

Legal 500

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Lebanon

Litigation

Contributor



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This country-specific Q&A provides an overview of litigation laws and regulations applicable in Lebanon.

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Lebanon: Litigation

1. What are the main methods of resolving disputes in your jurisdiction?

The main methods of resolving disputes in Lebanon are litigation and arbitration. Mediation is another method that has been recently endorsed through the enactment of two distinct mediation laws, Law No. 82 regarding judicial mediation which entered into force on 18 October 2018, and Law No. 286 regarding conventional mediation, which entered into force on 14 April 2022. To date, litigation is the preferred method for individuals and small to large corporations, as well as arbitration (in commercial disputes) for medium to large corporations.

2. What are the main procedural rules governing litigation in your jurisdiction?

Litigation is governed by the rules of the Lebanese Code of Civil Procedure (the "LCCP"), enacted by Decree-Law No. 90/1983 (as amended). Generally speaking, the procedure is inquisitorial in nature and the legal process is conducted primarily through written submissions. Criminal litigation – which is mainly governed by the rules of the Lebanese Code of Criminal Procedure – is not discussed in this chapter that focuses on commercial litigation.

3. What is the structure and organisation of local courts dealing with claims in your jurisdiction? What is the final court of appeal?

Lebanon has a civil law legal system, so follows the inquisitorial model. The legal process is conducted primarily through written submissions.

Court System

As it is a unitary state, there are no federal courts in Lebanon. The courts in Lebanon are divided into two parts:

- judicial courts (those dealing with criminal and civil laws); and
- courts dealing with administrative matters.

The Council of State is currently the sole judicial body dealing with administrative disputes. Lower-level administrative courts have not yet been established.

There are also special courts with subject matter jurisdiction, such as the military court and the religious courts.

Civil Court Chambers and Divisions

The civil courts are in charge of adjudicating civil disputes. They are divided into chambers, depending on the nature of the dispute, as follows:

- the Commercial Chamber is competent in determining/adjudicating commercial and financial disputes between corporate entities;
- the Financial Chamber is competent in determining/adjudicating financial disputes between individuals; and
- the Personal Statute Chamber is in charge of determining/adjudicating matters relating to nationality, inheritance, matrimonial issues, etc.

In addition to the above, there are special chambers that deal with lease issues, real estate issues, labour law and bankruptcy matters. There are also courts with a sole judge for summary proceedings, and an Enforcement Bureau that deals with enforcement proceedings.

The civil courts are divided as follows:

- courts of first instance, which are presided over by a single judge or a panel of three judges, and are in charge of examining civil law claims – the sole judge usually examines specific matters such as leases and claims of a lesser value than the ones examined by a panel of three judges;
- courts of appeal, which are based in the administrative centre of each district (*Mouhafazat*) and are mandated to serve as a second-degree court reviewing the decisions of lower courts (ie, the courts of first instance); and
- the Court of Cassation, which is a court of law as opposed to a court of fact, and serves as the ultimate judicial recourse.

4. How long does it typically take from commencing proceedings to get to trial in your

jurisdiction?

The timeframe is affected by various factors such as subject-matter and complexity (e.g. the need to appoint an expert), as well as other factors which may or may not be within the parties' control. Typically, the time between commencing proceedings and getting to trial ranges between 2 and 6 months in normal circumstances and if notification is not delayed.

5. Are hearings held in public and are documents filed at court available to the public in your jurisdiction? Are there any exceptions?

In civil and commercial matters, court proceedings are subject to the provisions of the Lebanese Code of Civil Procedure (LCCP), issued by Legislative Decree No 90/83 and its subsequent amendments.

Civil court filings are public and the parties are not anonymised in judgments. Pursuant to Article 484 of the LCCP, civil hearings are public unless the court decides on its own volition, or upon the request of any of the parties, to keep a hearing private in order to preserve public order or for family privacy; however, the judgments will still be publicly announced.

TV cameras and photographers are not permitted in court.

6. What, if any, are the relevant limitation periods in your jurisdiction?

The statutes of limitations concerning civil suits are regulated by the Lebanese Code of Obligations and Contracts (COC). In general, the statute of limitation in civil matters is ten years (Article 349 of the COC). However, statutes of limitations of shorter duration apply in some specific types of disputes (Article 350–352 of the COC).

The statute of limitation runs from the day the "debt" (ie, generally the obligation) becomes due, and can be invoked before the courts by a party.

Furthermore, Article 509 of the LCCP allows the parties to request that the lawsuit be dropped if the proceedings remain inactive for a period of two years, starting from the date of the last valid procedural step. The same decision may be taken by the court, without a request from any party, if the proceedings remain inactive for a period of five years (Article 512 (2) of the LCCP).

7. What, if any, are the pre-action conduct requirements in your jurisdiction and what, if any, are the consequences of non-compliance?

The LCCP and the courts do not impose any rules on the parties in relation to pre-action conduct, per se. However, a notice is usually sent to the defaulting party to remedy the breach before initiating proceedings. The notice in some instances is mandatory and usually provides a time limit for the defendant to reply and remedy the breach before the plaintiff commences judicial proceedings.

In some instances, the creditor is exempted from sending such notice – i.e., when the performance of the obligation becomes impossible, or when the obligation was to return an item/asset that was stolen, or when the term of the obligation has lapsed (Article 258 COC).

8. How are proceedings commenced in your jurisdiction? Is service necessary and, if so, is this done by the court (or its agent) or by the parties?

Proceedings in civil and commercial matters are commenced by filing a submission before a clerk of the relevant court's office. The plaintiff should have the requisite legal standing to sue/file a claim (Article 9 LCCP). The plaintiff should have the requisite locus standi to file a claim (Article 9 of the LCCP). The initial complaint should be filed before the competent court and should include the following information (Article 443 of the LCCP):

- the name of the court before which the claim is filed;
- the plaintiff's and the defendant's respective names, professions and residences, and the names of their representatives, if any;
- the facts, legal grounds, evidence and relief sought;
- the date of the claim and the plaintiff's signature or the signature of its legal representative; and
- the exhibits enclosed with the complaint.

By reference to Article 365 of the LCCP, the dispute subject matter is specified by the parties' requests for relief as stated in the initial complaint and the subsequent submissions. Pursuant to Article 31 of the LCCP, the plaintiff may file incidental requests intended to correct the initial complaint, or to complete it or amend its subject matter or its purpose. In the same context, Article 32 of the LCCP provides that the defendant may also file

incidental requests, particularly a set-off request or a damages request for the harm incurred due to the filing of the initial complaint or due to a procedural act during the proceedings.

It is important to note that the above-mentioned incidental requests should satisfy the requirements stated in Article 30 of the LCCP, which requires the correlation of the incidental requests with the initial complaint, to be within the jurisdiction of the court ruling on the initial complaint.

Service is necessary, except where the law explicitly allows for *ex parte* proceedings. Rules of service are provided for under Articles 397 et seq. of the LCCP. As such, notification is *prima facie* served by a bailiff. It may also be carried out via the police, the interior security forces or a court clerk.

In civil matters, the plaintiff is usually required to initiate service of the lawsuit. However, the procedure of service is undertaken by judicial employees. In other words, the court clerk is responsible for drafting the notice, and the bailiff is responsible for delivering it.

A party may be sued outside the jurisdiction (Article 7 of the LCCP). In this respect, Article 413 of the LCCP provides that a registered letter with acknowledgement of receipt must be sent. Notification may also be made through the Lebanese embassy or consulate located in the country where notification is sought, or in accordance with the latter's local law.

9. How does the court determine whether it has jurisdiction over a claim in your jurisdiction?

Jurisdiction is governed by Articles 72 et seq of the LCCP.

In general, and unless otherwise stated by law, the competent court is determined in light of the defendant's domicile (Article 97 of the LCCP). Jurisdictional requirements are governed by Articles 97 et seq. of the LCCP, and will differ depending on the nature of the dispute. For instance, if the lawsuit is in relation to real estate, the competent court is the one where the plot is located (Article 98 of the LCCP). For disputes arising out of the performance of a civil or commercial contract, jurisdiction is granted to the court where:

- the effective residence of the defendant is located;
- the defendant has its chosen domicile;
- the contract was concluded and one of its principal obligations was to be performed; or

- the contract was entirely performed (Article 100 of the LCCP).

For disputes relating to legal entities, the court where the legal entity's head offices are located is competent. If a branch of the legal entity is the party concerned with the dispute, then the court where the branch is located may look into the dispute (Article 101 of the LCCP). Moreover, the parties may not exclude the obligatory territorial jurisdiction stated in Articles 108–112 of the LCCP.

- Article 108 provides that claims arising from bankruptcy issues fall under the competence of the court that declared the bankruptcy.
- Article 109 provides that claims relating to life insurance fall under the competence of the court that is located within the residence of the insured.
- Article 110 states that claims related to insurance accidents fall under the competence of the court that is located at the residence of the insured or at the place of the accident.
- Article 111 states that claims related to fire insurance fall under the competence of the court located at the place of the fire incident.
- Article 112 provides that claims which the law explicitly requires to be filed before a specific court must be filed before said court to the exclusion of other courts (e.g., the Council of Arbitral Labour, which has jurisdiction over most work-related disputes)

Regarding public prosecutions, the lawsuit is filed before the court where the crime has occurred, where the defendant has its domicile, or where the defendant was arrested (Article 7 of the LCCP).

10. How does the court determine which law governs the claims in your jurisdiction?

For contracts, the parties are granted the liberty of determining which law applies to their contract, subject to mandatory provisions of public policy of Lebanese law. Absent a determination by the parties, the courts apply the law where the contract was to be performed in its entirety or the law where the contract was concluded and where a main obligation under the contract should have been performed.

More generally, without any foreign element in a dispute presented before the Lebanese courts (e.g. no foreign nationality of one of the parties, no foreign place of performance of a legal act – which is an act of will with the intention of creating legal effects –, etc.), the courts

would directly apply Lebanese law. When a dispute with a foreign element is presented before the courts, the principle of personality is applied in some cases (i.e., the courts apply the law of the country whose national is at the centre of the dispute) and the principle of territoriality is applied in others (i.e. the courts apply the law of the country of the location of the asset/facts object of the dispute). In family law matters, the principle of personality applies, such that the courts would apply the law of the country whose national is at the centre of the dispute. In real estate matters, the principle of territoriality applies, such that the courts would apply the law of the location of the real property. In this context, Article 142 LCCP states that if the party bringing the claim governed by a foreign law fails to bring proof of the content of that law, then the courts shall apply the Lebanese law to the claim.

11. In what circumstances, if any, can claims be disposed of without a full trial in your jurisdiction?

Law No. 154 dated 17/08/2011 introduced into the LCCP a chapter on “the summary procedure”, containing Articles 500-bis-1 to 500-bis-9 governing proceedings where claims on the merits may be disposed of without a full trial. Pursuant to Article 500-bis-1 LCCP, claims relating to persons or relating to an asset, whether movable or immovable, the value of which does not exceed 30 times the minimum wage (i.e. around LBP 270,000,000 at the time of writing of this chapter), are subject to the summary proceedings rules. Pursuant to Articles 500-bis-2 and 500-bis-3, there is only one round of exchange of submissions with shortened time periods, following which, pursuant to Article 500-bis-4, the judge must issue their decision within 2 weeks of the last submission. Also, outside of the above case, by agreement the parties may submit to the court a request to shorten the statutory deadlines for the exchange of submissions in view of expediting the litigation.

12. What, if any, are the main types of interim remedies available in your jurisdiction?

The trial judge and the judge of summary proceedings can order provisional and conservatory measures for the protection of rights and the prevention of harm, such as affixing seals, setting an asset's inventory, ordering the sequestration or selling of perishable assets and describing the status quo of a situation (Article 589 of the LCCP) upon the request of any of the parties, either in consideration of a guarantee or without it.

The petitioner has to show that its rights are in danger of imminent harm that necessitates interim relief as a matter of urgency in order to protect its rights.

Procedural pleas to dismiss the case at a preliminary stage before addressing the merits of the case are also available under Lebanese law (*exception de procédure*), such as lack of jurisdiction, *lis pendens* or the connectivity of the claims, the nullity of the complaint or other procedural acts, a request for an extension of time, the transfer of the lawsuit due to legitimate doubts or the existence of a family relationship (Articles 52–68 of the LCCP).

13. After a claim has been commenced, what written documents must (or can) the parties submit in your jurisdiction? What is the usual timetable?

In Lebanon, the litigation process is conducted primarily through written submissions. After a claim has been commenced (i.e. an initial submission/statement of claim has been filed by the plaintiff), a defendant has 15 days to file his answer submission/statement of defence along with all supporting documents (Article 449 LCCP). Following notification of the statement of defence to the plaintiff, the plaintiff has 10 days to file a reply submission (Article 452 LCCP). Following notification of the reply submission to the defendant, the defendant in turn has 10 days to file a rejoinder submission (Article 452 LCCP). This would conclude the normal exchange process.

Article 453 states that upon the expiration of these time limits, neither party may submit further responses unless they provide an acceptable excuse or reason, in which case the court president or sole judge will set new deadlines. Also, Article 455 LCCP allows the court to expedite time limits in urgent cases, provided that the time limit it sets is not less than twenty-four hours. In other cases, it may extend them upon request if justifiable. Decisions regarding time limit adjustments are made in Court Chambers. The same process applies to counter-claims, commencing with the statement of counter-claim.

14. What, if any, are the rules for disclosure of documents in your jurisdiction? Are there any exceptions (e.g. on grounds of privilege, confidentiality or public interest)?

According to Article 203 LCCP, a party may request the

opponent to produce any document essential for the outcome of the dispute, provided that: the law allows the party to request such document production or deliverance; if the document is common between the requesting party and the opponent. The document is considered common if it is drafted in the interest of both parties, or evidences their mutual rights and obligations; or if the opponent relied on the document at any time during the proceedings.

There are no particular rules in the LCCP with respect to disallowing disclosure of a document. This is usually subject to specific rules or regulations with respect to disclosure of documents, such as bank secrecy laws, professional regulations privacy protection, etc.

15. How is witness evidence dealt with in your jurisdiction (and in particular, do witnesses give oral and/or written evidence and what, if any, are the rules on cross-examination)? Are depositions permitted?

Witness evidence is governed by Articles 254 to 298 of the LCCP. Notably, witness testimony is not admissible for establishing (a) the existence of contracts and other legal acts valued over LLBP 500,000, and (b) contracts of indeterminate value (Article 254 of the LCCP).

Witnesses, when permitted, provide verbal testimony, following the swearing of an oath of truth. Certain people are disqualified from acting as witnesses, this includes specific relatives in family-related litigation (parents, grandparents, children, grandchildren, spouses, even after divorce), agents to their principals, and partners and shareholder in matters involving their respective companies (Article 260 LCCP).

The judge oversees the proper conduct of the proceedings and actively conducts witness examinations. There is no formal cross-examination *per se*; instead, the opposing party, who cannot address the witness directly, may submit questions for the judge to ask the witness. Depositions are not permitted in Lebanon.

16. Is expert evidence permitted in your jurisdiction? If so, how is it dealt with (and in particular, are experts appointed by the court or the parties, and what duties do they owe)?

Expert evidence is usually given in the context of court-appointed experts. According to Article 313 LCCP, the court may designate an expert to contribute expertise,

submit technical advice or to undertake a technical investigation for a specific matter.

Depending on the circumstances of the case, there is nothing preventing a party from submitting expert reports/opinions, which would be treated as documentary evidence in the file.

17. Can final and interim decisions be appealed in your jurisdiction? If so, to which court(s) and within what timescale?

Article 639 LCCP provides that all decisions, whether final or interim, issued by the Court of First Instance may be subject to appeal save for those that are excluded by the law. According to Article 640 LCCP, decisions in disputes under LBP 3 million cannot be appealed (except on limited grounds set out in Article 641 LCCP, such as lack of jurisdiction *ratione materiae*). However, the decisions issued by the Council of Arbitral Labour are not subject to appeal before the courts of appeal but only to a challenge by way of cassation (i.e. labour law disputes).

Unless otherwise provided by law, the timeframe to lodge an appeal, in accordance with Article 643 of the LCCP are as follows:

- eight days from receiving notification of a decision issued by the judge of urgent matters, the President of the Enforcement Bureau, and all decisions ordering interim measures; and
- 30 days from receiving notification of the other types of decisions issued by the court of first instance.

Except when provided in a special text of law, the time limit to file an appeal starts running from the day of notification of the decision (Article 643 LCCP). In addition, *ex parte* decisions and orders may be challenged by way of opposition before the judge/court who issued them (Article 601 LCCP).

18. What are the rules governing enforcement of foreign judgments in your jurisdiction?

Foreign judgments are recognised in Lebanon via an *exequatur* mechanism, which is an *ex parte* procedure. Article 1014 of the LCCP provides that *exequatur* is granted to a foreign judgment that satisfies the following conditions:

- The judgment should be rendered by competent judges in accordance with the laws

of the country in which the decision was rendered, provided that such jurisdiction is not solely determined by the nationality of the plaintiff. If two foreign judgments are rendered in two different jurisdictions but in relation to the same subject matter and among the same parties, the Enforcement Order is granted to the judgment that is in conformity with the rules of the Lebanese law pertaining to international competence.

- The judgment should be enforceable and should have acquired the force of *res judicata* in the country where it was rendered. Nevertheless, the Enforcement Order can be granted to provisional and *ex parte* decisions that have become enforceable in the concerned country.
- The party against whom enforcement is sought should have been duly notified of the lawsuit that resulted in the judgment and the right of defence should have been duly afforded to them.
- The judgment should be rendered in the name of a country whose laws allow enforcement of Lebanese judgments on its territories after scrutinising them or after giving them an *exequatur*.
- The judgment does not violate public policy.

19. Can the costs of litigation (e.g. court costs, as well as the parties' costs of instructing lawyers, experts and other professionals) be recovered from the other side in your jurisdiction?

A party may request an order that the other party bear the costs of the litigation. In principle, a judge would grant the successful party its request and order the losing party bears the costs of the successful party. The recoverable costs include the judicial fees, costs and expenses the successful party paid in order to file and plead its claim. In practice, lawyers' fees are not granted by the court.

20. What, if any, are the collective redress (e.g. class action) mechanisms in your jurisdiction?

Class actions are not available under Lebanese Law. However, certain associations and unions may bring actions for the defence of the collective interests of its members. For instance, trade unions and professional organisations whose members are engaged in collective labour contracts are entitled to institute legal

proceedings concerning such agreement on behalf of their members. No proxy from the members is needed in this regard, provided that the latter have been notified of the matter and have not objected (Article 24 of the Collective Agreements, Mediation and Arbitration Law, enacted by Decree 17386/1964).

Interested parties may intervene or be joined to a lawsuit if the requirements are fulfilled (see below). In labour disputes, there are special provisions in the Lebanese labour law governing collective labour contracts. A joint action by all employee parties to such a contract is possible in certain circumstances. In insolvency/bankruptcy proceedings, all creditors can be joined into the proceeding.

21. What, if any, are the mechanisms for joining third parties to ongoing proceedings and/or consolidating two sets of proceedings in your jurisdiction?

The involvement of third parties in proceedings is regulated by Articles 36 et seq of the LCCP. Pursuant to Article 36 LCCP, a third party can intervene in the trial proceedings and become a party upon the submission of a reasoned request before the court. The court shall rule on such request and authorise a third party to join a lawsuit.

In the same context, Article 38 LCCP provides that any party in the trial may request the joinder of a third party to hear the judgment, or to condemn it with respect to claims similar to those of one of the parties, or for warranty purposes. However, the failure to join a particular party does not preclude a litigant third party from bringing the same or similar claims against that party. The intervening party or the party to be joined must have a personal and legitimate legal interest in the action (Article 40 LCCP).

22. Are third parties allowed to fund litigation in your jurisdiction? If so, are there any restrictions on this and can third party funders be made liable for the costs incurred by the other side?

The law does not address this issue. To the best of our knowledge, there have been no lawsuits in Lebanon involving third-party litigation funders.

23. What has been the impact of the COVID-19

pandemic on litigation in your jurisdiction?

The COVID-19 pandemic did not stop the operation of the courts which remained operational on an intermittent basis with a system of rotation between judges, court officers and employees. The courts remained operational regarding urgent requests in summary proceedings and criminal matters. Some courts also resorted to virtual hearing to ensure the continuity of the work. Still, the parliament issued a series of laws suspending legal, judicial and contractual deadlines for various time periods between October 2019 and March 2021. Procedural delays naturally ensued.

24. What is the main advantage and the main disadvantage of litigating international commercial disputes in your jurisdiction?

One important advantage of litigating international commercial disputes in Lebanon is the possibility to provisionally seize/attach assets of the defendant even before (or without) a final judgment being issued in the plaintiff's favour. This grants the applicant a means of pressure which is not frequently available in the same circumstances elsewhere. In some circumstances, such a provisional seizure may be available ex parte on the basis of a probability of success in a main action on the merits. Such considerations may convince international litigants to consider Lebanon as a forum for their litigation, although it is even possible to obtain such seizure locally in support of foreign proceedings. One important disadvantage in the currently prevailing circumstances is the delay that the proceedings may face due to domestic unrest. Delay is not a unique to Lebanon, but it may be augmented depending on the circumstances prevailing at the time of filing a claim.

25. What is the most likely growth area for commercial disputes in your jurisdiction for the next 5 years?

In the upcoming five years, the most probable area of dispute growth would likely centre around commercial agency contracts. Historically, these contracts were governed by Decree-Law No. 34 of 1967 that granted Lebanese agents exclusivity and protection in relation to foreign principals or other agents in Lebanon. However, on March 17, 2022, a long-awaited competition law (the Competition Law), came into effect. This law affected certain provisions of Decree-Law No. 34 of 1967, particularly the exclusivity aspect that had been safeguarded for over 50 years. Exclusivity remains a

concept upheld under the current Lebanese legislation if the criteria outlined in Article 1(2) of Decree-Law No. 34 of 1967 are met. However, the Competition Law introduces changes regarding the enforceability of such exclusivity rights concerning third parties. Consequently, a third party cannot personally suffer adverse consequences due to the existence of an exclusivity clause or its breach, such as purchasing products from a manufacturer/principal with an exclusive distributor in Lebanon. Nevertheless, the exclusivity clause remains valid and enforceable between the contracting parties.

This has already, and will continue, in our view, to affect litigation of these types of disputes before the Lebanese courts.

In addition, a number of disputes has emerged in relation to the exchange rate applicable for the settlement of debts contracted in a foreign currency. While the Lebanese Court of Cassation has not yet positioned itself in relation to the question of whether a local banker's cheque in "Lollars" (or a local bank transfer of money) constitutes an adequate discharge of a debt, the position of the Lebanese courts has been increasingly consistent, especially in cases involving international debts contracted in a foreign currency. In fact, as of 2022, Lebanese courts have been inclined to consider that local banker's cheques do not constitute a valid discharge in lieu of cash, given the current circumstances in Lebanon. The solution that the Lebanese Court of Cassation is willing to provide in relation to the foregoing will have a significant impact on the national economy of country.

26. What, if any, will be the impact of technology on commercial litigation in your jurisdiction in the next 5 years?

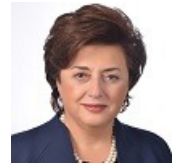
The proper integration of technology will require the intervention of the legislator, notably to amend the Lebanese Code of Civil Procedures, which does not take into account modern technological advancements. Nonetheless, even without an intervention of the legislator, technology may allow criminal courts to proceed with matters in circumstances where this would have otherwise not been possible without technology, such as to question and release a detainee who is sick. Also, with the consent of the parties, technology may be integrated into civil and commercial litigations, particularly in urgent matters, to speed up the litigation process. In this context, we may note that a special law was enacted in 2018 (Law No. 81 dated 10/10/2018) to govern electronic transactions and personal data, notably providing that electronic documents and signatures have the same legal effects and probative value as paper

documents and manuscript signatures.

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