

**Katowice Appellate Court judgment
dated 29 December 2006
Case No. I ACa 1589/06**

Summary by arbitraz.laszczuk.pl:

Under a 2003 sale agreement, company M.S.K. sp. z o.o. bought a quantity of gravel from C. SA, and C. assigned part of the claim for payment of the purchase price to D. sp. z o.o. M.S.K. failed to pay. D. filed a claim with the Arbitration Court at the Polish Chamber of Commerce and received an award against M.S.K. for about PLN 500,000. M.S.K. filed a petition with the regional court to set aside the award, alleging among other things that the parties had exchanged signed faxes amending the agreement to provide for disputes to be resolved by the state courts instead of the arbitration court. The petition was denied. On appeal, the appellate court affirmed, holding that amendment of the agreed form of dispute resolution had to be made in written form, and an exchange of signed faxes did not constitute written form.

Excerpt from the text of the court's ruling:

Determination of whether an arbitration award violates fundamental principles of public order must be formulated narrowly, which means that the public policy clause may be successfully invoked only when the arbitration award would result in serious violation of such principles. This is thus an exceptional basis for setting aside an arbitration award and may be applied only in special circumstances, where the effects of the arbitration award would be incompatible with fundamental principles of the legal system. Mere inconsistency of the award with such principles is thus insufficient.