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Iran-Litigation

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Iran-Litigation

1. What is the current legal landscape for Litigation in your jurisdiction?

Litigation framework of Iran is based on a civil law system influenced by Islamic jurisprudence (Sharia). The principal sources of law include the Civil Code, Criminal Code, the Civil and Criminal Procedure Codes, the Commercial Code, and various sector-specific statutes. Civil and commercial disputes are generally adjudicated before the Public Courts and specialised Commercial Courts which have been established in 2020. The establishment of these courts has strengthened the institutional framework for resolving complex commercial disputes and has enhanced the transparency, consistency, and predictability of judicial decision-making, particularly in disputes involving foreign parties.

Commercial litigation, particularly cross-border disputes, has become increasingly complex due to international sanctions, currency fluctuations, and evolving regulatory requirements affecting foreign investment and international trade. These have made the disputes multi-faceted also involving multiple parties (including payment agents, assignees, sub-licensees or the like) adding to the complexities and the length of the proceeding.

A notable feature of the current litigation landscape is the Judiciary's ongoing digital transformation. Through the electronic judicial services platform (Sana System), parties and their legal representatives are able to complete many procedural steps electronically, including filing claims, effecting and receiving service of process, managing cases, and accessing judicial notifications. These technological developments have improved both the efficiency and transparency of court proceedings as further explained below under Question 5.

Alternative dispute resolution, particularly arbitration, continues to gain prominence as an effective mechanism for resolving commercial disputes, especially where contractual relationships involve domestic or international business transactions. Parties increasingly favour arbitration because of its flexibility and the relative ease of enforcing arbitral awards where the applicable legal requirements are satisfied.

Against this backdrop, arbitration is frequently recommended and remains the preferred mechanism for resolving cross-border commercial disputes, as it offers greater neutrality, flexibility, and procedural efficiency. While arbitration agreements are generally recognised and enforceable under Iranian law, certain statutory exceptions may render an arbitration clause ineffective and confer jurisdiction on the Iranian courts, notwithstanding the parties' prior agreement to arbitrate. It is therefore essential that arbitration and jurisdiction clauses are carefully drafted and assessed at the contract formation stage to ensure their enforceability and to minimise the risk of unintended jurisdictional disputes.

2. What three essential pieces of advice would you give to clients involved in Litigation matters?

Clients involved in litigation in Iran should bear three key considerations in mind:

First, because Iranian civil procedure does not provide for a comprehensive pre-trial stage comparable to that in many common law jurisdictions, it is essential to develop a clear litigation strategy from the outset, whether acting as claimant or defendant. Early assessment of the legal and factual issues, the available evidence, and the desired outcome is critical, as opportunities to refine the case during the proceedings are limited.

Secondly, parties should consider enforcement issues at an early stage of the dispute, before opting for the court proceeding, rather than after obtaining a judgment. Given Iran's sui generis geopolitical environment, international sanctions, and the limited availability of reciprocal arrangements for the recognition and enforcement of foreign court judgments, enforcing foreign judgments in Iran, or Iranian judgments abroad, may present both legal and practical challenges. Thus, where the parties are able to agree to arbitration as their dispute resolution mechanism, international arbitration may offer a more effective means of resolving cross-border disputes due to Iran's membership to the New York Convention 1958 on the recognition and enforcement of foreign arbitral awards. Hence, parties should evaluate, at an early stage, the location of assets, the likely enforcement strategy, and whether arbitration is an appropriate dispute resolution mechanism, instead of litigation, in light of the nature of the transaction and the prospects of enforcement.

Thirdly, parties should ensure that all documentary evidence is prepared well in advance. As Iran is not officially a party to the Hague Apostille Convention 1961, foreign public documents cannot be authenticated by apostille and instead generally require full consular legalisation, together with notarisation and official Persian translation before they may be relied upon in Iranian courts. These formalities are often time-consuming and, if not completed at an early stage, may not only delay the proceedings but also prevent a party from relying on the relevant documents where the applicable procedural deadlines for the submission of evidence have expired. Therefore, early preparation of documentary evidence is particularly important in disputes involving foreign parties or cross-border transactions.

3. What are the greatest threats and opportunities in Litigation law in the next 12 months?

Before the specific opportunities and threats can be assessed, it is important to recognise that the outlook for litigation in Iran over the next 12 months will depend dramatically on the geopolitical developments. A potential peace deal would have far-reaching implications for sanctions, foreign investment, cross-border trade, and commercial confidence, fundamentally reshaping the volume and nature of disputes. Conversely, should the peace negotiations fail or any agreement proves short-lived, litigation is likely to continue being driven by sanctions-related disputes, economic uncertainty, enforcement challenges, and contractual defaults.

How in such an environment, the conflict is likely to give rise to a greater number of disputes relating to force majeure, supply chain disruptions, insurance claims, infrastructure damage, trade interruptions, sanctions compliance, layoffs, and contractual non-performance (such as non-payment and non-delivery). Accordingly, the trajectory of Iran's litigation market over the coming year will be shaped not only by domestic economic conditions but also by geopolitical developments, regional security, and the long-term stability of the region.

4. How do you ensure high client satisfaction levels are maintained by your practice?

Client satisfaction is at the core of our firm's practice and is maintained through a proactive, responsive, pragmatic and commercially focused approach. We prioritise understanding each client's business objectives and tailoring our legal advice to deliver practical, solution-oriented outcomes rather than purely technical opinions.

Our lawyers maintain regular communication throughout every engagement, ensuring clients are kept informed of developments, potential risks, and strategic options. We emphasise accessibility, prompt responses, and transparency in relation to costs, timelines, and expectations.

As a leading law firm, we combine deep local legal expertise with an international outlook, enabling us to effectively advise multinational corporations, financial institutions, and domestic businesses on complex legal and regulatory matters. Our multidisciplinary teams in Tehran and Dubai offices work collaboratively across practice areas to provide seamless and efficient service. With a long-standing presence in the market, we have advised clients through multiple economic and regulatory cycles, giving us a unique understanding of the evolving legal and commercial landscape. We leverage this experience to provide practical, strategic advice that helps clients navigate complex challenges, manage risk, and achieve their business objectives.

Our resilience is a defining feature of our client service. Even amid the recent war in the Middle East and despite significant internet disruptions and operational challenges, we maintained business continuity and continued providing our legal services in terms of litigation, advisory work, and periodic publications with minimal disruption through robust contingency planning and seamless team coordination. This ability to deliver consistently under exceptional circumstances is unmatched in the market and reinforces the trust our clients place in us and reflects our unwavering commitment to provide reliable, timely and excellent legal services.

5. What technological advancements are reshaping Litigation law and how can clients benefit from them?

Technological advancements are reshaping litigation by making legal services more efficient and accessible. Artificial intelligence (AI), is transforming the way lawyers manage cases, analyse evidence, review contracts, and prepare pleadings. AI-powered legal research and predictive analytics also enable non-lawyers to identify relevant precedents more quickly, assess litigation risks, and develop stronger case strategies, ultimately delivering more informed and cost-effective legal solutions.

The digitalisation of court procedures is redefining the practice of litigation. This transition has been accelerated by the adoption of the Directive on the Procedure of Online Hearings in January 2026, which establishes a formal framework for conducting first-instance and appeal hearings online while preserving appropriate safeguards for confidentiality and the identities of the parties.

The Judiciary is also developing online access to electronic case files for parties and their legal representatives, reflecting a broader move towards fully digital case management which provides faster document review, more efficient and cost-effective case management. The use of digital tools also enhances collaboration between legal teams and clients by providing quicker access to case information

and enabling more streamlined communication throughout the litigation process.

These developments are expected to improve access to justice, increase procedural efficiency, and reduce delays, while allowing clients to participate in proceedings more conveniently and manage disputes with greater transparency and predictability.

Advances in digital infrastructure, together with supportive regulatory developments, are expected to accelerate the use of technology in litigation, enabling more effective legal processes and improved client outcomes.

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