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LEGAL CONSEQUENCES OF BREACH IN SPORTS SPONSORSHIP CONTRACTS UNDER SAUDI AND FRENCH LAW: AN ANALYTICAL AND COMPARATIVE STUDY

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ABSTRACT

This paper examines the contractual and commercial nature of sports sponsorship under Saudi law, with reference to international and comparative frameworks. The study highlights the increasing significance of sponsorship in the Saudi sports sector following the issuance of the Clubs' Sponsorship Regulation (2020) and the broader privatization policies aligned with Vision 2030. The analysis identifies the main contractual obligations of the parties, the forms of breach, and the resulting legal consequences, distinguishing between nullity and termination under the Saudi Civil Transactions Law. Using an analytical and comparative legal methodology, the paper also explores the French legal framework as a model for balancing contractual freedom with institutional oversight. The findings show that Saudi law recognizes sponsorship as a commercial investment relationship, yet it still requires clearer legislative guidance to define its legal nature and regulate its enforcement. The paper concludes with recommendations to enhance contractual certainty, transparency, and consistency in sponsorship contracts within the Saudi sports sector.

KEYWORDS: Sports Sponsorship, Breach of Contract, Saudi Law, Civil Transactions Law, Comparative Law, French Code Du Sport, Privatization.

1. INTRODUCTION

Sports sponsorship has become a key mechanism supporting the economic and professional growth of the sports industry. It connects commercial entities with athletes, clubs, and sporting events through mutually beneficial contracts that combine marketing goals with financial backing. In Saudi Arabia, the importance of sponsorship has grown after the issuance of the Clubs' Sponsorship Regulation (2020) and the ongoing privatization efforts within the sports sector, both aiming to improve governance, investment efficiency, and sustainability in line with Vision 2030. The 2030 Vision aims to encourage broad and regular participation in sports and athletic activities, working with the private sector to develop additional dedicated facilities and programs, which will help citizens and residents engage in a wide range of sports and leisure activities (Arabia, 2025).

Despite the growing relevance of sponsorship contracts, the Saudi legal framework still lacks a detailed and unified definition that distinguishes sponsorship from other commercial relationships, such as advertising or investment. This absence of clarity may lead to divergent interpretations when disputes arise regarding the parties' obligations or the consequences of breach, in addition to the enactment of the Civil Transactions Law, which increased the Commercial Courts' reliance on codified compensation provisions, enhancing legal certainty and economic efficiency in Saudi judicial practice (Alsuwailam & Meskic, 2025).

Accordingly, this paper analyses the contractual and commercial nature of sports sponsorship under Saudi law, identifies the forms and legal consequences of breach, and compares the Saudi approach with the French legal model to highlight potential areas for legislative and regulatory improvement. The study adopts an analytical and comparative legal methodology, relying on statutory provisions, judicial rulings, and academic perspectives to provide a structured understanding of sponsorship contracts and their enforcement in the sports sector.

2. METHODOLOGY

This study adopts an analytical (Theil, 2025) and comparative (Collier, 1993) legal methodology. The analytical part examines the legal framework governing sports sponsorship in Saudi Arabia, including statutory provisions such as the Clubs' Sponsorship Regulation (2020) and the Saudi Civil Transactions Law (2023), as well as relevant judicial decisions of the Commercial Court. The comparative

part contrasts these findings with the French legal system, particularly the provisions of the Code du Sport and related civil law principles, to identify similarities and differences in defining the legal nature of sponsorship and addressing breaches of contract.

Both primary and secondary legal sources were reviewed, including legislation, ministerial decisions, judicial rulings, and academic literature. The analysis focuses on interpreting legislative intent, evaluating judicial reasoning, and identifying gaps or ambiguities in the Saudi framework. The aim is to provide a structured understanding of how sponsorship contracts operate as commercial and legal instruments, and to develop recommendations that enhance their regulation and enforcement in line with comparative best practices.

3. RESULTS AND DISCUSSION

3.1.1. *The Concept of the Sponsorship*

This section introduces the conceptual framework of sponsorship, outlining its primary characteristics, purposes, and various forms within the context of sports and marketing relations. It highlights how sponsorship functions as both a financial and promotional mechanism that links sponsors with sponsored parties in mutually beneficial arrangements.

Sponsorship is a relationship that includes the sponsor party, who pays the cost, in return for granting the promotion rights by the sponsored party (Bagehot, 1990). The primary objective of sponsorship is to provide financial assistance to a wide range of beneficiaries involved in the world of sport (Bagehot, 1990). However, not all sponsorship relationships have a commercial opportunity, such as charity support (Bagehot, 1990).

The sponsorship may take different forms, depending on the parties' purposes (Bagehot, 1990). Sponsorship through unusual marketing activity, the sponsor uses part of its marketing budget for an unusual expense rather than directly supporting an existing event or third party, to achieve wide publicity in areas that have not been canvassed by regular media exposure (Bagehot, 1990). Sponsorship by creating a new event occurs when a company establishes and funds a sporting or leisure activity primarily to highlight and develop its market profile, corporate substance, and public image (Bagehot, 1990). In addition to sponsorship through money, goods, services, or a mix of them, the purpose in this situation is twofold, as the sponsor has the promotion of its image, and enables the sponsored party to finance the event (Bagehot, 1990).

Sponsorship, as a strategic marketing and contractual relationship, carries both advantages and disadvantages for the parties involved (Bagehot, 1990). Which are the advantages, the exclusivity when the sole sponsor gains exclusive association with the event or sponsored party to increase its prestige and market value, the events with large audiences or media coverage offer greater visibility and enhance public awareness of the sponsor, which allows the sponsor to reach a clearly defined audience more efficiently than general advertising, focusing on people already interested in that field (Bagehot, 1990). However, the sponsored event may fail, which is beyond the sponsor's control and may harm its reputation. Sponsors prefer to be linked to success rather than failure (Bagehot, 1990).

In conclusion, the concept of sponsorship reflects a multifaceted relationship that combines commercial and promotional objectives. Its flexible nature allows diverse forms and outcomes, yet its success depends on balancing the sponsor's marketing goals with the sponsored party's ability to deliver visibility and value.

3.1.2. The Legal Nature of Sponsorship

This section examines the legal nature of sponsorship contracts by exploring how international and national frameworks – particularly the International Chamber of Commerce (ICC) and the Saudi legislator – conceptualize sponsorship as a contractual and commercial relationship. It outlines the elements that shape the legal characterization of sponsorship and distinguishes it from other related arrangements, including advertising and investment.

According to the ICC Code (2014), a sponsorship contract is defined as "The term 'sponsorship' refers to any commercial contract by which a sponsor, for the mutual benefit of the sponsor and sponsored party, contractually provides financing or other support to establish an association between the sponsor's image, brands or products and a sponsorship property, in return for rights to promote this association and/or for the granting of certain agreed direct or indirect benefits." This definition highlights several core elements, which are the commercial – not charitable – nature of the relationship; the role of the sponsor in providing financial or in-kind support; the sponsored party, such as an athlete, club, or institution; the sponsorship property that links both parties; and the mutual benefits each party seeks to obtain by fulfilling its obligations. In addition, sponsors may use logos, names, and images, and may even receive exclusive rights that associate the sponsor's identity

with that of the sponsored party (ICC, 2014).

In contrast, the Saudi Legislator defines the sponsorship as an investment by the club (sponsored party) grants the sponsor the right to exploit one or more of its owned intellectual property rights or any other exploitation rights granted to it by other entities, for the purpose of advertising the sponsor's brand, products, or services, and the exploitation right shall be for specific duration in exchange for a financially quantifiable return (Sport, 2020). This investment orientation aligns with the club's intention to generate commercial value through granting exploitable promotional rights (Jalal, 2018). Commercial sponsorship more broadly has been described as an organization's investment in an event, activity, group, or individual in return for a benefit (Hoek, et al., 1997).

Several differences emerge between the ICC and the Saudi legislator in defining sponsorship. The ICC focuses on the contractual framework and the commercial association between the parties, whereas the Saudi legislator emphasizes the investment purpose underlying the sponsorship arrangement. Notably, the ICC definition does not require specifying the contract's duration, while the Saudi framework treats defining the contractual period as a core legal requirement.

Scholars offer a different perspective and generally classify sponsorship as an innominate contract that is not legally codified (Jagodic & Mateša, 2018; Othman, 2020). It is often viewed as falling between mixed contracts (Hassouni & Al-Kallabi, 2023; Othman, 2020) and sui generis contract (Jagodic & Mateša, 2018; Laban, 2025). Moreover, the sponsorship contract is a contract of continuous performance, as the parties are expected to fulfil their obligations over a long-term period (Jalal, 2018).

Relatedly, scholars have contrasted sponsorship with investment relationships. Bagehot (1990) provides a clear distinction between sponsorship and investment relationships. He explains that sponsorship is not primarily intended to generate profit; rather, its purpose is to promote the sponsor and enhance the development of the sponsored party (Bagehot, 1990). Sponsors do not receive financial returns from the sponsored event but instead benefit from publicity and the associative value created through the relationship (Bagehot, 1990). He further clarifies that sponsorship ends automatically upon the expiration of the contractual term, whereas an investment relationship continues until the investor sells or otherwise disposes of their ownership interest (Bagehot, 1990). Additionally, the sponsor bears no legal or financial responsibility for the

commercial activities of the sponsored entity or event (Bagehot, 1990).

Beyond its distinction from investment arrangements, sponsorship is also differentiated from traditional advertising in terms of purpose and communication style. Sponsorship creates an indirect association between a brand and an event, activity, or individual (Cornwell & Maignan, 1998; Othman, 2020), and focuses on building goodwill and image (Jalal, 2018). Advertising, by contrast, is a direct and controlled communication aimed at influencing consumer behaviour (Hoek, et al., 1997; Jalal, 2018). Sponsorship is generally more effective in generating new awareness among non-users, while advertising is more effective in maintaining brand awareness and loyalty among existing users (Hoek, et al., 1997). Traditional advertising activities, however, are considered essential to support sponsorship (Hoek, et al., 1997).

In conclusion, the legal nature of sponsorship remains a dynamic and evolving concept situated between commercial, promotional, and investment relations. While the ICC emphasizes its contractual and commercial basis, the Saudi legislator adopts a broader, investment-oriented view. Scholars continue to classify sponsorship as an innominate and continuous contract, reaffirming its unique position within modern commercial law and its growing significance in sports-related activities.

3.1.3. Parties' Obligations in Sponsorship Contracts

This section addresses the mutual obligations and rights arising under the sponsorship contract. It outlines the pre-contractual and contractual duties imposed on both the sponsor and the sponsored party, emphasizing disclosure, good faith, confidentiality, and the fulfilment of promotional and financial commitments. It also highlights the principle of exclusivity as a central feature of the sponsorship relationship.

The most significant stage for the sponsor is determining the specific rights granted under the sponsorship contract, as these rights depend on the events and whether the sponsor is a sole sponsor, a primary sponsor, a secondary sponsor, or an official supplier (Bagehot, 1990).

There are obligations imposed on both parties during the negotiation stage, as well as upon the conclusion of the contract. The obligations imposed on both parties during the negotiation stage include disclosure, good faith, and a genuine intention to conclude the contract (Jalal, 2018). This means that each party should disclose to the other all related

information, so that the other party can make an informed decision on a clear basis, and that information must be accurate (Jalal, 2018). In addition, both the sponsor and the sponsored party are obligated to maintain the confidentiality of any information or data they become aware of during the negotiation stage regarding the contract. Therefore, if either party obtains this information, it must keep it confidential and not disclose it to others or exploit it for its own account without the consent of its owner (Jalal, 2018).

The obligations imposed on the sponsor under the sponsorship contract and at the same time represent rights for the sponsored party are the duty to provide financial or material support the obligation to abstain from any conduct that conflicts with the interests of the sponsored party (Jalal, 2018), and the duty to maintain confidentiality (Jalal, 2018; Othman, 2020).

The duty to provide financial or material support enables the sponsored party to fulfil their obligation to promote and acknowledge the sponsor through their activities, whether in cash, in-kind, or services, or a combination of these (Othman, 2020). When the subject of the obligation is cash, payment may take several forms. It may be made in a single instalment upon the conclusion of the contract, or periodically, or as an advance payment, with the remaining amount being a percentage of the profits or revenues earned by the sponsor from sales operations (Othman, 2020). Whereas the sponsor's obligation is fulfilled in-kind, the contract should specify that the sponsor will provide everything the sponsored party needs to carry out their activities through promoting or acknowledging the sponsor. For example, the sponsor may provide the sponsored party with equipment, tools, or basic materials required to perform the activity, or offer facilities such as workplace arrangements, transportation means, clothing, and other necessary tools (Othman, 2020). However, when the sponsor's obligation consists of performing a service, it may take the form of carrying out all administrative procedures or obtaining the necessary licenses from the competent authority. It may also include providing insurance coverage for the equipment and tools used by the sponsored party during the performance of the activity (Othman, 2020).

The duty to avoid any behaviour that could harm the reputation of the sponsored party or reduce their standing with the public (Othman, 2020). In addition to maintaining confidentiality, this obligation continues even after the termination of the contract (Othman, 2020).

The obligations imposed on the sponsored party

under the sponsorship contract and at the same time represent rights for the sponsor are the duty to perform specific activity to promote and acknowledge the sponsor (Jalal, 2018), and fulfil the terms of the contract in a manner consistent with the sponsor's interests (Jalal, 2018; Othman, 2020).

The sponsored party cannot fulfil its duty to promote and acknowledge the sponsor unless it performs a specific activity, as the way this activity is carried out depends on whether the sponsored party is an individual or an organization, if the sponsored party is an individual, he performs the sports activity himself, but if the sponsored party is an organization organizes a sports event, its obligation may be to arrange and manage the impact of sponsorship disclosure on reducing perceived contract violation depends on the user's prior knowledge of that event (Othman, 2020). However, the duty to promote and acknowledge the sponsor is the fundamental duty of the sponsored party, which requires the sponsored party to actively advertise and represent the sponsor in connection with that activity (Othman, 2020). Therefore, the sponsored party should fulfil these obligations in a manner consistent with the duty, aligning with the sponsor's interests, which means the sponsored party must avoid any action that could negatively affect the sponsor (Othman, 2020).

3.1.3.1. Exclusivity

Exclusivity is an obligation on the sponsored party that refrains from entering into a contract with the sponsor's rivals within a product or services category, for the duration of the sponsorship arrangement (Cobbs, 2011). Has recognized as the most valued and significant sponsor's rights (Cobbs, 2011) and an attractive strategy (Khedir, 2018), since it is allowing to the sponsor to achieve a wide range of publicity rather than when there are different sponsors, even if they were not competition, as this is the main goal for entering in sponsorship contract, to get the most efficient promotion opportunity (Bagehot, 1990). The title of the event is the most prestigious form of exclusivity, where titling the sponsored event, whenever the event is referred to by the media, however, broadcasting authorities such as the IBA or TV station rules may restrict the placement of sponsor logos or boards that appear too prominently on screen (Bagehot, 1990).

The ultimate success of sponsorship relationship relies on two doctrinal, first, the partnership between a sponsored enterprise and sponsoring firm must involve a detailed contract that details the scope and duration of granted category exclusivity and stipulate options for renewal or termination of the

promotional relationship, second, collaboration between the various parties involved in organizing, hosting, promoting, and competing within the sports event is necessary to contractually outline the sponsorship rights relationship and ensure the absence of conflicting sponsor affiliations (Cobbs, 2011).

In conclusion, the obligations of both parties form the foundation of a successful sponsorship relationship. When these duties – financial, promotional, and ethical – are executed in good faith, they ensure balance and mutual benefit between the sponsor and the sponsored party. Failure to honour these obligations not only disrupts contractual harmony but also undermines the credibility and long-term value of the sponsorship arrangement.

3.1.4. Forms Of Breach in Sports Sponsorship Contracts

This section examines the various forms of breach that may arise in sports sponsorship contracts, addressing both contractual and ethical violations. It highlights how breaches can occur through failures related to good faith, exclusivity, transparency, or financial obligations, and illustrates these forms using international and Saudi examples supported by regulatory frameworks and judicial decisions.

Breach of sponsorship obligations may take several forms, including violations of the duty of good faith, integrity, transparency, and disclosure (Wang & Wang, 2019). One example arises when sponsored products are promoted through manipulated recommendation systems—for instance, placing sponsored items at the top of rankings despite deviating from users' actual preferences (Wang & Wang, 2019). Interestingly, the authors found that disclosing sponsorship does not necessarily generate negative reactions; rather, disclosure may enhance consumer perceptions by signalling honesty, whereas promoting sponsored products without disclosure can amount to a form of stealth marketing (Wang & Wang, 2019). Using the concepts of Psychological Contract Violation and Knowledge-Based Trust, Wang and Wang conclude that the effectiveness of sponsorship disclosure in reducing perceived contract violation depends on the user's prior knowledge: disclosure improves consumer trust only when users already understand that sponsorship practices are common (Wang & Wang, 2019).

Exclusivity breaches are illustrated clearly in the well-known dispute between MasterCard and FIFA regarding the 2006 World Cup (Cobbs, 2011). MasterCard filed a complaint alleging that FIFA

violated its contractual “first right of acceptance” for the financial services sponsorship category (Cobbs, 2011). This right originated in MasterCard’s expiring sponsorship contract, yet FIFA secretly negotiated and contracted with VISA for subsequent World Cups despite MasterCard’s ongoing valid rights (Cobbs, 2011). The U.S. District Court held that FIFA’s conduct constituted a breach causing irreparable harm to MasterCard’s exclusive sponsorship rights and goodwill, and ordered FIFA to honour its contractual obligations before the parties ultimately settled the dispute for USD 90 million (Cobbs, 2011).

Under the Saudi Clubs’ Sponsorship Regulation, several categories of termination grounds are identified, including financial non-performance, such as failing to pay the sponsorship value (fully or partially) or failing to fulfil agreed monetary obligations; contractual breaches, such as the sponsor’s failure to deliver promotional obligations or the club’s failure to provide agreed rights and access; unauthorized actions, including using sponsorship rights without approval or cooperating with a competing party; regulatory and ethical violations, such as illegal promotional practices, violating ministerial decisions, or offering or accepting bribes; and assignment or insolvency grounds, including transferring the contract without written approval or cases of bankruptcy, liquidation, or insolvency preventing contractual performance (Sport, 2020).

A relevant illustration appears in the Saudi Commercial Court judgment no. (3/1594) issued in 2018 (Q/3/1594, 2018). The dispute concerned a sponsorship contract granting the sponsor the right to exploit a specific sponsorship category and advertise its products for three years in exchange for SAR 600,000 and associated exclusivity rights (Q/3/1594, 2018). The sponsored party failed to deliver the agreed promotional obligations and later issued a termination notice without justification (Q/3/1594, 2018). The court held that such conduct constituted a breach that disrupted the contractual balance and deprived the sponsor of the expected commercial benefits (Q/3/1594, 2018). Accordingly, the court terminated the contract and ordered the sponsored party to compensate the sponsor with SAR 600,000 for the resulting financial losses (Q/3/1594, 2018).

In conclusion, breaches of sponsorship contracts may take several forms, ranging from violations of good faith and exclusivity to financial non-performance or unethical conduct. Addressing these breaches requires clear contractual provisions and

consistent judicial enforcement to preserve the integrity of sponsorship relationships. The Saudi approach, reflected in detailed regulatory frameworks and judicial rulings, demonstrates a commitment to maintaining contractual balance and protecting the legitimate interests of both sponsors and sponsored parties.

3.1.5. Legal Consequences of Breach Under Saudi Law

This section analyses the legal consequences of breaching sponsorship contracts under Saudi law. It explains the distinction between nullity and termination as defined in the Saudi Civil Transactions Law, and how these principles apply to sponsorship contracts regulated by the Ministry of Sport. The discussion further explores how privatization and succession may affect the contractual relationship and the transfer of rights and obligations between parties.

The distinction between nullity and termination in contracts is fundamental under Saudi Civil Transactions Law (Alsamara, 2025), which according to the article (81) of the Saudi Civil Transactions Law addresses all types of contracts (Alsamara, 2025), the bilateral (mutually binding) and unilateral obligations alike (Ministers, 2023), whereas, the termination addressed on article (107) of the Saudi Civil Transactions Law is for the bilateral contract (Alsamara, 2025), when a contracting party fails to perform his obligation, the other party may, after notifying the breaching party, demand implementation or termination of the contract, and may claim compensation in either case (Ministers, 2023). Additionally, nullity is a consequence of breaching the law, whereas termination is a remedy for breach of contract (Alsamara, 2025).

The legal consequences of nullity are defined in three stages (Alsamara, 2025). The first is the parties shall be restored to the status before the conclusion of the contract and if the reinstatement is not possible, compensation may be granted based on article (82) of the Saudi Civil Transactions Law, the second is if part of the contract becomes null and void or may be nullified, nullity shall be limited to that part, unless it is established that the contracting party would not have consented to the contract without that part; in such case, he may demand nullification of the contract based on article (84) of the Saudi Civil Transactions Law, and the third stage is if the null contract contains the elements of another contract, the other contract shall be deemed concluded if it appears that the contracting parties intended to enter into that contract according to the article (85) of the

Saudi Civil Transactions Law (Ministers, 2023).

Therefore, according to the Clubs' Sponsorship Regulation, the cases leading to termination of the sponsorship contract may fall under either termination or nullity, depending on the nature and cause of the defect. The regulator addresses grounds for termination, which include financial non-performance, contractual breach, and insolvency grounds, as cases of termination. In contrast, unauthorized actions, regulatory or ethical violations, and subcontracting grounds may be considered cases of nullity (Sport, 2020).

In case of privatization, the process of transferring ownership or operational management (Jad, et al., 2019) from public entity (Somaili, 2025) to private entity (Al-Jameel, 2016), which represents a comprehensive system of policies and measures aimed at enhancing the efficiency of public administration, strengthening private sector resources, simplifying governmental procedures, and achieving overall quality through social and economic objectives (Al-Jameel, 2016), to eliminate the public sector ownership in favour of private ownership (Al-Rabdh, 2005). Therefore, sports privatization refers to the transfer of activities from the public sector to the private sector (Jad, et al., 2019).

Based on the definition of privatization, the private entity that is referred to as the new owner or manager is considered a particular successor (Badura, 1991). The particular successor's action will be considered acting in good faith if he had no knowledge during the conclusion of the contract about the reason for the nullification of the contract according to the article (86) of the Saudi Civil Transactions Law (Alsamara, 2025). In addition, if something is sold or transferred to a new owner (a particular successor), any rights or obligations directly linked to it will also transfer at the time of the transformation, as long as the new owner knew about them according to article (98) of the Saudi Civil Transactions Law (Ministers, 2023).

In conclusion, Saudi law distinguishes between nullity, as a consequence of violating legal provisions, and termination, as a remedy for breach of contractual obligations. The application of these principles to sports sponsorship contracts ensure clarity in addressing different types of breaches. Furthermore, the concept of privatization and particular succession under Saudi law provides a framework for maintaining contractual continuity when ownership or management of sports entities is transferred to the private sector.

3.1.6. Comparative Perspective with French

Law

This section presents a comparative perspective with French law regarding the regulation and contractual nature of sports sponsorship. It outlines how the French legal system, through the Code du Sport and civil law principles, structures sponsorship as a commercial yet flexible arrangement that balances private autonomy with public oversight.

Sponsorship is one of the preferred sources of funding for sport in France (up to 50%). Sports events and competitions guarantee the sponsors' unique audiences and media coverage, which can encourage that audience to associate the sponsors' image with such events for advertising purposes (Fajgenbaum, et al., 2021). Sponsorship contracts, which are usually concluded for a fixed term, are primarily left to contractual freedom and the provisions of civil law, as the counterparties are the sponsors who are mainly required to pay the sponsored party, whether in kind or in cash, then the sponsor benefits from the right to use the distinctive signs of the sponsored party, in compliance with the contractual provisions, some exposure in the stadium or in the sponsored party's institutional and/or commercial communications, hospitality and ticketing rights, etc. (Fajgenbaum, et al., 2021). At the same time, the sponsored party has the obligation to display and promote the sponsor's name and brand in its communication, where in many cases, the sponsored party may be required to participate in some of the sponsor's public relations activities and the sponsored party must guarantee the sponsor against any negative publicity, under penalty of termination of the contract (Fajgenbaum, et al., 2021).

The exploitation rights in sports activities are regulated by article (L.333-1) of the French Code du Sport, which constitutes the cornerstone for regulating the ownership and commercial exploitation of sporting events and competitions (France, n.d.). The French legislator explicitly grants sports federations and recognized event organizers the primary ownership of the exploitation rights related to the events they organize – including broadcasting, sponsorship, and advertising rights – treating them as autonomous economic rights distinct from the sporting activity itself (France, n.d.). The article also allows federations to transfer, free of charge, part of these audio-visual rights to participating clubs, thereby reinforcing financial balance and solidarity within professional sports. Furthermore, it permits professional leagues to establish a commercial company for managing and marketing such rights, under the supervision of the parent federation and subject to ministerial approval,

while ensuring compliance with competition rules (France, n.d.). Hence, the French legal framework reflects a balanced approach that combines commercial freedom with institutional oversight, ensuring transparency, fair competition, and the protection of the public interest in sports governance.

Each sponsorship contract contains different rights and obligations, which must be analysed individually to determine its legal nature; however, these contracts share a common nature that justifies an extensive definition of sponsorship (Babchia, 2024). In fact, sponsorship contracts are bilateral (mutually binding), consensual, binding, commutative, and sui generis contracts (Babchia, 2024). Where, in the absence of a legal definition, the sponsorship contract may take on multiple forms, it can be structured as a simple advertising purchase contract, as a contract for services if the sponsor seeks a long-term investment relationship, or as a marketing operation if its object is the transfer of naming rights (Babchia, 2024). The diversity of possible obligations makes the sponsorship contract a “contract with a thousand faces,” allowing the parties great freedom in defining its terms (Babchia, 2024). Consequently, the sponsorship contract does not fall within a specific legal framework, as its obligations are already covered by other recognized contractual forms; in other words, it combines both named and unnamed contractual elements (Babchia, 2024). Since the parties enjoy broad drafting freedom, it is essential to clearly define the contract’s content to avoid its reclassification under another legally recognized form.

In conclusion, French law approaches sponsorship through a dual framework that combines contractual freedom with institutional regulation. While sponsors and clubs retain wide discretion to define their rights and obligations, the French legislator ensures transparency, equity, and the protection of collective interests through clear governance mechanisms. This balanced model offers valuable insights for enhancing the regulatory and contractual landscape of sports sponsorship in Saudi Arabia.

4. CONCLUSION

The study demonstrates that sports sponsorship is a contractual and commercial relationship built on mutual benefit between the sponsor and the sponsored party. While both the ICC and the Saudi legislator recognize its commercial nature, the Saudi framework adopts a broader investment-oriented

view that aligns with the country’s ongoing development of the sports sector.

The findings show that the effectiveness of sponsorship contracts depends on the clarity of obligations and the balance between financial and promotional commitments. Breaches may arise from failures in performance, violations of exclusivity, or non-compliance with ethical or regulatory standards. Recent Saudi Commercial Court judgments highlight the growing judicial emphasis on maintaining contractual balance and protecting the legitimate interests of both parties.

Comparatively, the French legal model illustrates how contractual flexibility can be combined with regulatory oversight to promote transparency and fair competition.

Based on these findings, the following recommendations are proposed:

1. Sports entities should conduct thorough legal and commercial due diligence before entering sponsorship contracts, especially regarding financial capability, intellectual property rights, and potential conflicts of interest.
2. Sports clubs should adopt unified contract templates that clearly define rights, obligations, exclusivity clauses, and termination grounds to reduce ambiguity and prevent disputes.
3. Clubs and sponsors should implement internal compliance systems to ensure adherence to ethical and regulatory standards, particularly in disclosure, exclusivity, and promotional practices.
4. Saudi regulators may issue interpretive guidelines explaining the legal nature of sponsorship and its distinction from advertising and investment, to promote consistent application across the sector.
5. Future research could explore the impact of privatization on the enforcement of sponsorship contracts and the role of sports arbitration in resolving related disputes.

In sum, reinforcing the legal framework governing sponsorship contracts in Saudi Arabia will enhance contractual certainty and support the national vision of building a sustainable and competitive sports industry. As noted by Al-Qahtani and Albakjaji (2023), a clear and predictable legal environment is essential for strengthening investor confidence – an insight that directly extends to sports sponsorships (Al-Qahtani & Albakjaji, 2023).

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