

Cyprus

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TYPES OF DISPUTE RESOLUTION

1. Please give a brief overview of the main dispute resolution methods used in your jurisdiction to settle large commercial disputes, identifying any recent trends.

Litigation is the predominant method for resolving disputes. Arbitration and other forms of alternative dispute resolution (ADR), although at an infant stage, are becoming more popular, particularly in disputes relating to construction, insurance and trade.

If a commercial dispute does result in a court action it falls within the jurisdiction of the district courts (except in the case of admiralty disputes) (see *Question 3*). Litigation does not preclude the parties from achieving settlement. The courts favour settlement to reduce their heavy workload, and encourage the parties to exhaust settlement possibilities before a case is scheduled for hearing.

COURT LITIGATION - GENERAL

2. What limitation periods apply to bringing a claim? Please briefly set out any different rules for particular areas of law relevant to large commercial disputes, for example contract, tort and land disputes.

Following a long period of suspension, the Limitation of Actions Law, Cap. 15 (Limitation Law) has been re-introduced with only a minor number of exceptions remaining.

Under the Limitation Law:

- In relation to bonds in a customary form or any mortgage, the time limit is 15 years from the date the cause of action arose.
- In relation to any judgment the time limit is 15 years from the date on which the judgment became enforceable.
- In relation to any book debt due to or from a bank, the time limit is six years from the date the cause of action accrued.
- In relation to any goods sold and delivered, bills, work done and wages, the time limit is two years from the date the cause of action accrued.

- In relation to Vakf property (property irrevocably earmarked for Muslim, religious or charitable purposes) the time limit is 15 years from the date the cause of action accrued. Where the action concerns the corpus of any Vakf property, the limitation period is 36 years.

Section 5 of the Limitation Law provides that with respect to causes of action not expressly provided for by the law or not expressly exempted, the limitation period is six years from the date when such cause of action accrued.

The limitation periods continue to be suspended in regard to any immovable or movable property situated in areas now occupied by Turkish troops (or property which was situated there at the time of the Turkish invasion).

With respect to torts, section 68 of the Civil Wrongs Law (*Cap. 148*) states that generally, no action can be brought in respect of any civil wrong unless such action commences:

- Within two years after the act, neglect or default of which the complaint is made.
- Where the civil wrong causes fresh damage continuing from day to day, within two years after the ceasing thereof.
- Where the cause of action does not arise from the doing of any act or failure to do any act but from damage resulting from such act or failure, within two years after the claimant suffered such damage.
- If the civil wrong has been fraudulently concealed by the defendant, within two years of the discovery thereof by the claimant, or of the time when the claimant would have discovered such civil wrong if he had exercised reasonable care and diligence.

3. Please give a brief overview of the structure of the court where large commercial disputes are usually brought. Are certain types of dispute allocated to particular divisions of this court (for example, intellectual property, competition or maritime disputes)?

The District Courts hear all commercial disputes, except for admiralty disputes, which fall within the admiralty division of the Supreme Court (*section 19(a), Courts of Justice Law of 1960*).

Cases in the District Courts are allocated to different ranks of judge on the basis of the value of the claim. There are three ranks of judge:

- Presidents.
- Senior judges.
- District judges.

Large commercial disputes are usually allocated to presidents who, as a general rule, hear disputes valued at C€250,000 (about US\$560,000) and above.

The answers to the following questions relate to procedures that apply in the District Courts.

4. Which types of lawyers have rights of audience to conduct cases in courts where large commercial disputes are usually brought?

All practising lawyers registered with the Cyprus Bar Council and the Supreme Court Registrar have the right to conduct cases in the courts. By implication, in-house lawyers do not have such rights.

Upon certain conditions, EU lawyers have the right to appear before the courts but they must be accompanied by a Cypriot qualified lawyer. Such lawyers are required to use their home jurisdiction's title and present documents evidencing their legal qualification. If they provide legal services on a permanent basis, they must register with the Cyprus Bar Council.

Third-country lawyers may with special permission from the Bar Council practise as advocates provided they present the necessary documentation to the Supreme Court Registrar. In order to appear before the Court, they must be accompanied by a Cypriot qualified lawyer.

FEES AND FUNDING

5. What legal fee structures can be used? For example, hourly rates, task-based billing, and conditional or contingency fees? Are fees fixed by law?

The Supreme Court has fixed fees according to the size of the action and the time involved. If there is a special retainer (that is a special lawyer-client agreement governing legal fees) then, provided it is deposited with the court, the fixed fees do not apply. However, contingency fees are not permitted.

Hourly rates and caps are the most common fee arrangements. Fee agreements must be in writing.

6. How is litigation usually funded? Can third parties fund it? Is insurance available for litigation costs?

Funding

Insofar as the Cypriot courts are concerned, funding of litigation is provided by the parties to the legal proceedings and any court

orders as to costs will be made for or against a party to the action (except for executors, administrators or trustees who have not unreasonably instituted or resisted legal proceedings, where the court has a discretion to order their costs to be paid out of a particular estate or fund).

Insurance

Insurance for litigation costs is not available in Cyprus. However, depending on the nature and value of the proceedings, the Court may (following an application or otherwise) require a party to provide a guarantee from a respectable institution to be deposited with the Court Registrar as security for costs.

COURT PROCEEDINGS

7. Are court proceedings confidential or public? If public, are the proceedings or any information kept confidential in certain circumstances?

Public hearings are the norm except in special cases such as the protection of minors. On the other hand, third parties and the public have no access to court files and the documents in them, unless specifically authorised by the court.

8. Does the court impose any rules on the parties in relation to pre-action conduct? If so, are there penalties for failing to comply?

Unless there is already in place a court order that affects the parties, there are no specific rules in relation to the pre-action conduct of the parties. Any relevant conduct of the parties prior to the action that affects the issues in dispute will be taken into consideration by the court when delivering its judgment and may affect the nature and extent of the remedies that may be awarded.

9. Please briefly set out the main stages of typical court proceedings, including the time limits (if any) for each stage, any penalties for non-compliance and the role of the courts in progressing the case. In particular:

- How a claim is started.
 - How the defendant is given notice of the claim.
 - Subsequent stages.
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Starting proceedings

Civil proceedings start with the issue or filing of originating process (the two forms of which are the writ of summons and the originating summons), stating the nature of the claim and the relief sought.

A writ of summons may be either:

- Specially endorsed (that is, it contains the full statement of claim).

- Generally endorsed (that is, it contains only the relief and the remedies sought (the prayer)).

Certain legislative acts require that an action is initiated by an originating summons. For example, applications for the winding up of Cypriot companies under the Companies Law (*Cap. 113*), take the form of an originating summons.

Unlike writs of summons, originating summonses are not categorised as generally or specially endorsed.

Notice to the defendant

Each defendant named on the writ of summons must be served, in the manner provided by the Civil Procedure Rules (Order 5), with an official copy of the writ. Service is effected by leaving a copy of the writ with the person to be served. A party may also apply to the court for an order for either:

- Substituted or other service.
- Service by letter, public advertisement or other means of bringing the matter to the attention of the defendant, provided the court is satisfied that it is not possible to effect service in the ordinary manner.

Insofar as service of judicial documents within the EU area is concerned, EC Regulation (EC) 1348/2000 on the service in the Member States of judicial and extra-judicial documents in civil and commercial matters is applicable and the modes of service may vary depending on each member state.

A writ of summons can be in force for no more than 12 months from the day of its issue. If a writ of summons is not served on a defendant within this period, it must be renewed by an application to the court before the period expires.

The same rules apply to originating summonses.

Subsequent stages

- If the writ is generally endorsed, the claimant must file and deliver to the defendant a statement of his claim, containing the relief or remedy to which he claims to be entitled, within ten days after the defendant files an appearance to the writ. The time for the defendant to file an appearance is ten days from service. However, if the defendant resides abroad, then depending on the specific country, the court may allow an extension of time for the defendant to file an appearance.
- The defendant must file and deliver to the claimant his defence or his defence and counterclaim within:
 - 14 days from the filing of an appearance in the case of a specially endorsed writ; and
 - 14 days from the filing of the statement of claim in the case of a generally endorsed writ.
- The claimant may (but is not obliged to) file a reply to the defendant's defence (or defence and counterclaim) within seven days from the filing of the defence.

If a party fails to file a pleading within the prescribed time limit, the other party may file an application for judgment in default. In that case, the defendant may request that the application for judgment in default is set aside on the basis that it has subsequently entered an appearance. However, the defaulting party will bear the legal costs of the proceedings on the basis of the scale of the claim which is based on the value of the claim.

- Usually, following the exchange of the pleadings and the determination of any interrogatory procedures, the hearing of the main action will commence.
- Upon the completion of the hearing, the court usually reserves judgment.

INTERIM REMEDIES

10. Are interim remedies (such as injunctions) commonly available before a full trial? If so, on what grounds? For example:

- **Summary judgment or for the claim to be struck out before a full trial.**
- **Security for costs.**
- **Interim attachment orders (or equivalent) to preserve assets pending judgment or a final order.**
- **Other interim remedies.**

Summary judgment or striking out of claim

There are proceedings available before the trial for summary judgment and striking out of a claim. In order to obtain a summary judgment the applicant must show that the defendant has no real defence to the action.

Over the years, the courts have recognised a number of instances where an action may be struck out, such as where there is an abuse of the process of the court or where no reasonable cause of action is disclosed in the pleadings.

Security for costs

This proceeding ensures that the successful defendant will be able to recover costs from an unsuccessful claimant. Two conditions need to be satisfied in order to obtain security for costs. Firstly, the claimant must not be domiciled in Cyprus and secondly, the claimant must not have sufficient assets within the jurisdiction to satisfy any order that may be made against him to pay the defendant's costs.

The court has an inherent jurisdiction to grant or refuse to grant an order for security for costs. The same conditions must be satisfied in respect of a foreign defendant's counterclaim.

If an order for security for costs is not satisfied within the time directed by the court, the action may be dismissed. The amounts of security which may be ordered are the costs which are expected to be made in the defence of the action.

Interim attachment orders

The courts may grant interim injunctions of a prohibitory or mandatory nature.

A right to obtain an interim injunction is not a cause of action and it cannot stand on its own. Rather, it depends on the existence of a pre-existing cause of action against the respondent. An order for an interim injunction usually requires an appropriate undertaking as to damages being lodged with the court.

Other interim remedies

It is possible to apply for interim remedies, such as discovery, interrogatories and further and better particulars.

11. For the interim remedies stated in Question 10:

- **Can they be obtained without prior notice to the defendant in urgent cases?**
- **Are they available on the same day as the application in urgent cases?**

An application for interim relief is usually made by summons. However, if there are issues of particular urgency the application may be made without notice to the other party (*ex parte*) and the interim relief may be obtained on the same day.

An application for interim relief, whether with or without notice, must be filed after the filing of the writ and be accompanied by a witness statement in the form of an affidavit indicating that:

- The applicant has a prima facie case.
- A judgment on the merits could be issued in favour of the applicant.
- There is a risk that any judgment issued in favour of the applicant will not be satisfied if the order is not issued.
- The court should issue the requested order in favour of the applicant on the balance of probabilities.

The witness statement must contain the following:

- The facts giving rise to the cause of action.
- The facts giving rise to the claim for interim relief.
- The precise relief applied for.

When the application is of an urgent nature and is thus made without notice to the affected party (*ex parte*), the supporting witness statement must also demonstrate the urgency of the matter and the applicant has a duty to the court to disclose all material facts (obligation of full and frank disclosure).

12. In relation to interim attachment orders (or equivalent):

- **Do the main proceedings have to be in the same jurisdiction?**
- **Does attachment create any preferential right or lien in favour of the claimant over the seized assets?**
- **Is the claimant liable for damages suffered as a result of the attachment?**
- **Does the claimant have to provide security?**

A right to obtain an interim injunction is not a cause of action. Such applications can only be filed within the context of an action against the respondent-defendant that has been initiated before the Cypriot court. In addition, in appropriate circumstances, interim relief may be available in aid of foreign or arbitration proceedings.

Attachment orders do not create any preferential right or lien in favour of the claimant, but merely instruct a person to act in a certain way (or forbid him from so acting). For example, an order may freeze the relevant assets thus eliminating the possibility of their alienation. It is usual for the courts to require the applicant to provide security (usually in the form of a guarantee that is deposited with the Court Registrar) for any loss that the respondent may incur due to the issuance of the interim order.

Should it later be proved that the requested order was wholly unreasonable, it may lead to the creation of a cause of action against the claimant for any resulting losses.

FINAL REMEDIES**13. What remedies are available at the full trial stage?**

The most usual remedy requested and awarded is damages to provide compensation for the loss suffered. Punitive damages have been awarded by the courts, but not frequently.

In addition, the courts may order specific performance of a contract. In contracts relating to the sale of goods, an unpaid seller may have:

- A lien on the goods, provided they remain in his possession.
- A right of stoppage of the goods in transit after the goods ceased to be in his possession.
- A right to resell the goods.

In general, a party may apply for most of the remedies usually available under common law and equitable principles.

EVIDENCE

14. What documents must the parties disclose to the other parties and/or the court? Are there any detailed rules governing this procedure?

Any party may apply to the court for an order for discovery on oath and/or for inspection of documents which are or have been in the other party's possession or power relating to any matter in question in the action. If a party ordered to make discovery of documents fails to do so, he may not subsequently put in evidence, on his behalf in the action, any document that he failed to discover or allow to be inspected, unless the court is satisfied that he had sufficient excuse for not doing so. The procedure is governed by Order 28 (Rules 1 to 15) of the Civil Procedure Rules.

15. Are any documents privileged (that is, they do not need to be shown to the other party)? In particular:

- **Would documents written by an in-house lawyer (local or foreign) be privileged in any circumstances?**
- **If privilege is not recognised, are there any other rules allowing a party not to disclose a document (for example, confidentiality)?**

Privileged documents

The following documents are privileged:

- Confidential documents.
- Documents that are self-incriminating.
- Documents covered by legal professional privilege (see below).

Legal professional privilege is regarded as being of fundamental importance and must be protected by the court and any government and public authority (*Cyprus Bar Association Rules on Ethics (Cap. 2), Rules 42/61, Advocates Law*). Therefore, a lawyer must keep confidential any information or document in his knowledge or possession that has been acquired in the course of his professional activity.

The following can be covered by this privilege:

- Communications between a lawyer and his client for the purpose of giving or obtaining legal advice.
- Communications and exchanges of documents between a client and a third party for the purposes of giving or obtaining legal advice, or in relation to litigation.

Legal professional privilege extends to foreign but not in-house lawyers.

However, the Prevention and Suppression of Money Laundering Activities Law Number 61(I) of 1996 as amended relaxes professional privilege in the case of lawyers offering services susceptible to money laundering or other similar activities.

Other non-disclosure situations

Privileged documents are protected from disclosure (see above).

16. Do witnesses of fact give oral evidence or do they just submit written evidence? Is there a right to cross-examine witnesses of fact?

Witnesses of fact belong to the category of oral evidence and are examined at the hearing of the case.

By virtue of a recent amendment to section 25 of the Evidence Law (*Cap. 9*) the examination-in-chief of a witness may take the form of a written statement the contents of which the said witness must orally adopt. The opposite party has the right to cross-examine the witness orally.

Exceptionally, a number of interim applications are supported exclusively by affidavits which are written evidence submitted by a witness.

It falls in the inherent jurisdiction of the court to permit the cross-examination of a witness of fact in such instances. Even though the right for cross-examination exists, such permission is granted only when the court believes it is necessary under the circumstances.

In a limited number of other proceedings such as a petition concerning the winding up of a company, a mixture of oral and written evidence is usual.

17. In relation to third party experts:

- **How are they appointed (for example, are they appointed by the court or by the parties)?**
- **Do they represent the interests of one party or provide independent advice to the court?**
- **Is there a right to cross-examine (or reply to) expert evidence?**
- **Who pays the experts' fees?**

Appointment procedure

Either or both parties may present expert witnesses to support their claims. The opinion of an expert witness, based on facts which are proved by evidence that can be admitted by the court, is generally admissible when an issue in dispute is of a technical, scientific or professional nature.

Role of experts

The role of experts is generally to give their professional opinion and/or evidence on matters that have been raised and fall within their area of expertise. In principle, they should provide independent advice to the court.

Right of reply

Experts' reports may be exchanged before the trial. The experts (depending on the case) will appear before the court to give evidence and be cross-examined on the contents of their report.

Fees

In principle, an expert's fees are paid by the party who requests his services.

APPEALS**18. In relation to appeals of first instance judgments in large commercial disputes:**

- **To which courts can appeals be made?**
- **What are the grounds for appeal?**
- **Please briefly outline the typical procedure and timetable?**

A party who is not satisfied with all or part of a first instance judgment may apply to the Supreme Court of Cyprus for review of the judgment. The grounds of appeal may be any disputed, legal or factual interpretation in the first instance judgment but the Supreme Court rarely interferes in matters as to which the judge at first instance exercised his discretion. A notice of appeal, setting out all the grounds of appeal and the reasons relied upon, must be filed within:

- Six weeks from the date of a judgment on the merits of the case (unless an extension is granted by the court).
- 14 days from the date of an interim judgment.

COSTS**19. To what extent, if any, is the unsuccessful party liable to pay the successful party's costs?**

Any award of the costs of the proceedings is in the sole discretion of the court.

Generally, the costs of the litigation are awarded to the successful party. The court, in its costs order, directs whether the costs will be assessed or taxed by the Registrar of the court in which the proceedings have taken place.

Pre-trial offers to settle do not have any effect on cost orders unless they are in the form of payment into court.

20. Is interest awarded on costs? If so, how is it calculated?

Legal costs when awarded to a litigant by the court bear legal interest from the date of their award.

ENFORCEMENT**21. What are the procedures to enforce a local judgment in the local courts?**

Any person against whom a judgment is given must comply with and fully satisfy it. If a party fails to obey a judgment made against him, measures can be taken for the execution and enforcement of the judgment so that the successful party will obtain the remedy to which he is entitled. These are:

- A writ of execution for the sale of movables.
- Garnishee proceedings (requiring a third party who owes money to the judgment debtor to pay the money to the judgment creditor).
- The registration of a charging order over the immovable property of the judgment debtor or over his chattels.
- A writ of delivery of goods, ordering those goods to be delivered to the judgment creditor.
- A writ of possession of land, ordering that land to be delivered to the judgment creditor.
- Committal for breach of an order or undertaking.
- A writ of sequestration ordering the seizure or attachment of property.
- Bankruptcy or liquidation proceedings against the judgment debtor.

CROSS-BORDER LITIGATION**22. Do local courts respect the choice of law in a contract (that is, if the parties agree that the law of a foreign jurisdiction will govern the contract)? If so, are there any areas of law in your jurisdiction that apply to the contract despite the choice of law?**

In the majority of cases the law which governs most elements of the contract is the law which the parties intend to apply, and it is termed the proper law of the contract, or *lex causae*. The proper law is discerned as follows:

- Where the parties have expressly chosen the law by which they wish their contract to be governed, this will be the proper law;
- Where no express choice has been made in words, the intention is to be inferred from the terms of the contract and the surrounding circumstances; and
- Where no express choice has been made, and the intention cannot be inferred, the proper law will be the law with which the transaction has its closest and most real connection.

One exception to the above principle concerns the matters of procedure relating to remedies under the contract. These matters are governed by the law of the forum or court in which the case is tried (*lex fori*), and not by the proper law.

Also it is important to mention that the Cypriot courts will not enforce a contract that is contrary to Cypriot public policy.

23. Do local courts respect the choice of jurisdiction in a contract (that is, if the parties agree that claims will be brought in the courts of a foreign jurisdiction)? Do local courts claim jurisdiction over a dispute in some circumstances, despite the choice of jurisdiction?

Where the parties have expressly agreed that disputes arising from their contract will be referred to arbitration or to a foreign tribunal, or be determined according to the law of a foreign country, the court generally insists that the parties honour their bargain. However, it will consider whether strong and convincing reasons have been put forward for displacing this presumption.

Since the accession of Cyprus to the EU, Regulation (EC) No. 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (Brussels Regulation) gives the Cypriot courts exclusive jurisdiction over the following:

- An action *in rem* (that is, relating to a right that is enforceable against the asset itself) against:
 - immovable property (including ships) situated in Cyprus;
 - tenancies of immovable property situated in Cyprus, of greater than six months' duration.
- Actions relating to the validity of the constitution or dissolution of Cypriot companies.
- The validity of entries in the public registries of Cyprus, except for the validity of European patents in relation to which the courts in all member states have jurisdiction.
- Proceedings relating to the enforcement of judgments if the Cypriot courts are the forum where the judgment has been, or is to be enforced.

The Brussels Regulation applies only if the parties are domiciled in countries that are bound by it in relation to other member states.

24. If a foreign party obtains permission from its local courts to serve proceedings on a party in your jurisdiction, how is service effected in your jurisdiction? Is your jurisdiction party to any international agreements affecting this process?

In respect of proceedings instituted within the EU area, Regulation (EC) No. 1348/2000 on the service in the Member States of judicial and extra-judicial documents in civil and commercial matters is applicable. The Regulation provides a number of different ways in which service may be effected.

One of the prescribed manners, which may also be utilised with respect to the service of proceedings that were initiated in a country not belonging to the EU, is by arranging for the service of the documents via an authorised private bailiff.

25. Can evidence be taken from a witness in your jurisdiction for use in proceedings in another jurisdiction? If so, is your jurisdiction party to an international convention on this issue?

Regulation (EC) No. 1206/2001 on co-operation between the courts of the member states in the taking of evidence in civil or commercial matters is in force. Other than that, it is for the relevant foreign court to decide on the admissibility of any evidence taken in Cyprus for the purposes of the procedure before it.

26. What procedures are available to enforce:

- A local judgment in other jurisdictions?
 - A foreign judgment in the local courts?
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Enforcement of local judgments abroad

In relation to domestic judgments that need to be enforced in other member states of the EU, the provisions of the Brussels Regulation apply. In relation to judgments that are to be enforced in a jurisdiction outside the EU, the enforcement procedures of that jurisdiction apply.

Enforcement of foreign judgments

The Brussels Regulation has substantially altered the situation in relation to the recognition and enforcement in one EU member state of a judgment obtained in another. Generally, a judgment given in one member state must be recognised in another without the need for any special procedure. Under no circumstances can the substance of a judgment given in one member state be reviewed in another. In addition, if a judgment issued in a member state is enforceable in that state, it is also enforceable in another member state when, on application by any interested party, it has been declared enforceable. Judgments are declared enforceable immediately on the filing of both:

- A copy of the judgment.
- A certificate issued by the court in which the judgment originated.

The following can also apply in relation to the enforcement of foreign judgments:

- **Statute.** A foreign judgment can be enforceable by direct registration, under the provisions of an applicable statute. For example, the registration of judgments obtained in the UK is governed by the Foreign Judgments (Reciprocal Enforcement) Law 1935 and the rules made under the Law by an Order in Council. The Law is modelled on the corresponding UK statute, the Foreign Judgments (Reciprocal Enforcement) Law Rules and the Maintenance Orders (Facilities for Enforcement) Law 1921. Cyprus is also bound

by bilateral treaties relating to the recognition and enforcement of foreign judgments with Bulgaria, China, Germany, Greece, Hungary, Poland, Russia, Serbia and Syria, and it is a signatory to various multilateral conventions relating to the recognition and enforcement of foreign judgments.

In order for a judgment to be registered it must comply with the following requirements:

- the judgment is final and conclusive;
- there is a sum of money payable under it which is not related to tax claims or similar charges, or in respect of a fine or penalty;
- the application is made within six years of the judgment having been given or an appeal adjudicated;
- the judgment is unsatisfied, at least in part; and
- the judgment is capable of execution in the original foreign court.

The application is made without notice and must be accompanied by an affidavit exhibiting a certified copy of the judgment, authenticated by its seal, and a translation into Greek certified as correct by a diplomatic or consular agent, a sworn translator or any other person so authorised.

- **Common law.** A judgment creditor can enforce a foreign judgment in Cyprus at common law by bringing a fresh action. As soon as he files a writ of summons (usually specially endorsed), he can apply by summons for summary judgment under Order 18 of the Civil Procedure Rules on the ground that the defendant has no defence to the claim. If his application is successful, the defendant will not be allowed to defend. Alternatively, the judgment creditor, instead of filing an action on the foreign judgment, can file an action relying on the facts which created the cause of action in which the foreign judgment was given.

Regulation (EC) No. 1346/2000 on insolvency proceedings is directly applicable in Cyprus. Under the regulation, a judgment initiating insolvency proceedings issued by a competent court of an EU member state will be recognised in Cyprus and vice versa.

ALTERNATIVE DISPUTE RESOLUTION

27. What are the main alternative dispute resolution (ADR) methods used in your jurisdiction to settle large commercial disputes? Please briefly outline the procedures that are typically followed, and any rules that apply.

There are three main categories of ADR:

- **Mediation.** This is the least formal method of ADR. The parties voluntarily refer their dispute to an independent third party who will discuss the issues with both sides and help them to discuss and negotiate areas of conflict and identify and settle certain issues.

- **Conciliation.** This lies between informal mediation and formal arbitration. The process is very similar to mediation but the third party may offer a non-binding opinion which may lead to a settlement.
- **Arbitration.** An arbitration agreement is irrevocable and, therefore, binding unless it contains a provision or a court order is issued to the contrary (*section 3, Arbitration Law 1944 (Cap. 4) (Arbitration Law)*). An arbitration agreement must be in writing (*section 2, Arbitration Law and section 7(2) of the International Commercial Arbitration Law L.101/87*).

28. Does ADR form part of court procedures or does it only apply if the parties agree? Can courts compel the use of ADR?

ADR is used when the parties mutually agree either orally or in writing to submit their dispute to ADR in order to avoid litigation. However, even in litigation the court may frequently urge the parties to consider settling the case with the court playing a consulting role in the process but in the absence of an express agreement as to the use of a form of ADR, the court will not compel the parties to use ADR.

29. Is ADR confidential?

This depends on the set of rules and form of ADR the parties have agreed to.

30. How is evidence given in ADR? Can documents or admissions made or produced in (or for the purposes of) the ADR later be protected from disclosure by privilege?

This depends on the set of rules and form of ADR the parties have agreed to.

31. How are costs dealt with in ADR?

This depends on the set of rules and form of ADR the parties have agreed to.

32. Is ADR used more in certain industries? If so, please give examples.

ADR is most frequently used in the construction industry.

33. Please give brief details of the main bodies that offer ADR services in your jurisdiction.

There are no official bodies offering ADR services in Cyprus.

REFORM

34. Please summarise any proposals for dispute resolution reform and state whether they are likely to come into force and, if so, when.

There is a proposal by the European Commission for a Directive on certain aspects of mediation in civil and commercial matters (*COM (2004) 718 final*). As an indication, article 3.1 of the draft directive provides that a court before which an action is brought

may, when appropriate and having regard to all circumstances of the case, invite the parties to use mediation in order to settle the dispute. However, it currently remains unknown whether (and if so in what form) this proposal will be made into law.

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We recognise that each of our clients is unique, with particular business concerns, and we exercise a personal commitment to all our clients to understand their objectives rapidly and effectively and to expedite solutions by means of clear and practical legal advice and action.

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