

The System of Challenging Arbitral Awards and Grounds for Annulment with Emphasis on Judicial Supervision in Iranian Law and English Case Law

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Abstract

Arbitration, as one of the most significant mechanisms for dispute resolution, has consistently faced the challenge of balancing the principle of arbitral autonomy with the necessity of judicial supervision. The objective of this study is to examine the system for challenging arbitral awards and the grounds for their annulment, with particular emphasis on the scope and nature of judicial supervision in Iranian law, and to compare it with English case law in order to identify similarities and differences and propose a more efficient supervisory model. The research adopts a descriptive-analytical method, utilizing library resources, statutory laws, judicial decisions, and authoritative domestic and international documents, while employing a comparative approach between Iranian law and the English legal system. The findings indicate that in Iranian law, the grounds for annulment of arbitral awards are exhaustively enumerated and predominantly procedural in nature, and the role of courts is primarily limited to ensuring compliance with legal standards and public policy. In contrast, although the principle of minimal judicial intervention prevails in English law, judicial practice, through a more flexible interpretation, allows for more effective court supervision in exceptional circumstances. Strengthening the transparency of judicial supervision criteria and providing a more precise articulation of the grounds for annulment of arbitral awards in Iranian law, drawing on the experience of England, can preserve arbitral autonomy while enhancing public trust in this institution and preventing the issuance of awards that conflict with fundamental legal principles.

Keywords: Arbitration, Annulment of Arbitral Award, Challenge to Arbitral Award, Judicial Supervision, Iranian Law, English Law

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1. Introduction

Arbitration may be regarded as one of the most important and efficient methods of dispute resolution in the sphere of international relations; a method which, in comparison with other adversarial mechanisms, is associated with greater simplicity, a faster process, and substantially lower costs. An arbitration agreement may be established through two avenues: first, by incorporating an arbitration clause into the main contract, and second, by concluding a separate agreement. Although arbitration is recognized as a peaceful means of terminating disputes outside the formal structures of judicial adjudication, this mechanism has not been entirely freed from the sphere of judicial supervision. In nearly all legal systems, despite the emphasis placed on the principle of freedom of contract in private agreements, a scope for the intervention and control of the public courts has been envisaged, because the prevailing assumption is that the parties' consent to arbitration is neither absolute nor unconditional and may be subject to restrictions and rules with which the arbitrator must comply (Khodabakhshi, 2018).

When a foreign element enters the arbitral process, the scope of such judicial supervision becomes stronger, to the extent that the courts of the seat of arbitration possess exclusive jurisdiction to exercise the primary judicial control over the arbitral award and to hear actions for its annulment, within the limits prescribed by their own national law (Rahmatifar et al., 2026). This arises from the inclination of states to safeguard the fundamental principles and entrenched values of their national legal order, to prevent their undermining through international arbitration, and to ensure the soundness of the proceedings and the realization of justice. In addition, it is generally believed that the institution of arbitration owes its durability and acceptance to the legal support and statutory structure that have been created and legitimized through national laws or bilateral and multilateral treaties among states (Joneidi, 2009; Mirzaei, 2009).

Objection has always been one of the methods by which litigants seek a renewed examination and reconsideration of a decision issued by a lower authority. It is self-evident that proceedings do not always progress in accordance with the parties' wishes, and that both courts and arbitral tribunals may make mistakes.

In Iranian law, the legislature has provided only one mechanism for challenging an arbitral award, namely an "application for annulment" under Article 489 of the Iranian Code of Civil Procedure, and has not expressly established an independent institution entitled "objection to an arbitral award." At the same time, Article 483 of the Code of Civil Procedure merely states that an objection to an arbitral award does not prevent its enforcement, without prescribing any specific formalities, time limit, or distinct substantive grounds for such objection as compared with an annulment action.

Some writers, relying on the wording of Article 483, have taken the view that the legislature has distinguished between "objection to an arbitral award" and an "application for annulment of an arbitral award," and has thus contemplated two different methods for attacking an arbitral award, even though it has not specified the grounds or limits of the objection. This interpretation is inconsistent with the general structure of the arbitration provisions and with the logic that methods of challenging decisions are limited and exceptional in nature, because the sum of the arbitration provisions indicates that the legislature has exhaustively regulated both the grounds and the method of challenging an arbitral award within the framework of an annulment action. Accordingly, the term "objection" mentioned in Article 483 should be understood merely as a non-technical expression referring to the same act of seeking annulment of the award, rather than as indicating the recognition of an independent remedy separate from the annulment action.

Annulment of an arbitral award is the process through which an arbitral award is challenged. In arbitration, the parties seek a speedy resolution of a specialized matter that they do not wish to litigate in court; otherwise, they would not have inserted an arbitration clause into their contract. After the arbitrator issues an award, that award is final and enforceable. The finality of the arbitral award means that the parties may not seek appellate review against it.

Where an appeal is brought against a court judgment, such appeal both prevents the enforcement of the judgment and places the entire dispute, in both factual and legal respects, within the jurisdiction of the higher court. Arbitration, however, differs from court adjudication. Once the arbitrator, as the judge chosen by the parties, issues an award, that award is authoritative, and it may be set aside only in special and exceptional cases in order to preserve procedural justice.

For the purposes of this study, it should be noted that a prior article examined the effects of annulment of an arbitral award on the arbitration clause and analyzed Article 491 of the Iranian Code of Civil Procedure, a provision which, in absolute terms and without distinguishing among the grounds of annulment, refers the parties to the state court after the arbitral award has been annulled, and whose apparent meaning suggests the extinction of the arbitration clause. Nevertheless, a logical and

equitable interpretation confines that rule to cases in which the annulment of the arbitral award necessarily entails the dissolution of the arbitration clause. The invalidity of the arbitration agreement and the expiration of the specified time limit are among the grounds consistent with the rule of the Note to Article 491; however, in other situations, it is necessary to distinguish between “restricted” arbitration and “absolute” arbitration. A restricted arbitration clause—limited to specifically designated arbitrators—comes to an end upon the issuance of the arbitral award, because the subject matter of the obligation has already been performed by the arbitrator and the requirement of personal performance does not permit the arbitral process to be extended to other persons. In absolute arbitration, it is the arbitral mechanism itself, rather than the specific person of the arbitrator, that is desired by the parties; therefore, annulment of the award does not affect the agreement, and respect for party autonomy—as a fundamental principle of arbitration—requires that the arbitration clause continue to be observed and that the arbitral process proceed with new arbitrators (Rahmatifar et al., 2026).

Qanavati and colleagues conducted a study entitled “Substantive Review of Arbitral Awards: A Comparative Study in English Arbitration and Iranian Domestic Arbitration.” This study briefly described the judgment and the subject matter, examined approaches to substantive review, and ultimately concluded that although the possibility of such review by the courts may be conceivable under current rules and in light of the expansion of review over questions of law, the principle of the finality of arbitral awards, the spirit governing the relevant provisions, and especially the analysis of Article 374 of the Code of Civil Procedure all require that court intervention be limited to manifest mistakes of the arbitrator (Qanavati & Afzal, 2020).

Joneidi, in an article entitled “The Competent Court for Annulment of an Arbitral Award in International Arbitration,” examined judicial jurisdiction to hear objections to arbitral awards and actions for their annulment, as one of the complexities of international arbitration law. In the first part of the article, emphasis was placed on the limited judicial jurisdiction to annul only domestic or national arbitral awards, and then the criteria for determining the nationality of the award, on the basis of the degree of their acceptance, were explained. The inconsistency among these criteria, especially the two principal criteria of the place where the award is rendered and the procedural law governing the arbitration, gives rise to undesirable consequences such as positive and negative conflicts of judicial jurisdiction in hearing objections to arbitral awards; these issues were examined in the second part of the article, together with proposed solutions for relatively reducing such effects (Joneidi, 2009).

The necessity of the present study arises from the fact that, following the annulment of an arbitral award, conflict and fragmentation are observable in doctrine and judicial practice within the Iranian arbitral and judicial systems concerning the competent subsequent forum—whether judicial or arbitral—for hearing future disputes. This article examines the matter comprehensively and emphasizes that the Note to Article 491 of the Iranian Code of Civil Procedure, which provides that “in cases where referral to arbitration was not made through the court and the arbitral award is annulled, the dispute shall be heard by the court upon submission of a statement of claim,” is directed to the predominant form of arbitration, namely “restricted arbitration,” where the agreement to arbitrate concerns the resolution of that specific dispute and, upon annulment of the award, the case returns to the judicial forum.

However, in “absolute” arbitration, in which the common intention of the parties is to submit all disputes arising out of a legal relationship to arbitration, annulment of the arbitral award does not by itself extinguish the arbitration agreement. Rather, in light of the purpose and philosophy governing the agreement to arbitrate—namely, removing disputes from the sphere of state adjudication and relying on a private dispute-resolution mechanism—it must be held that the arbitration agreement remains in force and that recourse to arbitration remains possible for the resolution of the dispute. On this basis, annulment concerns only the invalidity of that particular award, not the dissolution of the arbitration agreement as a whole. The research method of this article is based on library study of the theoretical sources of arbitration law, accompanied by a comparative and critical analysis of judicial practice and structured according to a descriptive-analytical yet practical approach.

Accordingly, the novelty and innovative aspect of the study may be stated as follows: prior articles and studies have focused mainly on the annulment of arbitral awards under international conventions and on the judicial jurisdictions related thereto, whereas the present study examines objections raised against arbitration, their effects, and the possibility of annulment of arbitral awards in Iranian and English law.

Accordingly, the research questions are as follows:

1. What are the effects of challenging an arbitral award in the legal systems of Iran and England?

2. What are the grounds for challenging and annulling an arbitral award? Are these grounds shared with arbitration in England?
3. Which laws govern objections to an arbitral award?
4. Concepts and Definition of Arbitration in Iranian and English Law

2. Concept and Definition of Arbitration in Iranian Law

In Iranian law, arbitration is recognized as one of the methods of private dispute resolution, founded upon the will and mutual agreement of the disputing parties, and is regarded as a substitute for judicial adjudication before state courts. Under the provisions of Chapter Seven of the Iranian Code of Civil Procedure, especially Article 454 thereof, all persons having the capacity to bring an action may, by mutual consent, submit their existing disputes or potential future controversies to the arbitration of one or more persons (Mohammadzadeh Asl, 2000). Accordingly, arbitration in the Iranian legal system means entrusting the resolution of a dispute to one or more persons chosen by the parties, outside the ordinary procedural formalities of the courts, with the aim of issuing an award binding upon the disputing parties. The essential feature of arbitration in Iranian law is its contractual nature and the dependence of the arbitrator's jurisdiction upon the will of the parties, such that the arbitrator derives authority to hear the dispute and issue an award not by force of law, but by virtue of the agreement of the parties to the dispute. Nevertheless, arbitration in Iranian law is not regarded as an institution wholly independent from the judicial system; rather, it remains under the supervision of the courts, and the legislature has exercised a form of supportive and controlling judicial supervision over this institution by providing grounds for annulment of arbitral awards and allowing limited court intervention at various stages (Khodabakhshi, 2018).

3. Concept and Definition of Arbitration in English Law

In English law, arbitration is a legal institution for the resolution of civil and commercial disputes through a private and non-judicial forum, founded upon the parties' agreement and the principle of party autonomy. The principal legal framework governing this institution in the English legal system is the Arbitration Act 1996, which treats arbitration as a process by which a dispute is referred to an impartial arbitral tribunal so that, in accordance with fair procedures, it may render an award binding upon the parties (Rostami, 2024). Although the Arbitration Act 1996 does not provide an express technical definition of arbitration, it may be inferred from its provisions as a whole that arbitration in English law is a contractual mechanism for dispute resolution through a forum independent from the courts, deriving its authority directly from the arbitration agreement. One of the fundamental pillars of arbitration in English law is the principle of minimum court intervention in the arbitral process, which is expressly affirmed in the opening provisions of the Act and emphasizes the necessity of respecting the decisions and independence of the arbitral tribunal. Nevertheless, the English arbitral system also does not regard arbitration as an institution wholly free from judicial supervision, and it recognizes a defined role for the courts, including support for the arbitral process and limited control over arbitral awards through specific grounds of challenge and annulment (Rahmatifar et al., 2026).

4. The System of Challenging Arbitral Awards in Iranian Law

In the Iranian legal system, challenging an arbitral award (or applying for annulment of an arbitral award) constitutes one of the most important stages of judicial supervision over arbitration, and unlike appellate review in court litigation, its nature is annulment-based and must be brought before the competent court. Under Article 489 of the Code of Civil Procedure for General and Revolutionary Courts in Civil Matters, a signed and notified arbitral award is deemed "final," and no direct appeal may be brought against it; rather, the objecting party must submit a statement of claim seeking annulment of the arbitral award to the competent court. Within this framework, the grounds for annulment enumerated by the legislature include matters such as "contradiction of the award with rights-creating laws," "issuance of an award on a matter beyond the scope of the submission to arbitration," "the arbitrator's departure from the limits of his authority," and "issuance of the award after the expiration of the arbitral period"; only upon proof of one of these grounds may the court annul the arbitral award (Joneidi, 2009). In Iranian

judicial practice and legal doctrine, annulment of an arbitral award takes place on the basis of the instances set out in Article 489, and the court has no right to enter into the merits of the dispute except in the limited cases expressly provided by law. Thus, judicial supervision in Iran is directed mainly toward examining the legality of the arbitral process and its conformity with statutory requirements. If it is established that the award conflicts with rights-creating laws or public policy, the court may entertain the application for annulment and set the award aside. In the field of international arbitration—which in Iran is governed through the Law on International Commercial Arbitration of Iran of 1997—a similar framework exists for annulment of arbitral awards, as Article 33 of that law enumerates the awards that may be annulled, including lack of jurisdiction of the arbitrator, invalidity of the arbitration agreement, defects in notification, or violation of the fundamental principles of due process. These arrangements are generally consistent with the principles set forth in the UNCITRAL Model Law and allow the courts to undertake review sufficient to secure a minimum level of procedural justice (Bahrami, 2026). Overall, the system of challenging arbitral awards in Iran is designed on the basis of explicit and concise statutory rules, and judicial supervision is limited to examining the existence of statutory grounds for annulment rather than reviewing the substantive merits of the dispute. This approach contributes to the stability and reliability of arbitral awards, yet in certain controversial cases it may also lead to serious legal challenges.

5. Time Limit for Applying to Annul an Arbitral Award

After notification of the arbitral award, under Article 490 of the Code of Civil Procedure, “either party may, within 20 days from the date of notification of the arbitral award, submit an application for annulment of the arbitral award.”

6. Competent Forum to Hear the Annulment of an Arbitral Award

Under Article 454 of the Code of Civil Procedure, a dispute may be referred to arbitration at any stage of the proceedings. In such a case, the court that referred the dispute to arbitration has jurisdiction to decide on the annulment of the arbitral award. If the matter was referred to arbitration at the appellate stage, the court of first instance within the same territorial jurisdiction shall hear the application for annulment of the arbitral award. However, if an arbitration clause existed from the outset or the parties subsequently agreed to arbitration, then the court having jurisdiction over the original claim shall be the competent court to hear the application for annulment of the arbitral award.

5. Grounds for Annulment of an Arbitral Award

Article 489 of the Code of Civil Procedure sets out the grounds for annulment of an arbitral award in exhaustive form, and these grounds relate principally to procedural defects and the limits of the arbitrator’s authority. According to this article, “an arbitral award shall be null and unenforceable in the following cases: where the award is contrary to mandatory rights-creating laws; where the award is rendered on a subject matter beyond the scope of the arbitration agreement; where the award is issued outside the limits of the arbitrator’s jurisdiction (in which case only the part exceeding the authority shall be void); where the award is rendered or notified after the expiration of the arbitral time limit; where the award conflicts with the contents recorded in the land registry or in valid official documents between the parties; where the award is issued by arbitrators lacking the legal capacity to render an award; or where the agreement to submit the matter to arbitration is itself intrinsically invalid.”

7. Annulment of Arbitral Awards in the Judicial System

The most important part of arbitration law reflected in judicial practice, and the area with which judges and lawyers are more familiar, is the annulment of arbitral awards and the rules governing it. The rules relating to arbitral awards are among the most significant legal issues in arbitration law, because legal subtleties, together with practical approaches and the interrelationship of civil law, commercial law, procedural law, and arbitration law, have made the annulment of arbitral awards one of the difficulties of judicial practice. The weakness of the available sources, despite the efforts made and still being made by doctrine, has led to inconsistency in judicial practice; and if developments are to occur in that practice, greater attention must be given to doctrine and the theoretical sources of arbitration law. It is recommended that diligent legal scholars, with a positive view toward judicial practice, support this still developing field and make even greater efforts in the preparation of legal sources having characteristics that can assist judicial practice as well (Khodabakhshi, 2015). Whether arbitration takes

the form of a separate agreement or an arbitration clause, the conditions required for its formation and validity are governed by the law in force at the time of agreement. Article 195 of the Iranian Civil Code provides with respect to proof of legal acts that: “The evidence adduced to prove contracts, unilateral acts, obligations, and agreements shall be governed by the laws in force at the time of their conclusion, unless such evidence consists of religious proofs that were not enforceable, or unless the law expressly provides otherwise.” This rule also applies to the constitutive aspect of the contract itself, because it is a consequence of the necessity that persons be able to rely upon the legal system. Of course, this does not prevent legislative intervention in contracts, but such intervention is clearly contrary to principle and legislation of that kind is rare. For this reason, the Note to Article 458 of the Code of Civil Procedure states that “arbitration agreements concluded before the entry into force of this law shall, subject to Article 139 of the Constitution, remain governed by the rules in force at the time of their conclusion.” In other words, this article accepts the application of the law in force at the time of the contract, although it intervenes with respect to public and state property. The purpose of arbitration is that the dispute be resolved without the involvement of a public authority and by the decision of a person whose judgment the parties have chosen and accepted. Accordingly, the disputing parties must remain bound by their agreement and accept the award of the arbitrator whom they have chosen by their own will, and that award must be final and conclusive for them. For that reason, an arbitral award is not subject to appeal. Nevertheless, the arbitrator may at times exceed the limits of his jurisdiction and render an award outside the scope of the parties’ will, or his award may be contrary to mandatory laws and the public policy of the state. It is for this reason that the legislature has, exceptionally and in a limited manner, specified the cases in which an arbitral award is null, ineffective, and unenforceable.

8. Grounds for Annulment of an Arbitral Award in Iranian Law

In Iranian law, the grounds for annulment of an arbitral award, as the most important instrument of judicial supervision over the arbitral process, play a decisive role in maintaining a balance between the principle of party autonomy and the need to ensure compliance with the legal order and mandatory rules. The Iranian legislature has adopted a restrictive approach by providing for the grounds of annulment in exhaustive form so as to prevent broad judicial intervention in the merits of disputes and to avoid undermining arbitration as an efficient and independent institution. The most important statutory source in this regard is Article 489 of the Code of Civil Procedure, which enumerates such matters as the incapacity of one of the parties, the arbitrator’s excess of delegated authority, contradiction of the award with rights-creating laws, inconsistency of the award with public policy and good morals, issuance of the award after the expiration of the arbitral period, and failure to comply with essential formalities agreed by the parties, as grounds for annulment. In addition, in international commercial arbitration, Article 33 of the Iranian Law on International Commercial Arbitration, inspired by the UNCITRAL Model Law, regulates the grounds of annulment by distinguishing between procedural and substantive defects and by emphasizing the principle that judicial supervision should remain minimal. Iranian judicial practice also generally adopts a narrow interpretation of these grounds and emphasizes that the courts should not enter into the merits of the arbitrator’s decision, viewing judicial supervision as confined to controlling compliance with mandatory rules, the arbitrator’s jurisdiction, and the limits of his authority. Nevertheless, in practice, the broad and flexible concept of public policy has at times provided a basis for expanding the scope of court intervention, and no coherent uniform practice has emerged in its interpretation. From this perspective, the grounds for annulment of arbitral awards in Iranian law, although apparently limited and defined, may in the context of judicial interpretation play a more prominent role either in restricting or in strengthening the institution of arbitration. A comparative examination of this issue alongside the English legal system and the manner in which judicial supervision is exercised there may lead to a more precise clarification of the position of the courts in supporting or controlling arbitration under Iranian law.

9. The Extent of Court Supervision and Intervention in the Annulment of an Arbitral Award

The choice of arbitration in place of recourse to state courts inherently signifies that the parties do not wish judicial authorities to intervene in the resolution of their present or future disputes, and, accordingly, respect for party autonomy requires that the principle be one of the self-sufficiency of the arbitral process and the non-intervention of the courts, with judicial intervention being permissible only in exceptional cases and particularly for the protection of superior interests and public policy. Even so, what states generally regard as a “red line” is the matter of public policy, and most grounds for annulment of an arbitral award are likewise built upon that foundation, such that the law deems it necessary for the arbitral award to pass

through the channel of judicial control so that, after the elimination of elements contrary to public policy, either enforcement of the award may become possible or its total invalidity may be declared.

By contrast, some writers maintain that “the principle of the reviewability of an arbitral award and court intervention” is one of the principles accepted in most legal systems, although the breadth and intensity of such supervision are not identical in different systems (Khodabakhshi, 2018).

Some scholars even make court intervention the starting presumption and argue that in arbitrations whose entire process has taken place outside the sphere of supervision of state or judicial authorities, the court responsible for notification of the award and issuance of the writ of execution must satisfy itself as to the relative soundness of the arbitral process in order to make enforcement possible. Accordingly, the court is obliged in every case to examine the contents of the arbitral award and the text of the arbitration agreement and, if no fundamental grounds of nullity are established, to order the notification and enforcement of the award (Vahedi, 1993).

Other jurists argue that the complete denial of any judicial supervision over arbitration creates a potential ground for abuse by arbitrators and for the violation of individuals’ rights—especially the rights of weaker and more vulnerable persons—and that the absolute independence of the arbitral tribunal, without any controlling mechanism, is inherently prone to deviation and abuse (Gelender, 1997). Along the same lines, some regard judicial supervision as a guarantee that arbitrators will observe the norms of public policy, and as a means of preventing laxity or negligence on their part. Some scholars have even considered the enforceability of an arbitral award to depend upon the issuance of an enforcement order by the court and have emphasized that, although an arbitral award benefits from the authority of *res judicata*, it does not possess executive force in itself and must inevitably pass through the filter of judicial review before an enforcement order can be issued (Katouzian, 2004).

The sum of these views reveals a kind of “pessimistic-optimistic” approach toward arbitration, in which arbitration is viewed primarily from a judicial perspective and through the lens of control and intervention. Yet what has to some extent been neglected in this context is the preservation of the parties’ common intention in departing from state adjudication and consciously choosing arbitration. It is precisely this intention and private agreement that should be the most important basis for the view that the principle is the autonomy of the arbitral process and the non-intervention of the courts, and that judicial intervention should be interpreted only within the framework of exceptional cases, for the protection of public policy and the supplementary support of the arbitral process, rather than as the governing rule.

From a foundational point of view, the justification for court supervision over arbitration initially rested on the idea that any dispute-resolution mechanism operating within the sovereignty of a state must function within the framework of law and under the supervision of that state’s official courts. Subsequently, the concern was also raised that the expansion of arbitration might overshadow the authority and dignity of the national judicial system and weaken the role of state courts. In addition, a kind of “judicial jealousy” toward this alternative mechanism—which in many instances can resolve disputes more quickly and efficiently—has always existed and continues to exist (Liu & Jafari, 2009). As a result, arbitration has in many legal systems been regarded as a permissible exception to the exclusive jurisdiction of state courts, rather than as a wholly self-standing and independent institution. Yet serious acceptance of the principle of party autonomy and of the economic and practical function of arbitration requires that this perspective gradually be revised in favor of recognizing arbitration as a semi-independent institution complementary to state adjudication.

10. Court Intervention and Compliance with the Statutory Time Limit

In most legal systems, a clear distinction is drawn between the “annullability” of an arbitral award and its “absolute nullity,” particularly with regard to the time within which the defect may be raised. That is to say, grounds rendering an award voidable may be invoked only within a prescribed time limit and with observance of specific formalities, whereas cases of absolute nullity, as defects inherent and fundamental to the award itself, are in principle free from restrictive time limits and formalities, and may be invoked at any time and at any stage of the proceedings. This distinction is properly reinforced by the argument that imposing a procedural time limit on awards that are “inherently null and ineffective” lacks logical justification, because the passage of time cannot confer validity and effect upon something that is juridically nonexistent in nature (Shams, 2019).

In Iranian law, the lack of an explicit distinction between grounds of “annulment” and grounds of “nullity” in Article 489 of the Code of Civil Procedure, together with the application of the 20-day period set out in Article 490 to all seven grounds mentioned in Article 489, has led to conflicting readings in legal doctrine and to confusion in judicial practice. On the one hand, the opening of Article 489 expressly declares that the listed grounds result in the “nullity” and “unenforceability” of the arbitral award; yet immediately thereafter, Article 490 prescribes a limited period for filing an annulment action on the basis of those same grounds. This structure gives rise to the objectionable implication that, once the period has expired, an award previously described as “null and unenforceable” somehow becomes valid and enforceable—an outcome that is clearly inconsistent with the foundations of absolute nullity and with sound legal reasoning.

On this basis, two principal views have emerged among jurists: one group, relying on the wording of Article 490, regards compliance with the time limit as a condition for the admissibility of an annulment action and considers any application filed outside the period inadmissible; by contrast, another group believes that where the ground relied upon has the nature of “absolute nullity,” the time limit is meaningless and the losing party may at any time seek a declaratory judgment from the court pronouncing the award null. The principal objection raised by the critics is that if an arbitral award is “fundamentally void,” the passage of time cannot render it valid; imposing a time limit in such a case necessarily entails that, if no action is brought within the prescribed period, something that was inherently void becomes a valid and enforceable award, a result incompatible both with the theoretical foundations of nullity and with legal fairness (Hassani, 2013; Mohammadzadeh Asl, 2000).

An examination of the deliberations of the Eleventh National Consultative Assembly, and especially the explanation given by the rapporteur of the commission regarding Article 665 of the former Code of Civil Procedure of 1939, shows that the earlier legislature had expressly stated, in the three categories of cases in which an arbitral award was regarded as “fundamentally null and unenforceable,” that the sooner or later filing of the nullity action had no effect upon the nature of the matter, and that imposing a time limit in such cases would mean that if the time expired and no annulment action was filed, something that had been void from the outset would be treated as valid—an outcome expressly rejected. This legislative background provides important support for drawing a conceptual distinction, in the interpretation of current Articles 489 and 490, between defects leading to “absolute nullity” and defects leading merely to “annullability.”

Judicial practice also reveals signs of acceptance of this analysis. For example, in Judgment No. 9609970226401326 dated March 18, 2018, Branch Four of the Tehran Civil Court held that the court is obliged to apply rules relating to public policy and good morals in relation to an arbitral award and that this duty is not time-bound; it therefore accepted that, in cases of the “intrinsic invalidity” of an award—such as arbitrators acting beyond the limits of their authority, improper constitution of the arbitral tribunal, and violation of the principle of adversarial proceedings—an objection to the arbitral award is still admissible even after the expiration of the 20-day time limit. Drawing inspiration from the approach adopted in the UNCITRAL Model Law, according to which intrinsic nullity is not subject to time restrictions, the court found the claim well founded and, on the basis of Articles 4 and 474 and paragraph 1 of Article 489 of the Code of Civil Procedure, issued a judgment declaring the arbitral award null (Khodabakhshi, 2018).

11. The System of Challenging Arbitral Awards in England

Some scholars maintain that the earliest experiences of review over administrative action should be sought in the common-law system and within the framework of decentralized judicial review, which constitutes the dominant model in English law (Bilder, 2006). This model, also known as the “unity of adjudication,” and which, according to some English jurists, rests upon the denial of any distinction between public law and private law (Dicey, 1982), places jurisdiction over all claims, in principle, in the hands of the ordinary courts, and accordingly the ordinary courts are also empowered to hear claims related to administrative acts and decisions (Rezaeizadeh, 2011). Thus, whereas in the French legal system, on the basis of particular implications of the principle of separation of powers and the absolute prohibition on interference by the judiciary in executive affairs, review of administrative acts and decisions has been assigned to a body affiliated with the executive branch, in English law judicial review over administration lies within the jurisdiction of the ordinary courts and operates outside the sphere of executive power (Aghaei Togh, 2007).

This approach has its roots in the historical factors dominating the English legal system and in the formation of that system around powerful courts which, throughout their historical development, relied more on judicial authority and initiative than on the legislature. In addition, this difference may be explained in the light of the positive role of English judges in the historical transformations of that country, especially the Glorious Revolution of 1688; in the course of that development, English judges, unlike their French counterparts, stood alongside the people and Parliament and against the Stuart monarchy.

The institutions responsible for exercising judicial review over administrative action in English law include administrative tribunals and the High Court. Administrative tribunals, which today cover a broad range of economic and social activities within their extensive jurisdiction, although they initially faced serious challenges in expanding the scope of their competence, rapidly developed because of factors such as the specialized expertise of their members and greater speed in adjudication, and they have become an effective component of the English legal system (Aghaei Togh, 2007).

Within the structure of the High Court of England, the King's Bench Division, as one of the three principal divisions, has a special judicial jurisdiction for hearing complaints brought against administrative acts and decisions, and this jurisdiction is exercised by two or three judges through the mechanism of judicial review over administrative decisions (Rezaeizadeh et al., 2017). In total, three principal criteria for the exercise of judicial review in English administrative law have been identified which, following Lord Diplock's well-known classification in *CCSU v Minister for the Civil Service*, have been consistently cited, explained, and examined in the public-law literature of that country. Even so, the ultimate outcome of that decision may be understood as emphasizing two fundamental axes: legality and compliance by administrative authorities with the limits of their powers—two criteria that, in all legal systems, are accepted as common foundations of judicial review over the administration.

12. Substantive Protection of Arbitral Awards in the Judicial Practice of English Courts

The English Arbitration Act 1996 does not define arbitration, but it identifies the purpose of arbitration as obtaining the fair resolution of disputes by an impartial body, without unnecessary delay or expense (section 1(a)). Arbitration in English law was formerly governed by common law and by four statutes—the Arbitration Acts of 1950, 1975, and 1979, together with the Consumer Arbitration Agreements Act 1988—but with the enactment of the Arbitration Act 1996, the latter three statutes and also Part I and section 42(3) of the Arbitration Act 1950 were repealed (Asgharian, 2009).

Arbitration in English law before the recent reforms was governed by common law and by those four statutes, namely the Arbitration Acts of 1950, 1975, and 1979, together with the Consumer Arbitration Agreements Act 1988. With the enactment of the Arbitration Act 1996, the later three statutes and also Part I and section 42(3) of the Arbitration Act 1950 were repealed (Asgharian, 2009). The main purpose of the 1975 Act was to make possible the implementation in England of the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, and the Arbitration Act 1979 introduced reforms relating to arbitration and associated matters. As the most significant reform in English arbitration, that Act addressed such matters as the requirement that the arbitral award be reasoned, the principle of separability of the arbitration clause, appellate review, and the non-publication of arbitral awards; and while it expanded the principle of finality of the award through recognition of the exceptional possibility of judicial review, it amended the 1950 Act in certain important respects, especially in relation to challenge and annulment of arbitral decisions (Joneidi, 2009). In English law before the 1979 reforms, under the Arbitration Act 1950, parties to an ongoing arbitration were permitted to bring their dispute before the High Court, and an English judge had the authority to annul an arbitral award made in that country upon discovering either a factual or legal error. These two rules, which reflected the full dominance of the English judge over arbitration, gave rise to objections from foreign companies. Accordingly, in order that London might preserve its position as an important seat of international arbitration, England accepted the 1958 New York Convention within the framework of English arbitration law and enacted the 1979 Act; yet that statute did not succeed in fully liberating arbitration from constraint. Until the enactment of the 1996 Act, all three earlier statutes remained in force. In other words, the later laws merely amended the earlier laws and did not wholly repeal them. The Arbitration Act 1996, which became operative in 1997, applies to all arbitrations commenced after 1997 in England, Wales, and Northern Ireland. In addition, some parts of the Act possess a degree of extraterritorial effect. The Act not only consolidated the earlier arbitration legislation and codified the basic principles of English law, but, by using traditional

parliamentary legislative methods, also adopted a wholly new and forward-looking path and provided considerable freedom for parties and arbitrators (Park, 2016). Alongside these developments, one of the principal influences that ultimately led to the new English law was the UNCITRAL Model Law; consequently, each article of the Model Law was reflected, in corresponding order, within parts of the 1996 Act. The law governing arbitration in England today is this 1996 Act. For the purpose of clarifying and developing arbitration rules on the basis of the arbitration agreement and of establishing supplementary rules concerning the making of arbitral awards and other related matters, a statute was drafted and enacted with the approval of the Sovereign of England on the advice and proposal of the members of the House of Lords and the House of Commons (Mirzaei, 2009).

13. Grounds for Annulment of an Arbitral Award in English Law

13.1. *The Exceptional Nature of the Grounds for Annulment of Arbitral Awards in the Judicial Practice of English Courts*

Section 31—“Objection to the substantive jurisdiction of the arbitral tribunal”:

1. An objection by a party to the substantive jurisdiction of the arbitral tribunal must be raised no later than the time when that party takes the first step in the proceedings to contest the merits of any matter in relation to which it challenges the tribunal’s jurisdiction. A party does not lose the right to object to jurisdiction merely because it has appointed, or participated in the appointment of, an arbitrator.
2. An objection during the arbitral proceedings that the tribunal is exceeding the scope of its authority must be made as soon as the matter alleged to constitute such excess has been raised and the objection is founded upon it.
3. If the arbitral tribunal considers the delay justified, it may admit an objection made after the times prescribed in subsections 1 and 2.
4. Where an objection to the tribunal’s substantive jurisdiction is duly submitted and the tribunal has power to rule on its own jurisdiction, it may: (a) decide the jurisdictional objection in an award; or (b) decide the objection in a partial award. Where the parties have agreed on either course, the tribunal shall act accordingly.
5. The tribunal may, with the agreement of the parties, stay the arbitral proceedings in any case pending an application to the court under section 32.

Section 32—“Determination of preliminary point of jurisdiction”:

1. On the application of one of the parties to the arbitral proceedings (upon notice to the other parties), the court may determine any question as to the substantive jurisdiction of the arbitral tribunal. By reason of such application, a party may lose the right to object.
2. An application under this section shall not be considered unless: (a) all the other parties to the arbitration have agreed in writing to the application; or (b) the application has been made with the permission of the arbitral tribunal, and the court is satisfied that:
 - the determination of the question is likely to produce substantial savings in costs; and
 - there is good reason why the matter should be decided by the court.

Section 33—“General duty of the tribunal”:

1. The arbitral tribunal shall: (a) act fairly and impartially as between the parties, giving each party a reasonable opportunity to present its case fully and to deal with that of the opponent; and (b) adopt procedures suitable to the circumstances of the particular case, avoiding unnecessary delay or expense, so as to provide a fair means for the resolution of the matters falling to be determined.
2. In conducting the arbitral proceedings, deciding procedural and evidential matters, and exercising all related powers, the tribunal shall comply with these general duties.

To challenge a court decision, leave of the court is required. A challenge to an arbitral award based on a point of law, or on the allegation that the award is contrary to law, is subject under section 69 of the English Arbitration Act to numerous restrictions. Where, pursuant to sections 45 and 87 of the Arbitration Act, the parties have not excluded or limited court intervention in reviewing whether the award is in accordance with law, section 69(1) provides that either party, subject to giving notice to the other party and to the arbitral tribunal and unless otherwise agreed, may challenge the award before the court on a point of law arising out of the award (Asgharian, 2009).

Subsection 2 provides that “an appeal shall not be brought under this section unless: (a) all the other parties agree; or (b) the court grants leave.” The right of appeal is addressed in section 70(2) and (3) of the English Arbitration Act.

3. Leave to appeal shall be granted only if the court is satisfied that: (a) the determination of the question will substantially affect the rights of one or more of the parties; (b) the question is one which the tribunal was asked to determine; and (c) on the basis of the findings of fact in the award: • the decision of the tribunal is obviously wrong; or • the question is one of general public importance and the decision of the tribunal is at least open to serious doubt; • and, despite the parties’ agreement to resolve the matter by arbitration, it is just and proper in all the circumstances for the court to determine the question.

An application for leave to appeal under this section must identify the point of law and state the grounds supporting the contention.

The court shall determine an application for leave to appeal under this section without a hearing unless it considers that a hearing is required.

Any appeal from a decision of the court under this section, whether granting or refusing leave, requires the permission of the court.

Accordingly, as stated above, a challenge to an arbitral award in English arbitration law is subject to extensive limitations, and the court must examine the matter and, if the statutory conditions are satisfied, proceed to hear the substance of the contention by issuing an order granting leave; otherwise, by issuing an order rejecting the application, it will prevent a challenge on a point of law to the award. This decision of the court is itself challengeable before a higher court only under special conditions.

14. Comparison Between Iran and England

From a comparative perspective, the legal systems of Iran and England both regard arbitration as an institution founded upon the agreement of the parties; however, they have adopted different approaches with respect to challenging arbitral awards and judicial supervision. In Iranian law, court supervision over the arbitral award has a more prominent character, and the legislature, by enumerating various grounds for nullity in the Code of Civil Procedure, has ensured the possibility of court intervention in order to control compliance with mandatory rules, the arbitrator’s jurisdiction, and the principles of due process. By contrast, under the English Arbitration Act 1996, the governing principle is minimum judicial intervention, and a challenge to an arbitral award is accepted only in exceptional and limited cases, such as lack of jurisdiction of the arbitral tribunal, serious irregularity in the proceedings, or error of law. Therefore, while the Iranian system emphasizes supportive and relatively broader judicial supervision over arbitral awards, the English system, by placing the independence of arbitration at the center, reduces court supervision to a minimal and control-oriented level.

Conclusion

Arbitration has long been one of the enduring subjects in the field of dispute resolution. This study examined, in comparative form, the conditions for challenging an arbitral award and the possibility of its annulment in the Iranian legal system and in English judicial practice. Ultimately, in view of the matters discussed, it may be stated that, in relation to the partial or total annulment of an arbitral award in Iranian law, judicial practice indicates that if the arbitral award is not severable and divisible, annulment extends to all persons, but if it is severable, annulment does not extend to those who did not object. In English law, by contrast, the court, in the exercise of its supervisory functions, may after wholly or partially setting aside the arbitral award remit the matter to the arbitrator for rehearing. It appears that a decision to annul part of an arbitral award that does not have an independent subject-matter may, contrary to the claims and intentions of the litigants, result in the impairment of the rights of some defendants. Grounds for challenging an arbitral award include both procedural and substantive matters. Non-compliance with procedural requirements means that if one of the parties or the arbitrator lacks legal capacity, or if the rules governing notification of notices for the appointment of the arbitrator and the request for arbitration are not observed, or if the documents submitted by the applicant for annulment are not considered, or if the composition of the arbitral tribunal or the arbitral procedure does not conform to the arbitration agreement, there is a possibility of challenging and annulling the arbitral award. Among these procedural obstacles, only non-compliance with the rules governing notification of notices of appointment of the arbitrator or the request for arbitration, and non-compliance with the composition of the arbitral tribunal or the arbitral

procedure in accordance with the arbitration agreement, are common to Iranian and English law. With respect to the incapacity of one of the parties, English law addresses the matter in specific legislation, and this point is not mentioned in the English Arbitration Act 1996. Failure to produce the applicant's documents due to circumstances beyond the applicant's control is a matter found only in Iranian law and has no equivalent. Substantive obstacles or substantive grounds for challenging an arbitral award include the invalidity of the arbitration agreement under the law or its contradiction with the law, the arbitrator's exceeding the scope of the arbitration, the issuance of an award based on a forged document, the discovery after the award of documents proving the rightfulness of one party, contradiction of the award with the public policy, good morals, or mandatory rules of the state, the issuance of an award concerning matters not capable of submission to arbitration, and the issuance of an award containing the concurring and effective opinion of an arbitrator whose challenge has been accepted. Of these, only three are common between Iran and England: the arbitrator's exceeding the scope of the arbitration, contradiction of the award with public policy, good morals, or mandatory rules, and the issuance of an award on matters not capable of arbitration. The remaining grounds are specifically found in the Iranian Law on International Commercial Arbitration of 1997.

An examination of Iranian law shows that the legislature, adopting a cautious approach, has provided the grounds for annulment of an arbitral award in exhaustive and limited form. These grounds relate mainly to procedural violations, the arbitrator's departure from the limits of authority, contradiction of the award with mandatory laws or public policy, and the absence of the essential conditions of arbitration. On its face, such an approach reflects support for the principle of arbitral independence and the prevention of substantive judicial interference in disputes resolved through arbitration. However, analysis of Iranian judicial practice shows that, in reality, differing and at times expansive interpretations of concepts such as "public policy" or "contradiction with rights-creating laws" have meant that the boundary between procedural supervision and substantive court intervention has not been clearly drawn. This not only has led to inconsistency in judicial decisions, but has also affected legal certainty and the predictability of arbitral outcomes. By contrast, the English legal system, especially following the enactment of the Arbitration Act 1996, offers a relatively coherent model founded upon the principle of "minimum judicial intervention." In that system, the courts act only in exceptional circumstances and on specified grounds such as lack of jurisdiction of the arbitrator, serious irregularity in the proceedings, or obvious error of law (under special conditions and with the permission of the court). English judicial practice, emphasizing respect for party autonomy and the expertise of arbitrators, refrains from unregulated entry into the merits of disputes and regards judicial supervision as a tool for guaranteeing procedural fairness and preserving public confidence in arbitration. This approach has made arbitration in England highly attractive in commercial and international disputes. Comparison of the two legal systems of Iran and England shows that although both systems, at the legislative level, emphasize the limited nature of the grounds for challenging and annulling an arbitral award, the principal difference emerges at the stage of implementation and judicial interpretation. In Iranian law, the absence of clear and uniform criteria in interpreting the grounds of annulment has led to broader judicial interventions, whereas in England judicial practice, by creating definite standards, prevents instability in decision-making. This difference shows that the efficiency of an arbitral system depends not merely on the enactment of legal rules, but also on the way those rules are interpreted and applied by the courts. From an analytical perspective, it may be said that the principal challenge of the arbitral system in Iranian law lies not in a shortage of statutory rules, but in the lack of coherence in judicial practice and the absence of a precise articulation of the limits of judicial supervision. The expansion of broad interpretations of the grounds for annulment of arbitral awards has, in practice, transformed arbitration into a quasi-judicial stage and undermined its essential philosophy. This situation, especially in commercial and investment arbitration, may diminish the willingness of economic actors to choose arbitration as a method of dispute resolution. The study shows that rethinking the system for challenging arbitral awards in Iranian law, with emphasis on clarifying the criteria of judicial supervision and drawing upon the successful experience of the English legal system, is an unavoidable necessity. Such reform can preserve the independence of arbitration while preventing manifest injustices and establishing a desirable balance between the authority of the arbitrator and the supervisory role of the courts.

15. Recommendations

1. A more precise clarification of the grounds for annulment of arbitral awards by the legislature or through unifying precedents, especially with respect to concepts such as public policy and mandatory laws.

2. The creation of uniform judicial practice in hearing actions for annulment of arbitral awards through the issuance of guiding decisions by the Supreme Court.
3. Specialized training of judges in the field of arbitration in order to enhance their understanding of the nature of arbitration and its distinction from judicial adjudication.

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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