

Contract Formation and Enforcement in Qatar: Overview

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A Q&A guide to general contract formation and enforcement in Qatar.

The Q&A gives a high-level overview of key concepts of contract law, including contract formation with general information on authority and capacity, formal legal requirements, preliminary agreements and pre-contract considerations, formalities for execution, deeds, notarisation, legalisation and registration requirements, electronic signatures and remote execution, and powers of attorney. The Q&A also considers contract content requirements, variation, assignment and waiver of contracts, enforcement and remedies, and choice of law and jurisdiction.

Formation of Contracts

Authority and Capacity

1. What are the authority/capacity rules for entering contracts?

The main legislation governing contract formation and enforcement in Qatar is [Law No. \(22\) of 2004 Regarding Promulgating the Civil Code](#) (Civil Code).

Individuals

Individuals are legally competent to enter contracts unless otherwise provided by law (Article 109, Civil Code). Individuals who are minors, mentally incapacitated, or legally insane are considered legally incompetent to enter contracts (subject to limited exceptions) (Article 50, Civil Code).

Companies

Companies have a separate legal personality from their individual members and can enter contracts in their own name, provided they comply with their articles of association and memorandum of association (Articles 53 and 54, Civil Code).

The company's articles of association, memorandum of association, and commercial registration certificate typically outline the powers of directors and managers. If these are silent, a company can grant a power of attorney (POA) to a representative to

perform certain acts, including entering contracts. For transactions that require filing or registration with government authorities, the individual making the filing typically requires a POA.

For certain transactions, such as banking and finance transactions, lenders normally require a legal opinion confirming that the company's representatives have the legal capacity to enter into the relevant transaction.

A company's articles and memorandum of association are not readily available to the public. Therefore, a third party seeking to contract with a company should request from the company sufficient documentation to establish the powers of the individual representative with which they negotiate a contract. If a third party enters a contract with a company through individuals that it knows did not have the capacity to bind the company, that contract will not be binding on the company. However, an authorised company representative can affirm the contract, which will then bind the company.

Foreign Companies

Foreign companies are legal persons and are generally governed by the laws of the country where their headquarters are located. If a foreign entity has its main headquarters outside Qatar, but operates in Qatar, its local administration in Qatar is considered its domicile for the purpose of that activity (Articles 12 and 55, Civil Code). There are no specific restrictions on the capacity of foreign companies to enter contracts.

General Partnerships

General partnerships are not recognised legal forms under the Qatar onshore regime.

Limited Partnerships

The onshore regime does not recognise limited partnerships, but these are recognised under the Qatar Financial Centre (QFC) regulations.

A limited partnership under the QFC regulations does not have a separate legal personality but can own its own assets and enter into and enforce contracts. General partners are responsible for managing the partnership and can enter contracts on its behalf.

Trustees

Trusts are not recognised under the Qatar onshore regime.

Charities

A charity acquires legal status on completing the registration and publicising procedures set out in [Law No. \(15\) of 2014 on the Regulation of Charitable Activities](#) (Charities Law) (Article 14, Charities Law). On this basis, charities can enter into contracts, subject to some exceptions.

Public Bodies and Local Authorities

Public authorities and institutions, as well as the state and its administrative units (including municipalities), are legal persons (Article 53, Civil Code). They can enter contracts with other public entities, companies, and individuals.

Agencies

An agent can enter contracts on behalf of the principal under an agency agreement, unless the law requires the principal to conclude contracts personally (Article 81, Civil Code). Contracts concluded by the agent are binding on the principal if the agent acted within the scope of their authority (Article 84, Civil Code).

Formal Legal Requirements

2. What are the essential requirements to create a legally enforceable contract?

Formation of a legally enforceable contract requires:

- An offer.
- Acceptance of the offer.
- A lawful subject matter.
- Intention or willingness to create a legal relationship.

(Article 64, Civil Code.)

An offer and acceptance can be made orally, in writing, or result from customary usage or practices.

There is a distinction between an offer intended to create legal obligations and an invitation to negotiate (invitation to treat) under Qatari law. An invitation to treat is generally not considered to be a formal offer, unless the circumstances clearly indicate an intent to be legally bound (Article 69(3), Civil Code).

When an offer requires acceptance within a fixed period, the offeror must maintain the offer until the expiry of that period. Otherwise, an offer is no longer capable of acceptance if:

- It is withdrawn by the offeror before acceptance.
- One of the parties does an act indicating withdrawal or rejection of the offer.

Acceptance must correspond to the offer. If the response to an offer includes amendments to the offer, it is considered a new offer or counteroffer. Silence does not generally constitute acceptance. However, in some cases, silence may amount to acceptance based on the parties' prior course of dealing or customary practices.

Consideration is not a requirement for a binding contract under Qatari law but may be required in certain circumstances. For example, a valid sale contract requires two additional key elements, a description of the item being sold and the price. Similarly, lease contracts must include, among others, details of the rent amount.

There are no statutory provisions on disputes relating to "battle of the forms" scenarios. These disputes are resolved on a case-by-case basis.

3. Which types of contracts, if any, must be in writing to be valid and enforceable? Under what circumstances are oral contracts valid and enforceable?

The general rule is that a party's intention or consent can be expressed in writing, orally, through common signs or conduct indicating consent, or by any other means that leaves no doubt as to the party's intention (Article 65, Civil Code).

However, certain types of contracts must be in writing to be valid and enforceable, including:

- Articles of association.
- Memoranda of association.
- Sale and purchase contracts.
- Lease contracts.
- Agency contracts.
- Mortgage contracts.
- Assignment contracts.
- Account pledge contracts.

These agreements not only need to be in writing and signed but must also be registered or filed with the relevant regulatory authorities (see also [Question 16](#)).

Share sale and purchase agreements must be in the standard form provided by the Ministry of Justice, signed, and registered with the Ministry of Justice. Employment contracts must also be drafted on the standard form provided by the [Ministry of Administrative Development, Labour, and Social Affairs](#) (MADSLA) and must be authenticated by MADSLA.

The Qatari authorities tend to have a very formalistic approach to contracts and other documents. Therefore, it is recommended to evidence contracts in writing.

4. Are there language requirements for the validity of contracts? Is translation into the language of your jurisdiction required? If so, when is this required?

Arabic is the official language of Qatar. However, contracts in foreign languages are generally recognised and enforceable. Certain types of contracts must be in Arabic but can be accompanied by a translation into any other relevant foreign language.

These include contracts that require registration or filing with government authorities (see [Question 3](#) and [Question 16](#)). In the event of a discrepancy between the different languages, the Arabic version prevails.

[Law No. \(7\) of 2019 on Protection of the Arabic Language](#) requires all ministries, government agencies, public bodies and institutions, private institutions for public benefit, and entities whose budgets are funded by the state of Qatar, to use Arabic in their contracts and other documents.

The courts of Qatar do not review documents in a foreign language and require all documents to be either submitted in Arabic or accompanied by a certified Arabic translation.

5. Are contracts in electronic form (email, web-based, or otherwise) legally enforceable?

Under the [Electronic Commerce and Transactions Law No. \(16\) of 2010](#) (E-Commerce Law), an "electronic transaction" is defined as any deal, contract, or agreement concluded or performed, in whole or in part, through electronic communications. An instrument, document, or transaction cannot be denied legal effect, validity, or enforceability solely because it is in electronic form (Article 21, E-Commerce Law). In assessing whether electronic transactions are valid and enforceable, the following factors are generally considered:

- The procedures and circumstances under which the electronic transaction was generated, stored, and communicated.
- The procedures and circumstances under which the integrity of the information or document contained in the electronic transaction was maintained.
- The procedures and circumstances under which the originator of the electronic transaction was identified.
- Any other relevant process or circumstances.

Documents and contracts relating to family issues and personal circumstances and negotiable commercial instruments fall outside the scope of the E-Commerce Law. Therefore, these contracts are generally invalid and unenforceable if they are in electronic form. In addition, certain contracts require handwritten signatures or notarisation, or both, and cannot be concluded in electronic form (see [Question 14](#)).

Preliminary Agreements and Pre-Contract Considerations

6. Which types of preliminary agreements are most frequently used and for which types of transactions? Are preliminary agreements presumed to be non-binding?

The most frequently used types of preliminary agreements are term sheets, heads of terms, letters of intent, memoranda of understanding (MOU), and confidentiality or non-disclosure agreements. These preliminary agreements are mainly used when two or more parties intend to enter into a subsequent agreement (such as a joint venture, merger, acquisition, or other commercial arrangement). The extent to which these preliminary arrangements are binding depends on the language used and the parties' intention.

Preliminary agreements usually contain binding clauses, such as confidentiality, exclusivity, and governing law and jurisdiction clauses. Indicative terms, such as the proposed transaction structure and timelines, are typically non-binding.

7. Are there limitations on the use of exclusivity or lock-out provisions in preliminary agreements under local law?

Qatari law allows the use of exclusivity and lock-out provisions. There are no specific limitations on the use of these provisions in preliminary agreements under local law.

Parties should consider drafting exclusivity or lock-out provisions so that they do not place an unreasonable burden or restrictions on the parties. This is because the courts can adjust an obligation to a reasonable level if unforeseeable and exceptional events make the obligation burdensome (although not impossible) for the debtor, so that they risk incurring substantial loss (see [Question 32](#)).

8. What are the principles and rules (if any) on pre-contractual liability?

The Civil Code does not expressly recognise pre-contractual liability. Qatari law also does not recognise the concept of promissory estoppel.

However, the principles governing contract formation address pre-contractual liability to an extent. For example, misrepresentation as to the quality or quantity of contract goods or services may prevent the formation of a contract and give rise to tort liability if this causes harm (Articles 199 to 219, Civil Code).

Under Qatari law, unjust enrichment occurs when a person makes gains at another's expense without a legal basis. The enriched party must compensate the aggrieved party for losses suffered, up to the amount of the unjust enrichment. (Articles 220 and 221, Civil Code.) This principle is particularly relevant when a party begins performing obligations under a contract that has not yet taken effect.

9. Can negotiations become legally binding in any circumstances?

Negotiations do not typically create binding legal obligations. Pre-contractual negotiations are superseded by the contract. However, negotiations may create a contract in the following situations:

- **Partial performance and conduct.** If a party performs obligations that are the subject of negotiations without objection from the other party, and that party accepts or benefits from the performance, an implied contract is formed. The terms of the contract can be evidenced by the terms being negotiated.
- **Customary practices.** Parties may be bound by customary practices that are common in certain industries, even if they did not expressly agree to them.
- **Express agreement.** Parties can agree during negotiations that certain terms will be binding before the execution of the final contract.

10. Is the concept of "good faith" in negotiations recognised and applied? If so, how?

There is no statutory obligation to act in good faith during negotiations. However, if the negotiations create binding obligations (see [Question 9](#)), the courts may find that the parties must act in good faith.

The parties to a contract have a duty to perform the contract in accordance with their terms and in a manner that aligns with the requirements of good faith (Article 172(1), Civil Code). The duty of good faith specifically applies to the performance of contractual obligations, not to contract formation and negotiation. However, the principles governing contract formation can supplement the absence of a requirement to negotiate in good faith (see [Question 8](#)).

Formalities for Execution

11. What formalities are required for a contract to be considered validly executed?

Individuals

Generally, Qatari law does not impose specific formalities for the execution of contracts. Individuals can execute a contract by signing it either physically or electronically (see [Question 17](#)). It is also common practice for parties to initial each page of a written contract.

A person can execute a contract on behalf of another if they have a POA authorising them to do so.

Signatures do not generally require witnessing or notarisation.

Companies

A contract must be signed by the company's authorised representatives (see [Question 1](#)). There is no legal requirement to affix a company seal, but some public authorities may require this.

Foreign Companies

The same requirements apply as for local companies (see above, [Companies](#)). In addition, foreign companies must comply with the laws of their country of incorporation (Article 12, Civil Code).

Partnerships

The same requirements apply as for companies (see above, [Companies](#)).

Deeds

12. Are deeds (or equivalent) recognised and used? If yes, when are deeds (or equivalent) required?

Qatari law does not recognise deeds as understood in common law jurisdictions. However, certain contracts must be executed as notarial instruments (see [Question 14](#)).

13. What are the legal formalities for creating and executing a valid deed (or equivalent)?

The formalities for creating and executing a valid notarial instrument depend on the laws that apply to the relevant transaction. Generally, a notarial instrument must be:

- In writing.
- Clear so as to identify the parties and the nature of the transaction (among other things).
- Signed by the parties or their authorised representatives.

Other requirements may include witnessing, registration, and the application of seals or stamps.

Notarisation, Legalisation, and Registration

14. When is notarisation required in your jurisdiction?

Notarisation is required for certain transactions and contracts, including:

- Wills.
- Marriage certificates.
- POAs.
- Gifts and donations.
- Articles and memoranda of association.
- Contracts for the sale or transfer of immovable property.
- Real estate mortgages.

In addition, to be enforceable against third parties, contracts relating to assets subject to registration generally require both notarisation and attestation by the Ministry of Justice.

15. When is an apostille or legalisation required for contracts in your jurisdiction and how is it carried out?

Any document issued outside Qatar that is required to be filed or registered with a regulatory authority in Qatar must be notarised by a notary in the issuing jurisdiction, legalised by the Qatari embassy in the issuing jurisdiction, and subsequently stamped by the [Ministry of Foreign Affairs](#) in Qatar. Qatari regulatory authorities require the original notarised and legalised documents.

Foreign documents that must be legalised in Qatar include the following:

- Marriage certificates.
- Court judgments.
- Academic diplomas and certificates.

- Corporate constitutional documents of foreign companies, including certificates of incorporation, memoranda of association, articles of association, and corporate resolutions.

Qatar is not a party to the [Convention Abolishing the Requirement of Legalisation for Foreign Public Documents 1961](#) (Apostille Convention).

16. If registration is required, which contracts require registration and where?

Qatari law does not generally require the registration of contracts. However, certain contracts must be registered to be valid and enforceable, including:

- Mortgage contracts.
- Sale and purchase agreements.
- Real estate transfers.
- Commercial agency contracts.
- Marriage contracts.

Sale and purchase agreements, mortgages, and contracts relating to real estate transactions must be registered with the relevant departments at the Ministry of Justice. Commercial agency contracts must be registered with the commercial agency department at the [Ministry of Commerce and Industry](#). Marriage contracts must be registered with the family courts.

Electronic Signatures

17. Can contracts and deeds (or equivalent) be validly executed with an electronic signature in your jurisdiction?

Under the E-Commerce Law, contracts can be validly executed with an electronic signature if the following conditions are met:

- The signature must be linked to the signatory and not any other person.
- At the time of signing, the signature creation data must be under the sole control of the signatory.
- Any changes to the electronic signature after signing must be detectable.

- If the purpose of the signature is to certify the integrity of the underlying document, any changes to that document after signing must be detectable.

(Article 28, E-Commerce Law.)

There are no statutory e-signing methods or distinctions between different types of e-signatures.

While e-signatures are recognised by law, the ministries in Qatar may still, in practice, expect wet-signed signatures.

Documents relating to family issues and personal circumstances and negotiable commercial instruments fall outside the scope of the E-Commerce Law and cannot be executed electronically.

Remote Document Execution

18. Is remote execution of documents valid and common practice?

Remote execution of documents is valid and common practice in Qatar, including execution in counterparts. Typically, execution in counterparts is specified in the contract. While execution in counterparts is valid under Qatari law, Qatari courts generally adopt a formalistic approach to determining the existence of a contract. The absence of a signature may lead the court to conclude that the party who failed to sign the contract did not express its agreement and, therefore, that the contract is not enforceable against that party.

See [Question 17](#) for information on electronic signatures.

Powers of Attorney

19. What are the main types of powers of attorney and transactions that use them in your jurisdiction?

There are several types of POA in Qatar. The main types are:

- **General POA.** This allows the attorney to act and represent the principal in all affairs and matters (with some exceptions, such as representation in arbitration proceedings).
- **Special POA.** This grants limited authority to the attorney to perform specific acts and transactions. There are several sub-categories of special POA (for example, special POAs to incorporate a company, to sign and execute documents, or

for representation before banks). Generally, a special POA should expressly state the scope of authority granted to the appointed attorney.

All POAs must be approved by the Ministry of Justice (see [Question 20](#)).

Transactions that typically use POAs include pledge and mortgage agreements, amendments to a company's articles of association, and the execution of share purchase agreements.

20. What are the legal requirements and formalities for the execution of a POA?

A POA must:

- Include details of the principal and attorney, including their passport number and Qatar ID (as applicable).
- Be drafted in Arabic or translated into Arabic (bilingual POAs are acceptable).
- Signed by the principal.

Applications for approval of POAs must be submitted through the portal of the Ministry of Justice using a valid identification of the applicant or their representative. The applicant must:

- Select the appropriate type of POA (see [Question 20](#)).
- Provide details of both the principal and the appointed attorney.
- Upload supporting documentation (such as passports, IDs, and commercial registrations)
- Clearly specify the scope of authority being granted.

A special POA should sufficiently specify the powers granted to the attorney. In some cases, the POA must specify details of the particular transaction for which it is being created. The Ministry of Justice does not accept general POAs for specific transactions.

Officers from the attestation department review completed applications within a few days from filing.

On approval of the application, a legal representative of the issuing party must appear in person, before a notary, submit the required documents, and sign the POA in the notary's presence. After signing and attestation, the Ministry of Justice retains a copy of the POA for its records.

21. Are foreign powers of attorney recognised in your jurisdiction? If so, must a foreign POA comply with legal requirements and formalities to be effective?

To be recognised in Qatar, a foreign POA must be both:

- Drafted in Arabic or accompanied by an official translation from an accredited translation firm in Qatar.
- Notarised and legalised by the Qatari embassy in the issuing country and then by the Ministry of Foreign Affairs in Qatar (see [Question 15](#)).

Content of Contracts

22. Can contract terms be implied from the conduct of the parties or incorporated by reference?

The courts can imply terms to interpret contracts, not to supplement the agreement of the parties. If a contract is unclear, the courts can imply terms based on the common intention of the parties. In doing so, the courts can consider the nature of the transaction and customary practices in a particular industry (Article 169(2), Civil Code). The common intention of the parties can also be inferred from the parties' conduct. However, certain terms cannot be evidenced by the parties' conduct and must be evidenced in writing. These include arbitration agreements and guarantees, which must be agreed in writing.

Contract terms can also be incorporated by reference (for example, to standard terms and conditions). The Qatar courts have held that, if a contract incorporates a FIDIC (International Federation of Consulting Engineers) form of contract (or other standard form contract), the entire FIDIC form is part of the agreement. However, this is unlikely to extend to an agreement to arbitrate as this must be evidenced in writing. Accordingly, parties should never assume that incorporating terms by reference will necessarily have the effect of incorporating the entire body of terms that is intended to be incorporated.

23. Which mandatory terms and standards are implied into a contract by operation of law?

Mandatory terms implied into contracts by law generally relate to matters of public policy and good faith to prevent injustice and protect the public interest. The parties cannot generally waive these requirements in the contract.

Areas of law that imply mandatory terms into contracts include:

- Consumer protection law.
- Labour law.
- Real estate law.
- Intellectual property law.
- Competition law.

The obligation to perform contracts in accordance with the requirements of good faith is implied into all contracts (Article 172(1), Civil Code). The Civil Code does not define "good faith," which gives the courts flexibility to determine whether the performance of a contract was in accordance with the requirements of good faith.

Matters of public policy form part of contracts and prevail over the common intention of the parties. The term "public policy" is defined broadly, and the courts have discretion to determine what may fall under the umbrella of public policy. Contract terms that are contrary to public policy may render the entire contract null and void. Further, contracts must comply with Sharia principles, which is a source of law in Qatar.

24. Is the concept of "reasonable," "commercial," or "best" endeavours or efforts legally recognised?

While there is no defined concept of "reasonable," "commercial," or "best" endeavours or efforts under Qatari law, the courts can rely on customary or specific industry practices to determine the nature and extent of contractual obligations in the circumstances.

Subject to the wording of a contract, an obligation can be either:

- An obligation to achieve a specific result.
- An obligation to employ any means necessary to achieve the result, without necessarily having to achieve that result. The terms "endeavours" or "efforts" are generally used to describe this type of obligation.

The interpretation and application of effort-related modifiers vary depending on the circumstances of a particular transaction or case.

25. Does local law require that special notice be given of any contract terms for them to be effectively incorporated in a contract?

There are no special notice requirements for terms to be validly incorporated in a contract. However, the law may impose formalities to warn, inform, or provide evidence of the existence of a contract. For example, in the context of POAs, the attorney must obtain a special POA to act in arbitration proceedings. A general POA is not sufficient for this purpose (see [Question 19](#) and [Question 20](#)).

26. Are there commonly used contract clauses in your jurisdiction that are not usually included in contracts from other jurisdictions?

Parties to contracts in Qatar may use clauses that are not common in contracts from other jurisdictions, such as:

- **Arabic language requirement.** The contract may provide that the contract itself and any related documents must be translated into Arabic or that the Arabic version will prevail in the event of disputes.
- **Compliance with Sharia principles.** Contracts may include clauses requiring the parties to comply with Sharia law, particularly in finance and real estate transactions.

27. Are there contract clauses from other jurisdictions that are ineffective or not standard practice in your jurisdiction?

The main contract clauses that are common in other jurisdictions but generally ineffective in Qatar are:

- **Interest.** Except for contracts with financial institutions, the Civil Code generally prohibits interest on loans. This is because interest is traditionally prohibited under Sharia principles, and Qatari courts may find that interest provisions are contrary to public policy. There is a degree of uncertainty and parties should consider the potential for interest clauses to be prohibited based on public policy.
- **Punitive damages.** Contract clauses providing for punitive damages are generally not enforceable under Qatari law, as damages for breach of contract are compensatory. Parties may need to modify these clauses to ensure compliance with local law or risk them being deemed unenforceable.
- **Non-compete clauses.** The courts interpret non-compete clauses strictly. The courts may invalidate these clauses if they are too broad or for an excessive duration.

Generally, the courts can invalidate any term they consider contrary to public policy or morals. They have broad discretion to determine the matters that fall under the umbrella of public policy. Therefore, there can be some uncertainty as to whether contract provisions comply with public policy requirements.

Variation, Assignment, and Waiver

28. How can the parties vary the contract terms agreed between them?

A contract can only be varied by mutual consent, a court order, or in accordance with the law. The formalities or procedure to vary a contract depend on the nature of the contract and the intention of the parties.

A contract can be varied by conduct if the parties act on terms that are not recorded in the contract. However, to avoid uncertainty, it is recommended to record any variation in writing.

29. What are the main ways to transfer contractual rights and obligations to a third party?

The main ways to transfer contractual rights and obligations are assignment and novation, which are both recognised by the Civil Code.

Assignment is permitted unless it is prohibited by law, an agreement of the parties, or the nature of the obligation (such as highly personal obligations) (Article 324, Civil Code).

A creditor can assign their rights to another person without the debtor's consent. The assignment of a debt (obligation) requires the agreement of the transferor, transferee, and original creditor (Articles 337 and 338, Civil Code).

Generally, assignment agreements do not need to be registered. However, an assignment that relates to registered assets (such as vehicles, vessels, real estate, and shares) may need to be attested by the Ministry of Justice.

Novation extinguishes the original right or obligation and creates a new one. The Civil Code recognises three types of novation:

- Changing the debt: if both parties agree to replace the original debt with a new one that differs in substance or source.
- Changing the debtor: if the creditor agrees that another person will take the place of the original debtor. The original debtor is released from the obligation.
- Changing the creditor: if the debtor, original creditor, and a new creditor all agree that the new creditor will become the creditor.

(Article 381, Civil Code.)

Novation must be explicitly agreed and cannot be inferred from other changes to contract terms, unless explicitly stated (Article 383, Civil Code).

30. What are the rules relating to waiver of contractual rights?

The Civil Code does not expressly regulate waivers of contractual rights. In practice, parties can waive both their rights and obligations by mutual agreement. A waiver can take various forms, for example, a settlement agreement or an undertaking.

Contract terms that restrict waivers are enforceable.

Enforcement and Remedies

Invalid and Voidable Contracts

31. What makes a contract void, voidable, or invalid?

A contract can be either void (absolute nullity) or voidable (relative nullity) if the contract lacks one of the three fundamental elements for a valid contract, that is:

- Consent (offer, acceptance, and intention to be bound).
- A subject matter.
- Cause (legitimate purpose).

Absolute nullity means that the contract is null and void from the outset (*ab initio*) and does not create any obligations for the parties. Grounds of absolute nullity cannot be ratified or cured. Common grounds of absolute nullity include:

- Lack of subject matter.
- Illegality of cause.
- Consent obtained through duress, undue influence, fraud, or misrepresentation.

Relative nullity means that the contract is initially valid but can be rescinded. The innocent party has the option to either rescind or affirm the contract. If the innocent party rescinds the contract, nullity takes effect from the inception of the contract. Most consent defects are grounds for relative nullity.

The Civil Code establishes the following three-part test to determine whether there is a valid subject matter:

- The subject matter must exist or be likely to exist in the future.
- The subject matter must be identified in the contract or through past commercial dealings.
- The subject matter must be permitted by law and public policy.

If a contract contains terms that are prohibited by law or contrary to public policy or morals, the general rule is that these terms are null and void. The remainder of the contract generally remains enforceable, unless:

- The void provision is an essential term of the contract.
- Either party can show that they would not have agreed to the contract without the void term.

In addition, a void or voidable contract can be converted into a valid contract if it contains elements of another contract type and the parties agree to the conversion (Article 167, Civil Code).

Specific rules apply to certain types of contracts, such as sale contracts, lease contracts, and employment contracts.

Discharging Contracts

32. On what basis can a party be discharged from performing its contractual obligations at law?

The general rule is that only complete performance of contractual obligations results in discharge of the contract.

A party can also be discharged from its contractual obligations in the following circumstances:

- **Mutual agreement.** Parties are generally free to discharge a contract by agreement. They can also include contract terms that provide for termination, cancellation, or modification of the contract in certain circumstances. However, these terms must comply with Qatari law and must not violate public policy.
- **Force majeure.** While the Civil Code does not expressly define force majeure, the doctrine is recognised through the following provisions:
 - a party can be discharged from performance if an unforeseeable event causes the performance of an obligation to be so onerous (although not impossible) that it would result in significant losses to the obligor; in this case, the courts can reduce the excessive obligation to "a reasonable level" (Article 171(2), Civil Code);

- a party can be discharged from performance or exempted from liability for damages if the default is due to an extraneous cause (Articles 204 and 256, Civil Code); and
- the parties can contractually agree that a debtor remains responsible for the consequences of force majeure (Article 258, Civil Code).

Parties can agree on terms that define force majeure and the consequences of force majeure events on the contractual relationship.

- **Impossibility.** Obligations cease if the debtor shows that performance has become impossible due to an external cause beyond the debtor's control (Article 402, Civil Code). In these circumstances, the courts can terminate the contract. In addition:
 - in contracts, where performance of an obligation is impossible due to an extraneous cause beyond the obligor's control, that obligation and correlative obligations are extinguished and the contract is automatically revoked; and
 - when impossibility is partial, the creditor can either accept partial performance or request termination of the contract.

(Article 188, Civil Code.)

- **Breach.** Breach of contract may discharge the innocent party from performing corresponding obligations.
- **Court order.** The Civil Code contains numerous provisions allowing an aggrieved party to request the court to cancel a contract or reduce obligations.

33. On what basis does a party have the right to terminate the contract?

Generally, a contract can be terminated:

- **Unilaterally.** A party can terminate a contract unilaterally for:
 - convenience (in limited circumstances);
 - material breach (Article 183(2), Civil Code); or
 - impossibility to perform (see [Question 32](#)).

The party seeking to terminate the contract must provide notice to the other party.

- **By mutual consent.** Parties are free to terminate the contract by mutual agreement (Article 189, Civil Code). Mutual consent can be evidenced in the contract or in a separate agreement. For example, the parties can agree that a contract terminates automatically in the case of non-performance or on expiration of the contract term. It is not clear whether a court order is required to effect termination of a contract in this case. The decisions of the Court of Cassation indicate

that, while the courts may retain some powers in the context of contract termination, the courts defer to the parties' autonomy.

- **By court order.**

The Civil Code does not specifically address the parties' ability to terminate a contract based on an anticipated breach. In practice, the creditor may have a right to terminate where there is a manifest impossibility for the debtor to perform.

The parties must provide notice of termination regardless of the reason for termination. One exception relates to termination of contracts for the sale of movables when the buyer fails to make payment. In this case, the contract automatically terminates. Parties to a lease agreement can also agree that a lease automatically terminates if the lessee consistently fails to pay rent.

If the contract is silent on termination rights and notice requirements, a reasonable notice period is required to allow the other party to remedy any breaches or prepare for termination.

Contract Liability and Exclusion of Liability

34. What are the key rules on privity of contract and third-party rights?

A contract cannot impose obligations on third parties but can grant rights to third parties (Article 177, Civil Code). A person who is not a party to a contract cannot bring an action or defend an action arising under the contract. Further, any contracting party's promise of performance of contractual obligations by a third party does not bind that third party, and any failure to perform is attributable to the contracting party.

Qatari law allows contracting parties to include terms that grant specific rights to third parties. In this case, third parties have the right to enforce their rights under the contract.

Even when contractual remedies are not available, a third party may have a recourse under tort law, as any party who causes harm through errors to others must provide compensation (Article 199, Civil Code).

35. What are the main rules relating to excluding and limiting contractual liability?

Parties are generally free to agree on exclusion and limitation provisions (Article 259, Civil Code). For example, the parties can agree to limit liability for delay in performance.

However, the parties cannot contractually agree to exclude or limit liability for:

- Fraud or gross negligence.
- Statutory obligations and mandatory terms implied by law (see [Question 23](#)), such as implied warranties for goods sold to consumers and the decennial liability of the engineer or contractor under construction contracts.

36. What are the main defences to breach of contract claims?

The main defences to breach of contract claims include:

- **Force majeure.** For more information, see [Question 32](#).
- **Impossibility to perform.** For more information, see [Question 32](#).
- **Breach of the duty of good faith.** A party accused of breaching the contract may argue that the other party breached its duty to perform in good faith, which may excuse its own performance.
- **Anticipatory breach.** There are instances where courts have recognised a concept similar to that of anticipatory breach. Where a party does not perform its contractual obligations, the other party may have the right to refrain from performing the corresponding obligation.

Contract Remedies

37. What are the main remedies available for breach of contract?

The main remedies available for breach of contract are:

- Specific performance.
- Damages.
- Restitution.
- Termination of the contract.

The courts can order specific performance unless the obligation is "natural" (Article 241(2), Civil Code). The Civil Code does not expressly define the concept of "natural obligation." Determination of what constitutes a natural obligation is left to judicial

discretion. Generally, a natural obligation is one that a person may perform as being dictated by their conscience or beliefs, but is not imposed by any law or judicial order.

If specific performance is not possible, the innocent party can seek compensatory damages. The general rule is that the debtor must compensate the creditor for damages resulting from failure or delay in performance, unless it can prove that failure or delay was caused by factors beyond their control (Article 256, Civil Code) (see also [Question 32](#)).

The parties are generally free to agree on the method to quantify damages, subject to compliance with Qatari law. If the contract or the law is silent, the courts assess the amount of compensation (Article 263, Civil Code). Compensation must cover both actual losses and lost profits directly resulting from the breach (Article 263, Civil Code). Damages are deemed a natural consequence if the creditor could not have avoided it through reasonable efforts. When the breach does not result from the debtor's fraud or gross negligence, the debtor is only required to compensate damages that were reasonably foreseeable at the time of contract formation.

Restitution is also available. The purpose of restitution is to place the injured party in the position it was in before the breach (Article 266, Civil Code).

The aggrieved party can also seek termination of the contract in certain circumstances, including material breach of contract (see also [Question 33](#)).

Under Law No. (4) of 2024 On the Issuance of the Judicial Enforcement Law (Judicial Enforcement Law), the courts can issue attachment orders to mitigate the consequences of a breach of contract. For example, the judge can order the seizure of the debtor's movable property, either in the debtor's possession or held by a third party (Article 62, Judicial Enforcement Law).

38.Are clauses setting out a fixed or ascertainable amount of compensation/damages valid in your jurisdiction?
Are these clauses subject to any limitation?

The parties can pre-determine the amount of damages payable, either in the contract itself or in a subsequent agreement (Article 265, Civil Code). This is a common remedy in construction contracts to compensate the employer for work delays. However, the court can refuse to enforce liquidated damages or reduce the agreed amount to make compensation equal to the loss suffered (Article 266, Civil Code). Any agreement that attempts to exclude judicial review is null and void.

Choice of Law and Jurisdiction

Choice of Law

39. Is the choice of a foreign law in a contract upheld by local courts?

The parties are generally free to choose the law that governs a contract, subject to some exceptions and limitations. For example:

- Contracts involving the transfer of real estate located in Qatar are exclusively subject to the laws of Qatar.
- The courts will not apply foreign law provisions that are contrary to Sharia principles, public policy, or morals.

Jurisdiction

40. Is the choice of a foreign jurisdiction in a contract upheld by local courts?

Parties are generally free to choose a foreign jurisdiction (in either litigation or arbitration). However, there is some uncertainty about the level of autonomy parties actually have. The Qatar courts have rather consistently held that, as a matter of public policy, disputes related to Qatar are subject to the jurisdiction of the Qatari courts.

Further, the courts are unlikely to uphold a choice of a foreign jurisdiction for contracts related to:

- A transfer of real estate located in Qatar.
- Employment in Qatar.

Other Key Issues

41. Are there additional and important issues of law and practice relating to contract formation and enforcement that are not otherwise addressed in this Q&A?

Additional important legal and practical issues relating to contract formation and enforcement in Qatar include:

- Sharia principles. In the absence of specific legislative provisions, courts must base their rulings on the principles of Islamic Sharia (Article 1, Civil Code). Sharia principles can play a significant role in contract interpretation, potentially influencing case outcomes.
- The distinction between onshore laws and the laws of the [Qatar Financial Centre](#) (QFC). The QFC has its own legal, tax, and regulatory framework, which runs alongside the broader onshore legal system. The QFC also has its own civil and commercial courts, as well as an independent regulatory tribunal. Its legal framework is largely based on English common law and modelled after that of major financial centres worldwide.

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Publications

- *"Islamic finance disputes: Arbitration and litigation," IFN Annual Guide 2024, Islamic finance news, 2024.*
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Publications

- *Asset Management Regulatory Year in Review 2024.*
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