

Establishment of the Permanent Court of Arbitration

The Permanent Court of Arbitration has been established by the company Stály rozhodcovský súd a.s., with registered seat at Dr. Vladimíra Clementisa 10, 821 02 Bratislava, Identification No. (IČO): 36 725 439, registered with the Commercial Registry of the District Court Bratislava I, Section: Sa, Insert No. 4064/B in accordance with Section 12 *et seq.* of Act No. 244/2002 Coll. on Arbitration as a private and independent arbitration body. The function of the Permanent Court of Arbitration is to provide for the settlement by arbitration of disputes as an alternative dispute resolution.

Private Character of the Permanent Court of Arbitration

Permanent Court of Arbitration has been established as a private and independent institution; its arbitrators are not representatives of state authority.

Jurisdiction

The Permanent Court of Arbitration settles solely disputes concerning proprietary matters of domestic and international character arising from civil and commercial relations.

The competence of **the Permanent Court of Arbitration** is limited to resolve proprietary matters that are capable to be finally resolved by a court settlement before ordinary courts.

The Permanent Court of Arbitration may not resolve disputes concerning a) origination, change, or termination of ownership or other proprietary rights to real estate, b) personal status, c) issues related to enforcement of judgements, d) issues that arise during bankruptcy and restructuring proceedings.

Principle of Voluntariness in Arbitration

Permanent Court of Arbitration is competent to resolve dispute between parties only if the parties agree thereon in the arbitration agreement.

Arbitration Agreement

Arbitration agreement is an agreement between the contracting parties that certain or all disputes arisen or that shall arise between the parties in relation to certain contractual or other relation shall be settled in arbitration.

Arbitration agreement shall be in writing, otherwise it is invalid. Non-compliance with a written form of arbitration agreement may be substituted by a declaration of the parties recorded in minutes prepared by an arbitrator until commencement of arbitration at the latest, whereby the parties submit their dispute to the jurisdiction of **the Permanent Court of Arbitration**.

Arbitration agreement may bear the form of a separate agreement or an **arbitration clause** (*tu by mal byť link na vzorovú rozhodcovskú doložku*) included in contract. The parties may agree that the arbitration agreement refers to settlement of their *future disputes* that may arise in their mutual civil and commercial relations; however, the parties may also agree upon

arbitration agreement referring to *existing dispute*. The arbitration agreement may be concluded also in respect of the dispute pending before the ordinary court.

Speedy Proceedings

The dispute tried before **the Permanent Court of Arbitration** may be finally settled within several months depending on complicity and severity of the dispute in question. This is an enormous acceleration of the proceedings compared to proceedings tried before ordinary courts in which it takes several years to reach a final judgement.

The following factors contribute to speedy arbitration proceedings:

- principally written form of arbitration in conjunction with use of electronic communication (facsimile, e-mail),
- fact that arbitrators have a capacity to devote sufficient attention to dispute in arbitration contrary to the Slovak ordinary courts that are heavily overloaded,
- adversary system of arbitration (e.g. only evidence offered by the parties shall be presented in the arbitration),
- even if the respondent is inactive during the arbitration the Permanent Court of Arbitration is free to proceed in order to determine facts of the case and to fairly settle the dispute without undue delay.

A speedy arbitration ensures effective protection of rights of the parties to arbitration. **The Permanent Court of Arbitration** is at the same time able to safeguard effective and rapid protection of rights of the parties to arbitration even in case of enforcement of a higher number of claims with a smaller nominal value.

Lower Costs of Arbitration

Costs incurred to the parties in arbitration are lower compared to the proceedings before ordinary courts because:

- arbitration fee is in the majority of cases lower than the court fee,
- parties may save attorney's fees because it is not mandatory to be represented by an attorney in arbitration,
- in case of written form of arbitration parties will save costs that would be incurred in connection with oral hearings that occur in court proceedings (e.g. travel costs, etc.)
- with regard to rapidity of arbitration the parties will eliminate costs connected to a high number of actions that are mandatory in the court proceedings.

The party being successful in the arbitration is entitled to a compensation of costs of arbitration against the losing party.

Experienced Arbitrators

The Roll of Arbitrators of **the Permanent Court of Arbitration** contains qualified and experienced professionals in the area of law, banking and economics. Special emphasis is given to their experience and skills because they serve as a guarantee of professional examination of merits of the dispute and issuance of justified arbitration award.

Arbitrators are independent and impartial in arbitration proceedings which fact guarantees justified dispute resolution before **the Permanent Court of Arbitration**.

Appointment of Arbitrators

The parties to arbitration actively participate in appointment of arbitrators that shall settle their dispute.

The parties are free to appoint an arbitrator sufficiently skilled and experienced for objective and justified settlement of their dispute with emphasis on specific area of expertise in the case concerned.

In the arbitration agreement, the parties to arbitration may:

- agree upon appointment of a sole arbitrator or upon formation of a three-member arbitration tribunal,
- agree upon manner of appointment of a sole arbitrator or a three-member arbitration tribunal.

If the parties do not reach an agreement in accordance with the previous sentence:

- if the dispute shall be settled before a three-member arbitration tribunal of **the Permanent Court of Arbitration** each party appoints one arbitrator. The two arbitrators thus appointed shall choose the third arbitrator who will act as the presiding arbitrator of the tribunal,
- if a sole arbitrator is to be appointed, the President of the Presidium of **the Permanent Court of Arbitration** appoints the arbitrator from the Roll of Arbitrators of **the Permanent Court of Arbitration**.

The parties may agree upon appointment of a person not registered with the Roll of Arbitrators to the position of arbitrator provided that such person fulfils general as well as special requirements for registration with the Roll of Arbitrators.

Contrary to the arbitration, in proceedings tried before the ordinary courts the parties may not influence appointment of the judge competent to settle their dispute.

Equal Standing of the Parties to Arbitration

Parties to arbitration before **the Permanent Court of Arbitration** have equal standing. Each party has an equal opportunity to exercise its rights and is provided with an equal protection thereof.

Written Form of Arbitration

Arbitration before **the Permanent Court of Arbitration** is proceeded principally in written form, while **the Permanent Court of Arbitration** settles disputes on basis of written statements of the parties, documents presented and evidence exercised.

Arbitration before **the Permanent Court of Arbitration** may occur in form of oral hearings only if the parties expressly agreed thereon in the arbitration agreement or if any

party requests so in its first written statement addressed to **the Permanent Court of Arbitration** and other parties express their consent therewith.

Confidential Nature of Arbitration

Arbitration before **the Permanent Court of Arbitration** is not public. Advantage of this fact would be that the parties to arbitration are protected before unwanted leak of confidential information on their civil and commercial relations. Further, arbitrators are bound to keep confidentiality on all facts they learned when performing their functions or in connection therewith and even after termination thereof.

Contrary to the arbitration, a proceeding before ordinary courts is public and presence of public attendants at the hearing may be excluded only in exceptional circumstances expressly set by the law.

Representation of the Parties in Arbitration

It is not mandatory to be represented by an attorney in arbitration before **the Permanent Court of Arbitration**. The party has discretion to represent itself in arbitration or to appoint a representative that may be also other person than attorney.

One-Tier System of Arbitration

Arbitration is generally terminated upon arbitration award by **the Permanent Court of Arbitration** in one-tier proceedings.

Only if the parties expressly so agree in the arbitration agreement, the arbitration award may be reviewed by other arbitrator (or three-member arbitration tribunal) registered with the Roll of Arbitrators of **the Permanent Court of Arbitration** on the basis of a request of either party filed within fifteen (15) calendar days from delivery of the award to the party making such request.

Enforcement of Arbitration Award

Valid and enforceable arbitration award of **the Permanent Court of Arbitration** has the same effects as valid and enforceable judgement of an ordinary court, which means it is a legal title for execution and the basis for execution proceedings (via bailiff) against the party to which an obligation was imposed by the arbitration award.

With regard to the fact that the Slovak Republic is a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards signed in New York on 10 June 1958 (published in the Collection of Laws under No. 74/1959 Coll.), enforceable arbitration award of **the Permanent Court of Arbitration** is without complications enforceable in more than 140 countries that have acceded to the Convention. The list of countries that have acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards is published on the Internet site

www.uncitral.org/uncitral/en/uncitral_texts/arbitration/NYConvention_status.html. *(tu by mal byť link na túto web stránku)*

No regulation exists with such a broad application as the Convention on the Recognition and Enforcement of Foreign Arbitral Awards in the area of recognition and enforcement of judgements of ordinary courts.