

GETTING THE DEAL THROUGH

# Arbitration

in 55 jurisdictions worldwide

Contributing editors: Gerhard Wegen and Stephan Wilske

# 2013



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Published by  
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London, W11 1QQ, UK  
Tel: +44 20 7908 1188  
Fax: +44 20 7229 6910

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ISSN 1750-9947

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Printed and distributed by  
Encompass Print Solutions  
Tel: 0844 2480 112

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# Poland

Justyna Szpara and Paweł Chojecki

Łaszczuk & Partners

## Laws and institutions

### 1 Multilateral conventions

Is your country a contracting state to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards? Since when has the Convention been in force? Were any declarations or notifications made under articles I, X and XI of the Convention? What other multilateral conventions relating to international commercial and investment arbitration is your country a party to?

Poland has been a party to the New York Convention since 1 January 1962. Although the issue is debatable, the majority view is that Poland effectively asserted a reciprocity reservation and a commercial nature of disputes reservation.

Poland is also a party to the European Convention on International Commercial Arbitration of 1961 (since 14 December 1964) and the Energy Charter Treaty (since 23 July 2001).

### 2 Bilateral treaties

Do bilateral investment treaties exist with other countries?

Poland is a party to bilateral investment treaties relating to arbitration (recognition and enforcement) with the following countries: Algeria (treaty of 9 November 1976); Bosnia and Herzegovina (treaty of 6 February 1960, binding since 22 December 2006); China (treaty of 5 June 1987); Croatia (treaty of 6 February 1960, binding since 13 April 1995); Iraq (treaty of 29 October 1988); Macedonia (treaty of 9 May 2007); Morocco (treaty of 21 May 1979); Serbia (treaty of 6 February 1960); Slovenia (treaty of 6 February 1960, binding since 1 March 1995); Syria (treaty of 16 February 1985) and Turkey (treaty of 12 April 1988).

Poland has also entered into 61 bilateral investment treaties, which provide for arbitration of disputes between an investor and the host state (the treaty with Russia has never entered into force).

### 3 Domestic arbitration law

What are the primary domestic sources of law relating to domestic and foreign arbitral proceedings, and recognition and enforcement of awards?

Polish arbitration law is included in a separate chapter of the Polish Civil Procedure Code. The arbitration law applies as a rule only to domestic arbitration proceedings (ie, when the place of arbitration is in Poland). If the place of arbitration is abroad or undetermined, the arbitration law will apply only as expressly provided.

Generally, recognition and enforcement of domestic and foreign awards is governed by the same set of provisions, but there are significant differences in recognition and enforcement of domestic and foreign awards, both procedural and in the grounds for denial of recognition or enforcement.

### 4 Domestic arbitration and UNCITRAL

Is your domestic arbitration law based on the UNCITRAL Model Law? What are the major differences between your domestic arbitration law and the UNCITRAL Model Law?

Polish arbitration law is based on the UNCITRAL Model Law. However, unlike the Model Law, Polish arbitration law is not limited to international commercial arbitration, but applies to all arbitration proceedings. The most significant differences include additional grounds for setting aside an award and the concept of the place of issuance of the award.

### 5 Mandatory provisions

What are the mandatory domestic arbitration law provisions on procedure from which parties may not deviate?

The Polish Civil Procedure Code provides certain mandatory provisions that the parties cannot override in the contract, including:

- equal treatment of parties;
- the requirement to inform the parties of scheduled hearings;
- the requirement to serve all submissions on the other party;
- failure to file a statement of defence may not result in discontinuance or be treated as an admission of the claimant's allegations; and
- waiver of the right to object (adopting Model Law article 4).

### 6 Substantive law

Is there any rule in your domestic arbitration law that provides the arbitral tribunal with guidance as to which substantive law to apply to the merits of the dispute?

The arbitral tribunal decides the dispute under the law applicable to the underlying legal relation. There are no specific choice of law rules in arbitration, but the tribunal should always respect the parties' choice of law.

### 7 Arbitral institutions

What are the most prominent arbitral institutions situated in your country?

The most prominent arbitral institution in Poland is:

#### Court of Arbitration at the Polish Chamber of Commerce

ul Trębacka 4  
00-074 Warsaw  
Poland  
Tel: +48 22 827 47 54  
Fax: +48 22 827 94 01  
www.sakig.pl

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**Arbitration agreement**


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**8 Arbitrability**

Are there any types of disputes that are not arbitrable?

Only disputes that could be heard by civil courts are arbitrable, and they must be disputes of a sort that could be subject to a court settlement, namely, regarding rights the parties may freely dispose of. However, the settleability of a dispute should be assessed in the abstract, apart from the concrete circumstances and legal conditions and considerations of whether a particular settlement might be concluded by the parties. Due to the settleability requirement, certain intellectual property and competition matters are not arbitrable. The law also excludes disputes involving claims for support (eg, spousal support or child support). An arbitration agreement concerning employment disputes may be made only after the dispute has arisen.

It is recognised that internal corporate disputes as such are arbitrable, but the settleability criterion must be met.

**9 Requirements**

What formal and other requirements exist for an arbitration agreement?

An arbitration agreement must be made in writing, or contained in correspondence (including electronic correspondence if it enables the content to be recorded). It may be incorporated by reference (eg, in general terms and conditions). An arbitration agreement concerning an employment dispute must be signed by the parties.

The arbitration agreement may be signed by a proxy; however, the power of attorney must be granted expressly to sign an arbitration agreement, except in the case of a power of attorney granted by a business entity, where a power of attorney granted to perform a legal act is deemed to include the power to agree to submit disputes arising out of such legal act to arbitration.

**10 Enforceability**

In what circumstances is an arbitration agreement no longer enforceable?

An arbitration agreement may be avoided or terminated based on general rules of civil law. Invalidity or termination of the underlying contract does not affect the arbitration agreement. If a party to an arbitration agreement is declared bankrupt, the arbitration clause is terminated by operation of law. It is debatable whether in the case of a multiparty arbitration agreement the bankruptcy of one of the parties terminates the whole arbitration agreement or only with respect to the insolvent party.

**11 Third parties – bound by arbitration agreement**

In which instances can third parties or non-signatories be bound by an arbitration agreement?

An arbitration agreement is generally binding only on the signatories. Exceptions extending the arbitration clause to third parties include assignment of the underlying contract, general succession and extension of an arbitration clause included in articles of association to the company and any subsequent shareholder. It has also been held that the acquirer of an enterprise is bound by an arbitration agreement previously executed by the seller of the enterprise with its creditor covering disputes relating to the enterprise. On the other hand, a joint and several debtor is not bound by an arbitration agreement executed by any other joint and several debtor.

**12 Third parties – participation**

Does your domestic arbitration law make any provisions with respect to third-party participation in arbitration, such as joinder or third-party notice?

Polish arbitration law does not contain any provisions regarding third parties, but it is generally accepted that third parties may participate if both the parties and the third party consent. This could be addressed in the arbitration rules or the arbitration agreement. Under the rules of the Court of Arbitration at the Polish Chamber of Commerce, the participation of third parties in arbitration is allowed.

**13 Groups of companies**

Do courts and arbitral tribunals in your jurisdiction extend an arbitration agreement to non-signatory parent or subsidiary companies of a signatory company, provided that the non-signatory was somehow involved in the conclusion, performance or termination of the contract in dispute, under the 'group of companies' doctrine?

The 'group of companies' doctrine is not recognised in Poland.

**14 Multiparty arbitration agreements**

What are the requirements for a valid multiparty arbitration agreement?

There are no special regulations regarding multiparty arbitration agreements and no published case law on this issue. However, such agreement should generally assure equal treatment of the parties, in particular with respect to appointment of the arbitrators.

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**Constitution of arbitral tribunal**


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**15 Eligibility of arbitrators**

Are there any restrictions as to who may act as an arbitrator? Would any contractually stipulated requirement for arbitrators based on nationality, religion or gender be recognised by the courts in your jurisdiction?

Generally, any person may act as an arbitrator. There are no nationality restrictions. The parties to the arbitration agreement should be regarded as entitled to decide on the nationality of the arbitrators as well as other characteristics of the arbitrators; however, it is debatable and not yet decided in the case law whether the parties may require characteristics that have no substantive justification. Judges may not act as arbitrators, however, unless they are retired.

There is no common list of arbitrators. The recognised arbitration institutions maintain their own lists of arbitrators, but usually such lists are not binding on the parties. Under the rules of the Court of Arbitration at the Polish Chamber of Commerce, the sole arbitrator or presiding arbitrator must be selected from the chamber's list.

**16 Default appointment of arbitrators**

Failing prior agreement of the parties, what is the default mechanism for the appointment of arbitrators?

The parties are free to set the number of arbitrators and the appointment mechanism. If the number of arbitrators is not set by the parties, there will be three arbitrators.

The default procedure is that each party appoints one arbitrator, and those arbitrators jointly appoint a presiding arbitrator. If a party fails to appoint an arbitrator within one month from receipt of the request from the other party, or the appointed arbitrators fail to appoint a presiding arbitrator, such arbitrators may be appointed by the court, upon motion of a party.

If the arbitral tribunal is a single arbitrator, he or she is appointed jointly by the parties. If they fail to appoint the arbitrator within one month, the arbitrator is appointed by the court, upon motion of a party.

Under the rules of the Court of Arbitration at the Polish Chamber of Commerce, if a party fails to nominate an arbitrator or the arbitrators fail to agree on a presiding arbitrator, the Arbitral Council makes the appointment.

### 17 Challenge and replacement of arbitrators

On what grounds and how can an arbitrator be challenged and replaced? Please discuss in particular the grounds for challenge and replacement and the procedure, including challenge in court. Is there a tendency to apply or seek guidance from the IBA Guidelines on Conflicts of Interest in International Arbitration?

Polish arbitration law provides three grounds for challenging an arbitrator: lack of impartiality, lack of independence and lack of the qualifications agreed by the parties. The party that appointed the arbitrator may challenge the arbitrator only if the party became aware of the grounds for challenge after the appointment.

The parties are free to agree on the procedure for challenging arbitrators. Usually the rules of the arbitration institution provide their own procedures for challenging arbitrators, but such rules or the parties' agreement may not waive the party's right to challenge the arbitrator in court.

Under the default procedure for challenging arbitrators provided in the arbitration law, the party seeking to remove an arbitrator must notify all arbitrators and the opposing party of the grounds. If the arbitrator does not resign or is not removed by the parties within two weeks, the party may seek removal by the court.

As in the UNCITRAL Model Law article 14, there are no specific grounds for replacement of an arbitrator. General grounds are that it is obvious that the arbitrator will not fulfil his or her duties by the given time or is causing an unjustified delay. Examples include illness, long-term absence, or loss of a qualification required by the parties in their agreement.

The parties may jointly dismiss an arbitrator at any time, and any party may apply to the court to dismiss an arbitrator.

If an arbitrator is replaced, a new arbitrator is appointed under the same rules as the original appointment. The parties may also appoint an alternate at the beginning in case the first-choice arbitrator must be replaced.

The IBA Guidelines are commonly acknowledged by the arbitration community in Poland; however, they are not directly applied by arbitration institutions or in their rules or guidelines. Thus it is up to the arbitrators' discretion whether to seek guidance from the IBA Guidelines when assessing a conflict of interest.

### 18 Relationship between parties and arbitrators

What is the relationship between parties and arbitrators? Please elaborate on the contractual relationship between parties and arbitrators, neutrality of party-appointed arbitrators, remuneration, and expenses of arbitrators.

When the arbitrator accepts the appointment, a contract is deemed to be formed between the parties and the arbitrator under which the arbitrator must act impartially and decide the dispute without undue delay. The arbitrator has a right to a fee and reimbursement of expenses. The parties are jointly liable for the fee and expenses.

### 19 Immunity of arbitrators from liability

To what extent are arbitrators immune from liability for their conduct in the course of the arbitration?

Polish arbitration law does not regulate the arbitrators' immunity or liability for their conduct in the course of arbitration. The only provision in the arbitration law related to the arbitrators' liability is that an arbitrator may be liable for damages if he or she resigns without serious grounds. Without provisions on arbitrators' immunity or liability, it is commonly understood that arbitrators are liable under

general rules of contractual liability, which extends to intentional fault as well as negligence.

Limitations of liability are regulated in the rules of arbitration institutions. For example, under the rules of the Court of Arbitration at the Polish Chamber of Commerce, arbitrators shall not be held liable for any damage arising out of any acts or omissions in connection with the arbitration proceedings, unless such damage was caused intentionally.

## Jurisdiction

### 20 Court proceedings contrary to arbitration agreements

What is the procedure for disputes over jurisdiction if court proceedings are initiated despite an existing arbitration agreement, and what time limits exist for jurisdictional objections?

An objection to jurisdiction in a court proceeding must be raised before joining issue on the merits (typically the objection must be raised in the response to the statement of claim). If the objection is raised, the court must dismiss the suit, unless the arbitration agreement is invalid, ineffective, unenforceable or expired, or if the arbitral tribunal has already ruled that it lacks jurisdiction. If the objection is asserted late, the court must reject it.

Filing of a lawsuit in court does not prevent the case from being considered by the arbitral tribunal.

### 21 Jurisdiction of arbitral tribunal

What is the procedure for disputes over jurisdiction of the arbitral tribunal once arbitral proceedings have been initiated and what time limits exist for jurisdictional objections?

The arbitral tribunal is competent to rule on its own jurisdiction. Jurisdictional objection must be raised at the latest in the response to the statement of claim, or other time indicated by the parties, or as soon as a party becomes aware of the grounds. An objection that a new claim exceeds the scope of the arbitration agreement must be raised immediately.

It is disputed whether lack of a timely jurisdictional objection precludes the party from relying on the lack of an arbitration agreement or exceeding the scope of the arbitration agreement in a proceeding to vacate the award. The majority view supports preclusion.

The tribunal may decide to rule on the jurisdictional objection in a separate order before issuing an award on the merits. If the arbitral tribunal upholds its own jurisdiction, a party has two weeks to seek a ruling in a state court, which may in turn be appealed. An application to the court for a ruling on jurisdiction does not preclude the tribunal from issuing an award on the merits.

A decision by the tribunal finding that it lacks jurisdiction may not be challenged in court, and in this sense a negative decision is final.

## Arbitral proceedings

### 22 Place and language of arbitration

Failing prior agreement of the parties, what is the default mechanism for the place of arbitration and the language of the arbitral proceedings?

The parties may determine the place of arbitration, or the tribunal will do so based on the nature of the dispute and the convenience of the parties. Otherwise, the place of arbitration is deemed to be in Poland if the award was issued in Poland.

The parties may also choose the language of the proceedings, or it will be chosen by the tribunal. The choice of language generally applies to all actions of the parties and the tribunal; thus, all submissions, hearings and decisions should be in that language. The tribunal may order that any submission be accompanied by a translation into the language chosen by the parties or the tribunal.

**23 Commencement of arbitration**

How are arbitral proceedings initiated?

Arbitration proceedings may be commenced by serving a notice for arbitration on the other party, designating the parties, the dispute, and the arbitration agreement or clause, and also appointing an arbitrator if the party is entitled to do so. Unless otherwise agreed, the date of service is deemed to be the time of commencement of the arbitration.

The rules of the Court of Arbitration at the Polish Chamber of Commerce provide for a different way of initiating proceedings, by filing a statement of claim with the arbitration court, designating the parties (with a register transcript for corporate bodies), the arbitration agreement or other grounds for jurisdiction of the tribunal, the amount in dispute, the nature and grounds for the claim, and evidence in support of the allegations. The statement of claim may include appointment of an arbitrator. If the party is represented by counsel, the statement of claim should be accompanied by the original power of attorney or a certified copy, together with the attorney's address. The statement of claim should be filed in the language of the proceedings, with enough copies for each respondent and each arbitrator.

**24 Hearing**

Is a hearing required and what rules apply?

The parties may decide whether a hearing is held; otherwise, the arbitral tribunal will decide whether a hearing is held or the case is to be decided on written submissions. However, if the parties have not agreed that a hearing may not be held, the arbitral tribunal is required to schedule a hearing upon request of any party.

Under the rules of the Court of Arbitration at the Polish Chamber of Commerce, a hearing is the norm, but the parties may dispense with a hearing, or the tribunal may decide that a hearing is unnecessary because the case is clear from the submissions.

**25 Evidence**

By what rules is the arbitral tribunal bound in establishing the facts of the case? What types of evidence are admitted and how is the taking of evidence conducted?

The parties may enter into stipulations concerning evidence. The tribunal has broad discretion on evidential matters. Relevant evidence in any form (documents, inspections, etc) may be admitted, but the arbitral tribunal is not empowered to use any coercive measures to obtain evidence.

The arbitral tribunal is not authorised to administer an oath to witnesses, and a witness cannot be accused of perjury for false testimony before an arbitral tribunal.

There is a tendency to appoint party experts or to file expert opinions obtained by the parties. The IBA Rules on the Taking of Evidence in International Arbitration are sometimes applied.

**26 Court involvement**

In what instances can the arbitral tribunal request assistance from a court and in what instances may courts intervene?

An arbitration tribunal may request a court to take evidence or take other actions that are beyond the authority of the tribunal. The tribunal may request a court to examine a witness who has refused to testify, but the tribunal may not request that the court sanction the witness for refusal to testify in the arbitration proceeding. The tribunal may also request a court to examine evidence (or a document) in the possession of a third party. The court may then require the third party to present the document.

**27 Confidentiality**

Is confidentiality ensured?

There is no express provision in Polish law providing for confidentiality of arbitral proceedings. The rules of the Court of Arbitration at the Polish Chamber of Commerce provide that proceedings before the arbitral tribunal are confidential. This applies to all participants, but the parties may decide on the scope of confidentiality – for example that the fact of commencement of proceedings is confidential. During the hearing, only parties, attorneys and witnesses may be present, and other persons upon consent of the parties and the tribunal.

**Interim measures****28 Interim measures by the courts**

What interim measures may be ordered by courts before and after arbitration proceedings have been initiated?

The court may order any type of interim measure available under the law, at any time, before or after the arbitration proceeding is initiated. If a party requests an interim measure before the arbitration proceeding is initiated, however, the court will give the party no longer than two weeks to commence the proceeding, or the interim measure will lapse. It is debatable whether the parties may agree to exclude the court's authority to grant interim relief; the majority view is that they cannot.

**29 Interim measures by an emergency arbitrator**

Does your domestic arbitration law or do the rules of the domestic arbitration institutions mentioned above provide for an emergency arbitrator prior to the constitution of the arbitral tribunal?

The institution of an emergency arbitrator is not recognised in Polish law or in the rules of the Court of Arbitration at the Polish Chamber of Commerce.

**30 Interim measures by the arbitral tribunal**

What interim measures may the arbitral tribunal order after it is constituted? In which instances can security for costs be ordered by an arbitral tribunal?

Unless otherwise agreed by the parties, the arbitral tribunal, upon motion of a party that has substantiated its claim, may order such interim measures as it deems proper, and may require security. There are no limitations under the law on the types of interim measures that may be ordered by the tribunal. Limitations may be agreed by the parties; the parties may also agree to exclude the tribunal's authority to issue interim measures. There are certain limitations that arise in practice, however. An arbitral tribunal may not order interim measures that interfere with the activities of the courts or other state institutions (eg, a stay of judicial execution proceedings). Also, because the law does not govern the effect of interim measures ordered by a tribunal that are not enforceable by execution (such as injunctive relief), there is an area of legal dispute that makes it impracticable for the parties to seek interim relief of this type from the arbitration tribunal.

**Awards****31 Decisions by the arbitral tribunal**

Failing party agreement, is it sufficient if decisions by the arbitral tribunal are made by a majority of all its members or is a unanimous vote required? What are the consequences for the award if an arbitrator dissents?

A majority decision is sufficient. The award should be signed by all arbitrators, but it may be signed by only a majority of the arbitrators (if there are three or more) with an indication of why the other arbitrators did not sign the award. However, unanimity may be required by the arbitration agreement.

**32 Dissenting opinions**

How does your domestic arbitration law deal with dissenting opinions?

A dissenting arbitrator may indicate the dissent in the award, together with his or her signature. A dissenting opinion requires a justification.

**33 Form and content requirements**

What form and content requirements exist for an award?

The arbitration award shall be in writing and signed by all of the arbitrators (or a majority, if allowed). The award shall designate the parties and arbitrators, the arbitration agreement, the date and place the award is issued, and the reasons for the decision.

**34 Time limit for award**

Does the award have to be rendered within a certain time limit under your domestic arbitration law or under the rules of the domestic arbitration institutions mentioned above?

Polish law does not provide time limits for issuance of an arbitral award. However, the rules of the Court of Arbitration at the Polish Chamber of Commerce provide that an award should be issued within one month after the close of the case. This deadline may be extended by the secretary general of the Court of Arbitration for a specific period due to the complexity of the issues or other circumstances of the case, and the parties' consent is not required for such extension. The parties' consent is required to extend the time limit to render the award for further periods.

**35 Date of award**

For what time limits is the date of the award decisive and for what time limits is the date of delivery of the award decisive?

The date of service of the award on the party commences the period for an action to set aside the award or a motion to correct, interpret or supplement the award. The date of the award marks the commencement of the one-month period for the arbitral tribunal to correct obvious mistakes on its own motion.

**36 Types of awards**

What types of awards are possible and what types of relief may the arbitral tribunal grant?

An arbitral tribunal may issue final or partial awards, at its discretion. The tribunal may issue a consent award if the parties reach a settlement and request the tribunal to reduce the settlement to an award. The tribunal may also issue a supplementary award if, within one month after service of the award, a party requests the tribunal to supplement the award to address claims raised in the proceeding that were omitted from the award.

Certain arbitration rules (eg, at the Court of Arbitration at the Polish Chamber of Commerce) provide for the possibility of issuing a preliminary award upholding a claim in principle while continuing the proceedings. It is questionable, however, whether such a decision can be separately challenged.

The arbitral tribunal is free to grant any kind of remedy or relief available under substantive law, provided that such remedy or relief is not in breach of public policy. For example, it is generally accepted that punitive damages are contrary to Polish public policy.

**37 Termination of proceedings**

By what other means than an award can proceedings be terminated?

The arbitral tribunal shall terminate the proceedings if:

- the claimant fails to file a statement of claim within the prescribed time;

- the parties enter into a settlement before the arbitral tribunal;
- the claimant withdraws the statement of claim, unless the respondent objects and the tribunal finds that the respondent has an interest in obtaining a final resolution of the dispute; or
- the tribunal finds that continuation of the proceedings is for any other reason moot or impossible.

**38 Cost allocation and recovery**

How are the costs of the arbitral proceedings allocated in awards? What costs are recoverable?

Polish law does not provide rules for cost allocation or recovery. In practice, the 'loser-pays' rule is typically applied. According to the rules of the Court of Arbitration at the Polish Chamber of Commerce, a final award should contain a decision on costs and attorneys' fees. Attorneys' fees should be assessed per attorney, according to his or her work input, up to the maximum of half of the arbitration fee in the case, but no more than 100,000 zlotys.

**39 Interest**

May interest be awarded for principal claims and for costs and at what rate?

An arbitral tribunal may award interest only if allowed by the substantive law applicable to the dispute.

**Proceedings subsequent to issuance of award****40 Interpretation and correction of awards**

Does the arbitral tribunal have the power to correct or interpret an award on its own or at the parties' initiative? What time limits apply?

The tribunal may correct any clerical, typographical or computational errors, or other obvious mistakes, either at the request of a party or on its own motion. A party must request a correction within two weeks from service of the award, unless otherwise agreed. If the tribunal considers the request to be justified, it shall make the correction within two weeks. The tribunal may correct the award on its own within one month from the date of the award.

The tribunal may issue an interpretation to clarify an award only at the request of a party (with time limits as for correction of an award).

**41 Challenge of awards**

How and on what grounds can awards be challenged and set aside?

An arbitral award may only be challenged in a proceeding to set aside the award, which may be instituted in court by a party or legal successor. Only an award issued in Poland may be subject to Polish proceedings to set aside the award. The motion must be filed within three months from service of the award, or, if a party requested supplementation, correction or interpretation of the award, within three months from service of the tribunal's decision on such request.

If the motion to set aside the award is based on the grounds mentioned under point (v) or (vi) below, the period for filing the motion runs from the date the party learned of such grounds, up to five years from service of the award.

There is an exhaustive list of grounds for vacating an award:

- there was no arbitration agreement, or the arbitration agreement is invalid, is ineffective or has expired;
- the party was not given proper notice of the appointment of an arbitrator or of the proceedings before the arbitral tribunal, or was otherwise unable to present its case;
- the award deals with a dispute not covered by the arbitration agreement or beyond the scope of the agreement, but if the decisions on matters covered by the arbitration agreement can be separated from those not covered, then the award

may be set aside only with regard to the matters not covered by the arbitration agreement; exceeding the scope of the arbitration agreement is not grounds for setting aside the award if a party who participated in the proceeding failed to object to consideration of the claims exceeding the scope of the arbitration agreement;

- (iv) requirements for composition of the arbitral tribunal and basic rules of procedure before the tribunal, under statutory law or the arrangements agreed by the parties, were not observed;
- (v) the award was obtained by means of a crime or on the basis of a forged document;
- (vi) a final and binding judgment was already issued in the same case between the same parties;
- (vii) the dispute is not legally arbitrable; or
- (viii) the award is contrary to public policy.

The last two grounds may be raised by the court on its own motion.

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#### 42 Levels of appeal

How many levels of appeal are there? How long does it generally take until a challenge is decided at each level? Approximately what costs are incurred at each level? How are costs apportioned among the parties?

There may be two or three levels of review. The decision of the court of first instance is appealable. The decision of the court of second instance, depending on the nature of the legal dispute resolved by the arbitral award and the amount in dispute, may be subject to a cassation appeal to the Supreme Court, but cassation is an extraordinary form of review and the decision of the court of second instance is already final.

The wait for a decision depends on each court's docket, but would typically be on the order of several months at each instance.

The court fee depends on the nature of the dispute and the amount in dispute. The maximum court fee is 100,000 zlotys at each instance (including the Supreme Court). The court fee must be paid by the party initiating the proceeding or filing the appeal. However, in the decision at each instance the court must decide on apportioning the costs of the proceeding; typically the losing party is required to cover the costs (ie, to reimburse the other party or forfeit the fee already paid). Apart from the court fee, attorneys' fees are recoverable from the losing party within limits provided for in the law.

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#### 43 Recognition and enforcement

What requirements exist for recognition and enforcement of domestic and foreign awards, what grounds exist for refusing recognition and enforcement, and what is the procedure?

Recognition or enforcement of an award (domestic or foreign) requires a court decision, issued in a proceeding that may be initiated by either of the parties (recognition) or by the creditor entitled to performance under the award (enforcement). Proceedings may also be initiated by the legal successor of a party. Polish law distinguishes between enforcement and recognition. Enforcement pertains only to awards that may be enforced in judicial execution proceedings (eg, an award ordering payment of money or release of goods). Other awards are subject to recognition. A court decision on recognition or enforcement gives an award legal effects that are the same as those of a judgment, in particular *res judicata* effect. An enforcement order also has the effect of converting the arbitral award into a writ of enforcement, which may then serve as the basis for initiating execution by the bailiff.

To obtain recognition or enforcement, the party must provide the court with the original award, or a copy certified by the arbitral tribunal, as well as the original arbitration agreement or certified copy.

If the award was made in a foreign language, the party must enclose a certified Polish translation. In case of foreign awards subject to the New York Convention, only the documents mentioned in article IV must be submitted. The court shall refuse recognition if the dispute is not legally arbitrable or the award is contrary to public policy.

In the case of foreign awards, refusal may be based on one of the grounds indicated in the New York Convention, or in the case of non-Convention awards, the following grounds:

- there was no arbitration agreement, or the arbitration agreement is invalid, ineffective or expired;
- the party was not given proper notice of the appointment of an arbitrator or of the proceedings before the arbitral tribunal, or was otherwise unable to present its case;
- the award deals with a dispute not covered by the arbitration agreement or beyond the scope of the agreement, but if the decisions on matters covered by the arbitration agreement can be separated from those not covered, then recognition or enforcement will be denied only with regard to the matters not covered by the arbitration agreement;
- the composition of the arbitral tribunal or the proceedings before the tribunal were inconsistent with the agreement of the parties, if any, or inconsistent with the law of the country where the arbitration was held; or
- the award has not yet become binding on the parties, or the award was vacated or denied enforcement by a state court of the country where the award was issued or under whose laws the award was issued.

These grounds essentially match the grounds for refusal under the New York Convention, with certain variations.

A decision on recognition or enforcement may be appealed to the court of second instance. In the case of recognition or enforcement of a foreign award, a cassation appeal to the Supreme Court may also be available.

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#### 44 Enforcement of foreign awards

What is the attitude of domestic courts to the enforcement of foreign awards set aside by the courts at the place of arbitration?

Polish courts will generally refuse to recognise a foreign award that has been set aside by a court at the place of arbitration. There are no reported cases recognising awards set aside pursuant to a legally final judgment at the place of arbitration. However, the law could allow for recognition of an award set aside at the place of arbitration, in the (very rare) cases where article IX of the European Convention of 1961 would apply.

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#### 45 Cost of enforcement

What costs are incurred in enforcing awards?

There is a court fee of 300 zlotys on a motion for recognition or enforcement. There is a fee in the same amount on an appeal from the decision of the court of first instance, as well as on a cassation appeal to the Supreme Court (available only in case of foreign awards).

The fee for execution proceedings by a court bailiff are generally the same as in the case of enforcement of a judgment; the general rule is that they are charged to the debtor.

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#### Other

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#### 46 Judicial system influence

What dominant features of your judicial system might exert an influence on an arbitrator from your country?

Polish arbitration practice endorses the parties' autonomy and flexibility. There are no specifically dominant features of arbitration

proceedings. Arbitration proceedings are based largely on written submissions supported by exhibits, as well as witness statements. Full-blown, US-style discovery is not common, although there are procedures for obtaining documents from third parties. Party officers may testify.

#### 47 Regulation of activities

What particularities exist in your jurisdiction that a foreign practitioner should be aware of?

There are no legal, administrative or other restrictions on foreign counsel taking part in arbitration in Poland. However, there may be visa requirements for citizens of non-EU countries. In case of ad hoc arbitration, the arbitrator may face a complex issue of settling the personal income tax on the arbitrator's fee.

#### Update and trends

The binding effect of an arbitration agreement on third parties (or the lack of such effect) is one of the liveliest topics under discussion in Polish arbitration. This topic seems to be very important, as arbitration is becoming more popular and more complex each year in Poland. There are also plans to revise and reform the provisions of the Polish arbitration law, which has been in force for seven years, which seems like a good time to assess its shortcomings. One of the crucial issues that need to be reviewed is the interrelationship of the procedures for setting aside an award and for recognition and enforcement.

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