Interdisciplinary Studies in Society, Law, and Politics 2027; 6(8): 1-14

ISSLP

Original Research

The Scope of Apparent Agency in Iranian, Egyptian, and Selected European Legal Systems and International Conventions

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Received: 2026-07-29 **Revised:** 2026-10-27 **Accepted:** 2026-11-02 **Initial Publish:** 2026-11-04 **Final Publish:** 2027-08-01

Under Iranian civil law, as soon as the principal exercises the intention to dismiss the agent, the agent is deemed dismissed and the agency relationship is terminated. However, under Article 680 of the Iranian Civil Code, the legislator considers the agent's knowledge of their dismissal a condition for the effectiveness of such dismissal. Accordingly, until the agent becomes aware of the dismissal, the law continues to deem that person an authorized agent. Thus, apparent or constructive agency may be understood as the legal presumption that a dismissed agent remains authorized where the agent is unaware of the dismissal by the principal. This is because, by initially appointing the agent, the principal has created an appearance of authority capable of inducing a third party to rely on that appearance when entering into a legal transaction with the agent. Apparent agency stands in contrast to actual agency, which is based on the existence of a genuine legal relationship between the principal and the agent. By virtue of the legislator's presumption that the dismissed agent continues to possess authority, the principal becomes bound vis-à-vis third parties to perform the obligations undertaken by the dismissed agent. The Iranian legal system, drawing upon Imami Shiʿa jurisprudence, limits the scope of apparent agency under Article 680 of the Civil Code to the dismissal of the agent and does not extend it to circumstances such as the principal's legal incapacity, death, or bankruptcy. By contrast, Egyptian law, which is influenced by Hanafi jurisprudence, together with the use of analogical reasoning and the legal systems of certain European countries, including France, Lithuania, Germany, and England, adopts a broader scope extending beyond dismissal, primarily to protect the rights of third parties and agents on the basis of good faith. This broader approach, however, has not received adequate attention in Iranian law. The doctrine of estoppel in English law, the abstraction principle in German law, and the protection afforded to third parties under French law and international legal instruments demonstrate that extending the scope of constructive agency may generate significant economic and judicial benefits. Accordingly, expanding the application of the doctrine embodied in Article 680 to other modes of termination of agency appears necessary.

Keywords: *estoppel, agent's excess of authority, good faith, dismissal, death of the principal, apparent agency.*

How to cite this article:
Mohammadi Nakhjiri, M., Sadeghi, M., & Fahimi, A. (2027). The Scope of Apparent Agency in Iranian, Egyptian, and Selected European Legal Systems and International Conventions. *Interdisciplinary Studies in Society, Law, and Politics, 6*(8), 1-14. https://doi.org/10.61838/kman.isslp.620

1. Introduction

Agency is among revocable contracts, and pursuant to Article 678 of the Iranian Civil Code, an agency relationship terminates in the following ways: (1) dismissal of the agent, (2) resignation of the agent, and (3) death or insanity of either the agent or the principal. Article 679 of the Civil Code provides that "the principal

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may dismiss the agent whenever he wishes ..." Accordingly, once the principal dismisses the agent, the agency contract is terminated and the dismissed agent no longer has authority to perform the subject matter of the agency. Nevertheless, Article 680 of the Civil Code provides that "all acts performed by the agent within the scope of the agency before receiving notice of dismissal shall be effective against the principal." Therefore, under the doctrine of apparent agency, the legal transaction concluded between the dismissed agent and a third party remains valid because, by appointing another person as agent, the principal has created an appearance that induces others to rely on the existence of a representative relationship. Consequently, where the principal dismisses the agent without notifying the agent, both the agent and the third party, being unaware of the dismissal, rely on the continued existence of the agency and transact in reliance upon that appearance. Accordingly, under the prevailing view in Imami Shiʿa jurisprudence and the Iranian Civil Code, legal acts concluded between the dismissed agent and a third party remain legally effective (Al-Amili al-Juba'i, 2006; Al-Najafi, 1988).

This doctrine, which operates both to extend existing authority and to create authority, has developed for the protection of third parties. It applies where no actual agency relationship exists but its existence is reasonably assumed by a third party, and it is applicable not only to natural persons but also to legal persons (Inanlou & Mirshakari, 2010).

The present study seeks to address the following questions:

First, in Iranian law, can the scope of apparent agency extend beyond contractual liability to civil liability, and can it encompass statutory and judicial forms of representation as well as circumstances such as death, incapacity, and bankruptcy?

Second, how can apparent agency be applied in the context of officially registered instruments so that the advantages of official instruments, including the prevention of unnecessary costs and litigation before judicial authorities, may be realized?

Third, how should the scope of apparent agency in commercial law be explained and characterized?

Using analytical, descriptive, and practical approaches, this study examines the aforementioned provisions and, in its conclusion, proposes a solution for addressing the existing legislative deficiency. Before examining the scope of apparent agency, it is necessary to explain its conditions, rationale, and benefits in order to clarify its legal status and distinguish it from representation. Thereafter, apparent agency will be examined within Iranian civil, commercial, and registration law, followed by an analysis of its scope under Egyptian law and, finally, under selected European legal systems and international conventions.

2. Apparent Agency and Its Distinction From Representation

Representation is a legal relationship between a representative and a principal under which the representative may conclude a contract in the name and on behalf of the principal, with the legal effects of that contract being directly attributable to the principal (Ghasemzadeh, 2004). In Iranian law, representation may generally be divided according to its source into contractual representation and legal representation. A contract between the representative and the principal constitutes the source of contractual representation, whereas in judicial and statutory representation, such as guardianship and paternal guardianship, the will of neither party determines the creation of the relationship; rather, it arises by operation of law or by judicial decision (Shams, 2002).

The scope of representation is broader than that of agency because representation also encompasses judicial and statutory representation, whereas an agency contract concerns only contractual representation. Some scholars maintain that agency and representation overlap only partially and that the two terms do not denote the same legal concept (Ahmadi Sajadi, 1998). Nevertheless, the rules governing contractual representation are generally examined under the heading of agency. The question considered below is whether apparent agency may also extend to judicial and statutory representation.

In European legal systems, representation is commonly divided into actual authority, implied authority, and apparent authority (Hatami & Shanivar, 2017). In actual and implied authority, the principal has expressly or implicitly consented to confer representative authority, and there is no substantive distinction between express and implied consent; however, such consent must be accompanied by an external manifestation. In other

words, the principal's purely internal intention, even where foreseeable by the representative, is insufficient to create actual or implied authority (Mafi & Kadivar, 2014).

In the English case *Freeman & Lockyer v. Buckhurst Park Properties (Mangal) Ltd.* [1964] Q.B. 480, actual and implied authority were associated with agreement between the principal and the agent. All indications and conduct of the parties, ranging from express statements to established custom or a particular course of commercial dealing between them, may therefore be taken into account in determining whether a valid agency relationship has been formed (Turely, 2001). By contrast, in apparent authority there may be no actual legal relationship of representation between the principal and the agent. Circumstances such as dismissal of the agent without notification, or conduct by the agent beyond the limits of actual authority, may reasonably lead a third party to conclude that the agent is acting on behalf of the principal. In such circumstances, a contract concluded by the third party with the representative is legally effective, and the principal may not rely against the third party on the absence of an actual agency relationship (Mann & Roberts, 2010; Stone, 2002). Accordingly, under European law, apparent authority may encompass dismissal without notice, acts beyond the limits of authority, and other conduct capable of reasonably inducing a third party to believe that the agent is authorized to act on behalf of the principal, provided that such belief is attributable to the principal's representation (Stone, 2002). The distinction is that, in apparent authority, the relevant representation is made toward the third party, whereas in actual authority, including express and implied authority, the representation is directed toward the agent (Mafi & Kadivar, 2014).

Article 107 of the Egyptian Civil Code provides that where both the representative and the third party with whom the representative has contracted are unaware, at the time of conclusion of the contract, that the representation has terminated, the rights and obligations arising from the contract concluded by the representative are attributable to the principal or the principal's successor (Al-Sanhuri, 2000; Eidi, 2015).

International instruments likewise recognize various forms of conduct by the principal. Article 14(2) of the 1983 Geneva Convention on Agency in the International Sale of Goods and Article 2.2.5(2) of the UNIDROIT Principles of International Commercial Contracts provide, in substance, that the conduct of the principal must be capable of inducing the third party to believe in the agent's authority. Accordingly, foreign legal systems recognize a broad range of acts as falling within the scope of apparent agency. By contrast, under Iranian civil law, apparent agency remains largely confined to the law of contracts. Consistent with the theory of will, legal acts, whether contracts or unilateral legal acts, are valid and enforceable only when performed directly by the principal or by the principal's statutory or contractual representatives. Furthermore, pursuant to the principle that authority is not presumed, whenever there is doubt concerning the extent of a representative's authority, the absence of representative authority is presumed (Katouzian, 1997).

3. Conditions, Rationale, and Benefits of Apparent Agency

3.1. Conditions of Apparent Agency

Given the contractual character of agency and the representative relationship among the principal, the agent, and the third party, several conditions are necessary, although European legal systems generally recognize apparent authority within a broader conception of representation:

- A legal act must be performed by the representative or agent;
- The principal must dismiss the representative or agent without notifying that person;
- The agent or representative must perform a legal act on behalf of the principal without possessing actual authority (Ghasemzadeh, 2004);
- A third party acting in good faith must reasonably and logically rely on the appearance of authority and act on that basis (Amini & Abdi, 2015). In other words, the third party must reasonably believe that the representative possesses sufficient authority to bind the principal. The doctrine of constructive or apparent agency therefore seeks to balance the rights of the good-faith third party and those of the principal. Its principal function is to protect good-faith third parties and reinforce the

binding force and security of contracts (Busch & Macgregor, 2002; Hatami & Shanivar, 2017);

- The agent must act in such a manner that the legal act appears attributable to the principal and the third party believes that the agent possesses the necessary authority and is genuinely acting as the principal's agent or representative. Such belief must be based upon an outward appearance capable of inducing reliance by the third party, who consequently accepts the agent's constructive or apparent authority (Amirmohammadi, 2009; Hatami & Shanivar, 2017).

For apparent authority to arise in common-law jurisdictions, three conditions are generally required. First, the principal must make a representation to the third party. Second, the third party must act in good faith, meaning that the third party reasonably believes that the representative has actual authority to act on behalf of the principal. Third, the third party must actually be induced by, and rely upon, the principal's representation (Amini & Abdi, 2015).

Under Egyptian law, three conditions are necessary for the application of apparent agency:

(a) Absence of actual authority conferred by the principal. Article 107 of the Egyptian Civil Code indicates that apparent authority may arise where the agent acts without authority from the principal, exceeds the limits of the agency, performs the relevant legal act after expiry of the agency, or acts pursuant to a void or voidable agency relationship after it has become invalid (Al-Sanhuri, 2000). In addition to excess of authority, where the principal dies or becomes insolvent during the agency relationship and the agent subsequently performs the authorized act, the effects of acts already undertaken may nevertheless remain effective; accordingly, legal acts performed by the agent before becoming aware of the principal's death may retain their effect (Hosseini Nejad, 1997).

(b) The contracting party must act in good faith. This condition is ordinarily demonstrated through the existence of an outward indication attributable to the principal. The party relying upon good faith must also have acted as a reasonable person would have acted on the basis of that outward indication and must not have been negligent. Under Article 107 of the Egyptian Civil Code, for the rights and obligations arising from the contract to be attributable to the principal, both the agent and the contracting party must have acted in good faith and both must have been unaware that the agency had terminated (Eidi, 2015).

(c) There must be an external manifestation attributable to the principal that leads the party dealing with the agent to believe that an agency relationship exists. Apparent agency is therefore created by the existence of an external manifestation of authority attributable to the principal that causes others to believe that an agency relationship exists. This feature distinguishes apparent agency from implied agency (Al-Sanhuri, 2000). Under Egyptian law, the good faith of the contracting party alone is insufficient. Thus, where the agent gives an expansive interpretation to a complex power of attorney, conceals private agreements with the principal from the other party, where a company director acts beyond the limits of authority or performs an act normally undertaken by company directors, or where the cause of termination of the agency is a matter hidden from outsiders, such as the principal's death or a ground rendering the instrument void or voidable, the contracting party may be misled and the effects of the agent's transaction may be attributed to the principal even where the principal was not at fault. Nevertheless, where the subject matter of the agency requires greater caution, the third party must exercise the precautions that a reasonable person would ordinarily exercise in similar circumstances; otherwise, the third party is itself at fault, and an external appearance alone will not suffice to establish apparent authority (Eidi, 2015; Hosseini Nejad, 1997).

3.2. Rationale of Apparent Agency

The rationale of apparent agency must be sought in the nature of the agency contract itself. The Iranian Civil Code, which is derived from Imami Shi'a jurisprudence, characterizes agency as the conferral upon another of authority to perform legal acts on one's behalf (Al-Amili al-Juba'i, 2006; Al-Muhaqqiq al-Hilli, 1998; Hosseini Ameli, 1999). The first question that arises is why the legislature departs, in Article 680 of the Civil Code, from the general rule in Article 679 under which dismissal terminates the agency relationship, and instead preserves the effects of the agency until notice of dismissal reaches the agent. The explanation lies in the very nature of agency, namely, that the agent performs

legal affairs of the principal. Accordingly, the rationale of Article 680 must be located in the reliance and good faith of third parties who transact with the agent.

The doctrine of apparent agency proceeds from the premise that, by appointing another person as agent, the principal creates an appearance that induces others to rely on the existence of the representative relationship. Consequently, where the principal dismisses the agent without providing notice, the agent and the third party remain unaware of the dismissal, rely on the continued existence of the agency, and enter into the transaction in reliance upon that appearance. Iranian civil law and Imami Shiʿa jurisprudence therefore treat legal acts performed by a dismissed agent as valid in order to prevent loss to the third party. If the principal or the principal's heirs were permitted, by relying on such events, to escape the rights and obligations arising from the agent's contract, the third party would suffer loss and legal and transactional order would be disrupted (Ansari, 2009; Naghibi, 2013). This protection operates only where the contracting party and the agent are themselves unaware of the dismissal and act in good faith (Katouzian, 2010).

3.3. Benefits of Apparent Agency

3.3.1. Transactional Stability

By applying apparent agency, a transaction concluded between a dismissed agent and a third party is regarded as valid, and the principal cannot invoke Article 678(a) of the Civil Code and the dismissal of the agent in order to avoid obligations toward the third party and invalidate the transaction. Had Article 680 of the Civil Code not been enacted, the validity of all such unauthorized transactions would have depended upon subsequent ratification by the principal. The principal's obligation to notify the agent of dismissal is therefore a statutory duty. If the principal fails to discharge that duty, transactions concluded by the agent remain valid until notice of dismissal reaches the agent (Haeri Shahbagh, 1997).

3.3.2. Preservation of Public Order and Prevention of Invalidity of Transactions

The operation of apparent agency contributes to the preservation of public order because it prevents disputes arising from transactions concluded by an agent who was unaware of dismissal and protects third-party rights. From the perspective of the general principles governing contracts, preservation of the principle of contractual binding force, reliance upon appearances in agency transactions, protection of economic interests, and maintenance of commercial expediency and speed are among the principal benefits of the doctrine.

3.3.3. Protection of Third Parties

Application of this doctrine protects a third party who, without knowledge of the agent's dismissal and acting in good faith, concludes a transaction with the dismissed agent. Such a third party will not be liable for interference with the principal's property. First, under the doctrine, the third party is legally entitled to possess or deal with the property and therefore cannot be treated as an unlawful possessor under Article 301 of the Civil Code. Second, where the interests of the principal and those of the third party conflict, the legislature protects the third party because the third party has committed no fault, whereas the principal created the external manifestation that induced reliance. Accordingly, in protecting a good-faith third party, the law attributes the effects of the dismissed agent's contract to the principal not on the basis of actual agency, which no longer exists, but by virtue of apparent agency.

3.3.4. Speed of Transactions and Reliance on Agency Transactions

The doctrine of apparent agency promotes reliance on the appearance of agency transactions and supports transactional speed, particularly in commercial law. If parties could not rely on such transactions, they would be required to undertake extensive investigations, resulting in prolonged and slower commercial dealings. Moreover, the doctrine applies to representation agreements in many fields, especially international commerce, where transactions frequently involve specialized expertise. If third parties were required in every such contract to disregard outward appearances and independently investigate the underlying reality, substantial time and costs would be incurred, contrary to the commercial principle of expedition. Furthermore, investigation may still fail to reveal accurate information concerning the limits of the representative's authority, whereas the principal is normally able, without

substantial time or expense, to inform third parties precisely of those limits. It is therefore reasonable to impose responsibility upon the principal and to derive the advantages of apparent authority on the basis of a least-cost analysis (Amini & Abdi, 2015).

4. Scope of Apparent Agency in Iranian Law

4.1. Under the Civil Code

Article 680 of the Iranian Civil Code provides that "all acts performed by the agent within the scope of the agency before receiving notice of dismissal shall be effective against the principal." It is therefore clear that the principal's mere intention to dismiss the agent is insufficient, by itself, to terminate the effects of the agency vis-à-vis the agent; the agent must be informed of the dismissal (Inanlou & Mirshakari, 2010). Articles 37 and 38 of the Iranian Code of Civil Procedure likewise require the principal to notify the attorney or agent of dismissal; otherwise, the agent's actions remain effective. Dismissal is a voluntary legal act by which the person who conferred a representative status withdraws that status from the agent or representative (Jafari Langroudi, 2003). Accordingly, dismissal is a unilateral legal act effected by the will of the principal, although its effects extend to both sides of the agency relationship (Katouzian, 2008b).

A careful examination of the Civil Code and the Code of Civil Procedure demonstrates that, from both substantive and procedural perspectives, the relevant provisions concerning acts of the dismissed agent are confined to dismissal and do not extend to insanity or death. Under Imami Shiʿa jurisprudence, the effectiveness of acts performed by a dismissed agent before receiving notice of dismissal is exceptional and limited; in the event of insanity or death of the principal, the agency contract terminates immediately, and acts subsequently performed by the agent before learning of the insanity or death are not effective (Khomeini). Some legal scholars have argued that if apparent agency is based upon protection of good-faith third parties, reliance on transactional appearances, and maintenance of stability and security in transactions, then, first, it should extend to other forms of statutory and judicial representation and, second, it should apply not merely to dismissal but also to other forms of loss of representative authority, including the principal's incapacity, insanity, or loss of conditions required for guardianship. Such an approach would protect good-faith third parties because the agent and the third party may be unaware that the principal has lost legal capacity and may enter into a transaction in reliance upon the apparent continuation of authority, only to find that the principal's incapacity has terminated the agency and invalidated the resulting transaction even though both acted reasonably and suffered loss (Abdipour & Parhizgar, 2019; Hatami & Shanivar, 2017).

However, such an analogy appears problematic. Article 680 of the Civil Code may reasonably be extended to voluntary forms of representation, but its extension to statutory or judicial representatives and to matters such as removal of a guardian or death raises significant difficulties. First, if the obligation to provide notice is regarded as the basis of Article 680, there must be a person capable of bearing that obligation. Such an obligation can ordinarily be imposed only upon a person possessing the general legal capacity to bear duties, whereas a minor or legally incapacitated person lacks such capacity. Second, in statutory representation, the principal concern of the legislature is protection of the interests of the represented person rather than those of the representative or a third party (Inanlou & Mirshakari, 2010). Third, other instances of incapacity, including death and legal incapacity, implicate public order from the perspectives of protective incapacity and statutory incapacity, and therefore cannot readily be analogized to contractual representation. Fourth, because agency is based upon permission, the principal's death terminates that permission and causes the principal's estate to pass automatically to the heirs. The rule concerning dismissal is exceptional and cannot simply be extended by analogy to death.

4.2. Under Commercial Law

Unlike the Civil Code and its relatively rigid approach to apparent agency, Iranian commercial legislation contains several provisions reflecting a more flexible approach. Examples may be found in Articles 112, 118, and 135 of the Bill Amending the Commercial Code and Article 7 of the Companies Registration Act. Article 396 of the Commercial Code provides that limitations imposed on the authority of a commercial procurator may not be invoked against third parties who were unaware of those limitations. Under Article 400 of the

same Code, the death or incapacity of the head of the business does not terminate the authority of the commercial procurator.

With regard to commercial companies, Article 105 of the Commercial Code provides that restrictions on the authority of managers of limited liability companies are ineffective against persons outside the company unless included in the articles of association. Article 118 goes further by protecting third parties even where such restrictions are included in the articles, provided that the third party was unaware of them. Likewise, under Article 126 of the Bill Amending the Commercial Code, irregularities in the appointment of directors of joint-stock companies do not affect the validity of their acts vis-à-vis third parties (Abdipour & Parhizgar, 2019). Unlike Article 680 of the Civil Code, under which dismissal of an agent does not require public announcement, Article 399 of the Commercial Code makes dismissal of a commercial procurator dependent upon announcement; otherwise, as against a third party unaware of the dismissal, the procurator's authority is deemed to continue. On close examination, this rule closely resembles the rule governing dismissal of an agent under Article 680 of the Civil Code. Its justification likewise rests upon the doctrine of apparent agency and the need to protect good-faith third parties, because the continuing authority of a commercial procurator after dismissal cannot readily be explained through traditional civil-law principles. Rather, the ordinary appearance indicates continuity of authority, and a good-faith third party reasonably relies upon that objectively trustworthy appearance (Naghibi, 2013).

In one persistent opinion of the Supreme Court, a transaction was likewise regarded as valid in order to protect third-party rights where those third parties were unaware of noncompliance with the company's articles of association. This ruling may be explained through the doctrine of apparent agency and its broader operation within commercial law.

4.3. In Iranian Official Document Registration

At present, most instruments concerning movable and immovable property and other obligations are formally executed in notary offices. The evidentiary and constitutive importance of official instruments, particularly powers of attorney, is evident. Before implementation of the Instant Registration System in the second half of September 2013, notary offices dealt with dismissal of an agent in two principal ways. First, where the agency had been established as part of a binding collateral contract rendering the agency irrevocable, applicants seeking dismissal were directed to the courts. Second, where the power of attorney reserved a right of dismissal, the dismissal process was completed by recording the principal's request in the margin of the notarial register and sending notice to the agent through the enforcement division of the registration authorities.

Pursuant to Article 46(f), Article 48(b), and Article 211(m) of the Fifth Development Plan Act, Article 12(c) of the Law on Promoting Administrative Integrity and Combating Corruption, and Article 37 of the Civil Service Management Act, the Iranian Organization for Registration of Deeds and Properties required all notary offices throughout the country, as of September 17, 2013, to execute instruments through the Organization's electronic system, which operates online in notary offices (Rezapur & Karimi, 2015). Under the present Instant Registration System, a principal may effect dismissal by filing a request at a notary office and entering the document identifier and verification code.

It appears that electronic instant registration has, in practice, significantly reduced the operation of Article 680 of the Civil Code in relation to apparent agency and the rights of good-faith third parties. Once the dismissal is entered into the system, the agent is effectively unable to rely upon apparent authority because the dismissal is registered online and the document identifier and verification code are reflected throughout the country's notarial registration network. The parties to a transaction and third parties may also verify the authenticity and current status of the instrument electronically through the registration system. Consequently, once a revoked power of attorney is presented and the agent's dismissal becomes ascertainable, there is little room for concluding a legal transaction with a third party in reliance on apparent authority.

Under the traditional system that existed before September 2013, an interval could arise between dismissal, service of the notice, and actual receipt of the notice by the agent, during which the dismissed agent might conclude a legal transaction with a third party. Under the modern registration regime, however, events including resignation, dismissal, death, incapacity, and

prodigality may be reflected electronically and online across all notary offices, and parties to transactions and citizens may verify them directly.

5. Scope of Apparent Agency in Egyptian Law

Articles 104 to 107 and Article 713 of the Egyptian Civil Code concerning representation and agency govern the relationship between the principal, the agent, and the person with whom the agent transacts. Article 107 contains a rule comparable to Article 680 of the Iranian Civil Code and provides that where both the representative and the third party with whom the representative has contracted are unaware, at the time of conclusion of the contract, that the representation has terminated, the rights and obligations resulting from the contract are attributable to the principal or the principal's successor (Hosseini Nejad, 1997).

Article 715 of the Egyptian Civil Code provides that the principal may terminate the agency at any time. However, if the agency is remunerated, the principal must compensate the agent for losses caused by dismissal at an inappropriate time and without adequate justification. Furthermore, where the agency has been conferred in the interest of the agent or a third party, the principal may not terminate or restrict it without the consent of the person in whose interest the agency was granted (Al-Sanhuri, 1997).

As under Iranian civil law, dismissal may be either express or implied. Nevertheless, first, where the agency is remunerated and the principal dismisses the agent at an inappropriate time or without reasonable justification, the dismissal itself remains effective, but the principal must compensate the agent for the resulting loss because such dismissal may constitute an abusive exercise of rights causing compensable damage. The burden of establishing such damage lies upon the agent because, as a general rule, dismissal itself does not entitle the agent to compensation. Second, where the agency was created in the interest of the agent or another person, dismissal or restriction of the agency is effective only with the consent of the person in whose interest it was granted; otherwise, the agent is not effectively dismissed (Al-Sanhuri, 1997; Eidi, 2015).

Under Egyptian law, the principal's death terminates the agency only once the agent becomes aware of the principal's death. Accordingly, if the agent, without knowledge of the death, concludes a contract with a good-faith third party, the transaction remains effective and its effects are attributable to the principal's estate, that is, the heirs. The agent must also complete acts already commenced to the extent necessary to protect the heirs from loss (Al-Sanhuri, 1997). Article 717 of the Egyptian Civil Code accordingly provides that, regardless of the manner in which the agency terminates, the agent must bring acts already commenced to such a stage that the interests of the heirs are not exposed to loss.

Thus, under Egyptian law, the death of the agent is not treated as a matter governed invariably by public order, and the parties may agree otherwise. In comparison with Iranian law, Egyptian law recognizes legal effectiveness for a wider range of circumstances terminating agency, such as dismissal, death, incapacity, and bankruptcy, where those circumstances have resulted in legal relations between the agent and good-faith third parties. This broader approach reflects the influence of Hanafi jurisprudence and the use of analogical reasoning in matters susceptible to juristic inference (Eidi, 2015). Moreover, Article 107 of the Egyptian Civil Code expressly requires both the agent and the third party to act in good faith, a requirement that Iranian law does not expressly formulate in relation to death, incapacity, bankruptcy, or expiry of the agency term (Eidi, 2015).

Whereas the foundations and scope of apparent agency in Iranian law are primarily contractual, Egyptian law also permits apparent authority to be analyzed through principles of civil liability. Three principal theories have been advanced in this regard:

(a) Liability based on fault. Under this theory, the principal commits a fault by creating an external appearance of authority that misleads the third party into believing that an agency relationship exists. Examples include issuing a signed blank power of attorney or using an ambiguous, complex, or excessively general authorization. Where such fault causes loss to the other party, the fault must be remedied, and the most appropriate remedy is specific restoration of the legal position; consequently, the effects of the agent's transaction are attributed to the principal. Critics respond that in some circumstances the principal has committed no fault at all. For example, a person may steal a power of attorney or bill of lading and transfer goods through its use even though the principal did nothing wrongful (Al-Sanhuri, 2000).

(b) Assumption of the consequences of agency. Under this approach, because the principal accepts and benefits from the agent's activities, advantages and disadvantages should correspond: benefit entails burden. If no loss is attributable to the principal and no benefit has accrued, however, the principal may not have benefited from the agent's acts at all. The theory therefore rests on a balancing of benefit and loss. A criticism is that an agent may act in bad faith while the principal nevertheless derives a benefit from the conduct, even though responsibility for the bad-faith conduct may still be attributed to the principal (Eidi, 2015).

(c) Vicarious liability. Under this theory, the agent's transaction is attributed to the principal on the basis of responsibility for the acts of another person. The principal must therefore bear the consequences of the agent's actions, and the agent's acts are treated as effective against the principal. The principal may subsequently seek recovery from the agent for losses resulting from the transaction (Al-Sanhuri, 1997). According to this view, the agent's conduct is effective against the principal because of vicarious responsibility, and the principal is bound vis-à-vis the party dealing with the agent. The principal nevertheless retains a right of recourse against the agent for damages caused by the agent's conduct. The principal criticism is that liability for another person's acts is exceptional and ordinarily requires express statutory authorization. Even in circumstances where the law recognizes vicarious responsibility, liability may arise despite the absence of negligence in supervising subordinates (Katouzian, 2008a).

6. Comparative Scope of Apparent Agency in European Law and International Instruments

As noted above, Iranian law follows the theory of will, under which legal acts, whether contracts or unilateral acts, are enforceable only where they are directly concluded by the principal or by the principal's statutory or contractual representative. Moreover, where uncertainty exists concerning the extent of the representative's powers, the principle that authority is not presumed applies (Abdipour & Parhizgar, 2019; Katouzian, 1997). Accordingly, where it is established that no representative authority existed, where prior authority has terminated for any reason, or where doubt exists as to its extent, the relevant act cannot ordinarily be invoked against the person alleged to be the principal. This conclusion is readily justified where no appearance of authority exists, but strict adherence to it becomes more difficult where persuasive evidence and circumstances reasonably support the existence of representative authority (Abdipour & Parhizgar, 2019). Iranian civil law therefore lacks a comprehensive general framework governing apparent authority and addresses only certain instances of it. Articles 680 of the Civil Code and 37 of the Code of Civil Procedure, as well as Articles 105, 396, 397, and 399 of the Commercial Code, may nevertheless be interpreted through the doctrine of apparent authority (Amini & Abdi, 2015). Accordingly, in Iranian civil law the operation of apparent agency is essentially linked to dismissal, whereas in commercial law dismissal must additionally be publicly announced under Article 399 of the Commercial Code.

Under English law, apparent authority may arise from an express or implied agreement, from surrounding circumstances, or simply from outward appearances that the law treats as equivalent to a grant of authority. English law also recognizes forms of legal or statutory representation (Stone, 2002). Implied authority refers to circumstances in which, without an express appointment, one person is entrusted with conducting another's affairs or business. Such authority may arise from the continuity of the person's role as an employee or agent of the principal or business owner, or from the nature or location of the representative's work (Abdipour & Parhizgar, 2019).

The doctrine of **estoppel** has particular importance in English law. In broad terms, where a person could have prevented another from suffering loss but failed to do so, that person may be precluded from relying upon a matter that would otherwise constitute a legally admissible defense (Furmston, 2001; Smits, 2006). For example, if A knows that B is purporting to act as A's agent and is selling A's property to C, and A could easily inform C that B lacks authority but deliberately fails to do so, while C pays B the ordinary market price of the goods, A may be estopped from denying B's authority and may be required to deliver the goods to C (Rasmusen, 2001). Because estoppel is not confined to contract and may encompass implied authorization, reliance-inducing conduct, and a principal's failure to restrain an agent where a good-faith third party is involved, some

common-law decisions have analyzed apparent authority in terms of civil or vicarious liability. By contrast, in Imami Shiʿa jurisprudence apparent agency has not traditionally been justified through the law of civil liability (Hatami & Shanivar, 2017). Accordingly, apparent authority under English law does not necessarily presuppose "actual agency." Under the doctrine of estoppel, the absence or termination of actual authority does not necessarily eliminate apparent authority. Consequently, where there remains a trustworthy appearance of authority, acts performed by the apparent representative may be treated as effective even after the principal's insanity, death, or declaration of termination (Stone, 2002).

Under French law, apparent agency has been linked principally to the contractual relationship and, alongside implied authority derived from prior dealings and commercial usage, operates through doctrines comparable to estoppel in contractual relations. Accordingly, the basis of apparent agency in French law may be found in either the agency agreement between principal and agent or implied authority. Under Article 1998 of the French Civil Code, the principal is bound by legal acts performed by the representative within the scope of authority, while acts beyond that scope generally require the principal's ratification. Articles 2008 and 2009 likewise recognize the effectiveness, vis-à-vis good-faith third parties, of certain acts performed by an agent whose authority has terminated because of a cause terminating the agency relationship, including dismissal or death (Hatami & Shanivar, 2017). Article 2009 provides, in substance, that in such circumstances obligations undertaken by the agent toward good-faith third parties remain effective (Hajipour, 2009).

These provisions make clear that French law gives apparent authority a broader scope covering several modes of termination of agency. Article 2008 expressly addresses the agent's ignorance of causes terminating authority, including dismissal and death, whereas Article 680 of the Iranian Civil Code refers only to dismissal and does not extend to other causes of termination. This difference reflects the fact that the causes terminating agency in Iranian civil law are derived from jurisprudential rules under which the agency terminates from the moment the terminating event occurs, rather than from the moment notice is given (Naghibi, 2013). Thus, where agency terminates not because of dismissal but because of the principal's death or bankruptcy under Article 2003 of the French Civil Code, the agent may nevertheless continue to be treated as possessing authority vis-à-vis good-faith third parties for the purpose of protecting their rights. Such post-termination authority is properly characterized as apparent authority (Masoudi Tafrashi, 2008).

Swiss law adopts a similar approach. Under the Swiss Code of Obligations, so long as the agent remains unaware that authority has terminated, the principal may remain bound by the agent's acts as though the authority continued to exist. Article 34(3) further provides, in substance, that the principal may not invoke complete or partial termination of authority against good-faith third parties unless the termination has been communicated in the customary manner. Given the similarity between French and Swiss law, both systems treat authority conferred by the principal as continuing in appearance toward good-faith third parties after actual termination of the agency relationship and therefore regard the agent as possessing apparent authority toward such parties (Masoudi Tafrashi, 2008). Article 37(2) of the Swiss Code of Obligations identifies third-party reliance as a foundation of apparent authority and excludes from protection cases in which third parties knew that the agent's authority had terminated (Vahedi, 1999).

Like French law, Swiss law extends apparent authority to situations involving the principal's death, incapacity, and bankruptcy where both the agent and the third party are unaware of the terminating event.

Under German law, authority may first be granted by declaration to the person upon whom the authority is conferred or to the third party with whom the transaction is to be concluded. Where authority has been notified to a third party, it remains effective until the notification is revoked in a manner corresponding to the original communication. Second, even where the internal relationship between principal and representative is invalid, a separate authority conferred upon the representative may bind the principal toward third parties. However, where the representative acts without authority or beyond its limits, protection of the third party may instead take the form of the representative's liability toward that third party (Markesinis, 2006).

The basis of such responsibility may therefore be regarded as non-contractual. German law consequently

recognizes a relatively broad operation of apparent authority. Section 169 of the German Civil Code provides, in effect, that although the agency relationship may terminate through dismissal or death, an agent who remains unaware of that termination may, under the relevant conditions, continue to be treated as possessing authority. This legal protection does not apply where the third party knew of the termination (Markesinis, 2006). Accordingly, German law may be understood as extending apparent authority to a broad range of terminating events, including dismissal, death, and incapacity, where the agent remains unaware of the termination. The purpose is protection of third parties, and the principal may consequently be bound by the effects of the representative's acts (Markesinis, 2006).

Belgian legislation does not contain a comprehensive autonomous codification of the doctrine of apparent authority. Nevertheless, Articles 2005 and 2009 of the Civil Code, within the provisions concerning termination of agency, provide that termination or revocation cannot prejudice third-party rights unless notice of the termination has been given to those third parties (Busch & Macgregor, 2002).

Following a decision of the Belgian higher courts dated December 13, 1962, which was influenced by French law, apparent authority came to be applied beyond dismissal to situations in which the representative had lost authority, acted outside the limits of lawful authority, continued to act after the period of authority had expired, acted where the limits of authority were vague or ambiguous, or even acted under an invalid agency arrangement. The doctrine has also been extended to apparent authority exercised by liquidation administrators in bankruptcy, with the liability of such persons examined under principles of non-contractual liability or penal rules (Busch & Macgregor, 2002).

The legal system of Lithuania likewise expressly recognizes apparent authority. Article 2.125(9) provides, in substance, that where a representative exceeds the limits of authority but acts in such a manner that a third party reasonably believes that it is contracting with an authorized representative, the contract is binding upon the principal unless the third party knew or ought to have known that the representative was acting beyond the limits of authority (Kilmas, 2001). Article 2.139 identifies termination of representation as including, inter alia, expiration of the term, revocation by the principal, resignation by the representative, dissolution of the legal person that granted the authority, death of the principal, and judicial declaration of incapacity or disappearance of either the principal or the representative (Kilmas, 2001).

Article 2.140 further provides that rights and obligations arising from acts performed by the representative before the representative knew or ought to have known that the representation had terminated remain binding upon the principal and the principal's successor in relation to third parties. The rule does not apply where third parties knew or ought to have known that the representation had terminated (Amini & Abdi, 2015; Kilmas, 2001). These provisions demonstrate that the doctrine extends not merely to dismissal but also to dissolution, death, resignation, and even dissolution of the principal as a legal person, thereby providing comparatively strong protection for third-party rights.

The **1983 Geneva Convention on Agency in the International Sale of Goods** treats the representative relationship and the underlying contractual arrangements as legally significant. Article 2 requires the agent to act within the scope of authority, and the Convention therefore treats the agency contract within the broader law of representation. Similar to Iranian law, Article 15(1) gives effect to unauthorized acts by the representative where they are subsequently ratified, with ratification operating as though the representative had possessed authority from the outset (Mousavi & Asgari, 2020). Article 14(2) of the Convention also incorporates the doctrine of apparent authority and requires three elements: (a) the representative enters into the transaction without authority or beyond the scope of authority; (b) the third party, acting in good faith, enters into the transaction in the belief that the representative is authorized; and (c) the principal's conduct or statements are such as reasonably to induce the third party to infer that the representative possesses authority (Bonell, 1984).

The **UNIDROIT Principles of International Commercial Contracts** likewise address termination of an agent's authority. Under Chapter 2, Article 2.2.10, termination of authority is ineffective in relation to a third party unless the third party knew or ought to have known of the termination (Masoudi Tafrashi, 2008). Under the UNIDROIT framework, where a person's conduct or statements reasonably cause a good-faith

third party to believe that another person is authorized to act as that person's representative, the first person is treated as though actual authority had been conferred (Abdipour & Parhizgar, 2019). Accordingly, European principles concerning implied representation adopt a broad understanding of apparent authority. The doctrine may therefore extend beyond dismissal to dissolution, bankruptcy, companies, and commercial representatives (Hatami & Shanivar, 2017).

7. Conclusion

(a) Examination of Iranian law, foreign legal systems, and the international instruments discussed above demonstrates that the legal effectiveness of acts performed by a dismissed agent, and the principal's obligation to bear the consequences of those acts, constitute widely recognized legal mechanisms for protecting third parties. Where the principal dismisses the agent and, before the dismissed agent receives notice of the dismissal, the agent concludes a legal transaction with a third party, the principal remains bound by the legal effects of that transaction. This principle is embodied in Article 680 of the Iranian Civil Code. Influenced by Imami Shi'a jurisprudence, however, Iranian law recognizes the effectiveness of such acts only until notice of dismissal reaches the agent. By contrast, in Sunni jurisprudence, through the use of analogical reasoning, the doctrine may extend to death, insanity, and bankruptcy. The distinction between Iranian civil and commercial law in this respect is noteworthy. In commercial legislation, dismissal of a commercial representative must additionally be announced, a requirement that also finds expression in civil procedural rules, and commercial law generally accords greater protection to good-faith third parties. In Iranian registration law, the practical significance of apparent authority was greater before the introduction of instant electronic registration and under the former traditional registration regime. Following implementation of the modern system, the agent's dismissal is recorded online and the current status of powers of attorney may be electronically verified, including through smartphones, thereby substantially reducing the circumstances in which the benefits of apparent authority may arise.

(b) Egyptian law likewise gives this doctrine a broader scope than Iranian civil law in order to protect third-party rights. Where the agency is remunerated, dismissal at an inappropriate time may require the principal to compensate the agent. Even where the principal dies and the agent remains unaware of the death, the principal's heirs may be bound by obligations arising from acts subsequently performed by the agent. Death is therefore not invariably treated as a matter of public order under Egyptian agency law, and parties may, within the applicable legal limits, agree otherwise. The principal's incapacity or bankruptcy may similarly leave transactions concluded by the agent with a good-faith third party legally effective. This broader approach reflects the influence of Hanafi jurisprudence and the use of analogical reasoning in matters susceptible to juristic inference. Unlike Iranian civil law, where apparent agency is predominantly contractual in foundation, Egyptian law also permits analysis of apparent authority within the framework of non-contractual liability.

(c) A comparative examination of Iranian law, selected European legal systems, and international conventions indicates that, beyond the contractual institution of agency, representation more generally may fall within the doctrine of constructive or apparent authority. Its scope has therefore been extended beyond dismissal to circumstances including incapacity, death, and bankruptcy of the principal. The central rationale is the protection of good-faith third parties, an objective that has received comparatively limited recognition in Iranian domestic law.

(d) Comparative analysis further indicates that apparent authority operates within the broader institution of representation, whereas Iranian civil law generally justifies it only within the general law of obligations and contractual relations. In certain European jurisdictions, particularly English law, apparent authority is analyzed through the doctrine of estoppel and may also be justified through non-contractual liability and equitable considerations. It protects a good-faith third party who reasonably relied upon an appearance created by the principal. Accordingly, events such as the principal's death, dismissal of the agent, or bankruptcy do not necessarily negate the legal effect of the representative's conduct toward such a third party. By contrast, under the Iranian Civil Code, apart from dismissal and only where the representative or agent remains unaware of it, such circumstances generally do not preserve the legal effectiveness of the agent's authority.

It is therefore proposed that, if Iranian positive law seeks to provide effective protection comparable to that available under European legal systems, the international instruments discussed above, and Egyptian law for good-faith third parties who enter into legal transactions with representatives, the scope of apparent agency should be extended beyond dismissal to other grounds of termination. This is particularly important because disputes brought by third parties in relation to transactions involving deceased or legally incapacitated principals are increasingly significant. Death and incapacity are events over which neither the third party nor the contracting parties ordinarily exercise control, and treating transactions concluded by an agent on behalf of a principal who has died or become legally incapacitated as automatically invalid may, in appropriate cases, be inconsistent with considerations of judicial fairness.

Authors' Contributions

Authors contributed equally to this article.

Declaration

In order to correct and improve the academic writing of our paper, we have used the language model ChatGPT.

Transparency Statement

Data are available for research purposes upon reasonable request to the corresponding author.

Acknowledgments

We would like to express our gratitude to all individuals helped us to do the project.

Declaration of Interest

The authors report no conflict of interest.

Funding

According to the authors, this article has no financial support.

Ethical Considerations

In this research, ethical standards including obtaining informed consent, ensuring privacy and confidentiality were observed.

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