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Czech Republic

Petr Bříza & Tomáš Hokr
Bříza & Trubač, s.r.o., advokátní kancelář

Introduction

In the Czech Republic, arbitration enjoys a status equivalent to court proceedings. Despite some early controversies connected with the expansion of arbitration into business-consumer disputes, arbitration has generally been accepted as a speedy and cost-effective alternative to ordinary dispute resolution in court proceedings, and this pro-arbitration approach is supported also by courts in the Czech Republic. Recently, we have seen a rapid growth in the popularity of international arbitrations, both *ad hoc* and institutional. A lot of large domestic and international disputes are arbitrated under the ICC, LCIA and VIAC Arbitration Rules. This has been buttressed by recent Supreme Court case law, under which it is possible to submit a wholly domestic case to an international arbitration[1].

The domestic law governing arbitration

The law governing both domestic and international arbitration taking place in the Czech Republic is found in Act No. 216/1994 Coll., on Arbitral Proceedings and on Enforcement of Arbitral Awards (the "Arbitration Act") and with respect to conflict-of-laws rules and enforcement related to international arbitration also in Act No. 91/2012 Coll., on Private International Law. Despite the fact that the Arbitration Act is not an express incorporation of the UNCITRAL Model Law, the majority of its provisions and all its fundamental principles in fact reflect the Model Law. The main differences involve the rules pertaining to arbitrators (e.g., unlike the Model Law, the Arbitration Act requires an odd number of arbitrators), the power of arbitrators to order interim measures (according to the Arbitration Act, arbitrators are not empowered to grant interim measures), or the conduct of arbitral proceedings. The Arbitration Act also does not provide for as much detail as the Model Law, since with respect to issues not regulated by the Arbitration Act, it refers to the provisions of the Civil Procedure Code (Act No. 99/1963 Coll.), which governs procedure before the local courts.

International treaties

The recognition and enforcement of foreign awards is governed by the New York Convention which was adopted in the Czech Republic by way of succession on 30 September 1993 (Czechoslovakia acceded on 10 July 1959). In accordance with the reservation made by the Czech Republic at the time the NY Convention was adopted, the Convention does not apply to the recognition and enforcement of foreign awards (awards where the place of arbitration is outside of the territory of the Convention member states), unless reciprocity is granted. Besides the NY Convention, the Czech Republic is a party to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States of 1965 (a.k.a. the Washington Convention, since 8 April 1992), the Energy Charter Treaty of 1991 (since 16 April 1998) and the European Convention on International Commercial

Arbitration of 1961 (since 11 February 1964). The Geneva Convention on the Execution of Foreign Arbitral Awards of 1927 is also still in effect in the Czech Republic, although its significance (impact on practice) is rather limited.

Institutional arbitration bodies v. *ad hoc* arbitrations

The parties may choose to have their dispute heard either before a permanent (institutional) arbitration court or before an *ad hoc* appointed arbitrator or arbitrators. Pursuant to the Arbitration Act, however, a permanent arbitration court can only be established by an Act of Parliament. The arbitral awards of other permanent arbitration bodies such as those issued in the Czech Republic under the ICC rules of arbitration are considered under Czech law to be rendered by *ad hoc* appointed arbitrators.

As for the permanent arbitration courts, most commercial disputes in the Czech Republic are referred to the Arbitration Court attached to the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic[2]. The Arbitration Court has not only achieved a strong position among the arbitral institutions in Europe for its ability to deliver fast and affordable arbitration of disputes but it has also gained international recognition for arbitration of domain-name disputes (it is the only institution in the world that is authorised to arbitrate .EU domain disputes). Other arbitration courts established by law are the Exchange Court of Arbitration at the Prague Stock Exchange, or the Arbitration Court attached to the Czech-Moravian Commodity Exchange Kladno.

Arbitration agreement

The Arbitration Act defines an arbitration agreement as an agreement of the parties in which they contract to have their property dispute, which would otherwise fall within the jurisdiction of the courts or which is subject to arbitration under special laws, decided by one or more arbitrators or by a permanent arbitral institution.

Form of the arbitration agreement

Pursuant to the Arbitration Act, in order for an arbitration agreement to be valid, it has to be in writing (provided that the content of the agreement and the parties to it are clearly determined, the Arbitration Act permits the conclusion of an arbitration agreement by electronic means). The Arbitration Act does not expressly require that the arbitration agreement be signed by both parties. It can also be concluded by reference to general terms and conditions governing the main contract in cases other than consumer disputes, if accepted in a way that makes clear that the other party agreed with the arbitration agreement.

Arbitrability

As a general rule, Czech courts enforce arbitration agreements unless the subject matter of the dispute is non-arbitrable under Czech law. There are three requirements that render a dispute arbitrable. First, the arbitration is permitted in all property disputes. Czech courts interpret a notion of "property dispute" very broadly as a dispute concerning property rights that can be valued in monetary terms, i.e. covering both disputes over money claims as well as disputes over the existence of the right to such performance. Thus, promissory notes claims are arbitrable[3], as well as, e.g., a dispute over an eviction (from an apartment)[4]. By contrast, matters excluded from the scope of arbitration involve disputes related to personal status, most family law disputes, insolvency disputes, disputes arising in connection with enforcement proceedings, and incidental disputes.

Second, the matter in dispute must fall within the court's competence. This essentially excludes disputes that are within the jurisdiction of executive, administrative or other

authorities (such as Office for the Protection of Competition, Industrial Property Office, etc.). Selected disputes are subjected to arbitration under special laws (especially with regard to energy and the telecommunications industry).

Third, the right to enter into an arbitration agreement is contingent on the parties' right to settle the subject-matter of the dispute. The Arbitration Act here in fact refers to Section 99 of the Civil Procedure Code which allows for settlements in cases where parties are free to make dispositions with the claim. The boundaries lie in the distinction between adversarial, allowing for settlements, and non-adversarial proceedings, where the settlements are not permitted. The possibility to settle is assessed according to the law applicable to the merits of the dispute.

One of the most important amendments to the Arbitration Act since it was enacted was one in 2012 amending the statute with respect to arbitration agreements in relationships between businesses and consumers reflecting the decisions of the Czech Supreme Court and the Czech Constitutional Court. The changes placed further requirements on, among others, validity of the arbitration agreements in B2C relationships, which must be explicit and drawn up as a separate agreement to the main contract. Unlike in B2B relationships, the arbitration agreements in B2C relationships must contain a list of information including information on the arbitrators or that the dispute will be resolved by a permanent arbitration court, the manner of commencement and form of conducting of the arbitration, the arbitrators' fees and expected expenses of arbitration, the place of arbitration, the manner and form of the delivery of the arbitral award, and information that the award is enforceable. This has made a B2C arbitration far less attractive in the Czech Republic.

Arbitration agreement and non-signatories

Neither the Arbitration Act (with one exception) nor the Rules of the Arbitration Court attached to the Czech Chamber of Commerce and the Agricultural Chamber of the Czech Republic provide for the joinder or consolidation of third parties in arbitration. As a matter of fact, arbitral practice in the Czech Republic generally does not recognise the binding nature of an arbitration agreement concluded by a parent company, on its subsidiary, an entity in the same corporate group, an entity in the related legal relationship or any other third party, unless it explicitly agreed to it (e.g., a guarantee is not bound by the arbitration agreement between the creditor and the debtor[5]). The only exception applies to the legal successors of the contracting parties, which would be bound unless expressly excluded in the arbitration agreement.

The principles of separability and competence-competence

As for the principles of separability and competence-competence, both are fully respected under Czech law. The separability principle is well established in the Supreme Court case law and also reflected in conflict-of-laws rules. The Arbitration Act contains the principle of competence-competence in its Section 15, pursuant to which arbitrators decide their own jurisdiction. If the respondent objects to the arbitral tribunal's jurisdiction in a court after an arbitration has been initiated, the court will stay its proceedings until the arbitral tribunal decides on its jurisdiction. If, however, an objection to the arbitral tribunal's jurisdiction is filed with a court before the commencement of the arbitration, the court will decide if there is a valid arbitral agreement (Section 106 of the Civil Procedure Code). The parties must raise any objection to the arbitral tribunal's jurisdiction in their first action in the proceedings; otherwise the objection is considered waived (this does not apply to consumer disputes). By contrast, arbitrators are empowered to decide on this matter at any time during arbitral proceedings.

The Rules of the Arbitration Court also prescribe that the arbitral tribunal decides its own jurisdiction. The tribunal's decision on the lack of jurisdiction can, however, be reviewed by the board of the Arbitration Court within 15 days of the parties' request. If the board finds that the arbitral tribunal has jurisdiction, the tribunal is bound by the board's ruling and must continue the proceedings.

Arbitration procedure

Request for arbitration

Arbitral proceedings commence on the date a request for arbitration is received either by the permanent arbitral institution or by the presiding arbitrator (the chairman) if one has been determined or appointed, or any of the arbitrators if such determination of appointment has not been made. The request is of fundamental importance as it may result in significant procedural and substantive law consequences mirroring those of a lawsuit submission to a court (e.g. the statute of limitations). Unlike the Arbitration Act which does not specify the particulars of the request, the Rules of the Arbitration Court set out the mandatory minimum content necessary for the statement of claim in arbitral proceedings before the Arbitration Court.

Conduct of the proceedings

The parties are free to reach an agreement on the way the arbitrators conduct the proceedings, which would bind arbitrators. Where parties have agreed on the jurisdiction of a particular permanent arbitration court, it follows that they have also accepted the procedural rules thereof (unless the arbitration agreement stipulates otherwise). Accordingly by virtue of submission to the Arbitration Court, parties are deemed to accept the Rules of the Arbitration Court to govern the arbitral proceedings. If no agreement has been concluded between the parties with respect to arbitral proceedings, the Arbitration Act states that arbitrators may conduct the proceedings in a manner they consider appropriate, subject to the principle of equality of the parties. Nevertheless, arbitrators are subject to the mandatory provisions of the Arbitration Act and Civil Procedure Code (it must be first determined whether a particular rule is appropriate for arbitration proceedings – e.g., a duty of the court to provide instructions to a litigant to supplement its pleadings, if it fails to bear the burden of pleading pursuant to Section 118a of the Civil Procedure Code, applies to arbitral proceedings only insofar as to prevent adverse i.e., surprising decisions of the arbitrators[6]), from which they cannot deviate (such as the rules addressing the delivery of a certain tribunal's correspondence).

Location of the hearings, language, confidentiality

The Arbitration Act states that arbitral proceedings shall be conducted at the location that has been agreed on by the parties, otherwise at the location that has been determined by the arbitral tribunal, taking into consideration the legitimate interests of the parties. The hearings are oral unless otherwise agreed by the parties. If an arbitration is conducted pursuant to the Rules of the Arbitration Court, then the oral hearing would be ordinarily conducted in Prague, however, the tribunal may decide to move the location of an oral hearing to some other place in the Czech Republic or abroad. The Arbitration Act does not contain any express provisions in relation to the language of the arbitral proceedings. Generally, hearings will be conducted and decisions made in the Czech language, unless otherwise provided in the arbitration agreement, agreed upon by the parties or determined by the rules of the relevant arbitral institution.

Pursuant to the Arbitration Act, arbitral proceedings are confidential (non-public). Arbitrators are subject to the duty of confidentiality for all information in connection with

the case during the term of their office, which can only be lifted based upon the agreement of the parties or for serious reasons also by an order of the court (presiding judge).

The rules of evidence

The Arbitration Act empowers an arbitral tribunal to examine documentary evidence, witnesses, experts and parties insofar as they appear voluntarily. The arbitral tribunal does not have the power to compel witnesses or the parties to appear or to appoint experts to give evidence (parties may agree on such an appointment and on the related costs). In order for the tribunal to obtain evidence other than introduced by a party, or to take any steps in the arbitral proceedings which the arbitral tribunal itself is unable to take, it must apply to the court. Pursuant to the Rules of the Arbitration Court, the arbitral tribunal assesses the evidence freely at its discretion and may request the parties to produce supplementary evidence. Although in Czech arbitration practice the IBA Rules on the Taking of Evidence in International Arbitration are rarely used, nothing precludes parties from agreeing that the IBA Rules should apply with regard to their arbitration.

Arbitrators

How are arbitrators determined?

There are three ways to determine the number of arbitrators and their appointment procedure pursuant to the Arbitration Act. First, the parties are encouraged to agree on these matters in their arbitration agreement. It is worth noting that the Arbitration Act requires that any number of arbitrators must be odd. Parties can also refer to the arbitration rules which provide for a number and a mechanism of appointment. If the arbitration rules are rules of other than a permanent arbitration court, the rules must be attached to the arbitration agreement – however, even though some foreign arbitration institutions are not *stricto sensu* "permanent arbitration court" under the Arbitration Act, the prevailing opinion is that publicly available and notoriously known rules (like, e.g., ICC Rules of Arbitration, LCIA Arbitration Rules) do not have to be attached for them to be applicable. Finally, absent any such agreement a default procedure under the Arbitration Act is triggered according to which an arbitral tribunal is composed of three arbitrators, where each party selects one arbitrator and the two arbitrators select the chairman. If a party does not choose its arbitrator within 30 days or if within the same period the two co-arbitrators cannot agree on the chairman, the respective arbitrator is appointed at the request of a party or any arbitrator by the court. The court also steps in and appoints a new arbitrator if an arbitrator resigns or can no longer fulfil his duties.

Who can serve as arbitrator?

Czech nationals of at least 18 years old, enjoying legal capacity and having a clean criminal record, can serve as arbitrators. By contrast, an arbitrator-foreign national is only required to have full legal capacity under Czech law or the law of his nationality. In arbitrations submitted to the Arbitration Court, arbitrators need to be registered (on the Court's approved list of arbitrators), however the board of the Arbitration Court may also register a co-arbitrator on an *ad hoc* basis only for the given dispute. Arbitrators in the Czech Republic are not required to follow any arbitrators' code of ethics.

Disclosures and disqualifications of arbitrators

An arbitrator to be appointed or nominated is required to disclose to the parties (or to the court) all circumstances which are likely to raise justified doubts as to his impartiality and which would disqualify the arbitrator from acting as an arbitrator. The standard for

disqualification of an arbitrator from the proceedings is based on an assessment of whether there is a reason to doubt his impartiality, taking into account his relationship to the subject matter of the dispute, the parties or their representatives (with respect to consumer disputes, stricter disclosure requirements apply). The arbitrator must resign, if such circumstances arise or are discovered later in the proceedings. If he does not resign and the parties do not agree on his resignation, any party can apply to the court to disqualify the arbitrator. Rather unusually, under the Rules of the Arbitration Court, the decision on excluding an arbitrator on the basis of the challenge is made by the remaining members of the arbitral tribunal. If they cannot agree or two arbitrators are challenged, the board of the Arbitration Court decides on the challenge.

Interim relief

Interim measures

Arbitral tribunals are not empowered to order any interim measures. They do not even have the power to apply for interim measures to the court. The Arbitration Act states that only the parties may apply to the competent court (the court that would hear the dispute if the arbitration agreement did not exist) to grant interim measures in case the enforcement of an arbitral award could be jeopardised. However, it is not within Czech arbitration practice that the court would protect arbitration by interfering with foreign court proceedings, for example by issuing anti-suit injunctions (within the EU it would even violate EU law[7]). It is worth noting that a party applying for an interim measure must provide a security in the amount of CZK 50,000 (about US$ 2,000) to cover any potential damage caused by the interim injunction. On top of that, the Rules of the Arbitration Court require that the party that lodged the application must inform the Arbitration Court of the application as well as of the court decision.

Security of costs

The Arbitration Act does not provide for any regulation of the issue of security. The parties and arbitrators are, therefore, free to make an agreement regarding this matter. The Rules of the Arbitration Court, by contrast, stipulate for the obligation of providing an adequate deposit to cover the special costs (i.e. costs incurred in conducting a specific dispute, particularly in taking of evidence, reimbursing of the expert's fee, conducting oral hearings outside the seat of the Arbitration Court, translating documents, making minutes in a foreign language, reimbursing the interpreter's fee, etc.) in the amount and within the same limits as ordered by the arbitral tribunal.

Arbitration award

Requirements for an arbitral award

The arbitral proceedings conclude either with an arbitral award or with an order of discontinuance (in cases in which no arbitral award will be issued, such as when the arbitrators decide that the tribunal lacks jurisdiction). The Arbitration Act requires that the award (as well as the order of discontinuance) be rendered in writing, be adopted by a majority of arbitrators and signed by at least a majority of them. The operative part of the award must be unambiguous. Awards must also contain the reasoning, unless otherwise agreed by the parties. The award rendered pursuant to the Rules of the Arbitration Court would have to be more specific and include details such as identification of the parties' representatives and other participants in the dispute, subject matter of the dispute, place and date of rendering the award, the information that the award was not reached unanimously, etc.

The validity and enforceability of an arbitral award is not dependent on any registration procedure. The Arbitration Act only stipulates that awards made in the Czech Republic are subject to safekeeping with a court or arbitral institution.

Time frame for the arbitral awards

Czech law does not contain any provision with respect to the time limits for issuing an award or for the length of the arbitral proceedings. The Rules of the Arbitration Court, however, allow for the possibility of accelerated arbitral proceedings offering two accelerated modes – issuing an award within four months of the payment of arbitration fees (upon application of a party) or within two months of the payment (upon express agreement of the parties).

Apportioning of arbitration costs, interest

Unless parties have stipulated otherwise, in the Czech Republic the tribunal will always include the costs of the arbitral proceedings in an award. The general rule for apportioning of the costs is that the arbitral tribunal in an award reimburses the party that was fully successful in the case for the costs of the arbitral proceedings against the party that was not. If each of the parties was partially successful in the dispute, then the arbitral tribunal awards each party according to the rate of its success. The tribunal can also decide that neither of the parties is entitled to reimbursement of the costs. The legal costs are included within the reimbursement of the costs; nevertheless, the usual practice is that the legal expenses are calculated according to the rates fixed in the Decree of the Ministry of Justice[8], thus it might be quite different from the actual legal costs incurred by the party.

Neither the Arbitration Act nor the Rules of the Arbitration Court lay down special rules on interest. As a matter of fact, pursuant to Czech law, interest is considered to be a part of a claim and thus to be governed by substantive law. It follows that if parties do not exclude the powers of the arbitrators in this respect, a claim under Czech law subjected to arbitral proceedings will also cover interest (either on a contractual basis or on the statutory basis).

Challenge of the arbitration award

Review of an award

Although the Arbitration Act lays down a rather unusual possibility to review an arbitral award by other arbitrators if the parties so agree, this is not the case in most arbitrations in the Czech Republic. Instead parties often attempt to set aside arbitral awards in the court, yet they are rarely successful. The Supreme Court made clear that only arbitral awards issued in the Czech Republic (where the (legal) seat of arbitration is in the Czech Republic) can be set aside (not appealed) by the court on an application of a party, which must be filed within three months after serving the final award[9]. An award can be challenged on the following grounds:

- the arbitration award was issued in relation to a non-arbitrable dispute;
- the arbitration clause is invalid for other reasons, was terminated or does not cover the matter (such application will be rejected by the court if the party had an opportunity to raise this ground during the arbitral proceedings but did not do so);
- an arbitrator was not entitled to decide the case based on the arbitration clause or otherwise did not have the capacity to act as arbitrator (application will be rejected if the argument could have been raised during the arbitral proceedings but the party did not do so);
- the arbitral award was not adopted by a majority of the arbitrators;
- the party was not provided with the opportunity to present its case before the arbitral tribunal – e.g., arguments such as having an opportunity to comment in writing on

arguments of other party and a principle of equality in the proceedings are stressed in the Supreme Court case law[10] – this is the most successful ground in Czech courts for setting aside an arbitral award;
- the arbitral award requires the party to satisfy an impossible or illegal obligation under Czech law or an obligation not requested by the claimant (there is no documented award set aside based on this ground);
- the award is inadmissible under Czech law for the violation of consumer laws or the provisions of the Arbitration Act relating to consumers; or
- the rules of Civil Procedure Code allow a case to be re-opened – new circumstance or evidence existing at the time of the proceedings but which a party did not and could not have any knowledge of (this provision has been very seldom applied)[11].

Even though a pending application does not suspend the enforceability of the arbitral award, the court can stay its enforcement upon an application of the party against which the enforcement is sought if there is a risk of serious prejudice of that party by an immediate execution of the award, or if the action to set aside appears to be well grounded. Save for the last ground, only formal, not factual grounds may be invoked by a party to set aside an award.

Correction of an award

Typographical errors, errors in computation, as well as other manifest defects in an arbitral award, may be corrected by the arbitrators or by the permanent arbitral institutions at any time, upon application by any party. Such corrections are made by way of a decree of correction, which is subject to the same requirements as an arbitral award (i.e. in writing, decided and signed by the majority of arbitrators and served to the parties).

Enforcement of the arbitration award

Denial of enforcement of an arbitral award is also rather unusual in the Czech Republic. It is mainly because the Czech Republic is a signatory of most international treaties addressing arbitration and thus follows pro-arbitration international practice. The Arbitration Act states that provisions of the act apply only if they do not contradict international treaty. Therefore, the New York Convention takes precedence over the act, and foreign arbitral awards issued in jurisdictions that are party to the New York Convention must be enforced in the same manner as domestic arbitral awards (issued in the Czech Republic). A foreign award will also be enforced if it is issued in a jurisdiction that has a reciprocity agreement with the Czech Republic, where the reciprocity requirement is deemed satisfied if the respective foreign country declares, in a general way, that awards are enforceable provided there is reciprocity. Nevertheless, foreign arbitral awards will not be enforced if:
- the foreign award is not final, binding and enforceable in accordance with the law of the issuing country;
- the award was annulled under the law of the country where it was issued – unlike the NY Convention, where non-enforcement by reason that the award has been set aside by the court of the seat of arbitration is stipulated as a possibility, the Act on Private International Law mandates the denial of enforcement for this reason;
- the award contains a defect for which a petition could be filed to set aside an award issued in the Czech Republic (the grounds for setting aside are mentioned above) – such a decision of the court has no impact on validity of the award, it only affects recognition and enforcement in the Czech Republic; or
- the award conflicts with Czech public order – it would be contrary to public order if the award imposes obligations contrary to mandatory law (e.g., the Constitutional Court

stated that public order ground for non-enforcement arises when the fundamental rights of parties are violated) – in a recent decision, the Supreme Court stated that damages could have punitive and/or preventive character and thus opened the door for punitive damages to be enforceable in the Czech Republic, albeit not permitted under Czech law (provided that the amount of punitive damages is not manifestly disproportionate to the loss sustained)[12].

Enforcement procedure

There is no specific procedure to follow in order to obtain recognition of a foreign award. An applicant must supply the court with an original or duly certified copy of the award and the arbitration agreement, along with a translation into the Czech language if necessary. An award containing information of its final and binding character as well as its enforceability is recognised in that it is taken into consideration as if it were a court judgment. If an obliged party does not carry out its obligations voluntarily, the entitled party may file an application for enforcement with the court (the competent court would be a court in which the obliged party resides or has property). The decision of the court enforcing a foreign arbitral award must be justified. Domestic awards and foreign awards falling under the New York Convention (and probably also by other international treaties binding upon the Czech Republic) may be enforced also by private executors (under the Act No. 120/2001) similarly to Czech courts' judgments.

The courts would only assess whether the formal requirements as set above have been met, they do not review the merits of the case. However, unlike the NY Convention, the existence of each ground for non-enforcement will be considered by the courts *ex officio*.

Investment arbitration

As mentioned earlier, the Czech Republic is a party to the Washington Convention as well as the Energy Charter Treaty. These treaty instruments ensure any arbitration award is binding on the contracting state without further judicial review. This guarantees fundamental respect for the rule of law, and predictability of the legal environment for foreign investors. The Czech Republic has also entered into bilateral investment treaties with more than 80 countries (some 77 of which remain in effect), being one of the EU members with the most BITs signed.

As a result of being a recipient of large amounts of foreign direct investment, a signatory of many BITs and at the same time an open-economy country with heavily regulated industries, the Czech Republic has been a frequent defendant in investment arbitration cases. As a matter of fact, according to the last UNCTAD statistics (the collected data is for the year 2013), the Czech Republic scored as the country against which the highest number of investor-state dispute claims were brought. The inflation of disputes has been encouraged by an investment arbitration case in CME v. Czech Republic[13] resulting in one of the highest arbitral awards ever rendered in favour of an investor against a state. Ever since, the legal framework in the Czech Republic has been repeatedly tested with varying degrees of success by investors claiming compensation for state acts that have allegedly infringed their rights. Currently, there are 12 pending investment arbitrations against the Czech Republic, seven of which are in fact separate arbitrations arising out of investments in solar energy.

Most recently, an investment arbitral award was rendered in favour of the Czech Republic following investor proceedings in the case of Forminster Enterprises Limited v. Czech Republic[14] launched in 2014 under the UNCITRAL rules. The Cyprus-based investment

vehicle Forminster demanded payment of damages worth CZK 802m, claiming the Czech Republic impinged on its shareholders' rights through a ruling by a court where its ownership had been disputed. The international arbitration court in Geneva refused the claim, and ordered Forminster to compensate the Czech Republic for its costs in the arbitration proceedings.

An investment arbitral award may be recognised/enforced/annulled in the same manner as any other domestic arbitral award if the arbitration is conducted in the Czech Republic (as an *ad hoc* arbitration) or as any other foreign arbitral award (if it is an arbitration conducted abroad). If the proceedings are conducted at ICSID, then the mechanism envisaged in the treaty is applied.

* * *

Endnotes

1. See Decision of the Supreme Court No. 23 Cdo 1034/2012, dated 30 September 2013.
2. More information available at http://en.soud.cz/.
3. See Decision of the Supreme Court No. 29 Cdo 1130/2011, dated 31 May 2011.
4. See Decision of the Supreme Court No. 20 Cdo 476/2009, dated 23 September 2010.
5. See Decision of the Supreme Court No. 23 Cdo 111/2009, dated 23 February 2011.
6. See Decision of the High Court in Prague No. 1 Cmo 56/2015-196, dated 15 September 2015.
7. See Case C-185/07, Allianz SpA (formerly Riunione Adriatica di Sicurtà SpA) and Generali Assicurazioni. Generali SpA v. West Tankers Inc [2009] ECR I-663.
8. Decree of the Ministry of Justice No. 177/1996 Coll., of 4th June 1996, on fees and remuneration of lawyers for the provision of legal services (the Lawyer's Tariff).
9. Decision of the Supreme Court No. 23 Cdo 1034/2012, dated 30 September 2013.
10. See, e.g., Decision of the Supreme Court No. 29 Cdo 1579/2011, dated 21 March 2013 or Decision of the Supreme Court No. 23 Cdo 2016/2011, dated 27 February 2013.
11. See, e.g., Decision of the Supreme Court No. 29 Cdo 4575/2008, dated 25 February 2010.
12. Decision of the Supreme Court No. 30 Cdo 3157/2013, dated 22 August 2014.
13. CME Czech Republic BV v. Czech Republic, UNCITRAL, Partial Award, dated 13 September 2001.
14. Forminster Enterprises Limited (Cyprus) v. Czech Republic, UNCITRAL, Final Award, dated 15 December 2014.

Petr Bříza
Tel: +420 732 453 925 / Email: petr.briza@brizatrubac.cz

Petr Bříza is a co-founder of Bříza & Trubač Law Firm, a dispute resolution boutique based in Prague. He is sought out as a highly regarded expert in the fields of international arbitration (both commercial and investment) and dispute resolution involving international trade and EU law.

As a counsel Petr has represented clients in arbitrations before major international arbitration institutions including the ICC, LCIA and ICSID. Petr also serves as an arbitrator and registered mediator, advises the government as a member of the Commission for European Law of the Government Legislative Council, and regularly gives lectures and publishes on topics of international and EU law, both in the Czech Republic and abroad. He authored a highly regarded commentary of the newly enacted Act on Private International Law. Petr is a graduate from Charles University Faculty of Law (Master's – *summa cum laude*, Juris Doctor and Ph.D.) and New York University School of Law (LL.M.).

Tomáš Hokr
Tel: +420 737 332 759 / Email: tomas.hokr@brizatrubac.cz

Tomáš Hokr is an associate at Bříza & Trubač Law Firm in Prague. Prior to joining Bříza & Trubač he worked with a premium litigation law firm in the U.S. Tomáš concentrates his practice on international litigation and arbitration as well as on advisory in commercial and construction matters. He has represented high-profile clients in international arbitration, transactional, litigation and regulatory matters.

Tomáš is a graduate from Georgetown University Law Center (LL.M., with Distinction), where he was Dean's Listed in prestigious International Arbitration and Dispute Resolution program, from Charles University Faculty of Law (Master's) and the University of Helsinki Faculty of Law.

Bříza & Trubač, s.r.o., advokátní kancelář

Jánský vršek 6, 118 00 Prague 1, Czech Republic
Tel: +420 732 453 925 / URL: http://www.brizatrubac.cz

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