

270314 - Ruling on making a product in a factory and putting the client's name on it as a trademark

the question

There is something called branding, whereby the manufacturer produces a product, but instead of putting the name of his own company on it, the manufacturing company puts the name of its client on it, on the grounds that this is a trademark, and the client sells it as if it is his own trademark. What is the ruling on this process that is well-known by the name of branding.

Detailed answer

There is nothing wrong with a company or manufacturer manufacturing a product for a client, and putting his name on this product so that it is a tradename or trademark, instead of putting the manufacturer's name on it, so long as there is no intent to deceive. It is not permissible for the client to make anyone think that he manufactured the product himself, or made it in his own factory when in fact it was manufactured by someone else, because this is deceit and a false claim. The Messenger of Allah (blessings and peace of Allah be upon him) said: "The one who pretends to have been given something that he was not given is like the one who wears two garments of falsehood." Narrated by al-Bukhaari (5219) and Muslim (2129).

It is permissible for the manufacturer to give his trademark or tradename to someone else, in return for payment or for free, on condition that there is no intention of deceit.

It says in a statement of the Islamic Fiqh Council, issued during its fifth conference in Kuwait, 1409 AH/1988 CE:

Firstly:

Trade names, trademarks, copyright and patents are all rights which belong exclusively to their owners. In modern times they have come to have a considerable monetary value. These rights are recognized according to sharee'ah, and they should not be transgressed.

Secondly:

It is permissible to dispose of (by buying and selling) a trade name or a trademark, and to transfer any of them in return for monetary compensation, so long as there is no cheating or deception, on the grounds that this comes under the heading of financial rights.

Thirdly:

Copyright and patents are protected by sharee'ah. Their owners have the right to dispose of them and nobody has the right to transgress these rights.

End quote from Majallat al-Majma' (issue no. 5, vol. 3, p. 2267).

And Allah knows best.