

**THE REPUBLIC OF LITHUANIA**  
**LAW**  
**ON COMMERCIAL ARBITRATION**

2 April 1996, No. I-1274

Vilnius

**CHAPTER I. GENERAL PROVISIONS**

Article 1. Scope of Application

1. This Law shall regulate legal relations arising from the agreement between the parties to settle existing or future disputes by way of arbitration, as well as to arbitral proceedings, making and enforcement of arbitral awards, authority of courts of the Republic of Lithuania in the sphere of arbitration, and other relations pertaining to arbitration.

2. This Law shall apply irrespective of the citizenship or nationality of the parties to the dispute, as well as irrespective of whether the arbitral process is organised by a permanent arbitral institution or not:

1) to arbitration if the place of arbitration is in the territory of the Republic of Lithuania;

2) to separate procedural actions if they are carried out in the territory of the Republic of Lithuania.

3. Articles 10, 12, 39 and 40 of this Law shall apply irrespective of the state where arbitration is held.

4. If international agreements to which the Republic of Lithuania is a party set the rules different from this Law, rules set by international agreements shall prevail.

Article 2. Definitions and their Interpretation

For the purposes of this Law:

"arbitrator" means a natural person appointed or chosen by the parties to a dispute, their agreement or in the manner prescribed by the law, to resolve a dispute;

"arbitration" means dispute resolution when natural or legal persons subject to their agreement, submit or undertake to submit the claim to the third party or parties, chosen by them subject to the agreement or appointed in the manner provided by the law, instead of submitting it to the state court;

"institutional arbitration" means arbitration when subject to the agreement of the parties, dispute resolution is organised, attended to, and other authority vested in upon the agreement between the parties is exercised by a permanent arbitral institution;

"ad hoc arbitration" means arbitration when subject to the agreement between the parties, dispute resolution proceedings are not held by a permanent arbitral institution;

"chairman of arbitral tribunal" means a person, subject to the provisions of the statute of institutional arbitration, appointed to organise and administer arbitration, as well as to discharge other functions ascribed to him by this Law;

"arbitral tribunal" means all (one or several) arbitrators appointed in a prescribed manner and authorised to resolve a dispute of the parties;

"regulations (rules) of arbitral proceedings" means the code of rules to be followed in commercial dispute resolution;

"commercial dispute" means a controversy between the parties arising from contractual or non-contractual legal relations, except for the disputes which, subject to the law, may not be submitted to arbitration;

"mediator" means a person who, subject to the agreement between the parties, is authorised to resolve a commercial dispute without submitting the claim to arbitration or court;

"regulations (rules) of mediation (conciliation) procedure" means the code of rules to be followed in pre-arbitral mediation and conciliation proceedings;

"court" means a body of the judicial system of the State, performing functions of supervision of the arbitral process;

"international commercial arbitration" means arbitration meeting the requirements referred to in article 4 of this Law;

"national commercial arbitration" means arbitration to resolve disputes between economic entities of the Republic of Lithuania except for the disputes referred to in article 4 of this Law.

### Article 3. Permanent Arbitral Institutions

1. Public organisations of the Republic of Lithuania, representing Lithuanian production, trade and legal economic entities, may establish separate legal persons (permanent arbitration institutions) whose permanent function shall be to organise and attend to arbitration (e.g. sending notifications and documents, providing premises and etc.), as well as perform other functions granted to them by the parties.

2. The procedure for establishment and management, as well as the issues related to representation and responsibility of permanent arbitration institutions referred to in paragraph 1 of this Article, shall be resolved according to the procedure established by law. The statute of permanent arbitration institutions, prepared and approved by the founders, shall be registered with the Ministry of Justice of the Republic of Lithuania.

3. Permanent arbitration institutions shall be prohibited from resolving disputes by way of arbitration or exerting influence on dispute resolution, arbitral proceedings, arbitral tribunal or arbitrators, except for recommendations of a permanent arbitration institution to arbitral tribunals in regard to the form of arbitral award, in order to facilitate enforcement thereof. In the arbitral proceedings permanent arbitral institution shall have only the rights granted to it by agreement between the parties.

4. Arbitration rules (regulations) approved by permanent arbitral institutions shall be of legal significance subject to the agreement between the parties only if the parties in their arbitration agreement decided to apply them.

5. Permanent arbitral institutions may not refuse to execute their functions if they have made a public notice of their activities and the parties to the dispute have paid the fees required.

### Article 4. Cases when Commercial Arbitration shall be Recognised as International

1. Arbitration shall be international if:

1) the parties to an arbitration agreement have, at the time of the conclusion thereof, their places of business in different states;

2) the place of arbitration if determined in the arbitration agreement or discussed in any other way corresponding to the arbitration agreement, is situated outside the state in which the parties have their places of business;

3) any place where a substantial part of the obligations arising from the commercial relations of the parties is to be performed, is situated outside the state in which the parties have their places of business;

4) the place with which the subject-matter of the dispute is most closely connected is situated outside the state in which the parties have their places of business;

5) the parties have expressly agreed that the subject-matter of the arbitration agreement relates to more than one country;

6) one or both parties to the dispute are Lithuanian economic entities in which foreign capital is invested.

2. For the purpose of subparagraph 1 of paragraph 1 of this Article:

1) if a party has more than one place of business, the place of business is that which has the closest relationship to the arbitration agreement;

2) if a party does not have a place of business, reference is to be made to his permanent place of residence.

#### Article 5. Receipt of Written Notices

Unless otherwise agreed by the parties:

1) any written notice shall be deemed to have been received if it is delivered to the addressee personally, to his place of business or permanent place of residence, or mailing address. If none of the above mentioned places can be determined, a written notice shall be deemed to have been received if it has been sent to the addressee's last-known place of business, permanent place of residence or mailing address by registered letter or any other means which provides a record of the attempt to deliver it;

2) the notice shall be deemed to have been received on the day it has been delivered.

#### Article 6. Waiver of Right to Object

A party knowing that any provision of this Law from which the parties may derogate or any requirement under the arbitration agreement has not been complied with and yet proceeds with the arbitration agreement without stating his objection with the valid reason or, if a time-limit is provided thereof, within such period of time, shall be deemed to have waived his right to object.

#### Article 7. Independence of Arbitral Tribunals

Arbitral tribunal deciding on the matters regulated by this Law shall be independent. No court of the state shall intervene in its work except where so provided in this Law.

#### Article 8. Duties Performed by the Chairman of the Court and Arbitral Tribunal

1. Functions provided for in Articles 20, 30 and 38 of this Law shall be performed by district court operating in the same location as arbitral tribunal.

2. Functions provided for in Articles 37, 39 and 40 of this Law shall be performed by the Lithuanian Court of Appeal.

3. Functions provided for in paragraphs 4, 5, 6 and 7 of Article 14, paragraph 3 of Article 16, paragraph 1 of Article 17 and paragraph 3 of Article 19 of this Law, shall be performed by the chairman of arbitral tribunal.

## CHAPTER II. ARBITRATION AGREEMENT

#### Article 9. Definition and Form of Arbitration Agreement

1. "Arbitration agreement" means an agreement between the parties to submit to arbitration all or certain disputes which have arisen or which may arise between them in respect of a defined legal relationship, whether contractual or not, and which may be the subject matter of arbitral examination. An arbitration agreement may be in the form of an arbitration clause in a contract or in the form of a separate contract concluded by the parties.

2. The arbitration agreement shall be concluded in writing and shall be considered to be concluded if:

- 1) executed as a joint document signed by the parties;
- 2) concluded in an exchange of letters, telefax, telegrams or other documents which provide a record of the agreement;
- 3) concluded in an exchange of statements of claim and defence in which the existence of an arbitration agreement is alleged by one party and not denied by another, or there is other written evidence confirming that the parties have concluded an arbitration agreement or recognise it.

3. The reference in a contract concluded by the parties to a document containing an arbitral clause shall constitute an arbitration agreement provided that the contract is in writing and reference is such as to make that clause part of the contract.

#### Article 10. Arbitration Agreement and its Judicial Recognition

The court receiving a claim, the subject matter of which is subject to arbitration agreement made by the parties according to the provisions of Article 9 of this Law, at the request of a party, refuses to accept it. Arbitration agreement may be recognised null and void at the request of a party, on the general grounds for recognising transactions null and void, as well as upon the violation of Articles 9 and 11 of this Law.

#### Article 11. Disputes which may not be Submitted to Arbitration

1. Disputes arising from constitutional, employment, family, administrative legal relations, as well as disputes connected with competition, patents, trademarks and service marks, bankruptcy and disputes arising from consumption agreement may not be submitted to arbitration.

2. Disputes, the party to which is a state or municipal enterprise, as well as a state or municipal institution or organisation may not be submitted to arbitration unless an advance consent to such agreement has been given by the founder of such enterprise, institution or organisation.

3. The Government of the Republic of Lithuania or its authorised public authority may, in accordance with the regular procedure, enter into an arbitration agreement concerning disputes arising from commercial-economic contracts to which the Government or its authorised public authority is a party.

#### Article 12. Arbitration Agreement and Temporary Injunction

It shall not be incompatible with an arbitration agreement for a party to request, before or during arbitral proceedings, an injunction from a court and for a court to grant such an injunction.

### CHAPTER III. COMPOSITION OF ARBITRAL TRIBUNAL

#### Article 13. Number of Arbitrators

1. The parties shall be free to determine the number of arbitrators.
2. Failing such determination, the number of arbitrators shall be three.
3. In all cases the number of arbitrators must be uneven.

#### Article 14. Appointment of Arbitrators

1. Any competent natural person may, irrespective of his nationality, be appointed as arbitrator, unless otherwise agreed by the parties. In all cases the person's consent to act as an arbitrator is required.

2. Persons who are prohibited by law of the Republic of Lithuania from engaging in other paid labour, may not practice arbitration on a permanent basis, neither are they allowed to be paid for arbitration (with the exception of proceeding fees). This rule shall not be applicable to lawyers and their assistants.

3. The parties shall be free to agree on a procedure of appointing the arbitrator or arbitrators, subject to the provisions of paragraphs 5 and 6 of this Article.

4. Failing such agreement,

1) in an arbitration with three arbitrators, each party shall appoint one arbitrator, and the two arbitrators thus appointed shall appoint the third arbitrator;

2) in an arbitration with a sole arbitrator, if the parties are unable to agree on the arbitrator, he shall be appointed, upon request of a party, by the chairman of arbitral tribunal;

3) if a party fails to appoint the arbitrator within 30 days of receipt of a request to do so from the other party, or if the two arbitrators fail to agree on the third arbitrator within 30 days of their appointment, the appointment shall be made, upon request of a party, by the chairman of arbitral tribunal.

5. Where, under an appointment procedure agreed upon by the parties,

1) a party fails to act as required under such procedure; or

2) the parties, or two arbitrators, appointed by them, are unable to reach an agreement on appointment of an arbitrator according to the procedure agreed by the parties; or

3) third parties fail to perform any function in regards to the appointment of arbitrators entrusted to them under such procedure, - any party may request the chairman of arbitral tribunal to take the necessary measures for the appointment of an arbitrator, unless the agreement on the appointment procedure provides other means for securing the appointment of arbitrators.

6. Decisions on matters entrusted by paragraphs 3 and 4 of this Article to the chairman of arbitral tribunal shall be subject to no appeal.

7. The chairman of arbitral tribunal in appointing an arbitrator or arbitrators, shall have due regard to any qualifications required of the arbitrator by the agreement between the parties and to such considerations as are likely to secure the appointment of an independent and impartial arbitrator.

8. In the case of international arbitration when arbitral tribunal consists of sole arbitrator, or in the case of third arbitrator it shall be advisable to appoint arbitrators of a nationality other than those of the parties to the dispute.

#### Article 15. Grounds for Challenging an Arbitrator

1. When a person is approached in connection with his possible appointment as an arbitrator, he must reveal any circumstances likely to give rise to justifiable doubts as to his impartiality or independence. An arbitrator, from the time of his appointment and throughout the arbitral proceedings, must reveal such circumstances if he has not done that yet.

2. An arbitrator may be challenged only if there are following circumstances that give rise to justifiable doubts as to his impartiality or independence:

- 1) an arbitrator is officially or otherwise dependent on one of the parties;
- 2) is a relative of one of the parties;
- 3) is directly or indirectly concerned with the outcome of the case in favour of one of the parties;
- 4) participated in pre-arbitral mediation procedure;
- 5) there are other circumstances that give rise to justifiable doubts as to his impartiality.

3. An arbitrator may also be informed about challenge if he does not possess qualifications agreed to by the parties.

4. A party may inform an arbitrator, appointed by him or together with the other party, about the challenge only for reasons of which he becomes aware after the appointment has been made.

#### Article 16. Arbitrator's Challenge Procedure

1. The parties may agree on a procedure for challenging an arbitrator, subject to the provisions of paragraph 3 of this Article.

2. Failing such agreement, a party who intends to challenge an arbitrator shall, within 15 days after becoming aware of the constitution of the arbitral tribunal or after

becoming aware of any circumstance referred to in paragraphs 2 and 3 of Article 15 of this Law, send a written statement of the reasons for the challenge to the arbitral tribunal. Unless the challenged arbitrator withdraws from his office or the other party agrees to the challenge, the arbitral tribunal shall decide on the challenge.

3. If a challenge under any procedure agreed upon by the parties or under the procedure of paragraph 2 of this Article is not successful, the challenging party may request, within 30 days after having received notice of the decision rejecting the challenge, the chairman of the arbitral tribunal to decide on the challenge. The arbitral tribunal chairman's decision shall be subject to no appeal. While such a request is considered by the arbitral tribunal chairman, the arbitral tribunal, including the challenged arbitrator, may continue the arbitral proceedings, but an award can be made only when the chairman of the arbitral tribunal finally decides on the challenge.

#### Article 17. Termination of Arbitrator's Mandate

1. If an arbitrator becomes de jure or de facto unable to perform his functions or for other reasons fails to act without undue delay, his mandate shall terminate if he withdraws from his office or if the parties agree on the termination. Otherwise, if a controversy remains concerning any of these grounds, any party may request the chairman of the arbitral tribunal to decide on the termination of the mandate. The arbitral tribunal chairman's decision shall be subject to no appeal.

2. If, under paragraph 1 of this Article or paragraph 2 of article 16 of this Law, an arbitrator withdraws from his office or the parties agree to the termination of the mandate of an arbitrator, this shall not imply acceptance of the validity of any ground referred to in this Article or paragraphs 2 and 3 of Article 15.

#### Article 18. Appointment of Substitute Arbitrator

Where the mandate of an arbitrator terminates under Articles 16 and 17 of this Law or because of his withdrawal from office for any other reason, or because of the revocation of his mandate by agreement between the parties or on other grounds, a substitute arbitrator shall be appointed according to the rules that were applicable to the appointment of the arbitrator being replaced.

## CHAPTER IV. JURISDICTION OF ARBITRAL TRIBUNAL

### Article 19. Right to Adopt the Decision Pertaining to Competence to Arbitrate of Arbitral Tribunal to Rule on its Jurisdiction

1. The arbitral tribunal may rule on its own jurisdiction, including any objections with respect to the existence or validity of the arbitration agreement. For that purpose, an arbitral clause which forms part of a contract shall be treated as an agreement independent of the other terms of the contract. A decision by the arbitral tribunal that the contract is null and void shall not entail ipso jure the invalidity of the arbitral clause.

2. A plea of the party that the arbitral tribunal does not have jurisdiction shall be raised not later than the submission of the statement of defence. A party is not precluded from raising such a plea by the fact that he has participated in the appointment of an arbitrator. A plea that the arbitral tribunal is exceeding the scope of its authority shall be raised as soon as the matter alleged to be beyond the scope of its authority is raised during the arbitral proceedings. The arbitral tribunal may, in either case, admit a later plea if it considers the delay justified.

3. The arbitral tribunal may rule on a plea referred to in paragraph 2 of this Article either as a preliminary question or in an award on the merits. If the arbitral tribunal rules as a preliminary question that it has jurisdiction, any party may request, within 30 days after having received notice of that ruling, the chairman of the arbitral tribunal to decide the matter. The arbitral tribunal chairman's decision shall be subject to no appeal. While such request of the party is pending, the arbitral tribunal may continue the arbitral proceedings, but it shall not make a final decision in regard to the essence of the dispute.

### Article 20. Powers of Arbitral Tribunal Pertaining to Temporary Injunction

Unless otherwise agreed by the parties, the arbitral tribunal may, at the request of any party, make the other party pay a deposit to secure the claim. Arbitral tribunal may, at the request of any party, unless otherwise agreed by the parties, address the district court operating in the same location as arbitral tribunal to grant an injunction.

## CHAPTER V. CONDUCT OF ARBITRAL PROCEEDINGS

### Article 21. Equal Treatment of Parties

The parties to the dispute shall enjoy equal procedural rights at the arbitral tribunal. Each party shall be given equal opportunity of supporting his claim and defence.

#### Article 22. Determination of Rules of Procedure

1. Subject to the provisions of this Law, the parties may agree on the procedure to be followed by the arbitral tribunal in conducting the proceedings.

2. Failing such agreement, the arbitral tribunal may, subject to the provisions of this Law, conduct the arbitration in such manner as it considers appropriate. The power conferred upon the arbitral tribunal shall include the power to determine the admissibility, relevance, materiality and weight of any evidence.

#### Article 23. Place of Arbitration

1. The parties may agree on the place of arbitration. Failing such agreement, the place of arbitration shall be determined by the arbitral tribunal having regard to the circumstances of the case and the convenience for the parties.

2. The arbitral tribunal may, unless otherwise agreed by the parties, meet at any place it considers appropriate for consultation among arbitrators, for hearing witnesses, experts or the parties, or for inspection of documents, goods or other property.

#### Article 24. Commencement of Arbitral Proceedings

Unless otherwise agreed by the parties, the arbitral tribunal proceedings shall commence on the date on which a request for the dispute to be referred to arbitration has received by the respondent.

#### Article 25. Language of Arbitral Proceedings

1. In the event of national arbitration the case shall be tried in the Lithuanian language.

2. In the event of international arbitration the parties may agree on the language or languages to be used in the arbitral proceedings. Failing such agreement, the arbitral tribunal shall determine the language to be used in the proceedings. The agreement between the parties or the decree of the arbitral tribunal, unless otherwise specified

therein, shall apply to any written statement by a party, any hearing and any award, decision or other documents adopted by the arbitral tribunal.

3. The arbitral tribunal may order that any documentary evidence shall be translated into the language or languages agreed upon by the parties or determined by the arbitral tribunal.

#### Article 26. Statements of Claim and Defence

1. Within the time fixed by the agreement between the parties or determined by the arbitral tribunal, the claimant shall state the facts supporting his claim, the points at issue and the relief or remedy sought, and the respondent shall state his defence in respect of these particulars. The parties may submit with their statements all documents they consider to be relevant or containing references to the documents or other evidence they will submit later.

2. Unless otherwise agreed by the parties, either party may amend or supplement his claim or defence during the course of the arbitral proceedings, unless the arbitral tribunal considers it inappropriate to allow such amendments or supplements having regard to their late filing or possible delay of the case.

#### Article 27. Hearings and Written Proceedings

1. Subject to any agreement by the parties, the arbitral tribunal shall hold oral hearings for the presentation of evidence or for oral argument, conduct the proceedings on the basis of documents and other materials furnished by the parties. In case the parties agree that no hearings shall be held, the arbitral tribunal shall hold such hearings at a relevant stage of the written proceedings, if so requested by a party to the dispute.

2. The parties shall be given sufficient advance notice of any hearing and of any meeting of the arbitral tribunal for the purposes of inspection of goods, other property or documents.

3. All statements, documents or other information supplied to the arbitral tribunal by one party must be transmitted to the other party. Any conclusions of experts or other evidentiary documents on which the arbitral tribunal may rely in making its decision must be transmitted to the parties.

#### Article 28. Failure to Produce Documents or Appear at a Hearing

1. Unless otherwise agreed by the parties, if, without showing sufficient cause:

1) the claimant fails to communicate his statement of claim in accordance with paragraph 1 of Article 26, the arbitral tribunal shall terminate the proceedings;

2) the respondent fails to communicate his statement of defence in accordance with paragraph 1 of Article 26, the arbitral tribunal shall continue the proceedings without treating such failure in itself as an admission of the claimant's allegations;

3) any party fails to appear at a hearing or to produce documentary evidence, the arbitral tribunal may continue the proceedings and make the award on the evidence before it.

2. If the proceedings are terminated on the grounds referred to in subparagraphs 1 and 3 of paragraph 1 of this Article, the claimant may again address arbitration to have the same dispute settled, unless otherwise agreed by the parties.

#### Article 29. Expert Appointed by Arbitral Tribunal

1. Unless otherwise agreed by the parties, the arbitral tribunal may:

1) appoint one or more experts to report to it on specific issues to be determined by the arbitral tribunal;

2) require a party to give the expert any relevant information, to produce or provide access to any relevant documents, goods or other property for his inspection.

2. Unless otherwise agreed by the parties and a party so requests or if the arbitral tribunal considers it necessary, the expert shall participate in a hearing and deliver his written or oral report, as well as answer the questions put to him by the parties. The parties may also bring their experts and witnesses to the session in order to testify on the points at issue.

#### Article 30. Court Assistance in Taking Evidence

The arbitral tribunal or a party with the approval of the arbitral tribunal may request from the district court operating in the same location as arbitral tribunal assistance in taking evidence. The court must execute the request according to the rules of the Code of Civil Procedure of the Republic of Lithuania.

### CHAPTER VI. MAKING OF AWARD AND TERMINATION OF PROCEEDINGS

#### Article 31. Rules Applicable to Substance of Dispute

1. The arbitral tribunal shall decide the dispute in accordance with such laws (legal norms) as are chosen by mutual consent of the parties. Any designation of the law or legal system of a given State shall be construed, unless otherwise expressed, as directly referring to the substantive law of that State and not to its conflicting norms.

2. Failing any designation by the parties, in case of international commercial arbitration the arbitral tribunal shall apply the law determined by the conflicting legal norms which considers applicable. National commercial arbitration shall apply the law of the Republic of Lithuania in such case.

3. The arbitral tribunal shall decide *ex aequo et bono* or as *amiable compositeur* only if the parties have expressly authorised it to do so.

4. In all cases, the arbitral tribunal shall decide in accordance with the terms of the contract and shall take into account the trade practices applicable to the specific transaction.

#### Article 32. Decision-making by Panel of Arbitrators

In arbitral proceedings with 3 or more arbitrators, any decision of the arbitral tribunal shall be made, unless otherwise agreed by the parties, by a majority of votes of the arbitrators. Questions of procedure may be decided by a presiding arbitrator, if so authorised by the parties or all members of the arbitral tribunal.

#### Article 33. Settlement

1. If, during arbitral proceedings, the parties shall settle the dispute, the arbitral tribunal shall terminate the proceedings. If not objected by the arbitral tribunal, at the request by the parties the record of settlement shall be executed in the form of an arbitral award on agreed terms. The arbitral tribunal may refuse to ratify the settlement, if it contradicts the norms of substantive law on the validity of contracts of the legal system, chosen or applied by the parties or applicable in the proceedings.

2. An award on agreed terms shall be made in accordance with the provisions of Article 34 and shall state that it is an award. Such an award shall have the same status and effect as any other award on the merits of the case.

#### Article 34. Form and Contents of Award

1. The award must be made in writing and must be signed by the arbitrator or arbitrators. In arbitral proceedings with 3 or more arbitrators, the signatures of the

majority of all members of the arbitral tribunal shall suffice, provided that the reason for any omitted signature is stated. The arbitrator or arbitrators who refused to sign the award shall have the right to state their individual opinion in writing which shall be adjoined to the award.

2. The award must state the reasons upon which it is based, unless the parties have agreed that no reasons are to be given or the award is made on agreed terms under Article 33. The award shall state whether the claim is satisfied or denied, as well as the sum of arbitration fee, expenses of the proceedings and their allocation between the parties.

3. The award shall state the date and place of issuing thereof, in accordance with the procedure established in paragraph 1 of Article 23 of this Law. The arbitral award shall be deemed to have been made at the location which is indicated in the award. The award shall also state name(s) of arbitrator(s), parties to the dispute, their place of residence or office, representatives of the parties.

4. A copy signed by the arbitrators in accordance with the requirements specified in paragraph 1 of this Article shall be delivered to each party.

#### Article 35. Termination or Discontinuance of Arbitral Proceedings

1. The arbitral proceedings shall be terminated upon issuing of the final award by the arbitral tribunal or shall be discontinued on the grounds set forth in paragraph 2 of this Article.

2. The arbitral tribunal shall issue an order for the discontinuance of arbitral proceedings when:

- 1) the claimant withdraws his claim, unless the respondent objects thereto; or
- 2) the parties agree on the discontinuance of the proceedings; or
- 3) the arbitral tribunal finds that the continuation of the proceedings has for any other reason become unnecessary or impossible. Upon disappearance of such reasons that caused the discontinuance of the proceedings referred to in this subparagraph, the party may again address arbitration in regards of the same dispute.

3. The powers of the arbitral tribunal shall terminate with the discontinuance of the arbitral proceedings, with the exception of the cases provided for in Article 36 and paragraph 7 of Article 37 of this Law.

#### Article 36. Correction and Interpretation of Award, and Additional Award

1. Within 30 days of receipt of the award, unless another period of time has been agreed upon by the parties:

1) a party, with notice to the other party, may request the arbitral tribunal to correct any spelling mistake or any errors in computation;

2) a party, with notice to the other party, may request the arbitral tribunal to give an interpretation of an arbitral award or a specific part or point thereof.

2. If the arbitral tribunal considers the request to be justified, it must make the correction or give the interpretation within 30 days of receipt of the request. The interpretation shall form part of the arbitral award.

3. The arbitral tribunal may, on its own initiative, correct any mistake of the type referred to in subparagraph 1 of part 1 of this Article within 30 days of the date of the award.

4. Unless otherwise agreed by the parties, a party may, with notice to the other party, request, within 30 days of receipt of the award, the arbitral tribunal to make an additional award as to claims presented in the arbitral proceedings, but omitted from the award. If the arbitral tribunal considers the request to be justified, it must, within 60 days, consider these claims and make the additional award.

5. The arbitral tribunal may extend, if necessary, the period of time within which it must correct the mistakes, provide interpretation or make an additional award under paragraphs 1, 2 and 4 of this Article.

6. The provisions of Article 34 of this Law must apply when correcting mistakes, interpreting the award or issuing an additional award of the arbitration tribunal.

7. Interpretation or correction of the award may not change its essence.

## CHAPTER VII. RECOURSE AGAINST ARBITRAL AWARD

### Article 37. Grounds and Procedure for Recourse against Arbitral Award

1. Recourse to the Lithuanian Court of Appeal against an arbitral award may be made only by an application for setting aside in accordance with paragraphs 3 and 5 of this Article.

2. Lithuanian Court of Appeal, after it has accepted application for the setting aside, at the request of a party may suspend the enforcement of the award.

3. An arbitral award may be set aside by the Lithuanian Court of Appeal if the party making the application furnishes proof that:

1) a party to the arbitration agreement referred to in Article 9 was under some incapacity; or the said agreement is not valid under the laws to which the parties have subjected it or, failing any indication thereon, under the laws of the country where the arbitral award was made; or

2) the party was not given proper notice of the appointment of an arbitrator or of the arbitral proceedings, or was unable to present his case for other valid reasons; or

3) the award deals with the dispute not contemplated by or not falling within the terms of the submission to arbitration, or contains decisions on matters beyond the scope of the submission to arbitration; or

4) 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 a provision of this Law from which the parties cannot derogate, or, failing such agreement, was not in accordance with this Law.

4. If the parts of the arbitral award on matters submitted to arbitration may be separated from those not so submitted, only those parts of the award which contains provisions on matters not submitted to arbitration may be set aside.

5. An arbitral award may be set aside by the Lithuanian Court of Appeal if the Court finds that:

1) the subject-matter of the dispute is not capable of settlement by arbitration under laws of the Republic of Lithuania; or

2) the arbitral award is in conflict with the public policy of the Republic of Lithuania.

6. The Lithuanian Court of Appeal shall refuse to accept an application for setting aside after three months have elapsed from the date on which the arbitral award was made or, if a request has been made under Article 36, from the date on which that request was disposed of by arbitral tribunal.

7. When asked to set aside an award, the Lithuanian Court of Appeal may, if so requested by a party, suspend the setting aside proceedings for a definite time period in order to enable the arbitral tribunal to resume the arbitral proceedings or take such other action as in the opinion of the Lithuanian Court of Appeal would eliminate the grounds for setting aside the arbitral award.

#### Article 38. Taking effect and Enforcement of Arbitral Award

1. An arbitral award shall take effect from the moment it is made and must be enforced by the parties.

2. When an arbitral award takes effect, the parties to the dispute shall not have the right to bring suit on the same subject and on the same grounds.

3. If one party refuses to enforce the award, the other party shall have the right to address the district court operating in the same location as arbitral tribunal with the request to issue an executive order.

4. District court in its ruling may refuse to issue an executive order on the grounds referred to in Article 40 of this Law.

5. Arbitral awards shall be enforced in the manner prescribed by the Code of Civil Procedure of the Republic of Lithuania.

6. Ruling in which the court issues or refuses to issue an executive order may be appealed against in the manner prescribed by the Code of Civil Procedure of the Republic of Lithuania.

7. Recognition and enforcement of foreign arbitral awards shall be subject to Articles 39 and 40 of this Law.

## CHAPTER VIII. RECOGNITION AND ENFORCEMENT OF FOREIGN ARBITRAL AWARDS

### Article 39. Recognition and Enforcement of Foreign Arbitral Awards

1. An arbitral award made in any State which is a party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, shall be recognised and enforced in the Republic of Lithuania according to the provisions of this Article, Article 40 and the New York Convention mentioned above.

2. The party applying the recognition and enforcement of a foreign arbitral award shall supply the Lithuanian Court of Appeal with the duly authenticated original award or a duly certified copy thereof, and the original arbitration agreement referred to in Article 9 or a duly certified copy thereof. If the arbitral award or arbitration agreement is not made in an official language of this State, the party shall supply a duly certified translation thereof into the Lithuanian language.

3. Recognised foreign arbitral awards in Lithuania shall be enforced in the manner prescribed by the Code of Civil Procedure of the Republic of Lithuania.

Article 40. Grounds for Refusing the Recognition or Enforcement of an Arbitral Award

1. Recognition or enforcement of an arbitral award, irrespective of the country in which it was made, may be refused in the Republic of Lithuania only on the grounds referred to in Article 5 of the 1958 New York Convention, when a party to the dispute against whom the award is invoked furnishes proof that:

1) parties to the arbitration agreement referred to in Article 9 of this Law (Article 2 of the New York Convention) were under some incapacity; or the said agreement is not valid under the law to which the parties have subjected it or, failing any indication thereon, under the law of the country where the award was made; or

2) the party against whom the award is invoked was not given proper notice of the appointment of an arbitrator or of the arbitral proceedings or was otherwise unable to present the case; or

3) the arbitral award deals with the dispute not contemplated by or not falling within the terms of the submission to arbitration, or it contains decisions on matters beyond the scope of the submission to arbitration. If the decisions on matters submitted to arbitration may be separated from those not so submitted, that part of the award which contains decisions on matters submitted to arbitration may be recognised and enforced; or

4) the composition of the arbitral tribunal or the arbitral procedure was not in accordance with the agreement between the parties or, failing such agreement, was not in accordance with the law of the country where the arbitration took place; or

5) the award has not yet become binding on the parties or has been set aside or suspended by a competent state institution of the country in which, or under the law whereof, that award was made.

2. It shall be refused to recognise and enforce an arbitral award if the Lithuanian Court of Appeal finds that:

1) the subject-matter of the dispute is not capable of settlement by arbitration under the law of the Republic of Lithuania; or

2) the recognition or enforcement of the award is contrary to the public policy of the Republic of Lithuania.

3. If an application for setting aside or suspension of an arbitral award has been made to a competent state institution referred to subparagraph 1 of paragraph 5 of this Article, the Lithuanian Court of Appeal may adjourn consideration of the matter pertaining to the recognition and enforcement of this award, and may also, on the

application of the party claiming recognition or enforcement of the award, obligate the other party to pay the deposit necessary to secure the enforcement of the award, or may apply other measures to secure the enforcement of the award.

4. Ruling of the Lithuanian Court of Appeal to recognise and enforce a foreign arbitral award or ruling in which the Court refuses to so recognise and enforce it, shall be subject to appeal to the Supreme Court of Lithuania according to the procedure set by the Code of Civil Procedure of the Republic of Lithuania.

## CHAPTER IX. PRE-ARBITRAL MEDIATION

### Article 41. Grounds for Pre-arbitral Mediation

Parties willing to resolve their dispute without submitting their claim to arbitration or court may, subject to their agreement, address commercial arbitration in regards to pre-arbitral mediation.

### Article 42. Grounds for Pre-arbitral Mediation Procedure

Pre-arbitral mediation in commercial arbitration may be conducted in accordance with the UNCITRAL Conciliation Rules, its own rules of pre-arbitral mediation, rules prepared by one or both parties and approved by both parties or any other act setting procedure of dispute resolution acceptable to both parties.

### Article 43. Enforcement of Mediation Awards

Mediation awards made to resolve disputes by means of pre-arbitral mediation shall be enforced only in good will of the parties.

*I promulgate this Law enacted by the Seimas of the Republic of Lithuania.*

PRESIDENT OF THE REPUBLIC

ALGIRDAS BRAZAUSKAS