

The Legal Challenges of Lawsuit Financing by a Third Party

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Abstract

With the expansion of trade and commerce, today we are witnessing the emergence of new legal institutions, among which we can mention the financing of lawsuits by third parties. In many countries today, the financing of litigation costs, including litigation and arbitration by third parties, has become an important issue, but at the same time, its implementation faces many practical and legal challenges. Given the current world trade, trade practices and the need for countries such as Iran to align with world trade, it seems that the third-party financing institution should enter the field of legislation; therefore, it is necessary to study the legal aspects of this institution. Therefore, in this descriptive-analytical article, we will address the main question of what kind of non-legal and legal restrictions exist in order to institutionalize the financing of lawsuits by third parties and legal solutions to overcome these barriers and challenges. What can it be? The result of the present study is that in the justice system, compared to the commercial arbitration system, due to various legal and non-legal restrictions such as money laundering, conflict of interest and the possibility of usury, there is no possibility of current acceptance.

Keywords: Third party financing; Champertor; Undue influence in litigation.

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