

**Civil Procedure Code of Iran**  
**Chapter Seven: “on Arbitration”**  
**(December 24, 2000)**

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## **Civil Procedure Code of Iran Chapter Seven: “on Arbitration”**

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#### **Article 454**

All persons having the capacity to bring an action may agree to submit their disputes and differences to arbitration by one person or more whether it is pending before a court or not and regardless of the stage of proceeding before the court.

#### **Article 455**

Parties to a transaction may at the time of transaction, or through separate contract, consent to recourse to arbitration, where a dispute arises between them. They may also appoint their arbitrator(s) before or after the arising of the dispute

**Note:** In every instance of recourse to arbitration, the parties to a dispute may delegate the choosing of the arbitrator(s) to a third party or to the court of law.

#### **Article 456**

With regard to contracts and transactions signed and entered into by and between Iranian and foreign nationals, as long as no dispute has aroused, the Iranian party may not, by any means, undertake the obligation that in case of dispute he/she shall recourse to arbitrator or a board of arbitrator who has/have the same nationality as that of the adverse party. A contract created contrary to statutory restrictions provided in this article shall be void and ineffective in relation to that part of the contract or transaction which is in contrast with said restrictions.

#### **Article 457**

Recourse to arbitration in relation with disputes about public and governmental property requires the approval of the Council of Ministers and informing of the Islamic Consultative Assembly (the parliament) as well. In cases where the adversary party is a foreign national or where the subject of dispute is determined by law as important, the approval of the Islamic Consultative Assembly is also required.

#### **Article 458**

Where an arbitrator is appointed, the subject matter and duration of the arbitration, as well as the particulars of the arbitrator(s) must be clearly determined so that removes any mistake. In the event that the appointment of the arbitrator takes place after the arousing of the dispute the subject matter of dispute which is submitted to arbitration must be clearly determined and must be communicated to the arbitrators.

**Note:** Arbitration agreements made and entered into prior to the enforcement of the present code shall be subject to rules regulations that prevailed at the time of formation of the contract, with due regard however, to the provisions of Article one hundred thirty-nine (139) of Constitutional Law.

#### **Article 459**

Where the parties to a transaction or to a contract have undertaken the obligation to submit to arbitration but have not determined their arbitrator(s), and at the time that disputes are arisen, they either cannot introduce their own arbitrator or they do not want to, and also in the event that they do not agree to the third arbitrator, if the choosing of the arbitrator has not been trusted with a court or with a third party, each party to the dispute may determine his/her arbitrator and introduce such arbitrator to the adverse party through an official notification and requests him to appoint his own arbitrator, or to consent with determining of the third arbitrator. In that case the adverse party is obliged to introduce his own arbitrator within ten days of the service of official notification or to consent to appointment of third arbitrator. In the event that the adverse party fails to take the necessary measures within the said time period, the beneficiary as the case may be, can recourse to the court and apply for determination of arbitrator.

#### **Article 460**

In the event that it has been stipulated that the settlement of disputes shall be referred to sole arbitrator, and the parties to the dispute cannot agree or do not want to, also where the arbitrator of one party dies or resigns and the said party does not want to appoint the succeeding arbitrator, the succeeding arbitrator for the one who died or resigned, or under a situation in which the determining of the arbitrator is trusted with a third party but that person refrains to do so or it is impossible for him/her to do so, each party may introduce his own arbitrator and by means of an official notification may request the other party to indicate his position within ten(10) days of the date of service of the official notification, in relation to determine a sole arbitrator or to take measures in determining a substitute for the arbitrator who died or resigned or who was to be elected by a third party but did not, due to an excuse offered by that third party. In the event that no measure has been taken by the said time limit, the provisions of the latter part of the previous article shall prevail.

#### **Article 461**

In the event that there is a dispute between the parties about the original transaction or on the arbitration agreement, the court shall first decide on such dispute and proclaim its view on the issue.

#### **Article 462**

In the event that the parties have not already consented to trust the determining of the arbitrator to a given court, the competent court for determining of the arbitrator shall be the one which has the jurisdiction to examine the original disputes.

#### **Article 463**

In the event that the parties have undertaken the obligation to have recourse to a particular person as arbitrator if a dispute arises between them, and the particular person cannot or does not want to serve as an arbitrator, and the parties do not consent to another arbitrator or arbitrators, the examination of the dispute falls within the jurisdiction of the court.

#### **Article 464**

In the event that in the arbitration agreement the number of arbitrators has not been stipulated, and the parties do not reach an agreement as to the number of the arbitrators, each party shall introduce his/her own arbitrator separately, and the parties shall jointly appoint the

third arbitrator.

#### **Article 465**

Under the circumstances wherein the arbitrator(s) is/are determined by one party or by both parties, the appointing party or parties has/have the obligation to obtain the acceptance of the arbitrators. The duration of the arbitration commences from the they that arbitrator accept to serve and the subject of dispute as well as the arbitration conditions and the particulars of the parties are communicated to all arbitrators.

#### **Article 466**

The following persons may not be appointed as arbitrator even by agreement :

- 1- Persons who lack legal capacity
- 2- Persons who have been barred to take the office of arbitrator by a final judgment of the court or as a consequence thereof.

#### **Article 467**

In circumstances where the court in lieu of one party or parties determines the arbitrator, two times as many arbitrator as needed shall be determined out of whom the required number will then be selected by drawing lots.

#### **Article 468**

The court shall after determining the arbitrator(s) and obtaining his acceptance, communicate in writing to arbitrators the names, surnames, and other particulars of the parties as well as the subject matter of the dispute, and the names and surnames of the arbitrator(s), and the duration of arbitration. In this connection, the commencement of the duration of arbitration shall be the date the matter was communicated to all of the arbitrators.

#### **Article 469**

The court shall not determine the following person's as arbitrator except by mutual consent of the parties:

- 1- Persons below twenty-five(25) years of age;
- 2- Persons who have an interest in the case;
- 3- Persons having relationship, by marriage or blood, up to second degree of third class- with one of the parties to the suit.
- 4- Persons who are guardians or sureties or attorneys or representatives of one party to the suit, or persons who one party to the suit is their superintendent in their affairs.
- 5- Persons who themselves or whose spouses are the heir(s) to one party to the suit.
- 6- Persons who now or in the past have/had a criminal action with one of the parties to the suit or with persons having relation by blood or marriage up to second degree of third class with a relative of the party to the suit;
- 7- Persons who themselves, or their spouses or one of their relatives by blood or marriage i.e. by affinity on sanguinity up to the second degree of the third class have a civil suit with one of the parties to the suit, or with his wife, or with his/her relative by blood or marriage up to second degree of the third class; and
- 8- Government employees, within the territorial jurisdiction they are assigned to serve.

#### **Article 470**

Judges and the official employees who are currently in service of the judicial courts may not act as arbitrator, even if the parties to the suit agree to such arrangement.

### **Article 471**

In cases where the arbitrator is determined by drawing lots, each party to the suit may, if he/she is present in the session, after the announcement of the arbitrator by the court; and if he/she is absent, within ten(10) days as of the date of service challenge the arbitrator; unless causes of disqualification of the arbitrator occur afterwards, in which case the period commences as of the date the causes of disqualification occurred. Upon receiving the challenge, the court proceeds with such objection, and if challenge is accepted the court determines another arbitrator.

### **Article 472**

After the selection of the arbitrator (s),the parties will not have the right to remove such arbitrator(s) unless by mutual of the parties.

### **Article 473**

In the event that, after accepting to act as an arbitrator, in the absence of any justifiable excuse such as traveling or disease or the like, the arbitrator does not attend the arbitration hearing, or resigns or refrains to issue the arbitration awards, the arbitrator, in addition to compensating the loss and damages incurred, shall be deprived of the right to serve as arbitrator for five (5) years.

### **Article 474**

In regard to an issue which is referred to arbitration through the court, where one of the arbitrators resigns, or refrains from issuing the award, or does not attend the arbitration hearing for two consecutive times, the court shall determine another arbitrator by lots; unless the parties have already introduced another arbitrator before the court selected an arbitrator. In that case, the duration of arbitration shall commence as of the date of acceptance of the new arbitrator. In the event that the arbitrators cannot issue an award, during the arbitration agreement or within the time specified by law, and if the parties have not consented to arbitration through others, the court shall duly examine the dispute and shall issue the related judgment.

**Note:** In the instances mentioned above, the votes of majority of the arbitrators shall count; unless the contract provided otherwise.

### **Article 475**

A third party who has been duly summoned to the arbitration proceeding, or the one who intervened before or after the matter was referred to arbitration, may agree with the parties to the original proceedings to recourse to arbitration and also with the arbitrator(s) already determined; and where no agreement is reached, his/her case shall be independently taken cognizance, as per the provisions of law.

### **Article 476**

Parties to arbitration must submit their evidences and documents to the arbitrators who may ask for further explanations and who will apply for expert opinion, if necessary.

### **Article 477**

In proceedings and issuance of awards, arbitrators are not subject to regulations provided by Civil Procedure Code; nevertheless, they are required to observe arbitration regulations.

#### Article 478

In the event that during the proceedings, matters come up concerning the occurrence of a crime which somehow affect the arbitrator's award and which make the separation of civil issues from criminal ones impossible; also, in the event that, the claim relates to marriage, divorce or affinity-and the settlement of the dispute which has been referred for arbitration rests on proceeding with such matters as marriage, divorce, or affinity, - proceedings by arbitrators shall await the issuance of a final judgment by a competent court about the criminal case, marriage, divorce or affinity.

#### Article 479

A claim of fraud and fictitious document without identifying the agent of fraud, or a case in which the prosecution of the agent is rendered impossible because of one legal reason or another, is excluded from provisions of the previous article.

#### Article 480

The contents of the final judgment on the matters mentioned in article 478 above shall be communicated to the arbitrators by the court that referred the case to arbitration or by the court that selected the arbitrators. In this connection the remainder of the arbitration time limit, shall be counted as of the date the said judgment was served. Where the arbitrator has been selected without the involvement of the court, the final judgment shall be communicated to the arbitrator by party or parties to the arbitration. Arbitrators may not give an award in contradiction with the provisions of a criminal judgment or with judgments issued in matters of marriage, divorce or affinity.

#### Article 481

Arbitration is dissolved in the following cases:

- 1- Through written agreement by the parties to the dispute, and
- 2- Because of the death or incapacitation of one party to the dispute

#### Article 482

An arbitrator's award must be justified and well reasoned and not against the laws which create the rights.

#### Article 483

Arbitrators may settle the dispute through compromise if they have been authorized to do so. In that case, a deed of compromise signed by arbitrators shall be valid and enforceable.

#### Article 484

Arbitrators shall be informed of the hearing session the hearing, or deliberation, or issuance of the award; and if the arbitrator refrains attending the session, or from giving an award, the vote of the majority shall rule, unless otherwise provided by contract. The situation should be stated in the award. The manner of the convening of the session, as well as the way of proceedings and calling for attending the session shall be determined by arbitrators. In circumstances where the matter has been referred to arbitration through the court, calling to attend the session shall be carried out through the court office.

**Note:** In circumstances where the parties to transaction have undertaken the obligation to accept the arbitration of certain person(s), if a dispute between them, in the absence of specific terms, arbitration duration shall be three months, commencing from the date the matter is communicated to the arbitrator(s). The said duration may be extended by the parties

agreement.

#### **Article 485**

In the event that the parties have not determined a particular procedure for serving of the arbitration award, the arbitrator must submit his award to the office of the court which referred the dispute for arbitration or to the court which has the competence to examine the merits of the case. The office of the court shall keep the original award in the archives and, by the order of the court, shall send attested copies thereof for the parties to the dispute.

#### **Article 486**

In the event that both parties to the dispute reject arbitrator's award, in part or in total, the rejected part shall become ineffective and will be regarded as null and void.

#### **Article 487**

Rectification of the arbitration award within the limits as provided in article 309 of the present code shall be carried out by the arbitrator(s) prior to the expiration of the arbitration duration; and after the expiration duration of that the time of stipulated for objection to the arbitrators award, if requested by one party or both parties to the dispute, shall be carried out by the arbitrator(s) who issued the award. The arbitrator(s) shall decide within twenty days(20) as of the date of application for rectification of the award. The corrected award shall be served on the parties. In such cases, proceeding with the objection in the court shall be stopped as long as the arbitrator has not decided on the application for rectification of the award or until the stipulated time is expired.

#### **Article 488**

In the event that the convicted person does not comply with the arbitration award within twenty(20) days after the service of the award, the court which referred the matter for arbitration, or the court which has the jurisdiction, to examine the merits of the case, shall have the obligation, to issue the writ of execution upon application by the interested party. On the basis of the arbitration award. The execution of the arbitration award shall be in accordance with the statutory provisions.

#### **Article 489**

In the following cases, an arbitration award shall be regarded as null and void, and cannot be enforced:

- 1- Where the award has been in conflict with right creating laws;
- 2- Where the arbitrator has issued an award in relation to a matter other than the subject-matter of arbitration;
- 3- Where the arbitrator has issued an award beyond the scope of powers granted to him; in such a case, only the part of the award which is issued beyond the arbitrator's scope of power shall be nullified;
- 4- Where the arbitration award was issued and submitted after the expiration of the arbitration duration;
- 5- Where the arbitration award is in conflict with what has been recorded in real Property Register, or with what the parties to the dispute consented to and registered in notary public and which still is regarded as valid
- 6- Where the award has been issued by arbitrators who were not authorized to act; and
- 7- Where the arbitration agreement had not been valid

#### Article 490

In regards to the provision of the abovementioned article, each party may, within twenty (20) days after the service of the award, request the court which referred the case to arbitration or a court which is competent to examine the original dispute, for nullification of the award. In that case, the court shall proceed with the request and shall nullify the award if it finds any of the grounds mentioned in the previous article. As long as the original disputes are under examination, and until the final judgment, is issued, the execution of the arbitration award is stopped.

**Note:** The time-limit specified in this article as well as the time-limit specified in Article 488, shall be two (2) months for persons residing abroad. As to the person who has a justifiable excuse stipulated in article 306 and Note 1 to that article, the time-limit stipulated in this article and in article 488 shall start from the date that such excuse is removed.

#### Article 491

In the event that the original claim was pending at the court and is thus referred for arbitration, in case of objection to the arbitration award and issuance of a judgment to the effect of nullifying of that award, the proceeding about the original claim shall stop until such nullification judgment is finalized.

**Note:** In cases where matter is referred for arbitration through channels other than the court, if the arbitration award is nullified, the dispute will be examined by the court and by submitting a petition.

#### Article 492

In the event that nullification of the arbitration award is requested outside the time-limit specified by law, the court shall issue the order of dismissing the request. Such order shall be final.

#### Article 493

Challenging the arbitration award may not be an impediment to the execution thereof, unless supported by well reasoned proofs. In that case, the court shall issue a stay of execution order of the award for as long a period as the challenge is being proceeded and a final judgment is issued; and, if appropriate, suitable security shall be also obtained from the challenging party.

#### Article 494

In the event that the case is pending at the Supreme Court and the parties to the action agree to recourse to arbitration, or if the matter in dispute is deemed appropriate for arbitration, the Supreme Court returns the case to the court which had issued the judgment pending before the Supreme Court; and the court, then, refers the case to arbitration.

#### Article 495

The arbitration award shall be valid for parties to the dispute and their assigns and for those persons and their assigns who were involved and participated in determining of the arbitrator as well, but shall have no effect on other persons.

#### Article 496

The following cases shall not be referred for arbitration:

- 1- Bankruptcy cases; and
- 2- Cases on merits of marriage, revocation of marriage, divorce and consanguinity.

#### **Article 497**

The arbitrators' fees shall be paid by parties to the suit, unless otherwise stipulated in arbitration agreement.

#### **Article 498**

Arbitration' fees shall be determined on the basis of a by-law which will be produced by Justice Minister every three(3) years and approved by chief of the Judiciary.

#### **Article 499**

Where there are a multitude of arbitrators, the arbitrators shall equally share the arbitration fee.

#### **Article 500**

In the event that the parties to the suit and the arbitrator have entered into a contract concerning the arbitration fee, the provisions of that contract shall prevail.

#### **Article 501**

In the event that as a result of arbitrators' misrepresentation, or their fraud, or their failure in fulfilling their tasks and duty, financial loss and damages occur to the party or the parties of the suit, the arbitrators shall be liable to compensate such loss and damages.