Foundations and Conditions of Civil Liability in Compensating Loss of Profit in Iran and France Law

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Abstract

The primary purpose of establishing civil liability rules is to compensate for damages and prevent harm to individuals. A fundamental question in this regard is whether "loss of profit"—meaning the deprivation of an individual from a certain benefit—can be recognized as compensable damage. The present study was conducted with the aim of elucidating the theoretical foundations of civil liability and examining the conditions for its realization concerning compensation for loss of profit in the legal systems of Iran and France. The research method was descriptive–analytical and based on library sources, and it sought, through a comparative approach, to clarify the legal status of this type of damage. The findings indicate that although the principle of full compensation is accepted in Iranian law, and doctrines such as La Zarar (no harm), Etlaf (destruction), and Tasbib (causation) imply the compensability of loss of profit, Article 515, Note 2 of the Civil Procedure Code of Iran and certain judicial rulings have imposed restrictions. In contrast, in French law, following the 2016 reforms to the French Civil Code, certain loss of profit has been explicitly recognized as compensable damage, although a distinction is drawn between certain profit and merely possible opportunities. The overall conclusion of the study is that both legal systems acknowledge the compensability of certain loss of profit; however, the Iranian legal system, due to legislative ambiguity and conflicting judicial practices, requires reform and legislative clarification.

Keywords: performance of obligations, extinguishment of obligations, obligations, Iranian law, Iraqi law

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1. Introduction

Undoubtedly, the primary purpose of establishing civil liability rules is to compensate for damages and protect the rights of individuals (Rahpeik, 2011; Safaei, 2003). In fact, justice can only be said to be realized when the losses inflicted upon individuals as a result of the act or omission of another are fully compensated (Yazdanian, 2000). However, the fundamental

question has always been what types of losses fall under the rules of compensation and under what conditions damages can be claimed from the liable party (Darabpour, 2008; Ghamami, 2009).

Among the various types of damages, *loss of profit*—meaning the deprivation of a certain and definite benefit—is considered one of the most complex legal and jurisprudential issues (Ansari, 1994; Madadi, 2009). In Iran's Imami jurisprudence, different opinions have been expressed: some consider it as actual damage and thus subject to liability, while others, due to its non-realized external nature, deem it non-compensable (Mousavi Bojnourdi, 1998; Vahdati Shobeiri, 2006). In Iranian law as well, this divergence of opinion has intensified with the adoption of Note 2 of Article 515 of the Civil Procedure Code of Iran, which states: "Damages arising from loss of profit are not compensable." Many jurists interpret this provision as referring to *possible* loss of profit and believe that *certain* loss of profit remains compensable (Khalilian, 2012; Safaei & Rahimi, 2020). However, the prevailing judicial practice has, in many cases, refrained from recognizing this type of damage (Ghahramani, 2005).

In contrast, France has taken a clearer path. Article 1231-2 of the French Civil Code (as amended in 2016) explicitly considers the loss of a certain benefit as a form of compensable damage, and the courts have also accepted it in their practice, although they still approach *loss of chance (perte de chance)* with caution (Jourdan, 2006).

Given the significance of the issue and the divergence between the Iranian and French legal systems, it is necessary to examine this matter from a comparative perspective. This study seeks to clarify the position of loss of profit among compensable damages by explaining the theoretical foundations of civil liability—including the theories of fault, risk, strict liability, and guarantee of rights—and by analyzing the conditions of its realization, namely a harmful act, the existence of damage, and causality (Barikloo, 2010; Doroudian, 2006).

The main research question is whether in Iranian and French law, loss of profit can be considered as certain and compensable damage. The research hypothesis is based on the idea that both legal systems have accepted the principle of full compensation and, accordingly, recognize the compensability of certain loss of profit, although in Iran, legislative and interpretive restrictions have hindered the full realization of this principle (Rahpeik, 2011; Safaei & Rahimi, 2020).

This article is structured into three main sections: first, the theoretical foundations of civil liability are examined; second, the conditions for the realization of liability are explained; and third, from a comparative perspective, the place of loss of profit in Iranian and French law will be analyzed.

2. Theoretical Foundations of Civil Liability

Civil liability is a fundamental institution in private law whose raison d'être is the compensation of damage and the restoration of the injured party to their prior state (Rahpeik, 2011; Yazdanian, 2000). The main question, however, is why a person who has caused harm to another should be obligated to compensate for it. In other words, what is the basis for imposing this obligation? This question has historically led to the emergence of various theories in the field of law. The most important of these theories include the **fault theory**, the **risk theory**, the **strict (absolute) liability theory**, and the **guarantee of rights theory**. Each of these theories has been reflected in the legal systems of Iran and France and has played a role in shaping the institution of civil liability and determining its scope, particularly regarding the compensation of loss of profit (Doroudian, 2006; Jourdan, 2006).

2.1. Fault Theory

The fault theory is the oldest and most common basis for civil liability (Rahpeik, 2011; Safaei, 2003). According to this theory, liability arises only when a person, by committing a fault—that is, by breaching a legal or customary duty—causes harm to another. In other words, fault is a necessary condition for liability, and without it, one cannot be held liable (Darabpour, 2008).

In Iranian law, Article 1 of the Civil Liability Act of Iran explicitly bases liability on fault:

"Whoever, without legal authorization, intentionally or as a result of carelessness, causes harm to the life, health, property, freedom, dignity, commercial reputation, or any other legal right of another, shall be liable to compensate for the material or moral damages resulting from their act."

This provision clearly identifies fault as the basis of liability (Ghahramani, 2005; Safaei & Rahimi, 2020). In Imami jurisprudence, the doctrines of *Etlaf* (destruction) and *Tasbib* (causation)—though seemingly absolute—are ultimately grounded in fault, because in many cases, a person is only liable as a *cause* when their fault in the occurrence of damage is proven (Ansari, 1994; Mousavi Bojnourdi, 1998).

In French law as well, the fault theory has been the backbone of civil liability from the drafting of the Napoleonic Civil Code to the present. Article 1240 of the French Civil Code (as amended in 2016) states in classical terms:

"Any act of a person which causes damage to another obliges the person by whose fault it occurred to repair it."

French judicial practice has long made liability contingent on proving fault (Jourdan, 2006).

However, the fault theory has faced criticism. First, proving fault is often difficult for the injured party, who may be deprived of compensation in practice due to a lack of sufficient evidence (Katouzian, 2007; Rahpeik, 2011). Second, in many accidents, damage is caused by persons who have committed no fault at all, such as harm arising from industrial machinery or motor vehicles. These limitations paved the way for newer theories.

2.2. Risk Theory

The risk theory emerged as a response to the shortcomings of the fault theory (Barikloo, 2010; Doroudian, 2006). According to this theory, anyone who creates a dangerous situation through their activity is liable for any damage caused to others, even if they have committed no fault. The logic is that whoever benefits from an activity must also bear its risks.

In Iranian law, this theory is reflected in specific statutes such as the Compulsory Motor Vehicle Insurance Act of Iran. Under this law, the owner of a vehicle is liable for damages caused by it without the need to prove fault, which clearly rests on the risk principle, as it is based on the creation of a hazardous situation and the need to protect victims (Barikloo, 2010; Rahpeik, 2011).

In French law, Article 1242 of the French Civil Code justifies liability for damages caused by things or animals based on the risk theory. Courts have, in numerous cases, imposed liability regardless of fault solely because of the link between the dangerous activity and the resulting harm (Jourdan, 2006).

This theory plays a key role in recognizing the compensability of loss of profit, as the injured party does not need to prove fault and only needs to attribute the deprivation of a certain benefit to the dangerous activity of the liable party (Ghamami, 2009; Safaei & Rahimi, 2020).

2.3. Strict (Absolute) Liability Theory

The next step in the evolution of the bases of liability is the strict (or absolute) liability theory. According to this theory, the mere occurrence of damage to another is sufficient for liability to arise, even if the person neither committed a fault nor created a dangerous situation. In this view, liability is conceived as a form of social guarantee, and its principal aim is the protection of the injured party (Doroudian, 2006; Rahpeik, 2011).

In Iranian law, instances of strict liability can be discerned, although it has not been accepted as a general rule. For example, in cases of usurpation (*ghasb*), mere dominion over another's property—even without fault—entails liability (Katouzian, 2007; Yazdanian, 2000). Likewise, in situations such as the trustee's transgression or negligence, the legislator imposes liability on the trustee without the need to establish fault (Rahpeik, 2011; Safaei, 2003).

In French law, although the Civil Code does not explicitly provide for strict liability as a general theory, judicial practice has, in certain domains such as environmental protection and consumer rights, moved toward its acceptance (Jourdan, 2006).

2.4. Guarantee of Rights Theory

The guarantee of rights theory is the most radical and protection-oriented view among the bases of civil liability. It rests on the principle that the mere violation of a right entails liability, without the need to establish fault or even the presence of a dangerous activity. Therefore, if a person is deprived of a right and suffers damage, the actor must compensate (Barikloo, 2010; Rahpeik, 2011).

In Iranian law, salient instances of this theory appear in both jurisprudence and legislation. A usurper is liable solely because of violating the owner's right; the trustee's hand (*yad al-amin*), in cases of transgression or negligence, gives rise to liability irrespective of the fault element. Moreover, the rule of *guarantee of the hand* provides a clear foundation for this theory (Ansari, 1994; Katouzian, 2007; Mousavi Bojnourdi, 1998).

In French law as well, in some actions courts have deemed the mere infringement of a right sufficient to establish liability, particularly in the sphere of individual freedoms and fundamental rights (Jourdan, 2006).

This theory aligns most closely with recognizing compensation for loss of profit, because under it, the mere deprivation of a certain benefit is treated as a violation of right and thus gives rise to liability (Ghamami, 2009; Safaei & Rahimi, 2020).

In sum, the bases of civil liability—from fault theory to the guarantee of rights theory—have each, with their own internal logic, shaped the institution of liability. Although fault theory, as the traditional foundation, still plays a prominent role, social and economic developments have shown that it cannot, by itself, meet the needs of society. The risk and strict-liability theories, reacting to the shortcomings of fault theory, expanded the scope of liability. Ultimately, the guarantee of rights theory affords the most robust protection to the injured party and exhibits the greatest consonance with recognizing loss of profit as compensable damage (Barikloo, 2010; Doroudian, 2006; Safaei & Rahimi, 2020).

Consequently, it may be said that while the Iranian and French legal systems draw upon shared foundations, they differ in emphasis and implementation. Backed by its rich jurisprudential heritage, Iranian law is capable of embracing both fault theory and the guarantee of rights theory, yet in practice it sometimes hesitates to recognize loss of profit due to legislative constraints. French law, for its part, through recent reforms and a tendency to protect the injured, has increasingly moved toward developed, protection-oriented theories (Jourdan, 2006; Rahpeik, 2011).

3. Conditions for the Realization of Civil Liability

As set forth in legal and jurisprudential literature, civil liability arises only when its conditions and elements are present. No court may, merely on the strength of an allegation or the mere occurrence of harm, compel a person to compensate; rather, a harmful act, the existence of damage, and a direct and reasonable causal link between the two must be established. In Iranian and French law, these three pillars are recognized as the principal foundations of civil liability. However, the manner of interpreting and applying them differs in the two systems, with significant implications for accepting or rejecting compensation for loss of profit (Darabpour, 2008; Doroudian, 2006).

The first pillar is the harmful act. In its broad sense, a harmful act includes any positive conduct as well as an omission that is customarily attributable to the actor. In Iranian law, Article 1 of the Civil Liability Act entrenches this rule. Under this article, whoever, without legal authorization—whether intentionally or out of carelessness—inflicts harm upon another's life, property, reputation, liberty, or any other right, is liable to compensate. This rule encompasses both positive acts and omissions. For a positive act, one who destroys another's property or harms their life and health is a clear instance of a harmful act. In the case of omission, if a person has a legal or contractual duty—such as a physician toward a patient or a teacher toward a student—and fails to act, that failure is considered a harmful act (Ghahramani, 2005; Safaei, 2003). Imami jurisprudence, through the rules of *Etlaf* (destruction) and *Tasbib* (causation), confirms this concept and, even where the act does not directly cause the damage but is a cause of it, deems the actor liable (Ansari, 1994; Mousavi Bojnourdi, 1998). In French law, Article 1240 of the Civil Code provides that "any act of a person that causes damage to another obliges the person to repair it," and judicial practice has extended this to omissions where a legal or contractual duty exists (Jourdan, 2006). This convergence shows that both systems agree on the broad reach of the harmful act, though they differ in particular applications and the degree of stringency (Doroudian, 2006).

The second pillar is the existence of damage. In legal doctrine, damage is defined as an injury to another's right or legitimate interest (Ghamami, 2009). Such damage may be material, moral, or bodily. Material damage includes economic losses such as destruction of property or diminution in asset value; moral damage concerns reputation, honor, goodwill, and emotions; bodily damage affects physical and mental health. Imami jurisprudence likewise regards damage as encompassing loss of life, property, or honor (Ansari, 1994; Mousavi Bojnourdi, 1998). A fundamental condition for recognizing damage is that it be actual, certain, and assessable. In Iran, Article 9 of the Criminal Procedure Code and Article 515 of the Civil Procedure Code expressly address these conditions (Khalilian, 2012; Safaei & Rahimi, 2020).

The most significant challenge here is the status of loss of profit. Note 2 of Article 515 of the Civil Procedure Code states that "damage arising from loss of profit is not compensable." The apparent meaning of this Note has led some courts to deny compensation for any loss of profit. In contrast, many leading jurists and Imami scholars hold that this rule concerns only *possible* loss of profit and does not include *certain* loss of profit (Ghamami, 2009; Khalilian, 2012; Madadi, 2009). On this basis, where a benefit would, in the absence of the harmful act, certainly have accrued, deprivation of it constitutes damage. Imami jurisprudence, through the rules of *la darar* (no harm), *Etlaf*, and *Tasbib*, reinforces this view (Ansari, 1994; Mousavi Bojnourdi, 1998). Iranian case law also contains decisions that have accepted certain loss of profit, although the prevailing approach of the courts remains cautious (Ghahramani, 2005; Safaei & Rahimi, 2020). In France, however, the situation is clearer: Article 1231-2 of the Civil Code states explicitly that compensable damage includes both losses sustained and benefits of which a person has been deprived, and courts distinguish between the loss of a certain benefit (*perte de gain*) and loss of chance (*perte de chance*). In the former, liability is generally recognized; in the latter, compensation is allowed only where the probability of the benefit's realization is strong and evidenced (Jourdan, 2006; Safaei & Rahimi, 2020).

The third pillar is causation. Civil liability cannot be established without a causal link between the harmful act and the damage. Causation means that the damage is the direct and attributable result of the harmful act (Darabpour, 2008). In Iranian law, custom (*'urf*) is the criterion for identifying this relationship. Under the rule of *Tasbib*, if a person indirectly causes damage, they are liable where common understanding attributes the incident to them. For instance, one who digs a pit in a public passage and a passerby falls into it is liable because common understanding attributes the incident to the digger (Katouzian, 2007; Rahpeik, 2011). In matters of loss of profit, causation is established only when the deprivation of a certain benefit is directly attributable to the harmful act; if the likelihood of realization is weak or merely hypothetical, common understanding does not accept attribution (Doroudian, 2006; Vahdati Shobeiri, 2006). In French law, courts employ the standard of a "direct and immediate link" (*lien de causalité direct et immédiat*). In cases concerning the loss of a certain benefit, this link is readily established; but in loss-of-chance cases, courts require a strong probability of realization before finding causation (Jourdan, 2006).

In light of the foregoing, it can be concluded that the three conditions—harmful act, damage, and causation—are accepted in both Iran and France, but differences in their interpretation, especially in the realm of loss of profit, have significant consequences. In Iran, due to the ambiguity of Note 2 of Article 515 and conflicts in judicial practice, claims for loss of profit face difficulty, whereas in France the law and case law offer a clearer solution by distinguishing between certain benefit and probabilistic opportunity. Accordingly, to strengthen the position of loss of profit in Iran's legal system, the legislature should amend the statutes, and the Supreme Court should promote uniform jurisprudence to enhance clarity in this area (Jourdan, 2006; Khalilian, 2012; Safaei & Rahimi, 2020).

4. Comparative Analysis of the Position of Loss of Profit in Iran and France Law

The concept of loss of profit, or deprivation of a certain benefit, is one of the most controversial issues in civil liability. At first glance, the general principle of civil liability is based on full compensation for damages, which requires that any harm inflicted upon the rights or legitimate interests of individuals—whether material, moral, or loss of benefits—should be compensable. However, the main doubt is whether a benefit that has not yet been acquired can be considered as damage and thereby obligate the liable party to compensate. This question has gained significant importance in both Iranian and French law, and different answers have been given to it (Rahpeik, 2011; Safaei & Rahimi, 2020).

In Iran, statutory provisions—especially Note 2 of Article 515 of the Civil Procedure Code of Iran, which states that "damage resulting from loss of profit is not compensable"—have opened the door to extensive debate. Many courts, especially first-instance courts, have interpreted this provision as applying to all forms of loss of profit and have deemed it non-compensable. However, leading jurists and Imami scholars argue that this provision must be interpreted narrowly and applies only to *possible loss of profit*, not *certain loss of profit* (Katouzian, 2007; Khalilian, 2012; Madadi, 2009).

In contrast, in France, the French Civil Code, following its 2016 amendments, explicitly recognizes the loss of a certain benefit as compensable damage. French judicial practice has also provided a precise and practical framework by distinguishing between the loss of a certain benefit (*perte de gain*) and the loss of chance (*perte de chance*) (Jourdan, 2006). To better understand these differences, it is necessary to analyze and compare the position of loss of profit in the two legal systems.

4.1. The Position of Loss of Profit in Iranian Law

In Iranian law, the discussion of loss of profit originates in jurisprudential sources. Imami jurists have explicitly or implicitly accepted that any deprivation of a certain benefit, if attributable to another's act or omission, constitutes damage and must be compensated. The rules of *la darar* (no harm), *Etlaf* (destruction), and *Tasbib* (causation) provide clear support for this view. According to *la darar*, no one may cause harm to another, and if they do, they are liable. The rule of *Etlaf* provides that "whoever destroys another's property is liable for it," and in its broad interpretation, this also encompasses the loss of a certain benefit. Under *Tasbib*, if a person causes harm without direct action, they are liable if common understanding attributes the harm to them. For this reason, jurists have in numerous examples—including depriving an owner of renting out their house or preventing the cultivation of farmland—held the actor liable for the lost benefit (Ansari, 1994; Mousavi Bojnourdi, 1998).

Nevertheless, the Iranian legislator, in Note 2 of Article 515 of the Civil Procedure Code, has stated that "damage resulting from loss of profit is not compensable." The apparent meaning of this rule has led many courts to reject any type of claim for loss of profit. In practice, numerous lawsuits seeking compensation for lost profits have been dismissed by citing this Note. The main question, however, is whether the legislator actually intended to deny compensation for all loss of profit.

Jurists such as Katouzian, Safaei, and Khalilian argue that a broad interpretation of this Note contradicts the general principles of compensation for damages. They contend that Note 2 of Article 515 was only meant to exclude *possible* loss of profit, that is, benefits whose realization is merely speculative or hypothetical—such as the chance of winning a contest or the possibility of concluding a future contract. However, if a benefit was certain and definite and only failed to materialize because of the harmful act, then deprivation of it should be considered damage and be compensable (Khalilian, 2012; Madadi, 2009; Safaei, 2003).

Although Iranian case law is inconsistent, there are instances where higher courts have leaned toward this analysis. One of the most important examples is Supreme Court Unifying Opinion No. 733 (2005), which recognized the deprivation of certain contractual income as compensable damage. Nevertheless, the prevailing trend in lower courts still leans toward rejecting loss of profit, and this inconsistency has caused instability in Iran's civil liability system (Ghahramani, 2005; Safaei & Rahimi, 2020).

4.2. The Position of Loss of Profit in French Law

In French law, the issue of loss of profit has been resolved far more clearly than in Iran. Article 1231-2 of the French Civil Code, as amended in 2016, states: "Compensable damage includes losses sustained and benefits of which a person has been deprived." This shows that the loss of a certain benefit is explicitly recognized as compensable damage (Jourdan, 2006).

However, French judicial practice had already paved the way for compensating loss of profit long before the statutory reform. Courts have distinguished between two categories: first, loss of a certain benefit (*perte de gain*), which is always definite damage and compensable; second, loss of chance (*perte de chance*), which is compensable only if the probability of the benefit's realization is serious and supported by evidence. This distinction has effectively prevented the uncontrolled expansion of claims and frivolous allegations (Jourdan, 2006; Safaei & Rahimi, 2020).

Clear examples of this approach can be seen in the rulings of the Cour de cassation (French Supreme Court). In its decision of June 10, 2004, the court considered the deprivation of a job opportunity compensable because evidence showed that the probability of success in obtaining the job was high. In another decision dated December 17, 2002, the court awarded damages based on the loss of chance theory but emphasized that such compensation is only possible when the lost chance was real, serious, and based on a strong probability (Jourdan, 2006).

This approach shows that while French law broadly accepts the principle of compensation, it simultaneously prevents the unreasonable expansion of liability. The distinction between certain benefit and possible opportunity both protects the injured party and prevents abuse (Barikloo, 2010; Doroudian, 2006).

4.3. Comparative Analysis

Comparing Iran and France reveals several essential points. First, both legal systems, at the theoretical level, have accepted the principle of full compensation for damages and maintain that, insofar as possible, the injured party should be restored to the status quo ante. Second, both systems consider probable loss of profit to be non-compensable, because its realization is uncertain and based on assumptions. Third, both systems regard deprivation of a benefit as damage when the benefit is certain.

However, the differences are far more significant. In Iran, owing to legislative ambiguity and divergent interpretations, a conflicting judicial practice has taken shape. Courts have, in some instances, accepted certain loss of profit and, in others, rejected it. This inconsistency severely undermines legal security and the predictability of the legal system. By contrast, in France, the Civil Code is explicit and judicial practice is consistent. By clearly distinguishing between loss of a certain benefit and loss of chance, the courts have established an efficient rule that both protects the injured party and curbs frivolous claims.

4.4. Social and Economic Effects of Accepting or Rejecting Loss of Profit

The issue of loss of profit is not merely theoretical; it carries significant social and economic consequences. In Iran, the widespread rejection of claims arising from loss of profit—especially in the realm of contracts and investment—has led economic actors to distrust the legal system. When investors know that, in the event of damage resulting from deprivation of a certain benefit, the courts will refrain from awarding compensation, they will be disinclined to engage in high-risk economic activities. This impedes economic growth and market development. Conversely, recognizing compensation for certain loss of profit strengthens economic security and fosters increased investment and public trust.

In France, the clear distinction between certain benefit and probable opportunity has enabled both the protection of injured parties and the prevention of a flood of baseless claims. This balance has increased public confidence in the judiciary and reinforced economic security. For this reason, French law in this area serves as a suitable model for reforming Iranian legislation.

A comparative review shows that Iran and France both emphasize the principle of full compensation, but France—through statutory reforms and coherent judicial practice—has clearly defined the status of loss of profit. Although Iran enjoys a rich jurisprudential foundation, it has not achieved the necessary coherence in practice due to legal ambiguity and conflicting case law. The result is that, in many instances, injured parties are deprived of their clear rights. Therefore, it is essential that the Iranian legislature take a significant step toward realizing justice and aligning with comparative law by amending Note 2 of Article 515 of the Civil Procedure Code and expressly recognizing the compensability of certain loss of profit.

5. Conclusion

Although civil liability is a legal and technical concept, it is ultimately tied to real human life. Behind every lawsuit stands a person whose capital, livelihood, reputation, or genuine opportunities have been harmed, hoping that the justice system will restore them to their former position. Within this context, the issue of "loss of profit" is especially salient, because it directly touches people's aspirations and futures. A benefit that was expected to materialize—and upon which a life plan or contract was built—if lost, is not merely a dry economic notion; in many cases, it signifies the erosion of trust, psychological security, and even the motivation to continue social and economic activity.

An examination of the theoretical foundations of civil liability shows that various theories—fault, risk, strict liability, and guarantee of rights—each provide a justification for the duty to compensate. Fault theory, with its emphasis on error, is the most traditional approach, yet in practice cannot encompass all instances of harm. The risk and strict-liability theories emerged in response to these limitations, emphasizing the social distribution of loss and stronger protection of the injured party. The guarantee of rights theory goes further, deeming the mere violation of a right sufficient to trigger liability. This theoretical evolution reflects the law's gradual movement toward fuller protection of human beings and their legitimate interests.

With respect to the conditions for liability, the three elements of a harmful act, the existence of damage, and causation are accepted as fundamental. The principal controversy, however, lies within the second element—"damage." Does deprivation of a benefit that has not yet materialized, but whose realization was certain, constitute damage? In Iranian law, Note 2 of Article 515 of the Civil Procedure Code, with the phrase "damage arising from loss of profit is not compensable," has created an ambiguous space. This ambiguity has led courts, in many instances, to turn away from the injured party and to say, "the law does not recognize this lost benefit." Such a reading is not only inconsistent with jurisprudential principles such as no-harm and causation, but also conflicts with substantive justice.

By contrast, French law approaches the matter with greater clarity. Article 1231-2 of the Civil Code explicitly includes the loss of a certain benefit among compensable damages. French judicial practice, by distinguishing between loss of a certain benefit and loss of chance, presents a balanced model. This model not only protects the injured party, but also prevents baseless claims. In other words, French law has managed to strike a delicate balance between "individual justice" and "social security."

The comparative analysis shows that, despite Iran's vast jurisprudential capacities, it still falls short in practice—due to statutory ambiguity and discordant judicial practice—of fully achieving justice. The result is public distrust in the legal system's capacity to compensate real losses. Where a certain and definite benefit has been lost—such as income from a valid contract or a definite investment return—refusing compensation amounts to injustice. Justice is not an abstract concept; it is a lived experience for injured parties who come to the courts with their cases.

Accordingly, the core conclusion of this study is that recognizing certain loss of profit as compensable damage is not only compatible with theoretical and jurisprudential foundations, but is also a human and social necessity. People today need a legal system that works not only in books but also in real life.

5.1. Recommendations

1. Legislative reform: The first step in Iran is to revise Note 2 of Article 515 of the Civil Procedure Code. The legislature should expressly distinguish between "certain loss of profit" and "probable loss of profit." Such a reform is both jurisprudentially justified and, in comparative terms, aligned with the French experience.
2. Establishing uniform case law: The Supreme Court can clarify matters for lower courts by issuing unifying opinions. Coherence in judicial practice increases public confidence in the justice system.
3. Strengthening jurisprudential foundations in legislation: Employing the rules of no-harm, destruction, and causation can lend religious legitimacy to statutory reform. The Imami jurisprudential tradition has vast capacities which, if properly reflected in legislation, will resolve many disputes.
4. Drawing on comparative law: The French experience in distinguishing between certain benefit and probable opportunity shows that it is possible to balance protection of the injured party with the prevention of frivolous claims. Iran can adapt this model to its domestic context.
5. Attention to social and economic effects: Failure to compensate certain loss of profit not only violates individual justice, but also harms the national economy. Economic actors need confidence in legal protection to invest and contract. Recognizing this form of damage strengthens economic security and social trust.
6. Humanizing the law: Ultimately, legal policy should give greater weight to the human dimension of civil liability. Every lawsuit is the real-life story of a person. Deprivation of a certain benefit may mean a lost livelihood for a worker or the collapse of a lifelong dream for an entrepreneur. If the law cannot protect people at such moments, it strays from its core mission.

Therefore, this study shows that compensating certain loss of profit is not a luxury choice, but a necessity for achieving justice and safeguarding human dignity. If French law has responded to this issue with clarity and coherence, Iranian law, too,

can restore public trust in justice through legislative and judicial reforms. Law is truly law when it places the human being at its center.

Ethical Considerations

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Conflict of Interest

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