

# Legal Instruments in the Transformation of Adhesion Contracts

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## Abstract

Adhesion contracts, as one of the common instruments in commercial and consumer relations, while effective in expediting contractual processes, have always been accompanied by legal challenges and imbalances between the parties. This study aims to examine the legal instruments influencing the transformation of adhesion contracts and seeks to analyze ways to improve legal balance and transparency within these agreements. The present study focuses on three main areas: analyzing the legal framework and principles of adhesion contracts, identifying domestic and international legal instruments, and examining the impact of these instruments on contract transformation and the reduction of conflicts of interest. The findings indicate that a combination of contractual, judicial, and regulatory instruments can mitigate the inherent inequality of adhesion contracts and safeguard the rights of the weaker party. At the domestic level, legal and supervisory protections, along with the clarification of contractual terms, play a crucial role in preventing abuse. At the international level, judicial precedents and the policies of the European Union, as well as U.S. consumer protection laws, serve as successful examples of balancing and moderating contractual terms. This research also highlights the importance of developing legal education, enhancing parties' awareness, and employing alternative dispute resolution mechanisms such as arbitration and mediation. Ultimately, legal instruments in transforming adhesion contracts not only promote justice and transparency but also create an environment for alignment with international standards.

**Keywords:** adhesion contract; legal instruments; public order; good faith; equity; abuse of rights.

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## 1. Introduction

In recent decades, adhesion contracts have significantly increased as one of the common instruments in commercial transactions and relationships between businesses and consumers. These types of contracts, which are usually drafted by one party and presented to the other, make it possible to accelerate contractual processes and reduce the costs of individual negotiations. However, the growing use of adhesion contracts has also brought considerable legal challenges. One of the main issues is the inherent inequality between the contracting parties, as the drafting party often has greater power in determining

the terms and limiting the rights of the weaker party. This situation can lead to abuse of rights, the imposition of unfair terms, and a reduction in transparency in commercial relationships, thereby creating an urgent need for effective legal instruments to ensure fairness and balance in such contracts.

The significance and necessity of this research can be examined from two perspectives. First, from an economic and consumer protection perspective, adhesion contracts, due to their widespread use and direct impact on the rights and obligations of the parties, play an important role in maintaining economic order and public trust. Unfair terms in these contracts can result in conflicts of interest, decreased competition, and weakened consumer confidence in the market. Second, from a legal and contractual order perspective, the existence of insufficient or ineffective legal frameworks and regulations to control the content of adhesion contracts increases the risk of breaching contractual justice and creates instability within the legal system.

Therefore, studying effective legal instruments and practical solutions for transforming these contracts is important not only theoretically but also in practice and policymaking. The primary objective of this study is to examine the legal instruments that influence the transformation and improvement of adhesion contracts. This research aims to analyze domestic and international legal and judicial frameworks, identify the strengths and weaknesses of existing instruments, and propose practical solutions to enhance transparency, fairness, and balance between the parties.

In particular, the comparative study of international practices and regulations, such as the European Union's policies and consumer protection laws in the United States, can provide successful models for moderating contractual terms and reducing the misuse of power by the stronger party. In addition, this research addresses the role of legal education, raising parties' awareness, and the use of alternative dispute resolution mechanisms such as arbitration and mediation.

The main research question guiding this study is: How can legal instruments improve the balance between the parties in adhesion contracts? Answering this question requires a detailed examination of the existing contractual, judicial, and regulatory instruments, analysis of their strengths and weaknesses, and the presentation of comparative and practical strategies to increase justice and transparency in contracts.

Given the widespread impact of adhesion contracts on economic relationships and consumer rights, the findings of this study can have considerable practical significance for legislators, judges, legal advisors, and contracting parties. Ultimately, this study seeks to provide a comprehensive analytical framework focused on improving legal balance, transparency, and preventing abuse in adhesion contracts, making it useful both for academic research and practical applications in the market and legal policymaking. Legal instruments, including legislative reforms, the establishment of appropriate judicial precedents, and the promotion of legal education and awareness among contracting parties, can play a crucial role in transforming adhesion contracts and aligning them with international standards.

## **2. Materials and Methods**

This research employed a descriptive-analytical method and relied on library-based sources for the writing of the article.

## **3. Theoretical Foundations**

In this section, the main research variable—adhesion contract—will first be identified.

### *3.1. Definition of Adhesion Contracts and Their Characteristics*

Adhesion contracts, sometimes referred to as standard-form contracts or “take-it-or-leave-it” agreements, are contracts drafted by one party—usually the stronger party or the party with greater resources—and presented to the other party. In these contracts, the weaker party typically has no real choice other than to accept or reject the agreement (Khalilzadeh, 2015). These types of contracts are widely used in commercial, service, and consumer relationships because they facilitate contractual processes and reduce negotiation time and costs (Ahmadi, 2018).

One of the essential features of adhesion contracts is the imbalance of power between the parties. This imbalance can lead to terms favoring the stronger party and restricting the rights of the weaker party (Ahmadi, 2018). Another key feature is the pre-formulated content; the terms and conditions are standardized and used across multiple agreements. While this increases efficiency, it reduces flexibility to adapt to specific circumstances (Hosseini, 2017).

Clarity and transparency of the terms are also critical aspects. Although using standardized provisions may simplify understanding for those familiar with the contract type, it can also include technical or legal terminology that is difficult for ordinary individuals to comprehend, creating a potential for abuse of rights (Hosseini, 2017).

Despite these challenges, adhesion contracts play a vital role in facilitating modern transactions; they promote uniformity, legal predictability, and efficient management of high transaction volumes. At the same time, legal systems often introduce protective mandatory rules—such as unfair terms regulations or judicial review mechanisms—to safeguard the rights of the weaker party (Khalilzadeh, 2015). In summary, adhesion contracts are characterized by features such as pre-formulated content, limited negotiation, and power imbalance. Understanding these characteristics provides the foundation for analyzing effective legal instruments to transform such contracts and reduce their inherent inequality (Bahmani, 2022).

### 3.2. *History and Evolution of Adhesion Contracts in Domestic and International Law*

Adhesion contracts, as a crucial instrument in commercial transactions, have a long and evolving history tied to economic and legal developments in various societies. In Iran's domestic legal system, the extensive use of adhesion contracts in recent decades has been driven by the expansion of commercial activities, the rise of large corporations, and the need to standardize contractual relations (Rahimi, 2016). Some of the earliest regulations directly addressing the framework of adhesion contracts can be found in Iranian commercial bylaws and sections of the Civil Code, which establish minimum contractual requirements and emphasize fairness and the prevention of abuse (Rahimi, 2016).

International developments have also significantly shaped and reformed adhesion contracts. The judicial practice of the European Union, particularly the Court of Justice of the European Union, has played a major role in defining standards of contractual fairness and restricting unfair terms (Müller, 2019). Likewise, U.S. consumer protection laws, such as the Uniform Commercial Code and Federal Trade Commission Regulations, illustrate global efforts to create legal balance in adhesion contracts (Smith, 2018).

Over time, adhesion contracts have evolved from merely facilitating transactions to becoming central instruments for regulating economic relations and reducing contractual disputes. In Iran, beyond the general rules of contract law, the principles of good faith and public order have restricted unilateral terms and enhanced contractual justice (Hashemi, 2018). At the international level, the integration of national legal rules with European Union criteria and global consumer standards has accelerated legal harmonization and convergence in the field of adhesion contracts (Brown, 2020). Overall, the history and evolution of adhesion contracts demonstrate a persistent tension between transactional efficiency and contractual fairness, underscoring the crucial role of domestic and international legal instruments in moderating terms and protecting the rights of weaker parties (Bahrami, 2020).

### 3.3. *Legal Problems and Challenges Arising from Adhesion Contracts*

Although adhesion contracts are vital for expediting business transactions and standardizing contractual relationships, they have consistently raised significant legal problems and challenges. One of the most prominent challenges is the imbalance of power between the parties. In many adhesion contracts, the economically or legally stronger party can impose one-sided terms without the possibility of negotiation by the weaker party (Anderson, 2017). This inequality effectively restricts the weaker party's rights and limits their ability to defend their interests (Johnson, 2019).

Another critical challenge is the lack of transparency and the potential for abuse. Many adhesion contracts are drafted with complex and extensive language that is not easily understandable for consumers or weaker parties, enabling the stronger party to maximize its advantage by exploiting ambiguities (Johnson, 2019). Studies show that the use of vague and lengthy clauses, especially in online service and insurance contracts, carries the highest risk of contractual abuse (Garcia, 2020).

A third challenge involves the limited enforcement of the weaker party's rights. Even when legal protections exist, enforcement and oversight mechanisms are often weak in practice. Ineffective judicial supervision, complex legal procedures, and high litigation costs hinder the effective exercise of consumer or weaker party rights (Pourhosseini, 2020). In many cases,

the weaker party is forced to accept unfair terms, and alternative remedies such as arbitration and mediation remain ineffective due to the lack of comprehensive legal frameworks (Shams, 2018).

These three challenges clearly demonstrate that without effective legal instruments, adhesion contracts can exacerbate inequality, reduce transparency, and undermine the rights of the weaker party. Therefore, reforming legal frameworks, clarifying contractual terms, and strengthening judicial and regulatory oversight are essential to maintain not only commercial efficiency but also fairness and balance between the parties (Bahmani, 2022).

#### **4. Legal Frameworks of Adhesion Contracts**

This section explains the general principles of contracts, the legal instruments available in Iran, and international and comparative experiences.

##### *4.1. General Principles of Contracts and Their Application to Adhesion Contracts*

The general principles of contract law form the foundation of every contractual relationship and include rules such as freedom of contract, good faith, equity, the obligation of performance, and respect for public order. These principles serve as guidance for drafting and interpreting contracts, ensuring that the obligations of the parties remain fair, transparent, and enforceable (Smith, 2016). In adhesion contracts, which are typically prepared in advance by one party and presented to the other, compliance with these principles is particularly important, as the inherent inequality between the parties can result in their violation.

One key principle is freedom of contract, which allows the parties to agree on their own terms. In adhesion contracts, this principle is applied in a limited way because the weaker party often cannot negotiate terms and must either accept or reject the contract (Walker, 2018). Therefore, freedom of contract in such agreements should be complemented with legal instruments to restore balance between the parties. The principles of good faith and equity are also crucial in adhesion contracts. Clauses designed to exploit the weaker party or cause unilateral harm are inconsistent with these principles and, in many legal systems, can be declared void (Brown, 2017).

The principle of respect for public order takes on heightened significance in adhesion contracts. Terms that contradict consumer protection laws, competition regulations, or public rights are considered null and unenforceable (Taylor, 2019). Thus, aligning adhesion contracts with general contract principles requires clarifying contractual terms, applying judicial oversight, and strengthening protective legal instruments. Observing these principles not only enhances fairness and balance between parties but also reinforces the legitimacy and enforceability of adhesion contracts at domestic and international levels (Rahimi, 2021).

##### *4.2. Legal Instruments Available in Iran*

In Iran, adhesion contracts, given their predominantly one-sided structure, require specialized legal instruments to ensure fairness and protect the rights of the weaker party. One of the most important instruments is the civil procedure framework, which enables the review and invalidation of unfair clauses. Under the Civil Code and the Code of Civil Procedure, courts can disregard or nullify any terms contrary to public order, good morals, or the rights of the weaker party (Hosseini, 2015). These procedural rules also allow the weaker party to pursue legal action if their rights are violated and to have the contract subject to judicial oversight (Bahmani, 2022).

Consumer protection also serves as a key legal mechanism. The Iranian Consumer Protection Law requires the party offering the contract to provide transparency, full disclosure, and respect for consumer rights. Such protections include prohibiting unfair clauses, obliging providers to supply sufficient information, and establishing balance between the parties (Azizi, 2016). Public law principles further ensure that adhesion contracts are not drafted solely to benefit one party but also conform to the social and economic standards of the community.

Regulatory and supervisory bodies in Iran, such as the Consumer Protection Organization and the Organization for Governmental Sanctions, play a complementary role. These agencies monitor contracts, investigate complaints, and enforce

regulations to prevent abuse and create balance in contractual relationships (Karimi, 2017). Moreover, legal education and awareness programs for businesses and consumers improve legal literacy and reduce conflicts of interest in adhesion contracts. Collectively, this combination of procedural rules, consumer protection measures, and institutional oversight has provided a foundation for moderating the conditions of adhesion contracts and strengthening the rights of weaker parties. These instruments also promote transparency, reduce opportunities for abuse, and help align domestic practices with international standards (Moradi, 2020).

#### 4.3. Comparative Approach

International experience shows that countries and economic unions have adopted diverse strategies to reduce inequality and enhance transparency in adhesion contracts. In the European Union (EU), consumer protection regulations and directives on adhesion contracts emphasize transparency and the prohibition of unfair terms. Under Directive 93/13/EEC, any contractual term that creates a significant imbalance between the parties and places the weaker party at a disadvantage is unenforceable (European, 2018). This legal framework obliges companies to provide clear information, easy access to contractual terms, and avoid wording that may mislead or exploit consumers.

In addition to legislation, the judicial practice of the EU, especially in cases involving adhesion contracts, has played an influential role in defining the limits of fairness and contractual justice (Müller, 2019).

In the United States, consumer protection laws and judicial precedents also serve as vital tools in reforming adhesion contracts. Federal and state laws such as the Federal Trade Commission Act and the Uniform Commercial Code explicitly limit unfair terms, abuse of rights, and lack of transparency (Smith, 2017). U.S. courts, as demonstrated in cases like *Williams v. Walker-Thomas Furniture Co.*, have shown that adhesion terms disrupting contractual balance can be invalidated, and judges may rule in favor of the weaker party (Johnson, 2019).

The comparative experiences of the EU and the U.S. indicate that combining transparency regulations, prohibitions on unfair terms, and judicial oversight is an effective strategy for reducing conflicts of interest and ensuring contractual fairness. These approaches, by empowering the weaker party and imposing clear standards, enhance economic trust and promote harmonization with international norms (Brown, 2020). Such models can be adapted by other countries, including Iran, to transform adhesion contracts with a focus on transparency and fairness (Karimi, 2020).

### 5. Transformative Legal Instruments

This section examines, in detail, the key legal instruments that can drive the transformation of adhesion contracts.

#### 5.1. Contractual Instruments

To reduce inequality and enhance transparency in adhesion contracts, contractual instruments play a critical role. One of the most important is the use of implied terms and transparency obligations. In Iranian law, implied terms are accepted based on principles of fairness and the general rules of contract law, meaning that certain obligations are imposed on the parties even if not explicitly stated in the contract (Shahriari, 2014). Such terms may include the duty to provide full and clear information, act in good faith, and avoid ambiguous or oppressive clauses (Hashemi, 2018).

Transparency obligations require the stronger party to present all rights, obligations, and conditions of the contract in a clear and understandable manner. These obligations help prevent potential abuse and empower the weaker party to make informed decisions (Hashemi, 2018). Another essential instrument is the right of revision and renegotiation for the weaker party. Under Iranian law, this right is supported through consumer protection frameworks and general principles of contract law, allowing consumers or weaker parties to request modification or adjustment of disproportionate conditions (Karimi, 2016).

The combination of implied terms, transparency requirements, and the right of revision forms the foundation for transforming adhesion contracts in the Iranian legal system. These mechanisms empower weaker parties to participate in contracts with full awareness and legal support, minimizing the risks of exploitation. Practical experience in Iran shows that

implementing these instruments within contract drafting not only improves fairness and transparency but also aligns domestic practices with international standards (Bahmani, 2022).

### 5.2. *Judicial Instruments*

In the Iranian legal system, judicial instruments are among the most effective mechanisms for reducing contractual inequalities and protecting weaker parties. One of the most important is the judicial practice of invalidating or adjusting unfair terms. Courts can rely on the general principles of contract law and public policy to nullify or modify terms that contradict fairness or public order (Javadi, 2018). This approach is especially significant in adhesion contracts, where one-sided or disproportionate conditions are common and negotiation is usually not possible for the weaker party. Judicial practice shows that applying this mechanism not only prevents abuse but also promotes transparency and trust in contractual relationships (Bahrami, 2020).

Another judicial tool is the interpretation of ambiguities in favor of the weaker party. According to Iranian judicial practice, if the text of a contract is ambiguous or open to multiple meanings, courts prefer interpretations that benefit the consumer or the weaker party (Khalili, 2020). This rule strengthens the position of the weaker party, enabling them to secure their rights and protecting them from potential exploitation.

The combination of these two judicial instruments—annulment or adjustment of unfair terms and pro-weak party interpretation—provides a foundation for transforming adhesion contracts in Iran. Through judicial intervention, courts act as balancing and moderating authorities, ensuring fairer execution of contracts. These instruments also reinforce consumer rights, reduce conflicts of interest, and enhance contractual transparency. Ultimately, when combined with contractual and regulatory mechanisms, judicial tools create a robust foundation for reforming adhesion contracts and harmonizing them with international standards (Rahimi, 2021).

### 5.3. *Regulatory and Supervisory Instruments*

Regulatory and supervisory instruments form a critical axis for transforming adhesion contracts in Iran. These tools are designed to protect weaker parties and increase transparency, primarily implemented through government policies, guidelines, and consumer protection agencies.

One key regulatory instrument is governmental policy and guidelines, which define the legal and operational framework for adhesion contracts. These policies, usually issued by relevant ministries—especially the Ministry of Industry, Mine and Trade and the Consumer Protection Organization—set requirements such as transparency obligations, prohibiting unfair clauses, and enforcing fairness principles (Rahimi, 2019). Such guidelines direct businesses and economic enterprises to ensure that the terms of adhesion contracts comply with the rights of weaker parties and public interests.

Another essential mechanism is the role of consumer protection bodies. These supervisory agencies monitor the market and adhesion contracts, investigate consumer complaints, and take legal actions when unfair clauses or abusive practices are identified (Moradi, 2020). Through issuing warnings, recommending corrective actions, or referring cases to the judiciary, these organizations significantly influence corporate behavior and protect weaker parties.

The combination of state policies and active consumer protection bodies creates a multi-layered oversight system capable of making adhesion contracts fairer and preventing abuse. These instruments also serve a preventive function by promoting transparency and standardizing contractual terms, thereby reducing conflicts of interest and strengthening public trust in the contractual system. Ultimately, integrating regulatory and supervisory tools with judicial and contractual mechanisms fosters meaningful reform of adhesion contracts in Iran and supports alignment with international fairness standards (Azizi, 2020).

### 5.4. *Alternative Dispute Resolution (ADR) Instruments*

Alternative dispute resolution (ADR) mechanisms, including arbitration and mediation, play an important role in transforming adhesion contracts and are recognized as effective methods for ensuring justice and reducing conflicts of interest.



These mechanisms reduce reliance on traditional court proceedings and allow for faster, more efficient, and fair resolution of disputes.

Arbitration is one of the most widely used ADR methods, where parties agree in advance or by law to appoint an arbitrator or arbitration panel. Arbitration is particularly important in adhesion contracts because the weaker party can rely on an independent and neutral process to prevent discrimination or the enforcement of unfair terms. In Iran, domestic and international commercial arbitration laws provide a clear legal framework for this process, and arbitral awards are generally binding unless they clearly violate the law or public order (Shams, 2018).

Mediation, as an optional ADR method, focuses on fostering mutual understanding and compromise between parties, with a strong capacity to preserve long-term business relationships (Karimi, 2020). Unlike arbitration, which produces binding awards, mediation emphasizes dialogue, clarification of terms, and collaboration, helping reduce exploitation and strengthen the balance of power.

Using both binding and non-binding ADR mechanisms can effectively ensure justice. For example, some adhesion contracts may include mandatory arbitration clauses for rapid and enforceable resolution of disputes, while mediation can be used voluntarily before arbitration to seek amicable settlements. This combination empowers weaker parties to access both legal protection and the opportunity for cooperative solutions, mitigating the inherent inequality in adhesion contracts.

Ultimately, ADR mechanisms not only facilitate dispute resolution but also improve transparency, strengthen the rights of weaker parties, and reduce tensions caused by unfair clauses. They play an essential role in transforming adhesion contracts and promoting contractual fairness while supporting convergence with international dispute resolution standards (Bahrami, 2020).

## **6. Transformation of Adhesion Contracts and the Impact of Legal Instruments**

This section explains the process of transforming adhesion contracts and the effects of legal tools in achieving fairness and balance.

### *6.1. Analyzing the Transformation Process: From One-Sided to Transparent and Balanced Contracts*

Adhesion contracts have evolved over time from unilateral and non-transparent structures toward more balanced and transparent agreements. This transformation has resulted from increased legal awareness among contracting parties, the development of protective regulations, and the expansion of domestic and international legal instruments. Historically, adhesion contracts were largely designed to benefit the stronger party, while the weaker party—often the consumer or a small supplier—had little opportunity to change or object to the terms, creating significant conflicts of interest and diminishing trust in economic relations (Hosseini, 2019).

With the growth of supervisory bodies, consumer protection laws, and clarifying judicial precedents, legal pressure on the stronger party has intensified. Specifically, transparency obligations, prohibitions on unfair terms, and the ability to review and revise contracts have played a decisive role in rebalancing contractual relationships (Rahimi, 2021). Alternative dispute resolution (ADR) mechanisms such as mediation and arbitration have also influenced this shift. These faster, cost-effective, and neutral processes enable weaker parties to assert their rights without resorting to lengthy court procedures, thereby pushing contracts toward operational transparency and fairer distribution of interests.

At the international level, the experience of the European Union (EU) and the United States demonstrates that combining legal, judicial, and contractual tools can accelerate the transformation of adhesion contracts. Implementing transparency directives in the EU and consumer protection laws in the U.S. has successfully promoted balance and prevented abuse (Ghaffari, 2020). Ultimately, the transformation of adhesion contracts shows that legal tools extend beyond merely invalidating unfair terms; they include legal education, transparency enforcement, governmental supervision, and ADR mechanisms. These changes have increased trust, reduced conflicts of interest, and fostered convergence with international standards, laying the groundwork for fair and sustainable commercial relationships (Bahrami, 2020).

## 6.2. *The Role of Legal Instruments in Preventing Abuse and Reducing Disputes*

Legal instruments in adhesion contracts are critical for preventing abuse and reducing disputes. One of the most pressing challenges is the power imbalance between parties; the weaker side often lacks the capacity to modify or object to contractual terms, opening the door to exploitation and legal conflicts (Khalili, 2020).

A wide range of legal tools—including contractual rules, judicial practices, and protective regulations—help create balance and minimize conflicts of interest. At the contractual level, transparency obligations, implied terms in favor of the weaker party, and the ability to revise contract terms are among the most effective mechanisms to prevent abuse (Mahmoudi, 2021). These provisions enable weaker parties to assert their rights and avoid entering unfair or inaccurate agreements.

From a judicial perspective, court practices of invalidating or adjusting unfair clauses and applying interpretation rules in favor of weaker parties play a decisive role in reducing disputes (Shahabi, 2018). Such judicial approaches create a deterrent effect for stronger parties, increase confidence in contractual processes, and assure weaker parties that their rights will be protected if the contract is violated.

On the regulatory and supervisory level, governmental policies and consumer protection frameworks proactively prevent abuse. Oversight bodies and consumer protection agencies review contractual clauses and enforce restrictions to stop unfair terms from being applied (Azizi, 2020).

Moreover, ADR tools like arbitration and mediation enable quick and cost-effective dispute resolution, avoiding prolonged litigation. The combined use of mandatory and voluntary ADR mechanisms ensures fairness while reducing tension and fostering contractual balance (Moradi, 2019).

In sum, the coordinated application of contractual, judicial, regulatory, and ADR instruments ensures that adhesion contracts move toward transparency, balance, and prevention of conflicts of interest. This integrated approach protects weaker parties' rights, strengthens trust in the market, and enhances economic stability while aligning domestic practices with international standards (Rahimi, 2019).

## 6.3. *Practical and Judicial Case Studies in Iran*

Practical and judicial experiences in Iran reveal that adhesion contracts, as a dominant instrument in commercial and consumer relations, have long faced challenges such as power imbalance and unfair terms. In recent years, Iranian courts have emphasized protecting weaker parties and upholding public legal standards by developing solutions to curb abuse.

An example is the Administrative Justice Court's decisions in cases concerning service and construction contracts, where certain unfair clauses were declared void or subject to revision (Bahrami, 2020). This judicial approach highlights the courts' commitment to maintaining fairness and provides clear standards for evaluating the legitimacy of contract terms.

In the consumer sector, practical cases show that supervisory agencies and the Consumer Protection Organization have played a significant role in reforming or adjusting adhesion contract terms. For instance, in some complaints from online shoppers, the Consumer Protection Organization deemed certain clauses—such as mandatory acceptance of product returns or limitations on seller liability—unenforceable, creating greater contractual fairness and transparency (Karimi, 2019).

Other practical examples involve insurance and banking sectors, where courts have declared clauses imposing unreasonable restrictions on policyholders or bank clients as modifiable. These rulings demonstrate that combining judicial and supervisory actions can maintain the efficiency of adhesion contracts while preventing abuse (Ebrahimi, 2021).

Overall, practical and judicial experiences in Iran show that domestic legal tools—including civil contract standards, consumer protection measures, and judicial oversight—can effectively create fairness and transparency in adhesion contracts. These experiences not only empower weaker parties to enforce their rights but also build trust in the contractual system, support economic stability, and provide a foundation for improving and refining legal practices (Rahimi, 2021).

## 6.4. *Strengths and Limitations of Existing Legal Instruments*

The legal instruments available in Iran and at the international level for managing adhesion contracts have both strengths and limitations, directly affecting their efficiency and fairness. Among the key strengths is their ability to maintain balance



between parties and reduce abuse. Domestically, civil procedural rules, consumer protection frameworks, and the oversight of judicial and governmental bodies enable the annulment or modification of unfair terms, protecting weaker parties from the stronger party's pressure (Bahmani, 2022).

Additionally, enforcing contractual transparency and public standards strengthens mutual trust and economic stability. ADR mechanisms such as arbitration and mediation have also proven effective by offering quick and low-cost dispute resolution, preventing lengthy legal battles, and reinforcing contractual justice (Shahriari, 2021).

Internationally, EU practices and U.S. consumer protection laws serve as successful models for balancing and moderating adhesion contracts, offering valuable lessons for improving domestic instruments (Brown, 2020).

Nevertheless, there are clear limitations. First, many adhesion contracts are inherently one-sided and pre-drafted, limiting the weaker party's ability to fully modify unfair terms. Second, judicial procedures in Iran can be slow and complex, making access to justice difficult for weaker parties (Pourhosseini, 2020). Third, supervisory and regulatory bodies sometimes lack resources and face weak enforcement mechanisms, reducing their ability to effectively prevent abuse.

Overall, while existing legal instruments play an important role in fostering balance, transparency, and dispute resolution, these limitations—such as restricted access for weaker parties, slow judicial processes, and weak regulatory enforcement—undermine their full effectiveness. Therefore, combining contractual, judicial, regulatory, and ADR tools with legal education and awareness can reduce these weaknesses and significantly improve the fairness and enforceability of adhesion contracts (Rahimi, 2019).

## **7. Recommendations and Future Outlook**

Recent developments in the field of adhesion contracts show that, despite the importance of these contracts in facilitating commercial and economic relations, there are still significant legal gaps and challenges that can affect the balance between the parties and the transparency of the contract. To improve and enhance adhesion contracts, it is essential to implement a set of legislative and regulatory reforms. The first axis of reform is the revision of consumer protection laws and the bylaws related to unilateral contracts. These reforms should include setting clear criteria for the transparency of contractual terms, prohibiting unfair clauses, and creating effective enforcement guarantees to uphold the rights of the weaker party. In addition, drafting strategic guidelines and circulars by supervisory authorities can pave the way for effective implementation of the laws and prevention of abuse. The use of electronic tools for the registration, access, and oversight of adhesion contracts can also improve transparency and the traceability of term implementation.

The second axis is the improvement of judicial practice and fair interpretation of contracts. Judicial experience has shown that slow procedures and certain traditional readings of legal rules hinder the realization of justice in adhesion contracts. Reforming judicial practice may include establishing specific judicial guidelines for invalidating or adjusting unfair clauses, promoting the application of interpretive principles in favor of the weaker party, and facilitating access to courts and dispute resolution procedures. Moreover, training judges and legal experts in the area of adhesion contracts and international standards can increase accuracy and fairness in decision-making.

The third axis is the development of legal education and awareness among contracting parties. One of the major problems in adhesion contracts is the weaker party's lack of knowledge of their rights and powers, which can lead to acceptance of disproportionate terms. In this regard, holding training courses, publishing legal guides, and promoting legal culture in society and the private sector are of great importance. Creating information platforms and legal advisory services for consumers and businesses can help reduce disputes and strengthen trust in economic relations.

At the international level, trends toward convergence with global standards also show that adhesion contracts in the European Union and the United States, through legal, judicial, and supervisory instruments, have achieved greater transparency and legal balance. A comparative study of these experiences indicates that establishing frameworks harmonized with international practice, exchanging judicial experiences, and benefiting from global consumer protection standards can provide a basis for improving the quality of domestic adhesion contracts. In addition, globalization and the increase in cross-border trade require transparent and reliable contracts that, while reducing disputes, enable healthy competition and protect the rights of all parties.

Overall, a combination of legislative reforms, improved judicial practices, development of legal education and awareness, and attention to international developments can transform adhesion contracts from a unilateral and vulnerable tool into

agreements that are transparent, balanced, and reliable. These changes not only increase justice and transparency in domestic economic relations, but also enable convergence with international standards and attract foreign investment. The future of adhesion contracts in Iran and worldwide requires, above all, coordination among domestic laws, judicial practice, supervisory institutions, and the parties' awareness, so that both economic interests and the principles of justice and equity are upheld.

Therefore, the future outlook for adhesion contracts clearly shows that the simultaneous use of various legal instruments and the development of legal culture can turn adhesion contracts into an effective tool for managing conflicts, enhancing transparency, and protecting the weaker party, while facilitating convergence with global standards.

## 8. Conclusion

The findings of this study show that adhesion contracts, as one of the common instruments in business and consumer interactions, have consistently faced challenges arising from power imbalances, lack of transparency, and limitations on the enforcement of the weaker party's rights. The comparative and analytical approach of this research, focusing on domestic law and international experience, demonstrates that the existence of diverse legal instruments—including contractual, judicial, regulatory, and alternative dispute resolution mechanisms—plays a decisive role in reducing inequalities and improving transparency. In response to the main research question—"How can legal tools improve the balance between the parties to adhesion contracts?"—the findings indicate that combining these instruments can, while guaranteeing the rights of the weaker party, minimize the potential for abuse inherent in unilateral contracts and enhance trust in economic relations.

The analysis shows that contractual tools—such as implied terms, transparency obligations, and the right to review and revise the contract—can create greater balance in relationships from the outset and protect the weaker party from accepting disproportionate terms. Judicial instruments, through interpreting contracts in favor of the weaker party and invalidating or adjusting unfair clauses, provide the means to realize justice and prevent abuse. In addition, regulatory and supervisory tools—including public policies, governmental guidelines, and consumer protection institutions—play a preventive role and forestall the emergence of disputes and conflicts of interest. The use of alternative dispute resolution mechanisms, such as arbitration and mediation, not only reduces pressure on the judicial system, but also provides a swift, low-cost, and flexible process for the parties and increases the possibility of amicable settlement and preservation of commercial relationships.

From a domestic perspective, although consumer protection laws and civil procedural regulations provide a foundation for safeguarding the weaker party, further reforms are needed to ensure the transparency of contractual terms and to create effective enforcement guarantees. The role of supervisory and control bodies in monitoring the market and preventing abuse is also of paramount importance. International experience further shows that the European Union and the United States, by establishing legal frameworks, clear judicial practices, and supportive policies, have transformed adhesion contracts into balanced and transparent instruments and reduced the level of disputes and conflicts of interest.

This study also highlights the importance of legal education and awareness for contracting parties. The weaker party's lack of knowledge of their rights leads to acceptance of unfair terms and increases opportunities for abuse. Developing legal education, publishing practical guides, and promoting legal culture in both the private and public sectors can raise the level of justice and transparency in adhesion contracts.

The future outlook for legal policymaking emphasizes convergence with international standards. Given the trends of globalization and cross-border trade, establishing frameworks harmonized with international laws and practices, exchanging judicial experiences, and adopting global standards not only reduce disputes and increase trust in economic relations, but also enable healthy competition and attract foreign investment.

In conclusion, this research shows that transformative legal instruments in adhesion contracts—through a combination of preventive, judicial, regulatory, and alternative dispute resolution measures—can ensure justice and transparency and reduce conflicts of interest. The concurrent use of these instruments, along with legal education and domestic legal reforms, can shift adhesion contracts from a unilateral and vulnerable form to agreements that are balanced, transparent, and reliable. This trajectory not only improves domestic economic relations, but also paves the way for convergence with global standards and enhances Iran's standing in international interactions. Accordingly, legal policymaking in the domain of adhesion contracts should be based on promoting transparency, legal balance, education and culture-building, and leveraging international experience, so that justice is ensured and a predictable, reliable economic environment is provided for contracting parties.

## Ethical Considerations

All procedures performed in this study were under the ethical standards.

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## Conflict of Interest

The authors report no conflict of interest.

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