedural defect [that undermines the finality and completeness of the arbitral process and renders the award subject to annulment].

Ninth:

The award subject to this annulment action violates Articles 17 and 18 of the Law of Evidence, as well as Articles 241, 242, 419, and 423 of the Law of Civil Transactions.

Article 17 of the Law of Evidence provides that:

A judicial admission shall be conclusive against the person making the admission and shall be limited thereto.

Article 18 further provides that:

An admission shall be binding on the person making the admission and may not be retracted.

In the present case, the first respondent's attorney consistently maintained throughout his submissions that his client lacked standing in the claim, basing this defense on the assertion that the contract subject to arbitration merely constituted notification to his client of an assignment of rights. By advancing this position, the first respondent's attorney effectively admitted that his client was the original lessor and the guarantor of the contractual relationship.

This is because an assignment of rights necessarily entails that the claimant succeeded to the contractual position previously occupied by the second respondent, thereby releasing the latter from the contractual obligation and transferring all rights and guarantees to be exercised against the first respondent.

Article 241 of the Law of Civil Transactions provides that:

The right shall be transferred to the assignee along with its modalities, attached rights, and securities.

Article 242 further provides that:

If an assignment is for consideration, the assignor is bound to warrant only the existence of the assigned right at the time of making the assignment [...].

Accordingly, once the assignment was effected, the contractual relationship became one directly between the claimant and the first respondent, while the second respondent ceased to occupy the position of creditor under the lease relationship [except to the extent expressly preserved by law or agreement]. The claimant therefore became the substitute creditor [and tenant] in place of the second respondent with respect to the contractual relationship with the debtor governing the property.

This is expressly confirmed by the contract subject to arbitration itself, titled "Real Property Lease Contract" and dated November 8, 2016 (8/2/1438H). [As noted early in the "Second" ground,] the preamble of the contract further provides that the contractual relationship shall thereafter exist directly between the first respondent and the claimant, with the third party (the claimant) in place of the prior party (the second respondent) from the earlier lease contract dated 7/6/1434H.

That earlier contract dated 7/6/1434H is a lease agreement concluded between the first respondent and the second respondent concerning the property that forms the subject matter of the arbitration.

This new arrangement is confirmed in Clause 7 [of the Real Property Lease Contract], titled "Transfer of Obligation," which provides:

The third party [the claimant] shall become the tenant, and the contractual relationship shall henceforth be limited to the first party [the first respondent] and the third party [the claimant].

Accordingly, and based on the admission made by the first respondent's attorney himself, the contract subject to arbitration is, in substance and legal effect, the later agreement between the claimant and the first respondent [i.e., the Real Property Lease Contract]. Their legal relationship is therefore one of lessor (the first respondent) and lessee (the claimant), giving rise to all corresponding rights and obligations as expressed by the contract and the parties' manifested intention.

Once the validity of the contractual relationship between the claimant and the first respondent under the contract subject to arbitration is established, and given that all parties to the arbitration acknowledged the contract, that the claimant benefited from the leased property from the date of the contract until the eviction order issued by the Enforcement Court on 27/4/1443H, and that the first respondent received rent payments from the claimant during that

period, that contractual relationship necessarily gives rise to a number of obligations and guarantees imposed upon the lessor [under Sharia and the applicable statutory framework].

These guarantees are recognized both in Islamic jurisprudence and in the Law of Civil Transactions, issued by Royal Decree No. M/191 dated 29/11/1444H, the provisions of which apply to legal relationships and effects existing prior to its entry into force [insofar as they govern continuing legal consequence]. Among the lessor's obligations expressly recognized by the Law are the obligations of maintenance under Article 419 et seq., warranty against defects under Article 425 et seq., and warranty against interference under Article 423 et seq.

Article 423 (2) specifically provides:

The lessor is bound to warrant the leased thing against any interruption caused by a third party if such interruption is based on legal grounds.

The interruption contemplated in this provision is precisely the subject matter of the arbitration dispute. The Law of Civil Transactions adopts the established civil-law distinction concerning interruption by third parties and confirms that the warranty is not limited to the lessor or any of his subordinates under Article 423 (1). Rather, it extends to any interruption or harm founded upon a legal claim asserted by an interfering party [concerning ownership of,] or rights in, the leased property or its usufruct in a manner inconsistent with the tenant's contractual rights under the lease agreement. In such circumstances, the lessor is legally bound to warrant [the tenant against] that interruption. This principle is well established in civil-law doctrine and accords with the rules of warranty recognized under Islamic Sharia.

As stated by Dr. Mohammed Jabr Al-Alfi in *The Lessor's Obligation to Warrant Third-Party Interference in Islamic Jurisprudence and Law* (Higher Judicial Institute):

The warranty against interruption means that the lessor must specifically perform his obligation by compelling the third party to cease interfering with the subject matter of the contract. If he is unable to do so, such as where judgment is rendered in favor of the interfering party establishing the claimed right in the leased property or its usufruct, the lessor becomes obliged to compensate the tenant for the deprivation of the benefit. This is the warranty of entitlement.

The Law of Civil Transactions further recognizes this as a compensatory obligation in Article 423 (3), which provides:

If the interruption provided for in paragraphs (1) and (2) of this Article prevents the lessee's full or partial use and enjoyment of the leased thing, the lessee may demand termination of the lease or reduction of the rent, without prejudice to his right to compensation.

Accordingly, the liability arising from interruption by a third party on legal grounds constitutes contractual liability. The first respondent breached that obligation by failing to prevent the interruption by a third party holding legal title.

Nor did the defense advanced by the first respondent's attorney alter this conclusion, namely the contention that the eviction order issued by the Enforcement Court against the claimant falls within Article 424 (2) on the basis that it was carried out by a public authority. The eviction was not undertaken for the benefit of a public authority [exercising sovereign power], but rather for the benefit of the [private] plaintiffs [asserting competing legal rights in the property]. This contradicts the arbitral award challenged in this annulment action. This principle is likewise consistent with the established principles of Islamic jurisprudence.

Tenth:

The arbitral award is invalid for failing to rule properly on the claimant's request set out in Clause 8 of his requests, namely:

Referral of this case to a real estate expert to calculate the equivalent rent for loss of usufruct, and subsequently to an accounting expert to enumerate all claims.

This request concerned matters of a technical nature lying beyond the tribunal's ordinary expertise and fell within Clause 10 of the agreed arbitration procedures. It was therefore necessary to comply with the claimant's request and the agreed procedures, particularly given that the respondents did not contest it.

Nevertheless, the tribunal stated:

As regards to the claimant's request to refer this case to a real estate expert to calculate equivalent rent for loss of usufruct, and subsequently to an

accounting expert to enumerate all claims, the tribunal, by majority, considers this request unfounded and holds that the case does not require the appointment of a real estate or accounting expert, and therefore, by majority, rejects this request.

This reasoning is insufficient and contrary to the requirements of law. Article 36 (1) of the Arbitration Law provides:

The arbitration tribunal may appoint one expert or more to submit a written or oral report on certain issues determined by the tribunal, and this shall be recorded in the minutes of the hearing. The arbitration tribunal shall notify both parties thereof, unless they agree otherwise.

Moreover, the refusal to appoint an expert in these circumstances determination constitutes an invalid procedure and violates Article 27 of the Arbitration Law, which provides:

The two parties to arbitration shall be treated equally, allowing each party a full and equal opportunity to present his case or defense.

The award is therefore affected by procedural invalidity warranting annulment.

Eleventh:

The arbitral award is null and void for failing properly to adjudicate the claimant's that the first respondent be ordered to pay the overdue and uncollected rents owed by the tenants of the building units in the amount of SAR 6,950,158.

The tribunal held that those amounts were owed by the tenants rather than by the first respondent. However, instead of fully resolving the dispute submitted before it, the tribunal merely advised the claimant that he could pursue the tenants in separate proceedings for the rent corresponding to the period during which he had leased the units and derived benefit therefrom.

Accordingly, the tribunal's majority ruling rejecting the claimant's request in this respect and directing him to file an independent action against the tenants constitutes a procedurally defective determination that renders the award subject to annulment.

Twelfth:

The arbitral award is null and void because the tribunal stated:

Since the dispute is entrenched between the parties, it was necessary to refer the case to judicial consideration to establish the claimant's entitlement to what he claims, some of which was granted in favor of the claimant and some of which was rejected.

The tribunal's referral of the case for judicial determination of the claimant's entitlement violates Article 50 (1) (g) of the Arbitration Law, which provides for annulment:

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.

Accordingly, this procedure is invalid and renders the award subject to annulment.

Thirteenth:

The arbitral award is null and void because the annulment of the tripartite contract dated November 8, 2016 (8/2/1438H) necessarily entails the annulment of the primary lease agreement dated 4/6/1434H executed between the first and second respondents.

The contract considered by the arbitral award constituted a substitute agreement replacing the earlier contractual relationship. Accordingly, if the tribunal concluded that the later contract was null and void, the legal basis of the underlying contract and the obligations arising therefrom must likewise be rendered null and void.

The arbitral award contravened this principle, rendering it defective and subject to annulment under Article 50 (1) (f) of the Arbitration Law, which provides that an action for annulment may be permissible:

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.

Fourteenth:

The arbitral award is null and void for contravening the Arbitration Law, as the tribunal stated:

Some of the claimant's requests are legitimate and were granted in his favor, while others are not legitimate and were rejected.

In reality, however, the tribunal did not grant any request actually advanced by the claimant and instead rejected the entirety of his claims. The only monetary amount awarded by the tribunal, in its "Second" order, was the sum of SAR 121,667 ordered against the second respondent, representing arbitration and secretarial fees. That relief did not form part of the claimant's nine pleaded requests.

The fact that the award imposed arbitration fees on the second respondent, even though the claimant did not request such relief, and even though such relief ultimately operates for the claimant's benefit, demonstrates the nullity of the award.

Such conduct violates the procedural limits governing arbitral adjudication [and contravenes the principle that an arbitral tribunal's jurisdiction is confined to the claims and relief expressly submitted before it]. Ruling on matters not requested by the parties constitutes a violation of the procedural framework established by the Arbitration Law and falls within the grounds for annulment under Article 50 thereof.

Accordingly, the award is null, and I request its annulment.

Requests:

Accordingly, [and in light of all the grounds set out above], the arbitral award is null and void, and I request its annulment.

In light of the foregoing, I respectfully request that the Court:

First: Admit the annulment action in form, as it was filed within the statutory period prescribed by law.

Second: On the merits, annul the arbitral award dated December 2, 2024 (1/6/1446H) and remit the matter to the arbitral tribunal for reconsideration and adjudication anew, taking into account all the requests submitted by the claimant against the first and second respondents.

[The plaintiff's attorney also submitted following exhibits as evidence:]

- (1) A copy of the primary lease agreement executed between [the first respondent] and [the second respondent], in his personal capacity, dated June 4, 2013 (4/6/1434H).
- (2) A copy of the tripartite contract dated November 8, 2016 (8/2/1438H).
- (3) A copy of the usufruct assignment agreement dated November 8, 2016 (8/2/1438H) between [...], who allegedly lacked legal standing, and the claimant.
- (4) A copy of the ruling of the Eighth Civil Circuit of the Court of Appeal in Riyadh, No. [...], dated October 10, 2023 (25/3/1445H), was submitted.

When the respondent's attorney was asked to respond to the petition, she requested additional time to submit her response. Accordingly, the hearing was adjourned, and both parties were directed to verify the deposit number of the arbitral award, as the number submitted, namely [...], did not appear to correspond to a properly deposited award.

On Sunday, March 9, 2025 (16/9/1446H), the Eighth Civil Circuit of the Riyadh Court of Appeal convened a subsequent hearing attended by the members of the Circuit. The plaintiff's attorney [...] appeared on behalf of [...] and the defendant's attorney [...] appeared on behalf of [...]. The other defendant failed to appear.

When the defendant's attorney was asked to respond to the petition, she stated as follows:

With reference to Case No. [...] dated March 3, 2025 (6/8/1446H), filed by [...] against our client, Dr. [...], presently before Your Honors and scheduled for hearing on March 9, 2025 (16/9/1446H), we submit our client's response to the statement of claim as follows:

First:

The statement of claim is internally contradictory and self-defeating. At the outset, the plaintiff's attorney states:

I confine my claim to the grounds for annulment of the arbitral award, without addressing the facts or merits of the underlying dispute. (Minutes of the previous hearing, p. 4, line 12).

The plaintiff also relied upon Article 50 (4) of the Arbitration Law, which provides:

The competent court shall consider the action for nullification in cases referred to in this Article without inspecting the facts and subject matter of the dispute.

Nevertheless, the 12-page statement of claim proceeds extensively to address the facts and merits of the underlying dispute. At page 6 of the hearing minutes [in the “Sixth” ground above], the plaintiff [attempted to justify this inconsistency] by stating:

Although the claimant in this annulment action does not address the facts or merits of the underlying dispute, this does not constitute a waiver of the right to challenge the contradictions and legal inconsistencies contained in the contested award.

This demonstrates that none of the circumstances exhaustively reenumerated in Article 50 (1) of the Arbitration Law is actually present. Accordingly, the plaintiff’s attorney resorted to rearguing the merits under the guise of alleging contradictions in the award. Those alleged contradictions are unfounded, and none of the seven exclusive grounds for annulment provided for by this provision applies in this case. Throughout the 12-page petition, the plaintiff’s attorney failed to identify any valid ground within the meaning of Article 50, requires dismissal of the action.

Second:

This petition demonstrates such weakness and desperation in its attempt to annul the arbitral award that the plaintiff’s attorney has effectively invalidated the only relief actually granted in his client’s favor under the award itself.

At page 10 of the hearing minutes [in the “Fourteenth” ground], he states:

The fact that the award imposed arbitration fees on the second respondent, even though the claimant did not request such relief, and even though such relief ultimately operates for the claimant’s benefit, demonstrates the nullity of the award. [...] [Since the award ruled on a matter not submitted for arbitration], it is null, and I request its annulment.

Even assuming, without admitting, that the plaintiff’s attorney’s assertions were correct, he failed to consider that the issues addressed in the award are severable and that the relevant part may be annulled without affecting the remainder. In so doing, he disregarded the only relief granted by the award in favor of his client, thereby demonstrating the weakness of his legal position and, conversely, reinforced the validity of the arbitral award.

Third:

The plaintiff's attorney's contention [in the "First" ground on the merits] that the arbitral award is defective because it omits certain particulars relating to the arbitrators, and his reliance on Article 42 of the Arbitration Law, is without merit.

Article 42 does not provide that omission of particulars such as arbitrators' nationalities automatically results in annulment of the award. Had courts treated such omissions as independently sufficient grounds for annulment, arbitral awards and judicial rulings alike would rarely attain finality or enforceability, thereby undermining legal certainty and transactional stability.

Moreover, Article 50 (1) (g) of the Arbitration Law confirms that such procedural defects justify annulment only where they materially affect the substance of the award.

Fourth:

Everything set out in the statement of claim amounts to no more than unsupported allegations devoid of legal effect.

Even assuming these allegations establish anything at all, they merely demonstrate the weakness of the plaintiff's position. The alleged violations cited by the plaintiff—such as the claim that the award failed to mention the arbitrators' nationalities, or that the award merely stated that "the award was pronounced" without expressly stating that it was pronounced by the presiding arbitrator ["Fifth" ground], and similar assertions—are plainly insufficient [to sustain an annulment action] and must therefore be dismissed. Such allegations do not establish any legal basis for filing or for accepting an annulment action.

Your Honors, the statement of claim neither relies on nor properly invokes any of the grounds exhaustively enumerated in Article 50 (1) (a) through (g) of the Arbitration Law. Rather, the entirety of the 12-page petition falls outside the scope prescribed by the Arbitration Law for the admission of annulment actions, which itself confirms the validity of the award. Had the plaintiff possessed genuine statutory grounds for annulment, there would have been no need for such extensive and unnecessary argumentation [unrelated to the exclusive grounds set forth in the Law].

Nevertheless, should the Circuit consider further clarification necessary, my client remains prepared to provide it.

Requests:

To rule that the action is inadmissible.

When this was put to the plaintiff's attorney, he stated:

First:

We inform Your Honors that, with respect to the deposit of the arbitral award, we contacted the presiding arbitrator regarding the deposit of the award. He advised that the arbitral award had been deposited under Deposit and Registration No. [...]. He further requested that we submit a complaint through the MoJ Care platform in this regard.

Accordingly, we submitted a complaint through MoJ Care under Ticket No. [...] dated September 9, 2024 (9/9/1446H).

Second:

Since the defendant submitted his response during today's hearing, I request a grace period in order to reply to the submissions made today. Upon verification of the deposit number, it did not appear that the award had in fact been properly deposited.

Accordingly, the hearing was adjourned to allow the plaintiff's attorney to submit his response, provided that such response be filed at least five working days before the next hearing, and that the opposing party submit its rejoinder before the next hearing.

On Tuesday, October 17, 2024 (17/10/1446H), the Eighth Civil Circuit of the Riyadh Court of Appeal convened a subsequent hearing attended by the members of the Circuit, the plaintiff's attorney [...], and the defendant's attorney [...] appearing on behalf of [...], as well as [...] on behalf of [...].

When the defendant's attorney [...] was asked to state his response to the action, he submitted a response through the electronic chat system, the text of which reads as follows:

We inform Your Honors that the arbitral tribunal decided to dismiss the action brought by the plaintiff after it became clear that no legal or contractual relationship exists between my client and the plaintiff.

We submitted evidence proving that the contractual relationship pertains to [...] Company, and this has been attached among the documents.

The plaintiff has also expressly acknowledged that my client has no connection whatsoever with the subject matter of the dispute and that the action is confined to the relationship between him and defendant [...].

As Your Honors are aware, consideration of procedural matters takes precedence over substantive matters, as they constitute preliminary issues that must be satisfied for an action to be admissible and heard.

Accordingly, we raise the defense that my client lacks standing in this action due to the absence of any legal relationship between him and the plaintiff, which had already been established before the arbitral tribunal.

When the plaintiff's attorney was asked about the matter in respect of which he had requested a grace period, he submitted a response, summarized as follows:

First:

With respect to following up on the deposit of the arbitral award, we contacted the arbitral tribunal, which confirmed that it had deposited the award under Statement of Claim No. [...] dated June 2, 2024 (2/6/1446H).

The presiding arbitrator also filed a complaint under Ticket No. [...] with MoJ Care, stating that an arbitral award had been deposited under the aforementioned statement number and requesting that the award be referred to the Eighth Civil Circuit of the Riyadh Court of Appeal.

A response was received stating that the request had been received after archiving. (See Exhibit No. 1). We subsequently followed up with the Court of Appeal to verify whether the arbitral award had appeared before the Circuit.

An employee of the Circuit informed us, through a call from the reception center of this Court, that the award had not reached the Circuit; rather, it appeared in the system as being with the Case Administration Department. Deposit of the award with the Court of Appeal is one of the arbitrator's obligations under Article 44 of the Arbitration Law.

Reasoning

After examining the case file and reviewing the arbitration agreement [tripartite contract] referred to therein, dated November 8, 2016 (8/2/1438H) and titled [...], concluded among the three parties, and noting that Clause 9 thereof contains the arbitration clause, and since this dispute falls within the jurisdiction of this Circuit pursuant to Article 8 (1) of the Arbitration

Law, as its subject matter concerns the rent of a real property invested for a long-term period, and since the annulment action was filed within the statutory time limit provided in Article 51 (1) of the Arbitration Law, [the Circuit finds that] the action is admissible in form.

As to the merits:

The plaintiff seeks through this action to annul the arbitral award rendered in the dispute between the claimant [...] and the respondents [... and ...] under Award No. [...] dated December 2, 2024 (1/6/1446H), issued by a five-member arbitral tribunal composed of: [...], the presiding arbitrator; [...], the umpire arbitrator; [...], arbitrator; [...], arbitrator; and [...], arbitrator, the operative part of which reads as follows:

Based on the foregoing reasons, the tribunal, by majority, holds that the contract, concluded on November 8, 2016 (8/2/1438H) between the claimant [...], a Saudi national, holder of National ID No. [...]; the first respondent [...], a Saudi national, holder of National ID No. [...]; and the second respondent [...], a Saudi national, holder of National ID No. [...], is null and void.

Accordingly, the tribunal, by majority, rules as follows:

First: Dismissal of the claimant's claims and requests against the first respondent [...] and his discharge from this case, as set out in the reasoning.

Second: Ordering the second respondent [...], a Saudi national, holder of National ID No. [...], to pay to the claimant [...], a Saudi national, holder of National ID No. [...], the amount of SAR 121,667, as set out in the reasoning.

Third: Dismissal of the remaining requests submitted by the parties, as detailed in the reasoning.

Upon reference to Article 50 of the Arbitration Law, issued by Royal Decree No. M/34 dated April 16, 2012 (24/5/1433H), which exhaustively sets out the cases in which an annulment action may be admitted, and the plaintiff identified the several grounds for annulment of the arbitral award, summarized as follows:

As to form:

First [corresponding to the "Second" ground as to form in the statement of claim]:

The plaintiff argued that the arbitral award is void because it violated the royal decree governing standard lease contracts, a matter falling outside the jurisdiction of the arbitral tribunal.

He also asserted that the award violated Circular No. 13/T/8843 dated 19/12/1443H, issued by the Ministry of Justice, which mandates the electronic registration of all residential and commercial lease contracts through the Ejar electronic platform and confirms that unregistered lease contracts do not produce administrative or judicial effects.

Second [corresponding to the “Third” ground as to form in the statement of claim]:

The plaintiff argued that the arbitral award contained contradictions between the judgment, the legal characterization, and the reasoning, in that the legal characterization is identified as an “assignment of rights,” whereas the tribunal’s decision ruled for the nullity of the lease contract.

Third [corresponding to the “Fourth” ground as to form in the statement of claim]:

The plaintiff argued that the arbitral tribunal failed to verify that attempts at amicable settlement had been exhausted, as stipulated in the contract.

As to the merits:

First:

The plaintiff argued that the arbitral award violated Article 42 (2) of the Arbitration Law by failing to include the nationalities and addresses of the arbitrators, by not specifying the arbitrators’ fees and arbitration costs, and by not indicating how such expenses are to be apportioned between the parties.

Second:

The plaintiff argued that the arbitral award violated Article 38 of the Arbitration Law because the tribunal failed to give effect to the express terms of the “Real Property Lease Contract,” dated November 8, 2016 (8/2/1438H), which established a direct lessor-lessee relationship between the claimant and the first respondent after transfer of the second respondent’s contractual position from the earlier contract dated 7/6/1434H. The plaintiff maintained that the tribunal improperly departed from the contract’s clear wording and the parties’ contractual intent in its award.

Third:

The plaintiff argued that the arbitral award violated Article 8 of the Implementing Regulations and Article 25 of the Arbitration Law by failing to predetermine and notify the parties of the arbitration procedures within the statutory period before applying them.

Fourth:

The plaintiff argued that the arbitral award violated Article 43 (1) of the Arbitration Law because copies of the award were delivered before its formal issuance and because the claimant received only a photocopy rather than a certified true copy of the award.

Fifth:

The plaintiff argued that the arbitral award violated Article 14 of the Implementing Regulations of the Arbitration Law because the award did not indicate that it had been pronounced by the presiding arbitrator after the close of pleadings, as required by law.

Sixth:

The plaintiff argued that the arbitral tribunal exceeded the scope of the claimant's requests by ruling that the contract was null and void, even though the claimant had requested only termination of the contract and had not sought a declaration of nullity.

Seventh:

The plaintiff argued that the arbitral tribunal erred in rejecting his compensation claim against the first respondent for damages arising from loss of usufruct, despite the first respondent's failure to contest the compensation claim on the merits and despite evidence showing that the first respondent knew of and approved the transfer of usufruct rights. The claimant further argued that the tribunal improperly directed him to pursue a separate action against the second respondent rather than adjudicating the compensation claim fully within the arbitration.

Eighth:

The plaintiff argued that the arbitral tribunal failed to adjudicate his request seeking an order requiring the first respondent to complete finishing works valued at SAR 1,372,465. He contended that the tribunal improperly declined to decide the claim and instead advised him to pursue a separate action against the second respondent, which he argued violated the tribunal's duty to resolve all claims properly submitted before it under the Arbitration Law.

Ninth:

The plaintiff argued that the arbitral award violated Articles 17 and 18 of the Law of Evidence and Articles 241, 242, 419, and 423 of the Law of Civil Transactions by disregarding the legal effect of the first respondent's admissions concerning the contractual relationship and assignment of rights. The claimant maintained that the contract established a direct lessor-lessee relationship between himself and the first respondent, thereby transferring all contractual rights, obligations, and guarantees to the first respondent as lessor. He further argued that, under the Law of Civil Transactions, the first respondent was contractually liable to guarantee the claimant against legal interruption by third parties, including the eviction

that formed the subject matter of the dispute. According to the claimant, the tribunal erred in rejecting the first respondent's liability for the claimant's loss of usufruct and damages arising from the eviction order.

Tenth:

The plaintiff argued that the arbitral tribunal improperly refused his request to appoint a real estate expert to assess the equivalent rent for loss of usufruct and an accounting expert to quantify the financial claims. He contended that the dispute required technical expertise beyond the tribunal's competence and that the refusal to refer the matter to experts violated Articles 27 and 36 of the Arbitration Law, thereby depriving him of a full opportunity to present his case.

Eleventh:

The plaintiff argued that the arbitral tribunal failed to adjudicate his request seeking payment from the first respondent of overdue and uncollected rents amounting to SAR 6,950,158. He contended that the tribunal improperly directed him to pursue the tenants in separate proceedings instead of resolving the claim within the arbitration, thereby failing to decide the dispute in its entirety.

Twelfth:

The plaintiff argued that the arbitral tribunal committed a procedural violation by stating that the dispute should be referred for judicial consideration to determine the claimant's entitlement. According to the claimant, this amounted to an improper abdication of the tribunal's adjudicatory function and rendered the award void under Article 50 (1) (g) of the Arbitration Law.

Thirteenth:

The plaintiff argued that once the arbitral tribunal declared the tripartite contract dated November 8, 2016 (8/2/1438H) null and void, it necessarily should also have annulled the earlier lease agreement dated 4/6/1434H between the first and second respondents, since the later agreement replaced and depended upon the earlier contract. He contended that the tribunal's failure to do so rendered the award inconsistent and defective under Article 50 (1) (f) of the Arbitration Law.

Fourteenth:

The plaintiff argued that the arbitral award violated the Arbitration Law because the tribunal stated that some of the claimant's requests had been granted, whereas in fact all the claimant's claims were rejected. The claimant contended that the only amount awarded, namely SAR 121,667 against the second respondent, related to arbitration fees and secretary fees that were

not among the claimant's requests. According to the claimant, the tribunal thereby ruled on a matter not requested by the parties, in violation of Article 50 of the Arbitration Law, rendering the award null and void.

As to the plaintiff's submissions in support of the annulment action, [the Circuit] answers these claims as follows:

As to form:

With respect to the "First" procedural ground [corresponding to the "Second" ground as to form in the statement of claim], the response is that the subject matter of the claim concerns compensation arising out of prior contracts. Moreover, the contract in question is dated November 8, 2016 (8/2/1438H) and is therefore not subject to any statutory bar preventing the hearing of the claim.

With respect to the "Third" procedural ground [corresponding to the "Fourth" ground as to form in the statement of claim], the response is that this has no effect, as the arbitration took place after several procedural steps, including the issuance of judicial rulings appointing the arbitrators. Consequently, amicable settlement was impracticable and this does not affect the proceedings.

As to the merits:

With respect to the "First" substantive ground, the response is that the arbitrators' particulars are clearly stated, including their nationalities at page 4 of the award, as well as their fees and all related matters.

With respect to the "Third" substantive ground, the response is that the arbitral tribunal determined the procedures in accordance with what is stated in the award at pages 4 and 5, and that, by the parties' own acknowledgment, no specific procedures had been agreed upon, and they consented to what the tribunal decided at the first hearing.

With respect to the "Fourth" substantive ground, the response is that this has no effect on the outcome, as the relevant date is the date of receipt of the award.

With respect to the "Fifth" substantive ground, the response is that the closing of pleadings is a procedural matter and does not preclude issuance of the award whether closing of pleadings was expressly declared or not, and whether reference thereto was made or not, since this is a formal matter with no substantive effect.

With respect to the "Tenth" substantive ground, the response is that this does not constitute a principal claim but rather a request that the arbitral tribunal was not obliged to grant unless it considered it justified. It cannot be treated as a binding claim that the award had to decide, since it is not, in essence, a claim directed against the litigant.

With respect to the “Fourteenth” substantive ground, the response is that the ruling in that paragraph of the award [“Some of the claimant’s requests are legitimate and were granted in his favor, while others are not legitimate and were rejected”], even if assumed to be incorrect for the reasons stated, would not require annulment of the entire arbitral award. Any annulment, if applicable, would be confined to that paragraph alone. Such partial annulment is inconsistent with the nature of the annulment action, as the plaintiff has no legal interest in this regard given that the ruling benefits him. Any assumption to the contrary appears to rest on the mistaken belief that it affects the award as a whole.

The Circuit considers the tribunal’s determination valid with respect to Clause 3, namely arbitration costs, in light of the parties’ agreement that the losing party should bear the arbitration costs as determined by the tribunal.

As to the “Second” procedural ground, and the “Second,” “Seventh,” “Eighth,” “Ninth,” “Eleventh,” “Twelfth,” and “Thirteenth” substantive grounds, these relate to substantive matters over which the Circuit has no jurisdiction under Article 50 (4) of the Arbitration Law, which provides that:

The competent court shall consider the action for nullification in cases referred to in this Article without inspecting the facts and subject matter of the dispute.

Since the arbitral award addressed the dispute between the parties within the scope of the arbitration agreement, and since the award does not disclose any violation of the provisions of Sharia, any term agreed by the parties, or any matter that is non-arbitrable under this Law or contrary to public order, save only for what the claimant raised under the “Sixth” substantive ground of the annulment action, namely that the award ruled on a matter not requested by the claimant, this is because the arbitral tribunal, in the preamble to the award, held that the tripartite contract executed and acknowledged by the parties was null and void despite the fact that no such relief had been requested by any party to the arbitration proceedings.

Pursuant to Article 200 (1) (d) of the Law of Civil Procedure, which sets out one of the grounds for a petition for reconsideration and provides:

If the judgment awards what the litigants did not ask for or more than what they asked for.

And since the legal effects of nullity differ from the effects of rescission, termination, or annulment, and since such relief had not been requested by the parties, it cannot be argued that rejection of the claimant’s request for termination necessarily entails a ruling of nullity. The legal position is confined either to continuation of the contract as valid and effective or to

its nullity, and thus nullity constitutes relief exceeding the parties' requests in the arbitration proceedings.

Moreover, the judgment of the General Court concerning eviction does not establish the nullity of the contract, since not all parties were present as against one another in determining their respective entitlements, particularly given that the principal contract of the third claimant and the owner stipulates, as one of its terms, the owner's consent to subleasing, and no evidence of such consent appeared with respect to those in whose favor the General Court judgment was rendered. [This also falls within] Article 50 (1) (f) of the Arbitration Law.

Since the arbitral award was deposited in accordance with Article 44 of the Arbitration Law, and pursuant to Article 53 of the same Law, and since the conditions set out in Article 55 of the Arbitration Law have been satisfied, the Circuit hereby rules as follows.

Ruling

The Circuit hereby rules as follows:

First: The annulment action is admissible in form.

Second: On the merits:

(1) The annulment action is dismissed with respect to the following paragraphs of the arbitral award dated December 2, 2024 (1/6/1446H), rendered between the claimant [...] and the respondents [...] and [...]:

First: Dismissal of the claimant's claims and requests against the first respondent [...] and his discharge from this case, as set out in the reasoning.

Second: Ordering the second respondent [...], a Saudi national, holder of National ID No. [...], to pay to the claimant [...], a Saudi national, holder of National ID No. [...], the amount of SAR 121,667, as set out in the reasoning.

Third: Dismissal of the remaining requests submitted by the parties, as detailed in the reasoning.

The Circuit further rules to uphold the arbitral award in these paragraphs and orders its enforcement.

(2) The following part of the arbitral award is declared null and void:

Based on the foregoing reasons, the tribunal, by majority, holds that the contract, concluded on November 8, 2016 (8/2/1438H) between the claimant [...], a Saudi national, holder of National ID No. [...]; the first respondent [...],

a Saudi national, holder of National ID No. [...]; and the second respondent [...], a Saudi national, holder of National ID No. [...], is null and void.

This judgment of the Court of Appeal, insofar as it dismisses the annulment action with respect to the aforementioned paragraphs, is final and not subject to appeal by any method of challenge.

The ruling of nullity set out in paragraph 2 of the “Second” ruling above is subject to objection before the competent court within 30 days from the date of its issuance, pursuant to Article 55 (3) of the Arbitration Law.