

# *Contents*

## Introduction

A. Object and Organization of the Book	1
B. Background—The Iranian Revolution and the Algiers Declarations	2
C. Organization of the Tribunal	6
D. The First Two Years—1982–3	9
1. Challenge of Judge Mangård	9
2. Resignation of Judge Enayat	13
3. Tribunal Case Management	13
4. Resignation of Judge Bellet	18
5. Resignation of Judge Sani	20
6. The Mosk Rule	22
E. The Traumatic Events of 1984	23
1. Resignation of President Lagergren	23
2. Attack on Judge Mangård	24
F. Productive Years—1985–7	27
1. Resignations of Judges Riphagen and Mangård	27
2. Accomplishments	28
3. Resignations of Judges Mostafavi, Brower, and Bahrami	30
G. Continued Productivity—1988–90	31
1. Resignations and Appointments	31
2. Accomplishments	34
3. Challenges of President Briner	38
H. Slower Progress—1991–5	39
1. Challenge of Judge Arangio-Ruiz	39
2. Resignations and Appointments	40
3. Accomplishments	41

## CHAPTER 1. JURISDICTIONAL ISSUES 44

A. Nationality of Claims	44
1. Requirements	44
2. Proof of Nationality—Individuals	46
3. Proof of Nationality—Corporations	47
a. Examples of Proof	50
b. Examples of Failure of Proof	52
B. Claims of Dual Nationals	54
1. Dominant and Effective Nationality	54
2. Iranian Reaction and Tribunal Response	57
3. Review of Dual National Decisions	59



a. Periods of Time to be Considered	59
b. Factors to be Considered	61
c. The Caveat	76
C. Respondents	80
1. The Issue of Control	80
2. Date of Control	81
3. Financial Status of a Controlled Entity	82
4. Factors Relevant to a Finding of Control	83
a. Iranian Laws	83
b. Ownership	83
c. Administration by Government Appointees	84
d. Nature of the Activity	84
e. Statements by the Entity	85
f. Participation in Awards on Agreed Terms	86
5. Review of Decisions Finding no Proof of Control	86
D. Indirect Claims	88
E. Enforcement of Decisions of Other Tribunals	92
F. Outstanding Claims	94
1. Non-submission to Tribunals prior to 19 January 1981	94
2. Non-demand prior to 19 January 1981	95
a. Claims other than Those for Bank Accounts	95
b. Claims for Bank Accounts	96
3. Expropriation Claims	98
4. Claims for Payments Due after 19 January 1981	99
5. Claims based on Breach of Contract	100
6. Claims for Damages occurring after 19 January 1981	100
7. Claims for Release from Potential Future Liability	101
8. Claims based on Standby Letters of Credit or Guarantees	101
G. Iranian Courts' Exclusion	102
H. Hostages' Exclusion	104
I. Popular Movements Exclusion	106
J. Tortious Acts or Omissions	106
1. Failure of Protection	107
2. Interference with Contractual Relationships	108
3. Expulsion	108
K. Counterclaims	110
1. Jurisdiction over Counterclaims is Dependent upon Jurisdiction over the Claims	111
2. Withdrawal of a Filed Claim does not Affect Jurisdiction over Filed Counterclaim	111
3. Tribunal Jurisdiction over Counterclaims is not Exclusive	111
4. Counterclaims may exceed Claims in Amount	112



5. There is no Jurisdiction over Set-offs unless They meet the Requirements for Counterclaims	112
6. There is no Jurisdiction over Counterclaims that do not Arise from the Same Contract, Transaction, or Occurrence as a Claim	112
7. There is no Jurisdiction over Counterclaims for Taxes or Social Security Premiums	116
8. There is no Jurisdiction over Counterclaims by or against Non-Parties	118
9. Jurisdiction is not Affected by Contractual Prohibitions of Counterclaims	119
10. Jurisdiction is not Affected by the Fact that the Claims are Indirect	119
L. Official Claims	120
M. Interpretation or Application of the Algiers Declarations	122
 CHAPTER 2. STANDING AND ADMISSIBILITY	 124
A. General	124
B. Assignment of Claims and Subrogation	124
C. Partners	128
D. Availability of Other Remedies	129
E. Political Questions	131
F. Failure to State a Cognizable Claim	132
G. Other Issues	133
1. Beneficial Ownership of the Claim	133
2. Interest in Spouse's Pension	134
3. Minors as Claimants	135
4. Inheritors of Property	135
 CHAPTER 3. INTERIM MEASURES OF RELIEF	 137
A. General	137
1. Power of the Tribunal to Order Interim Measures	137
2. Binding Nature	139
3. Finding <i>Prima Facie</i> Jurisdiction	140
4. Limitations	141
B. Stays of Proceedings in Other Fora	142
1. When a Counterclaim has been Filed with the Tribunal	142
2. When no Counterclaim has been Filed with the Tribunal	143
3. When Judgment has been Rendered in the Other Proceedings	145
4. When the Other Proceedings are for Attachments	146
5. When the Other Proceedings are Arbitrations	147
6. When the Tribunal Renders a Final Award	148



7. Measures other than Stays of Proceedings	150
a. Conservation of Goods	150
b. Prohibition of Sale of Goods	151
c. Return of Goods	153
d. Prohibition of Execution of a Judgment	154
 CHAPTER 4. CHOICE OF LAW	 156
A. General	156
B. Chronological Review of Decisions	157
 CHAPTER 5. EXPROPRIATIONS, TAKINGS, AND DEPRIVATIONS OF PROPERTY	  171
A. Introduction	171
B. Acts Constituting Expropriation	174
1. Nationalizations	174
2. Appointment by the Government of Managers or Supervisors	174
3. <i>De Facto</i> Nationalization of the Petroleum Industry	188
4. Other Acts by Revolutionary Agents	196
a. Physical Seizure of Property	196
b. Retention of Goods	201
c. Failure to Assist in Exportation of Goods	202
d. Action by Workers Councils	204
C. The Question of Intent	206
D. Cases where no Taking or Deprivation of Property was Found	207
1. Acts not Attributable to Iran	207
2. Lawful Regulations	208
3. Interference with Bank Accounts	210
4. Where Shares of Shareholders other than the Claimant were Taken	 211
5. Where the Claimant Retained some Control over the Property	214
6. Where Property was Lost solely through Revolutionary Turmoil	215
7. Where the Claimant was not the Owner of the Property	215
8. Miscellaneous Failures of Proof	216
E. Conclusions with Respect to Liability	217
F. The Standard of Compensation	218
1. The Treaty of Amity and Customary International Law	218
2. Loss or Enrichment	226
3. Lawful and Unlawful Expropriations	227
4. Compensation for Related Loans or Debts	238
5. Equitable Considerations	241
G. Valuation	242
1. Considerations relevant to all Property Valuations	242



a. Disregard the Taking Itself and the Threat of Taking	242
b. Disregard Events Subsequent to the Taking	243
c. Take into Account prior Political, Social, and Economic Changes	244
2. Valuation of Going Concerns	247
a. Fair Market Value	248
b. Valuation Factors—Future Prospects, Future Profits, Goodwill, and Net Book Value	250
3. Valuation of Property other than Going Concerns	270
a. Companies, or Shares in Companies, that were not Going Concerns	270
b. Equipment	274
c. Bank Accounts	276
 CHAPTER 6. CONTRACTUAL ISSUES	 277
A. Formation and Validity of Contracts	277
1. Offer and Acceptance	277
a. In Terms	277
b. Acceptance by Performance	280
c. Acceptance by Silence	281
d. Oral Contracts	281
e. Vague Terms	282
f. Acceptance and Letters of Credit	283
2. Validity	284
a. Authority to Conclude	284
b. Ratification	285
B. Interpretation	286
1. Reliance upon Conduct in Disputes as to the Terms of Contracts	287
2. Reliance upon Conduct in Disputes as to Performance, Breach, Suspension, or Termination of Contracts	288
3. Waiver of Contractual Rights	290
C. Anticipatory Breach	292
D. Damages	293
1. Privity of Contract	293
2. Breach of Contract	294
a. Lost Profits	294
b. Indirect or Consequential Damages	296
c. Accounting for Residual Value of Property Retained or of Profits on Resale	297
d. Where Contract Provided a Right to Terminate in Case of Breach	300



e. Mitigation of Damages	300
f. Effect of Limitation of Liability Clauses	303
3. As a Consequence of <i>Force Majeure</i> or Frustration of Contract	306
a. Conditions in Iran Justifying Invocation of <i>Force Majeure</i>	306
b. Iran's Responsibility for the Conditions	313
c. Invocation by Agencies of the State	315
d. United States Export Controls	316
e. Frustrated Contracts	317
E. Third-Party Beneficiaries	320
F. Novation	323
G. Guarantees and Standby Letters of Credit	325
1. Jurisdictional Questions	325
2. Substantive Questions	327
 CHAPTER 7. EVIDENTIARY ISSUES	 332
A. General Issues	332
1. The Governing Rules	332
2. Burden of Proof	333
3. Presumptions	338
4. Inferences drawn from a Failure to Produce Evidence	339
5. Inferences drawn from Contemporary Conduct by a Party	341
6. Contradictory Statements by a Party	342
B. Types of Evidence	343
1. Opinions by Experts Appointed by the Tribunal	343
2. Testimony at Hearings	347
3. Affidavits	349
4. Hearsay Evidence	352
5. Technical Reports	353
6. Photographs	354
C. Examples of Evidence Accepted as Proof	355
1. Proof of a Contract	355
2. Proof of Debts	356
3. Proof of Costs	357
4. Proof of Ownership	357
5. Proof of Shipment of Goods	358
 CHAPTER 8. TREATY INTERPRETATION	 360
A. The Vienna Convention	360
1. Good Faith	362
2. Ordinary Meaning and Object and Purpose	362
3. The Context	366
4. Preparatory Work—Negotiating History	367



5. Subsequent Practice	371
6. Effect of Domestic Law	373
B. Other Issues of Treaty Interpretation	374
1. Effectiveness	374
2. <i>Ejusdem Generis</i>	374
3. Restrictive Interpretation	375
 CHAPTER 9. CURRENCY	 377
A. Currency Conversion Rates	377
1. Awards to Iran and Iranian Parties	377
2. Awards to the United States and Its Nationals	378
a. Expropriation Claims	378
b. Other Claims	379
B. Iranian Exchange Controls	388
 CHAPTER 10. UNJUST ENRICHMENT	 397
A. Unjust Enrichment as a General Principle of Law	397
B. Awards of Compensation based upon Unjust Enrichment	398
C. Refusals of Awards where Unjust Enrichment was Claimed	403
1. Where a Valid Contract Existed	403
2. Subcontracts	405
3. Other Reasons	406
 CHAPTER 11. PROCEDURAL ISSUES	 412
A. Refusals to File Claims	412
1. Untimely Filing	412
2. Other Defects	414
3. Delayed Appeals of Refusals	417
B. Amendment of Claims	420
1. General Rule	420
2. Substitution or Addition of Claimants	421
3. Substitution or Addition of Respondents	424
4. Substitution or Addition of Claims	428
5. Other Amendments	431
C. Interpleader and Joinder of Cases	433
1. Interpleader	433
2. Joinder of Cases	434
D. Filings of Pleadings and Evidence	437
1. Late Counterclaims	438
2. Late Filing of Other Documents	441
a. Notification of Witnesses	441



b. Substantive Filings	442
3. Failure to File	446
4. Filing of Altered Documents	446
E. Hearings	447
1. Right to	447
2. Repetition of	448
3. Reopening of	449
4. Failure of a Party to Attend	451
5. Party and Non-Party Witnesses	451
F. Reopening of Awards	452
1. Time Limits	452
2. Requests Granted	453
3. Substantive Reasons for Rejection of Requests	453
4. Reopening of Interlocutory Awards	455
5. Fraud or Perjury	455
G. Truncated Tribunal	458
 CHAPTER 12. MISCELLANEOUS ISSUES	 464
A. Expulsion	464
B. Export Licenses	471
C. Interest	474
1. Rate or Amount	475
2. When not Awarded	476
3. Compound Interest	477
4. Dates from which Awarded	478
D. Costs	479
E. Prescription	480
 CHAPTER 13. CLAIMS AND DISPUTES BETWEEN THE TWO GOVERNMENTS	 484
A. ‘A’ Cases—Interpretation or Compliance	485
1. Questions of Jurisdiction	485
2. Interim Relief Requests	487
3. Decisions on the Merits	488
B. Case No. B1	510
1. Summary of the Claims and Counterclaim	510
2. Holdings on the Merits	511
a. Effect of a Contractual Time Limitation on Claims	511
b. Warranties and Latent Defects	514
c. Iranian Equipment retained by the United States	515
d. Right of the United States to sell Iranian Equipment it would not Export	518



<i>Table of Legislation and International Agreements</i>	521
<i>Table of Cases</i>	524
<i>Annex I</i> Declaration of the Government of the Democratic and Popular Republic of Algeria	541
Declaration of the Government of the Democratic and Popular Republic of Algeria concerning the Settlement of Claims by the Government of the United States of America and the Government of the Islamic Republic of Iran	546
Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran with respect to the Declaration of the Government of the Democratic and Popular Republic of Algeria Amending Letter	549
<i>Annex II</i> Tribunal Rules of Procedure	553
<i>Annex III</i> Members of the Tribunal	575
<i>Index</i>	579