BRIEF SUMMARY

LITIGATION AND DISPUTE RESOULUTION: LITHUANIA

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Litigation

1) Please describe the structure of your court system (civil courts, courts with joint authority, tier-system and etc);

   The court system of Lithuania consists of courts of general jurisdiction and administrative courts. There are district courts, regional courts, the Court of Appeals of Lithuania and the Supreme Court of Lithuania in the general jurisdiction court system. These courts deal with civil and criminal cases. The district courts are always courts of first instance. The regional courts has two functions – to be the court of appeal instance for decisions of the district courts, or to be the first instance court for civil and criminal cases when this is directly indicated in laws. The Court of Appeals acts as an appellate instance court for decisions adopted by the regional courts as the first instance court. The Supreme Court of Lithuania is the court of cassation instance for the decisions made by the Court of Appeals and the decisions made by the regional courts as the appellate instance court.

   The system of administrative courts of Lithuania consists of 5 regional administrative courts and the Supreme Administrative Court. Regional administrative courts function as first instance courts, and the Supreme Administrative Court of Lithuania acts as the appellate instance for the administrative cases. There is no cassation instance for administrative cases there. Rulings of the Supreme Administrative Court of Lithuania are final and not subject to appeal.

   The separate court with the specific functions is the Constitutional Court of the Republic of Lithuania. This court investigates if laws legislated by Lithuanian Parliament (Seimas) are in accordance with Constitution and if other legal acts adopted by the President or the Government are in accordance with Constitution and laws.

2) What is the average length of the civil court proceedings separately for each tier of court and in aggregate from the filing of an action to enforced court decision of last tier court?

   The average length of the civil proceedings in regional courts as the first instance courts usually varies from 2 to 9 month. The legal proceeding in the court as the appellate instance court usually takes from 3 to 6 months. The civil proceeding in the Supreme Court of Lithuania lasts on the average 4 months. The enforcement of the final court judgement takes from 3 to 5 month. Regarding the economic realities the number of cases is constantly increasing. Since there are more cases of failure to pay on time, the creditor is afraid of having irrecoverable damages, so it has no choice but to apply to the court. Consequently, the load of courts is getting considerably higher and it takes more time for a court to conclude the proceedings.

   Thus, the average length of the civil legal proceeding in Lithuanian courts could vary from 12 to 23 months as it depends on particular situation and the nature of dispute.

3) Can foreign legal representatives represent their client in local courts? If yes, under what circumstances?

   The court proceedings in the Republic of Lithuania are conducted in Lithuanian. The legal representatives of the European Union while representing their clients should satisfy the legal requirements established for Lithuanian representatives (except for work location and membership in Lithuanian advocacy). However, specific services during the legal proceedings could be provided only together with the legal representative, involved in the in the List of Practising Advocates of Lithuania.

4) Is it possible to request for application of interim measures prior to filing an action? If yes, during what time period must the action be filed?

   Pursuant to the Code of Civil Procedure the reasoned request for application of interim measures prior to filing a lawsuit is permitted. If the court satisfies such request the term for application of a lawsuit cannot be longer than 14 days.

5) Does the law prescribe an exhaustive list of interim measures or does the court have the authority to decide over the most suitable interim measure on case-by-case bases? Please enlist the most common interim measures applied by the courts.

   The law provides a non-exhaustive list of interim measures and the court may decide the most suitable interim measures on case-by-case bases with reference to the request of the applicant. The most common interim measures applied by the courts are:

   - Attachment of respondent's property, money or receivables;
   - prohibition to respondent from performing certain actions;
   - prohibition to other persons from making payments; or
   - discharging other obligations to debtor.

6) What are the criteria, which court controls prior to satisfying the request for applying the interim measures?

   Court rules on measures to secure claim provided otherwise execution of court judgment would become more difficult or impossible. The requested large amount of the civil claim usually increases this risk. However in every particular case the court usually considers also the financial standing of the defendant, the immovable property it owns, the number of other legal proceedings of the same defendant in other courts' proceedings, the previous behaviour of the defendant and its avoidance to implement contractual obligations. The court decision regarding interim measures depends on the evidence and argumentation provided by the parties.

7) Are the person requesting for application of interim measure subjected to any additional payments? If yes, what fees must be incurred (e.g. deposit, state fee, fee of court bailiff)? In addition to minimum and maximum applicable fees, please stipulate fees for securing claims of EUR 100,000, EUR 500,000 and EUR 1,000,000.

   The request for application of interim measure shall be taxable only when it is claimed before filing a lawsuit. In this case the applicant must pay half of the stamp-duty

payable for this prospective claim (the amount of stamp-duty payable for the claim see Q 12).

The Code of Civil Procedure establishes the court's right to require a deposit for applying the interim measures from the applicant. The deposit is intended to secure the defendant against losses of the interim measures applied to him. The deposit could also be the bank guaranty. The amount of the deposit depends on case-by-case bases and it is quite difficult to evaluate it generally.

8) If any of the sums have been deposited, when and under which circumstances will such sums be released?

The deposit or the bank guaranty shall be released when it becomes unnecessary after:

- satisfaction of the applicant's claim;
- coming into effect of the court decision;
- cancellation of the applied interim measures, the deposit was paid for;

The deposit shall be redeemed after application to the court to which bank account the deposit was paid. The application for the return of the bank guaranty should also be delivered to the court which has it.

9) Does the applicable law include any regulations allowing decreasing the payable fees or releasing the requesting person fully from an obligation to pay any additional fees, when applying for interim measures?

As it was mentioned in Q 7, the stamp duty shall be paid only for the request of interim measure prior to filing a lawsuit. Thus, the possible decreasing or alteration of such stamp-duty also depends on the stamp-duty payable for the claim (see also Q 12).

As it was mentioned in Q 8, the applicant, asked to pay the deposit in order to ensure the possible loss for the defendant due to application of interim measures, may request the court to accept the bank guaranty instead of the deposit. In other words it has to be alternative measure so that the court would hold enough to secure the defendant from possible losses.

10) What are the presumptions for altering or terminating the already applied interim measures?

The alteration of the applied interim measure can be done under the request of the defendant, applicant or other privy. The evidence proving that there have left no threat for prospective court judgement implementation should be provided. The court may also refuse to apply interim measures or decide to cancel them if the defendant suggests the alternative measure, for example, pays the disputed sum into the special account of the court, someone guarantees for him or the defendant mortgages its property.

11) When filing an action, to what extent must the attached documents be translated and what are the criteria for determining the extent?

The general rule is that all the procedural documents and its annexes must be in Lithuanian. The documents should be connected with the case and should justify the circumstances presented in the claim.

12) What fees are payable upon filing of an action? Please specify the minimum and maximum rates and stipulate fees payable upon filing an action of EUR 100,000, EUR 500,000 and EUR 1,000,000.

Under the Code of Civil Procedure, stamp-duties in pecuniary disputes are as follows:

Amount of the claim	**Stamp-duty***
for claims up to LTL 100 000 (EUR 28,962)	3% of claimed amount
for claims up to LTL 300,000 (EUR 86,886)	LTL 3,000 (EUR 869) plus 2% of claimed amount exceeding LTL 100,000 (EUR 28,962)
for claims over LTL 300,000 (EUR 86,886)	LTL 7,000 (EUR 2,027) plus 1% of claimed amount exceeding LTL 30,000 + indexation (currently it is LTL 39,540 which is equal to EUR 11,452)

* the stamp-duty payable for the request of the court order is equal to quarter of the stamp-duty payable for the claim;
* the stamp-duty payable for the claim of the documentary process is equal to half of the stamp duty payable for the claim.

The minimum stamp-duty: the claim - LTL 50;
the request of the court order – LTL 10;
the claim on the documentary process – LTL 20.
The maximum stamp-duty payable for one claim shall not be more than LTL 30,000 (EUR 8,689).

Thus please find below the particular amounts of stamp duty payable for the mentioned claims:

Amount of the claim	Stamp-duty
EUR 100,000	LTL 7,453 (EUR 2,158)
EUR 500,00	LTL 21,264 (EUR 6,158)
EUR 1,000,000	LTL 38,528 (maximum possible stamp-duty in Lithuania; EUR 11,158)

13) Is it possible to recover the sums paid upon the filing of an action and the legal costs incurred in relation with the court dispute from the defendant? If yes, to what extent and under what circumstances? Please estimate the approximate extent of legal fees to be incurred in each tier of court (on average).

The general rule is that the party after: (i) loosing the case, (ii) withdrawn of the filled claim; or

(iii) court's decision to leave the claim unexamined, has to bear all costs, including stamp duty and costs related to initiated court proceedings. The party shall be also obliged to reward the costs of the winning party. The stamp-duty, expenses for correspondence and experts costs usually are paid in full, and the legal costs for legal representation during the court proceeding are diminishable as recommended by the Minister of Justice and the Chairman of Bar. The applicable principle on this question is the proportionality – as much as the party wins the case proportionally so much of the costs it will get back.

The main fees recommended by the Minister of Justice and the Chairman of Bar, among others, are:

- LTL 2,400 for filling the claim, and the appeal as well,
- LTL 2,000-2,800 for filling an appeal to the Supreme Court of Lithuania.
- The cost of preparation of other procedural documents varies from LTL 100 to LTL 1,600.

However these amounts are only recommended and depends on the complexity of the court proceeding and case material and other factors. Nevertheless, in absolute majority of civil cases state court reduce parties' requested legal expenses for their legal assistance according to the recommended amounts and reasonableness.

14) Does the applicable law include any regulations allowing decreasing the payable fees or releasing the requesting person fully from an obligation to pay any additional fees, when filing an action?

In number of cases, including, inter alia, recovery of alimony, compensation of losses caused by crimes, bankruptcy and restructuring proceedings, restitution after injury or person death, defence of the public interest under the claim of the prosecutor, or public institutions, compensation of losses caused by wrongful measures during the civil, criminal or administrative proceedings, plaintiff is exempted from payment of stamp duty. Court, taking into consideration financial situation of party, may partly exempt party from stamp-duty, to oblige the party to pay the fees in instalments or suspend the payment of the stamp duty. In the last case, after adoption of the court decision the stamp duty shall be paid by the losing party.

15) Have there recently been any cases, situations or doubts relating to the partiality of the judges?

Only some of the presumptive judges' partiality cases are aware to the public. Usually the cases of clear partiality of the judges are eliminated by the courts of the appellate instance.

16) When rendering the decision, does the court have the competence to order calculation of late payment interest rate until the obligation has been duly performed?

In Lithuania the court can award the debt, interest for non performance of obligation and the procedural interest from the day of initiation of the case till the duly fulfilment of the court judgement.

17) What is the term for challenging the rendered court decision? Under which circumstances, if any, can such term be prolonged?

    The term for challenging the decision of the first instance court is 30 days from the adoption of the court decision. This term shall be 40 days if the appellant's residence is in a foreign country. The decision of the court of the appeal instance might be challenged to the Supreme Court of Lithuania during 3 months after its coming into effect. The court has a right to renew the term for appeal and cassation, if it held that the term was overdue due to important circumstances. However the renewal of this term is impossible if there have passed more than 6 months after publication of the court of the first instance judgement, and more than 12 months for appeals of cassation. The concept of "important circumstances" is considered and depends from the court. The court practice shows that reasons like the disease of the person, a temporary departure from the residence, various natural disasters, and a similar error situations, are not treated as important, however, this vary on every specific case.

18) Is it possible to enforce a court judgement prior to expiry of the challenging period?

    Judgment may be enforced only when it has come into force, except urgently enforceable judgments. Judgment must be enforced urgently in certain cases provided by Code of the Civil Procedure or when court deems it necessary on reasonable grounds. Judgment is enforced only upon request of winning party after submission of enforcement writ. Limitation period for enforcement of judgments is ten years from entry into force.

19) When challenging the rendered court decision, are there any additional payable fees (e.g. state fee)? If yes, please stipulate fees payable upon challenging the court decision in value of EUR 100,000, EUR 500,000 and EUR 1,000,000.

    In order to challenge the decision made by the court of the first instance or the court of the appeal instance, the stamp-duty shall be equal to one paid for the claim (see also Q 12). In the pecuniary disputes the stamp-duty for such appeals shall be calculated from the disputable sum.

20) Do the national courts enforce and recognize the court decisions rendered in foreign states? Please describe shortly the procedure. What is the length of and what are the costs related to such procedures?

    The Court of Appeals is the only court in Lithuania which recognises the rulings adopted by foreign countries courts and arbitration institutions. Only after such recognition the foreign court's decision could be enforced in Lithuania. Foreign judgments adopted in courts of EU Member States are enforced according to EU regulations. Judgments adopted in countries which have signed international agreements on legal aid with Lithuania are enforced on basis of such international agreements. Other foreign judgments are enforced under procedure stipulated in the Code of Civil Procedure.

    Generally an application for recognition and enforcement of a court decision must be filed together with the following documents:

- the court judgement sought for recognition in Lithuania (original or duly certified copy);
- translation of the foreign court judgement into the Lithuanian language;
- confirmation that the foreign arbitral award or court judgement is effective;
- evidence that the party absent from the proceedings was duly notified about the time and venue of foreign court proceedings.

The application for recognition of the foreign court judgement is non-taxable for stamp-duty. The court ruling of recognition and enforcement becomes effective from the day of adoption however this could be object of the appeal for the Supreme Court of Lithuania (during one month term from its adoption).

21) What alternative dispute resolution procedures exist in your jurisdiction? Please specify shortly the essence of each procedure.

The alternative procedures in Lithuania are arbitration and mediation proceedings and number of pre-trial dispute resolution procedures.

Mediation. Mediation procedure is new in Lithuania. The Law on Conciliatory Mediation in Civil Disputes was adopted only in 2008. Conciliatory mediation in civil disputes means a procedure of resolution of civil disputes in which one or several mediators in civil disputes assist parties to a civil dispute in reaching a conciliation agreement. However, there is still difficult to conclude about the efficiency of the mediation procedure in Lithuania legal system, because of lack qualified mediators. Notwithstanding it should be mentioned that the forthcoming amendments of the Code of Civil Procedure establishes a right for the court to base a proposal for the parties to settle the dispute in a peace agreement.

The particular **pre-trial dispute resolution procedures** are usually established directly in laws. Such institutions deal with disputes arising from administrative, labour and related issues. In cases where the law provides for a mandatory examination of the dispute at such institution, complaints first should be filed in institutions dealing with such disputes, and only then the decision made by these institutions could be contestable at court.

The **Arbitration** procedure is reviewed in the second part of this questionnaire.

22) Please describe shortly the substantial changes in the laws regulating litigation, which have been made during the last year. Are you aware of any substantial changes being made during the next six months?

Recently, a workgroup has been in the process of preparing a new set of changes to the Code of Civil Procedure of the Republic of Lithuania. These, along with remarks from the Minister of Justice have recently been submitted for public review.

The main prospective amendments are made in order to ensure the implementation of IT usage during the court proceedings as widely as possible. The court and the representatives as well as legal entities shall exchange the procedural documents on an

electronic form. Issuing of a court order should be further simplified: no evidence shall be required and it will be possible to remedy your request, should that become necessary. Possibly, it may even become available after some time to submit requests for court orders electronically, via the internet. Written minutes of court hearings should be abolished, sessions will be recorded, recordings made available for the parties.

However, these are only few examples of forthcoming amendments of the Code of Civil Procedure, if the Parliament accepts it.

Arbitration

23) How many arbitration institutions have currently been established in your jurisdiction? Please point out the most authoritative institutions.

Permanent arbitration institutions:

- The Vilnius Court of Commercial Arbitration, http://www.arbitrazas.lt/index.php?handler=en.aboutus
- Vilnius Court of International and National Commercial Arbitration (hereinafter Vilnius Court of Arbitration), http://www.arbitration.lt/?lang=2
- The Klaipėda International Maritime Arbitration
- Lithuanian Court of Arbitration established in 2010.

As the three latter institutional arbitration courts are specific and do not have significant expertise and practise so far, we can only recommend the Vilnius Court of Commercial Arbitration as the most authoritative institution.

24) If possible to determine, what is the approximate yearly number of cases arbitrated in your jurisdiction (e.g. in institutional arbitration)?

It is difficult to estimate the statistics precisely, since the information is confidential. Nevertheless, in compliance with the oral information the Vilnius Court of Commercial Arbitration has solved 20 disputes in 2008. However, the popularity of arbitration increased, for example, in 2009 the same court resolved 39 cases. This year this court has already settled approximately 12 – 13 disputes.

25) Are all disputes arbitrable in your jurisdiction? If not, please stipulate the type of disputes not arbitrable under your jurisdiction.

Through arbitration may be solved absolute majority of commercial disputes arising from contractual and non-contractual legal relations, except disputes arising constitutional, employment, family and administrative law as well as disputes related to competition, patents, trade and service marks, bankruptcy and disputes arising from consumer contracts. Notably, disputes involving state or municipal enterprises, institutions or organisations, except the Bank of Lithuania, may not be submitted to arbitration without the prior consent of the founder of such entity. The Government of the Republic of Lithuania or its authorised public authority may, under the general

procedure, conclude an arbitration agreement concerning disputes arising from commercial-economic contracts to which the Government or its authorised public authority is a party.

26) When parties have subjected themselves to arbitration, under what circumstances are they allowed to address the general court in order to dispute the validity of the arbitration clause? What state's law would the general court apply to decide over the matter of validity?

    Since arbitration is voluntary, it is the parties to a dispute who determine whether they intended to solve their dispute through arbitration. The arbitrators also derive their competence (jurisdiction) from the consent of the parties. If the parties to a dispute raise objections in respect to the jurisdiction of the arbitral tribunal, the Law on Commercial Arbitration empowers the arbitral tribunal to rule on this matter, including the issue of the existence or validity of an arbitration agreement. For that purpose, an arbitration clause, which forms a part of a contract, is considered as an agreement independent of other terms of the contract.
    According to the Law on Commercial Arbitration the arbitration agreement may be invalidated on the ground of one party's request, general grounds of transactions' invalidity according to the Civil Code. Parties may also address the state court if there is a breach of requirements for arbitration agreement, there is a nonconformity in its' written form or the dispute is non-arbitrable.

27) What are the mandatory requirements established for the validity of the arbitration clause?

    The arbitration agreement must be in written and considered to be valid if: 1) the agreement is formalized with document signed by both parties; or 2) the agreement settled in exchange of letters, telegrams, fax or other documents recording the agreement factor; 3) parties exchange with legal claim and the response in which one party claims and another party does not deny the fact of arbitration agreement, or there exists other documentary evidence that the parties have concluded or accepted arbitration agreement.

    For factual validity of arbitration agreement the most important requirement is the contractual parties' mutual settlement and the expression of their arbitration agreement. The Law of Commercial Arbitration also provides that a reference in a contract concluded by the parties to a document containing an arbitration clause constitutes an arbitration agreement if the contract is concluded in writing and the reference is an inseparable part of the contract.

28) Is it possible to request for application of interim measures prior to filing an action to arbitration court? If yes, during what time period must the action be filed?

    Yes, it is possible to request for the application of interim measures prior to filing an action to arbitration court. Unless the contractual parties agree otherwise, the arbitral tribunal is empowered to bind the other party to pay the deposit to guarantee the claim on the ground of any of parties' request.

When interim measures are imposed by a state court, upon the application of an arbitral tribunal or a party to a dispute, such interim measures are enforced immediately after the issuance of the ruling. After the state court implements the interim measures it also imposes the term not longer than 14 days to file a lawsuit.

29) Are there any types of interim measures, which cannot be applied in the arbitration proceedings?

The arbitral tribunal may, at the request of a party, order the other party to pay a security deposit only. Other interim measures are imposed by state courts on the grounds of requests as provided by the Code of Civil Procedure.

30) Is the assistance of the general court required in order to apply interim measures?

State courts are competent to assist to an arbitral tribunal in applying interim measures in order to secure a claim. The assistance of state courts is required in order to apply of interim measures except the obligation to pay a security deposit.

Any of the parties may address to the competent state court in order to request the interim measures. The enforcement of interim measures is performed by bailiffs under rules specified in the Code of Civil Procedure.

31) What costs are to be incurred, when requesting for the application of interim measures?

If the request to apply interim measures is submitted to the state court before filing of the claim to the arbitration court, a half of payable stamp duty for the claim should be paid.

32) Please enlist the extent of the costs to be incurred, when filing an action to any of the three, if applicable, most authoritative arbitration institutions? Please stipulate fees, when filing an action in value of EUR 100,000, EUR 500,000 and EUR 1,000,000.

Since the Vilnius Court of Commercial Arbitration is the best known and most authoritative institutional arbitration court in Lithuania, we provide costs payable to it.

When filing the claim (counterclaim) the party is obliged to pay the LTL 1000 (EUR 290) plus VAT (21%) non-refundable registration fee. The arbitration fee is determined according to the claim and counterclaim (the dispute) accounts. When the dispute is arbitrated by three arbitrators the registration fee is increased by 70 percent. In non-pecuniary disputes the registration fee is LTL 2000 (EUR 580) plus VAT (21%) and arbitrators' fee (retainer): LTL 50 – 200 (EUR 14 – 58) per hour plus VAT (21%). In non-pecuniary disputes the arbitrators' fee is estimated particularly by the Chairman of the Vilnius Court of Commercial Arbitration.

	EUR 100,000		**EUR 500,000**		**EUR 1,000,000**	
Arbitrators	Registration fee	Arbitration fee	Registration fee	Arbitration fee	Registration fee	Arbitration fee

1	345,71	3802,85	345,71	9593,57	345,71	12618,57
3	345,71	6464,85	345,71	16309,07	345,71	21451,57

33) Are parties to the arbitration proceedings free to choose the language of the arbitration proceedings (e.g. requirements of law and three, if applicable, most authoritative arbitration institutions);

The national arbitration proceedings must be conducted in Lithuanian. Parties are entitled to choose the language or languages in international arbitration proceedings. If there is no such language agreement, the language is chosen by the arbitral tribunal.

The Rules of the Vilnius Court of Commercial Arbitration determine that the official languages of this arbitration institution are Lithuanian, English and Russian. Accordingly, the documents in the arbitration proceedings in the Vilnius Court of Commercial Arbitration should be prepared in one of the mentioned languages.

34) Are parties free to choose the arbitrators under the regulations of three, if applicable, most authoritative arbitration institutions;

According to the Regulation of the Vilnius Court of Commercial Arbitration, unless the parties have otherwise agreed, in an arbitration with three arbitrators each party shall appoint one arbitrator within a fixed period of 30 days and the two arbitrators thus appointed shall, not later than within a period of 10 days, appoint the third arbitrator who shall preside over the arbitral tribunal and act as chairman. If parties or their' appointed arbitrator fail to appoint the particular person, he is appointed by the Chairman of the Vilnius Court of Commercial Arbitration.

35) Have the arbitrators been subjected to any mandatory requirements arising from the law?

The general requirements for arbitrators are indicated in the Law on Commercial Arbitration. An arbitrator may be appointed any capable natural person, regardless of his nationality, unless both parties agree otherwise. The law does not provide for any special qualification requirements applicable to arbitrators. However, the parties may indicate qualification or other specific requirements applicable to arbitrators in the arbitration clause or arbitration agreement. There is a requirement of the consent of a person to act as an arbitrator.

36) What is the average length of the arbitration proceedings in the three, if applicable, most authoritative arbitration institutions?

In the Vilnius Court of Commercial Arbitration the dispute is resolved generally within six month period of time after the file is transmitted to the arbitral tribunal. The final decision must be awarded as quickly as possible, but not later than 20 days after final hearing. The Arbitration resolution must be immediately transferred to the secretariat of the arbitration court, which sends the decision to the parties, if the parties succeeded to pay all arbitration fees. In exceptional circumstances the

Chairman of the Vilnius Commercial Arbitration Court is entitled to prolong the term up to 20 days.

37) Is the award of the arbitration court instantly enforceable? Does the challenging of the award halt the enforcement of the arbitral award?

An arbitral award becomes valid and enforceable from the moment it is issued (i.e. from the moment it is written and signed). If one of the parties fails to comply with the arbitral award, then the other party has the right to apply to the state court of the place of the arbitral tribunal and request issuance of a writ of execution. Thereafter, the arbitral award can be enforced under the general procedure.

The arbitral tribunal's decision may be appealed to the Court of Appeals of Lithuania. The Court of Appeals of Lithuania, after having accepted an application for setting aside of an arbitral award, at the request of a party may suspend the enforcement of the award. However, the Law on Commercial Arbitration does not specify any conditions of suspension. Moreover, there is no uniform Lithuanian court practice on whether or not a decision of the Court of Appeals of Lithuania may be further appealed.

38) To what extent can the costs incurred during the arbitration proceedings be recovered from the losing party?

The Vilnius Court of Commercial Arbitration indicates that the arbitration fees awarded to the winning party from the losing party unless contractual parties' agreement declares otherwise. If the claim is partially satisfied, the parties share the arbitration fees in proportion to their satisfied and rejected claims. Under mentioned regulations, if the dispute is amicably settled, the legal costs are allocated proportionally to meet the satisfied and rejected claims, unless the settlement agreement between the parties provides otherwise.

39) Under what circumstances can the award of the arbitration court be challenged? When challenged, what is the attitude of general courts' towards satisfying such claims?

The possibilities to challenge arbitral awards are limited to an exhaustive list of grounds. Under the rules of the Law on Commercial Arbitration, arbitral awards may not be reviewed on the merits of the case. An arbitral award may be withdrawn by the Court of Appeals of Lithuania if the party, submitting the application, proves one of the following grounds (the list is exhaustive):

- One of the parties to the arbitration agreement was under some type of incapacity during contracting, or the arbitration agreement is not valid under the laws which were agreed to be applied by the parties, and failing any indication thereon – under the laws of the country where the arbitral award was made; or
- A respective party was not given a proper notice of the appointment of an arbitrator or of the arbitral proceedings, or was unable to present its case for any other valid reasons; or

- The award deals with a dispute not contemplated by or not falling within the terms of submission to arbitration or contains decisions on matters beyond the scope of arbitration; or
- The composition of the arbitral tribunal or the arbitral procedure was not in accordance with the agreement between the parties, unless such agreement was in conflict with the provisions of the law in Commercial Arbitration from which the parties may not derogate, or, failing such agreement, was not in accordance with the Law on Commercial Arbitration.

An arbitral awards must be repealed by the Court of Appeals of Lithuania *ex officio* if the Court finds that:

- The subject matter of the dispute is outside the scope of disputes which may be referred to arbitration under laws of the Republic of Lithuania; or
- The arbitral award is in conflict with Lithuanian public policy.

40) Do the national courts enforce and recognize the arbitral awards rendered in foreign states? Please describe shortly the procedure. What is the length of and what are the costs related to such procedure?

An arbitral award, rendered in any state that is a party of the New York Convention, will be recognised and enforced according to its provisions. Arbitral awards, rendered in a state, which is not a party to the New York Convention, will be recognised and enforced on a reciprocity basis.

The party applying for recognition and enforcement of a foreign arbitral award must have a legal interest, and submit to the Court of Appeals of Lithuania an original duly authenticated arbitral award or a duly certified copy thereof and an original arbitration agreement or a duly certified copy thereof. Under the rules of Code of Civil Procedure, no stamp duly is charged of foreign arbitral awards.

Upon recognition by a Lithuanian court, a foreign arbitral award will have the same status as a national judgment, and will be enforced in the manner prescribed by the Code of Civil Procedure. Applications concerning recognition of foreign arbitral awards are heard by panel of three judges of the Court of Appeals of Lithuania. The court, hearing an application on recognition of a foreign arbitral award, may recognise only a part of the award, either upon the application of a party or upon its own findings. The court is entitled to suspend the recognition proceedings if the arbitral award is appealed or when a time limit for filing such an appeal has not yet expired. A judgment of the Court of Appeals of Lithuania granting or denying recognition and enforcement of a foreign arbitral award may be appealed against to the Supreme Court of Lithuania within a period of one month.

41) Have there been any substantial changes in the regulation of arbitration proceedings in the past year? Can any changes be predicted to take place in the next six months?

There have been no substantial changes in the regulation of arbitration proceedings in the past year. The last legislative changes of the Law on Commercial Arbitration were implemented in 2008. However the new legislative changes must be implemented in

the nearest future since the new draft of the Law on Commercial Arbitration is submitted to the Parliament recently. There will be implemented meaningful changes, including arbitral tribunal's ability to decide the validity of arbitration clause, shortening of list of non-arbitrable disputes, extension of the parties' right to choose the arbitrators, extension of list of interim measures applied by the arbitral tribunal, elaboration of arbitrational decision-making, termination of arbitration, execution and challenging of the award, etc.

42) What are the trends regarding the popularity of arbitration proceedings?

During the past few years the interest and popularity of arbitration proceedings increased. However, the vast majority of disputes are still resolved in the state courts, for example, in 2009 state courts of the first instance examined 229 221 cases. As the substantial legislative changes are expected, it is likely that the number of the arbitration proceedings also increases.