



the global voice of
the legal profession*

IBA ARBITRATION COMMITTEE

Arbitration Guide

CZECH REPUBLIC

— UPDATED JANUARY 2024 —

Dr. Jaroslav Kudrna¹

Head of the International Arbitration
and Investment Protection
Independent Unit
Ministry of Finance of the Czech Republic
Prague

jaroslav.kudrna@mfcrcz

¹ The author has prepared this chapter in his personal capacity. The views expressed are those of the author alone and do not necessarily represent the views of the Ministry of Finance or the Government of the Czech Republic.

Table of Contents

I.	Background	3
II.	Arbitration Laws	4
III.	Arbitration Agreements	5
IV.	Arbitrability and Jurisdiction	7
V.	Selection of Arbitrators	8
VI.	Interim Measures and Emergency Arbitration	9
VII.	Disclosure/Discovery	10
VIII.	Confidentiality	10
IX.	Evidence and Hearings	11
X.	Awards	13
XI.	Costs	15
XII.	Challenges to Awards	16
XIII.	Arbitrator Liability	17
XIV.	Recognition and Enforcement of Awards	17
XV.	Sovereign Immunity	19
XVI.	Investment Treaty Arbitration	19
XVII.	Resources	20
XVIII.	Trends and Developments	20

I. Background

(i) How prevalent is the use of arbitration in your jurisdiction? What are seen as the principal advantages and disadvantages of arbitration?

Arbitration is considered an alternative to court proceedings and is used only in a business-to-business context. Its use is prevalent in more sophisticated business transactions, but also in some standard transactions. It depends on the preferences of particular users and it is hard to generalize. Arbitration will be used more and more as a dispute resolution mechanism in the new fields qualified by the courts as property disputes and thus arbitrable. The principal advantage is that arbitration generally takes less time than ordinary court proceedings. It also allows the parties to choose their arbitrators, for example, for their particular expertise and tailor the proceedings.

(ii) Is most arbitration institutional or ad hoc? Domestic or international? Which institutions and/or rules are most commonly used?

Most arbitration is institutional and domestic. There are, however, no exact statistical figures. As in respect to the conduct of the proceedings, there are no differences between domestic and international arbitration in the Arbitration Act. The most commonly used institutions are the Arbitration Court attached to the Czech Chamber of Commerce and the Agricultural Chamber of the Czech Republic (the 'Arbitration Court') and the International Arbitration Court at the Czech-Moravian Commodity Exchange. There is also the arbitration court attached to the Prague Stock Exchange, which is another permanent arbitration institution.

The 2023 Rules of the Arbitration Court apply to both domestic and international disputes. The court has separate rules for online arbitration. The court also operates as the dispute resolution provider for .eu and .cz domain names.

Arbitration under the rules of the ICC, LCIA, and VIAC is also used, especially in large domestic disputes or international disputes involving Czech and foreign entities.

(iii) What types of disputes are typically arbitrated?

Arbitration is mostly used in complex transactions in areas such as construction, M&A, energy, and to some extent in banking. It is also widely used in international disputes.

(iv) How long do arbitral proceedings usually last in your country?

The length of proceedings can vary considerably. Commercial arbitrations usually take about a year (not including post-arbitration proceedings such as set-aside proceedings). The 2023 Rules of the Arbitration Court offer a two-month or four-month fast-track arbitration for a 75 per cent or 50 per cent increase of the regular administrative fees.

(v) Are there any restrictions on whether foreign nationals can act as counsel or arbitrators in arbitrations in your jurisdiction?

Foreign nationals may act as counsel in arbitrations seated in the Czech Republic. In fact, foreign nationals are subject to fewer legal requirements than Czech nationals (for example, foreign nationals are not required to have a clean criminal record). In fact, only full legal capacity under their nationality laws is required in respect to foreign nationals.

Unlike Czech judges, foreign judges may serve as arbitrators if this does not violate their national laws and professional rules.

II. Arbitration Laws

(i) What law governs arbitration proceedings with their seat in your jurisdiction? Is the law the same for domestic and international arbitrations? Is the national arbitration law based on the UNCITRAL Model Law?

The main governing law is the Act No. 216/1994 on Arbitral Proceedings and on Enforcement of Arbitral Awards as amended (the 'Arbitration Act'). It applies both to domestic and international arbitrations based on arbitration agreements concluded after 1 January 1995. For arbitration agreements concluded before this date, the previous Arbitration Act of 1963 applies; such disputes do not arise in practice anymore. The Arbitration Act is not based on the UNCITRAL Model Law. However, the structure of the Arbitration Act as well as many provisions are similar to the UNCITRAL Model Law. The differences consist in the issues such as arbitrators being unable to issue interim measures, the number of arbitrators must be odd, etc.

The Arbitration Act also provides that the Civil Procedure Code (Act No. 99/1963 as amended) has a supplemental role in the conduct of arbitration when the Arbitration Act is silent. This is subject to the applicable institutional arbitration rules (eg 2023 Rules of the Arbitration Court), and if the parties do not agree otherwise, or the arbitrators do not decide to proceed otherwise. In practice, as a result of the supplemental role of the Civil Procedure Code, typical arbitral proceedings in the Czech Republic are much more influenced by the civil procedure rules than it is common in many arbitration friendly jurisdictions.

The recognition and enforcement of foreign awards is governed by the New York Convention if an award was issued in a contracting state to the said convention. Many bilateral legal assistance treaties may also apply as the Czech Republic in the past entered into many of such treaties containing provisions related to arbitration.

In other cases, the Act No. 91/2012 on Private International Law (the 'PIL Act'), which entered into force on 1 January 2014, applies. The PIL Act also governs other issues arising in disputes with an international (cross-border) dimension such as choice of law issues. The former Private International Law Act No. 97/1963 continues to apply to most contracts concluded before 1 January 2014.

(ii) Is there a distinction in your arbitration law between domestic and international arbitration? If so, what are the main differences?

No, the Arbitration Act does not have different provisions for domestic and international arbitration. The distinction only applies for the issues such as requirements applied to foreign arbitrators, law applicable to arbitration agreements, as well as to applicable substantive law. There are no differences in the conduct of arbitration.

(iii) What international treaties relating to arbitration have been adopted (eg New York Convention, Geneva Convention, Washington Convention, Panama Convention)?

The 1958 New York Convention came into force in the former Czechoslovakia on 10 October 1959, and in the Czech Republic, the successor state of Czechoslovakia, on 1 January 1993. It is widely applicable and recognized by the Czech courts.

The 1961 European Convention on International Commercial Arbitration came into force in the former Czechoslovakia on 11 February 1964, and in the Czech Republic on 1 January 1993. The Panama Convention does not apply.

The 1965 Washington Convention came into force in the Czech Republic on 22 April 1994. The 1994 Energy Charter Treaty came into force in the Czech Republic on 16 April 1998.

(iv) 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 Arbitration Act only states that arbitrators apply substantive applicable law and can only decide ex aequo et bono pursuant to an express agreement of the parties.

The PIL Act applies for the determination of the substantive law applicable to the merits. It expressly states that the substantive law chosen by the parties applies. In the absence of the choice by the parties, the conflict of laws provisions of the PIL Act (national private international law rules) apply. However, international treaties as well as the EU conflict of laws rules (eg Rome I Regulation No. 593/2008 on the law applicable to contractual obligations) enjoy a priority application.

III. Arbitration Agreements

(i) Are there any legal requirements relating to the form and content of an arbitration agreement? What provisions are required for an arbitration agreement to be binding and enforceable? Are there additional recommended provisions?

An arbitration agreement must be in writing. The Arbitration Act permits the conclusion of an arbitration agreement by electronic means when the content of the agreement and the parties to it can be clearly determined.

The Arbitration Act states that an arbitration agreement can be part of general terms and conditions governing the main contract except in cases of consumer disputes. When an arbitral agreement is part of the general terms and conditions, the Arbitration Act requires that the main contract must be concluded in a way that makes clear that the other party agreed with the arbitration agreement.

The Arbitration Act contains more detailed formal requirements for arbitration agreements concluded with consumers prior to the 1 December 2016. As of 1 December 2016, business-to-consumer arbitration agreements are not allowed.

In international disputes, the PIL Act states that the formal requirements of the place of the conclusion of an arbitration agreement must be satisfied.

(ii) What is the approach of courts towards the enforcement of agreements to arbitrate? Are there particular circumstances when an arbitration agreement will not be enforced?

The Czech courts generally enforce arbitration agreements without any complications. The 'competence-competence' principle is widely recognized and accepted.

However, an arbitral agreement will not be enforced if the subject matter of the dispute is non-arbitrable under Czech law, ie, it cannot be a subject of arbitration. The PIL Act states that arbitrability is considered in light of Czech law. It also states that other requirements are considered under the law of the seat of arbitration. Therefore, if arbitration takes place in the Czech Republic, courts will not enforce an arbitration agreement if it is not valid or is non-existent pursuant to the Arbitration Act and Czech contract law. For a more detailed discussion of arbitrability, see Section IV(i) below.

(iii) Are multi-tier clauses (eg arbitration clauses that require negotiation, mediation and/or adjudication as steps before an arbitration can be commenced) common? Are they enforceable? If so, what are the consequences of commencing an arbitration in disregard of such a provision? Lack of jurisdiction? Non-arbitrability? Other?

Multi-tier clauses are enforceable. They might appear in some complex commercial transactions but they are not common. Multi-tier clauses usually refer to negotiation rather than to mediation prior the start of arbitration.

(iv) What are the requirements for a valid multi-party arbitration agreement?

The Arbitration Act is silent on multi-party arbitration agreements, but they are recognized. The Arbitration Act does not refer to the appointment of arbitrators in the case of multiple claimants or respondents. In multi-party disputes, it is recommended to choose institutional arbitration as the arbitration rules of various institutions usually address appointment procedure in multi-party disputes. For example, the 2023 Rules of the Arbitration Court provide that if multiple claimants or defendants cannot agree on a single arbitrator, the president of the Arbitration Court will appoint one.

(v) Is an agreement conferring on one of the parties a unilateral right to arbitrate enforceable?

The Arbitration Act does not refer to such situation. Arbitration clauses conferring on one of the parties a unilateral right to arbitrate are not recommended as it is not certain that they would be upheld by the Czech state courts. There is case law on the violation of the equality of the parties principle, which does not uphold enforceability of such agreements, as well as opposite case law referring to full contractual freedom of the parties, upholding such arbitration agreements. Arbitration clauses conferring on one of the parties a unilateral right to arbitrate were held unenforceable in other civil law jurisdictions (eg, Bulgaria, Germany, and Russia).

(vi) May arbitration agreements bind non-signatories? If so, under what circumstances?

The Arbitration Act allows an arbitration agreement to bind non-signatories only in case of legal succession, except when the parties agree otherwise. A parent company or subsidiary that did not sign an arbitration agreement is not bound by it. The group of companies doctrine with respect to the validity and scope of arbitration agreements in relation to non-signatories does not apply under Czech law.

(vii) How do the courts in the jurisdiction determine the law governing the arbitration agreement?

Arbitrability is governed by Czech law pursuant to Section 117(1) of the PIL Act. Other issues related to the arbitration agreement are governed by the law of the state in which the arbitral award is to be rendered (see Section 117(1) of the PIL Act).

As to the form of the arbitration agreement, Section 117(2) of the PIL Act states that the governing law is the law applicable to the other elements of the arbitration agreement. However, in any event, it is sufficient that the law of the place or places where the will of the parties was expressed was complied with.

(viii) Do courts in your jurisdiction distinguish between the seat (or legal place) of the arbitration and the venue of meetings/hearings?

Section 17 of the Arbitration Act states that the seat is chosen by the parties, otherwise the arbitrators choose it. The seat shall be distinguished from the venue of meetings/hearings, which is addressed under Sections 19 and 20 of the Arbitration Act. The venue of meetings/hearings is of no legal relevance.

(ix) Are blockchain- and NFT-related disputes arbitrable in your jurisdiction?

Generally, property disputes which the Czech courts could otherwise decide and for which the parties could reach an amicable settlement are arbitrable. Even though the Czech civil courts are yet to decide on blockchain and NFT-related cases, they should have jurisdiction for such matters, as the courts can decide disputes and other legal matters arising out of private law relationships. Therefore, those cases should also be arbitrable.

One issue related to arbitrability, which could arise, is block-chain and NFT oriented applications and the disputes that could arise therefrom. If users of such applications would be considered consumers under Czech law, these disputes would not be arbitrable, because disputes arising from contracts concluded with consumers are generally not arbitrable under Section 2 of the Arbitration Act. As blockchain disputes usually arise from contracts between institutions and

private persons to be qualified as consumers (similarly as disputes between banks and financial institutions on one side and their clients on the other one), most blockchain disputes are non-arbitrable.

(x) Are there circumstances in which courts find that a valid arbitration agreement has become inoperable?

Czech courts assess the validity of arbitration agreements and can declare them invalid, rather than inoperable. For example, according to Czech case law, the validity of the arbitration agreement requires a transparent selection of arbitrators. The Constitutional Court in this context condemned excessive formalism and emphasized the importance of respecting the autonomy of the parties.

IV. Arbitrability and Jurisdiction

(i) Are there types of disputes that may not be arbitrated? Who decides – courts or arbitrators – whether a matter is capable of being submitted to arbitration? Is the lack of arbitrability a matter of jurisdiction or admissibility?

Only property disputes, which could be otherwise heard and decided by Czech courts, can be submitted to arbitration. Property disputes can be broadly defined as disputes concerning property rights that can be valued in monetary terms. Property disputes include for example money claims as well as disputes over the existence of pecuniary obligations.

By contrast, disputes related to family law are not arbitrable. However, disputes on the property settlement after a divorce are on the contrary fully arbitrable. The term ‘property dispute’ will be interpreted extensively and in a broad sense. Insolvency disputes and business-to-consumer disputes are outside of the scope of arbitration.

The final decision on arbitrability belongs to state courts, even though the ‘competence-competence’ principle is widely recognized. Arbitrability is a matter of jurisdiction.

(ii) What is the procedure for disputes over jurisdiction if court proceedings are initiated despite an arbitration agreement? Do local laws provide time limits for making jurisdictional objections? Do parties waive their right to arbitrate by participating in court proceedings?

If court proceedings are initiated despite an arbitration agreement, the party insisting on an arbitration agreement must raise its jurisdictional challenge at its first procedural action in the proceedings (as a part of its first submission on the merits or before); otherwise the objection is considered waived. If the court finds the arbitration agreement prima facie valid, it will refer the parties to arbitration and terminate the court proceedings. Subsequently, the determination of the validity of the arbitration agreement belongs to the arbitrators pursuant to the competence-competence principle. For statute of limitations purposes, if the court declines jurisdiction and arbitration is started within 30 days from the final court decision, the action filed with the arbitral tribunal (ie request for arbitration) is deemed to be filed at the date of the original court filing.

(iii) Can arbitrators decide on their own jurisdiction? Is the principle of competence-competence applicable in your jurisdiction? If yes, what is the nature and intrusiveness of the control (if any) exercised by courts on the tribunal’s jurisdiction?

The Arbitration Act contains the principle of competence-competence (ie, arbitrators decide their own jurisdiction). The Arbitration Act also provides that the parties must raise an objection to the arbitral tribunal’s jurisdiction in their first action in the proceedings (ie, first submission on the merits); otherwise, the objection is waived, except in extraordinary circumstances. This requirement does not apply to consumer disputes pursuant to business-to-consumer arbitration clauses entered prior to 1 December 2016.

If the respondent party challenges the arbitral tribunal's jurisdiction before a state court after an arbitration has started, the state court will stay its proceedings until the arbitral tribunal decides on its jurisdiction. However, if the arbitral tribunal's jurisdiction is challenged at a state court before the commencement of arbitration, the state court will decide whether there is a valid arbitration agreement.

The 2023 Rules of the Arbitration Court also provide that the arbitral tribunal decides on its own jurisdiction. However, if the arbitrators decide that they lack jurisdiction, the parties may request within 15 days the presidium of the Arbitration Court to review the arbitrators' decision on jurisdiction. If the presidium finds that the arbitral tribunal has jurisdiction, the arbitral tribunal is bound by the presidium's ruling and it has to continue the arbitration.

V. Selection of Arbitrators

(i) How are arbitrators selected? Do courts play a role?

The Arbitration Act states that the parties may agree on the number and appointment procedure for arbitrators in their arbitration agreement or in the arbitration rules they have chosen to be applicable. However, the number of arbitrators must be odd.

The default procedure under the Arbitration Act is an arbitral tribunal composed of three arbitrators; each party appoints one arbitrator and the two arbitrators appointed by the parties decide on the chairman. If a party does not appoint its arbitrator within 30 days or if the two co-arbitrators cannot agree within the same period on the chairman, the respective arbitrator is appointed at the request of a party or any of the arbitrators by a state court. If an arbitrator resigns or can no longer fulfil his duties, a state court appoints a new arbitrator unless the parties agreed otherwise. Under the 2023 Rules of the Arbitration Court and for arbitrations conducted within the jurisdiction of the Arbitration Court, the appointing authority is the president of the Arbitration Court.

(ii) What are the requirements in your jurisdiction as to disclosure of conflicts? Do courts play a role in challenges and what is the procedure?

An arbitrator is disqualified from the proceedings if there is a reason to doubt his/her impartiality, taking into account his/her relationship to the subject matter of the dispute, the parties or their representatives. An arbitrator to be appointed or nominated must disclose to the parties or to the court all circumstances which may raise justified doubts about his/her impartiality and for which he/she may be disqualified. If such circumstances arise or are discovered later in the course of arbitration, the arbitrator must resign. If he/she does not resign and the parties do not agree on his/her resignation, a party can apply to a state court to disqualify the respective arbitrator. Under the 2023 Rules of the Arbitration Court, the remaining arbitrators decide on any challenge. If they cannot agree or if the majority of arbitrators is challenged, the presidium of the Arbitration Court decides on the challenge.

(iii) Are there limitations on who may serve as an arbitrator? Do arbitrators have ethical duties? If so, what is their source and generally what are they?

Czech nationals can serve as arbitrators if they are at least 18 years old, enjoy legal capacity and have a clean criminal record. For arbitrators of foreign nationality (other than the Czech one), the only requirement for serving as an arbitrator is to have full legal capacity under the law of their nationality. In arbitrations under the auspices of the Arbitration Court, only arbitrators registered on its list of arbitrators can serve as arbitrators (though the board of the Arbitration Court may register a co-arbitrator on an ad hoc basis only for the given dispute). There is no official code of ethics for arbitrators issued by the state institutions. However, the Arbitration Court issued its code of ethics in 2022. The Prague Stock Exchange Arbitration Court also issued its code of ethics.

(iv) Are there specific rules or codes of conduct concerning conflicts of interest for arbitrators? Are the IBA Guidelines on Conflicts of Interest in International Arbitration followed?

The Arbitration Court issued its code of ethics in 2022, which applies to arbitrators under this arbitral institution. The code of ethics states that an arbitrator proceeds in assessing its independence and impartiality in accordance with the IBA Guidelines on Conflicts of Interest in International Arbitration. The Prague Stock Exchange Arbitration Court also has its own code of ethics. This code also states that an arbitrator shall act in accordance with the IBA Guidelines on Conflicts of Interests in International Arbitration. Moreover, Czech courts have referred to the IBA Guidelines on Conflicts of Interests in International Arbitration when deciding the set-aside petitions for the lack of arbitrator's independence.

VI. Interim Measures and Emergency Arbitration

(i) Can arbitrators issue interim measures or other forms of preliminary relief? What types of interim measures can arbitrators issue? Is there a requirement as to the form of the tribunal's decision (order or award)? Are interim measures issued by arbitrators enforceable in courts?

In arbitrations seated in the Czech Republic, arbitrators cannot order interim measures.

(ii) Will courts grant provisional relief in support of arbitrations? If so, under what circumstances? May such measures be ordered after the constitution of the arbitral tribunal? Will any court ordered provisional relief remain in force following the constitution of the arbitral tribunal?

The Arbitration Act states that if enforcement of an arbitral award is endangered, a state court on a request of any party can order interim measures before the initiation of or during the arbitral proceedings. Nevertheless, arbitrators may render an interim, or partial award, which is sometimes a way to reach a similar effect as if interim measures would be rendered.

(iii) To what extent may courts grant evidentiary assistance/provisional relief in support of the arbitration? Do such measures require the tribunal's consent if the latter is in place?

State courts will provide evidentiary assistance to an arbitral tribunal upon request in the cases in which the arbitral tribunal does not have the power to order the required action. For example, arbitral tribunals do not have the power under the Arbitration Act to compel a witness to appear or to order document production from the parties or third parties. In such cases, the arbitral tribunal must request assistance from the state court. The costs of the state court related to such assistance are to be paid by the arbitral institution or the arbitral tribunal (and ultimately by the parties).

(iv) Are decisions by emergency arbitrators enforceable in your country?

Under Section 22 of the Arbitration Act, only state courts may issue interim measures and decisions of emergency arbitrators are thus not enforceable in the Czech Republic.

(v) What is the approach in your country to anti-suit injunctions or injunctions by arbitrators preventing parties from initiating litigation proceedings?

Arbitrators cannot issue injunctions preventing parties from initiating litigation. A jurisdictional conflict between arbitrators and state courts is addressed by Section 106 of the Civil Procedure Code. If the court, on the defendant's objection, finds that the case shall be heard in arbitration proceedings pursuant to an arbitration agreement, it may not hear the case and shall dismiss the proceedings. However, the court will hear the case if the parties declare that they do not insist on the application of the arbitration agreement.

Czech courts do not issue anti-suit injunctions. Anti-suit injunctions or any other decisions preventing parties from initiating litigation proceedings, or in the opposite such decisions preventing parties to commence an arbitration, are not enforceable and they would violate public policy (*ordre public*).

(vi) Do courts provide assistance in aid of foreign-seated arbitrations, including for disclosure of documents?

Section 20(2) of the Arbitration Act gives the arbitral tribunal, domestic or foreign-seated, the possibility to request a Czech court to assist it with any legally permissible acts in the Czech Republic, which the arbitral tribunal cannot do on its own. The question of whether foreign seated arbitral tribunals may request the Czech courts to assist with the arbitration has not yet been decided by the Czech courts; there are, however, many arguments why it should be allowed.

VII. Disclosure/Discovery

(i) What is the general approach to disclosure or discovery in arbitration? What types of disclosure/discovery are typically permitted?

The Arbitration Act states that an arbitral tribunal can examine witnesses, experts and parties only if they voluntarily appear. The arbitral tribunal can only examine evidence provided to it voluntarily. Each party introduces evidence to prove its claims. To obtain document production from another party, the arbitral tribunal must apply to the state court; therefore, it is rarely used.

Disclosure or document production are, however, extremely unusual both in court litigation as well as in arbitration, given that Czech law recognizes a procedural principle according to which a party is not due to provide any evidence, which is to its disadvantage. Disclosure, discovery, or document production are therefore a procedural tool applicable in very rare and extraordinary situations.

(ii) What, if any, limits are there on the permissible scope of disclosure or discovery?

Any disclosure is limited to what the parties fully voluntarily produce and provide. To compel any document production, the arbitral tribunal must seek assistance from state courts (see Section VI(iii) above).

(iii) Are there special rules for handling electronically stored information?

No, there are no special rules for handling electronically stored information.

VIII. Confidentiality

(i) Are arbitrations confidential? What are the rules regarding confidentiality?

The Arbitration Act states that arbitral proceedings are never public. It further imposes a duty of confidentiality on arbitrators encompassing all information they learned while exercising their function. The parties can agree to relieve arbitrators of their duty of confidentiality. A state court can also relieve arbitrators of their duty of confidentiality, but only upon a showing of compelling reasons.

It means that arbitrators are fully obliged to keep all and any information under strict confidentiality. All oral hearings are to be held in camera. On the contrary, the parties are not obliged to keep any information regarding a particular

arbitration confidential, unless they agree so. The parties' obligation to uphold confidentiality will not be understood as an immanent part of an arbitration agreement, as it is the case in some common law jurisdictions.

(ii) Are there any provisions in your arbitration law as to the arbitral tribunal's power to protect trade secrets and confidential information?

The Arbitration Act does not contain provisions as to the arbitral tribunal's power to protect trade secrets and confidential information.

(iii) Are there any provisions in your arbitration law as to rules of privilege?

The Arbitration Act does not contain provisions as to rules of privilege.

IX. Evidence and Hearings

(i) Is it common that parties and arbitral tribunals adopt the IBA Rules on the Taking of Evidence in International Arbitration to govern arbitration proceedings? If so, are the Rules generally adopted as such or does the tribunal retain discretion to depart from them?

It is not common that parties and arbitral tribunals adopt the IBA Rules on the Taking of Evidence in International Arbitration (the 'IBA Rules') to govern arbitration proceedings. The IBA Rules are not applicable, nor is any guidance from them sought. For an average legal practitioner, except those frequently counseling in international arbitrations, the IBA Rules are generally unknown, same as the other IBA rules and guidelines.

(ii) Are there any limits to arbitral tribunals' discretion to govern the hearings?

The Arbitration Act states that the parties may agree on how the arbitration will be conducted, including by adopting specific arbitration rules. The parties could therefore also theoretically agree to limit the arbitral tribunal's discretion in respect of the conduct of the hearings. If the parties do not agree on how to conduct the arbitration, the Arbitration Act refers to the arbitrators' power to conduct the proceedings in any manner they consider to be appropriate, subject to the principle of equality of the parties.

The Arbitration Act requires a hearing unless otherwise agreed by the parties. The Arbitration Act does not specifically address a procedure to follow during hearings and how to conduct the hearings. However, the arbitral tribunal's discretion is limited by compliance with the principle of equality of parties and the right to be heard. It is common that arbitrators in domestic arbitrations proceed in a way similar to state courts when conducting the hearings.

(iii) How is witness testimony presented? Is the use of witness statements with cross examination common? Are oral direct examinations common? Do arbitrators question witnesses?

Written witness statements are not used in court proceedings. They can be used in arbitral proceedings, but it is not common. The standard practice is for witnesses to appear at a hearing. Cross examination and direct examination, in the common law sense, are not common. Arbitrators usually question witnesses, while also allowing the parties to ask witnesses questions. However, it is to be mentioned that the parties and arbitrators in domestic arbitrations try to usually proceed without examination of witnesses. They try to rely to the most possible extent on documentary evidence and they propose witness examination only if documentary evidence appears to be insufficient.

(iv) Are there any rules on who can or cannot appear as a witness? Are there any mandatory rules on oath or affirmation?

There are no particular rules on who can or cannot appear as a witness in an arbitration in the Czech Republic. There are no mandatory rules on oath or affirmation in arbitral proceedings. In the Czech Republic, an 'oath' is completely unknown to procedural law and rules both in litigation as well as arbitration.

(v) Are there any differences between the testimony of a witness specially connected with one of the parties (eg legal representative, director or employee) and the testimony of unrelated witnesses?

The testimony of a witness specially connected with one of the parties is possible, but in practice arbitrators tend to give it less weight. In local arbitrations, the testimony of persons specially connected with one of the parties (such as legal representatives or directors) is of the same relevance as the submissions of that party and will not be given the same weight as evidence of unrelated witnesses.

(vi) How is expert testimony presented? Are there any formal requirements regarding independence and/or impartiality of expert witnesses?

Expert testimony is presented as a written report and the expert also appears at the hearing where he can be questioned by the arbitrators and parties. The Act No. 254/2019 Coll., on experts, requires each court-appointed expert to be impartial; otherwise, they can be disqualified by the court that appointed them. In the domestic context, it is rather common to work with written expert reports, as written expert reports are considered equal to oral examinations of experts.

(vii) Is it common that arbitral tribunals appoint experts beside those that may have been appointed by the parties? How is the evidence provided by the expert appointed by the arbitral tribunal considered in comparison with the evidence provided by party-appointed experts? Are there any requirements in your jurisdiction that experts be selected from a particular list?

Court-appointed experts (or tribunal-appointed experts) come from a list of experts kept by the Czech Ministry of Justice. Arbitral tribunals may appoint experts in the same manner as the courts do; the difference consists in a binding effect on the experts, as the experts do not need to accept such appointment from an arbitral tribunal. In arbitration, we see usually a voluntary agreement entered into with a particular expert. However, it is more and more common that arbitral tribunals appoint experts outside of the list of experts kept by the Ministry of Justice.

Expert reports introduced by the parties are considered as a regular evidentiary support like all other evidence. The expert reports by the experts appointed by arbitral tribunals are in practice given more weight than reports introduced by the parties, even though there is no legal basis for such conclusion.

(viii) Is witness conferencing ('hot-tubbing') used? If so, how is it typically handled?

Witness conferencing is used very exceptionally in domestic arbitration and only in the arbitrations conducted by very experienced arbitrators. There are no specific legal provisions in this respect. The same applies for litigation before the Czech courts. Though similar to arbitration, courts tend to start using witness conferencing more and more.

(ix) Are there any rules or requirements in your jurisdiction as to the use of arbitral secretaries? Is the use of arbitral secretaries common?

No, there are no rules or requirements as to the use of arbitral secretaries. Their use is not common; it is rather an exception.

(x) Are there any ethical codes or other professional standards applicable to counsel and arbitrators conducting proceedings in your jurisdiction?

Regarding arbitrators, the Arbitration Act only states in Section 4 that an arbitrator shall be a citizen of the Czech Republic, who is of full legal age, has not been convicted of a crime and is legally competent.

The Arbitration Court issued its code of ethics in 2022, which applies to arbitrators under this arbitration court. The code of ethics states that an arbitrator proceeds in assessing its independence and impartiality in accordance with the IBA Guidelines on Conflicts of Interest in International Arbitration.

Similarly, the Prague Stock Exchange Arbitration Court also has its own code of ethics. This code states that an arbitrator shall act in accordance with the IBA Guidelines on Conflicts of Interests in International Arbitration.

Regarding counsel, if they are attorneys registered at the Czech Bar Association, they must comply with the professional requirements set out in the Act No. 85/1996 Coll., the Act on Advocacy. Additionally, they must follow the ethical code issued by the Czech Bar Association. Therefore, the same law provisions and standards apply for counsel in court litigation and arbitration; there is no difference. No special provisions apply for counsel representing parties in arbitration.

(xi) Have arbitral institutions in your jurisdiction implemented rules empowering arbitral tribunals to exclude counsel based on conflicts of interest or other reasons?

No, the Arbitration Court or any other of the main arbitral institutions have not adopted any such rule, which can be found for example in the IBA Guidelines on Party Representation in International Arbitration. There is no such practice at all both in court proceedings as well as in arbitration.

While the courts may refer a complaint on conduct of counsel to the Czech Bar, arbitrators may not do so, as it would be a violation of their confidentiality duty. However, in arbitration, each party may file a complaint on the conduct of counsel of the counterparty with the Czech Bar, as the bar association is the only body having jurisdiction on the application professional and ethical standards of the Czech Bar members.

(xii) Has your jurisdiction adopted any rules with regard to remote hearings and have there been any court decisions on same?

The legislation remains silent on the topic of remote hearings in arbitration. The Arbitration Court adopted an Amendment to the Rules of the Arbitration Court dealing with remote oral hearings in 2020. Full remote oral hearings are exceptional both in court litigations as well as in local arbitrations. What one can observe is an occasional use of a remote hearing for a presentation of particular evidence (eg a witness). The general procedural standards do not exclude using remote hearings.

X. Awards

(i) Are there formal requirements for an award to be valid? Are there any limitations on the types of permissible relief?

An arbitral award must be adopted by the majority of arbitrators, issued in writing and signed by at least the majority of arbitrators. The operative part of the award must be definite. Arbitral awards must contain the reasoning, unless otherwise agreed by the parties. If arbitrators order relief not requested by one of the parties or order a party to do something that is impossible or illegal under Czech law, it is a ground to set aside the award.

In the opposite to many other jurisdictions, strict requirements apply to the operative part of the award, which has to be accurate and set for the obligations of a party in a fully definitive, explicit and clear way. General formulations are usually not to be understood as enforceable and valid. It is general practice that an operative part of an award (the same like a court judgment) must strictly correspond to the party's request for relief.

(ii) Can arbitrators award punitive or exemplary damages? Can they award interest? Compound interest?

In arbitrations seated in the Czech Republic, arbitrators could arguably award punitive or exemplary damages if the applicable law would allow it. However, there is no case law on whether such award would be upheld in set-aside proceedings. A 2014 decision of the Czech Supreme Court opened the possibility for the recognition of a foreign award awarding punitive damages if such damages are proportional. There are arguments that damages are based on another principle pursuant to Czech law and arbitrators are not entitled to decide on punitive or exemplary damages. For the Czech legal doctrine, it is still an open matter.

Interest is governed by substantive applicable law. Under Czech law, arbitrators can award interest on the claim. An award of compound interest is also possible. Arbitrators are fully entitled, if the parties request so, to decide both on pre-award as well as post-award interest. The problem could however arise if a tribunal seated in the Czech Republic, and therefore governed by Czech procedural standards, would have to apply substantive law of one of the common law jurisdictions, which would qualify the interest as a procedural matter.

(iii) Are interim or partial awards enforceable?

The Arbitration Act does not refer to such types of awards. Interim and partial awards are possible but not really commonly used. They are, however, fully accepted. Interim awards (similar to interim judgments) usually do not set forth a particular obligation of a party, in fact only partial awards rendered on a 'part' of a party's monetary obligation are enforceable. It relates to the necessity to determine a party's obligation in a very exact manner to be enforceable.

(iv) Are arbitrators allowed to issue dissenting opinions to the award? What are the rules, if any, that apply to the form and content of dissenting opinions?

Dissenting opinions are allowed but not common. The Arbitration Act is silent on this matter. It is therefore completely unclear, whether a dissenting opinion would need to be served to the parties or not. If an award was not reached unanimously, the 2023 Rules of the Arbitration Court require a production of non-public minutes of voting that are accessible to the board of the Arbitration Court, but not to the parties.

(v) Are awards by consent permitted? If so, under what circumstances? By what means other than an award can proceedings be terminated?

The Arbitration Act expressly allows awards by consent but it does not discuss them in further detail. Arbitral proceedings are terminated by an award or by a resolution. The Arbitration Act states that if arbitrators find that they lack jurisdiction, their decision is in the form of a resolution. Such resolution could also be used, for example, when the case is withdrawn before an award is rendered. The formal requirements for resolutions are the same as for arbitral awards (see Section X(i) above).

(vi) What powers, if any, do arbitrators have to correct or interpret an award?

Typing and clerical errors, calculation errors, and other obvious errors in an arbitral award may be corrected by the arbitrators or by the permanent arbitral institutions at any time upon application by any of the parties. Such correction must be made in the same manner as an arbitral award (ie, in writing, decided and signed by the majority of arbitrators, and delivered to the parties).

XI. Costs

(i) Who bears the costs of arbitration? Is it always the unsuccessful party who bears the costs?

The costs of arbitration are usually borne by the losing party, or by both parties in proportion to their success in the proceedings. The principle that the costs follow the event is widely applied.

(ii) What are the elements of costs that are typically awarded?

Administrative costs (the arbitrators' fees, the institution's fees, and other specific costs incurred by the arbitrators) are typically awarded. A standard part of the costs is also legal costs based on the result of the proceedings (success of a party), unless the parties agree otherwise. Thus, in local arbitrations, the same principle as that applicable in Czech court proceedings usually applies.

It needs to be emphasized that the legal costs in local arbitrations will usually be calculated pursuant to the bar tariff (the same scale of legal costs applicable in Czech court proceedings). The parties, however, may adopt arbitration rules with different provisions on how legal costs should be reimbursed; ie, the parties may agree on different principles for reimbursement of legal costs. In local arbitrations, the reimbursement of legal costs pursuant to the time spent will not be applied, unless the parties explicitly agree on it, which is rare.

(iii) Does the arbitral tribunal have jurisdiction to decide on its own costs and expenses? If not, who does?

The Arbitration Act does not refer to the tribunal's power to decide on its own costs. The costs and expenses of the arbitral tribunal are usually governed by the applicable arbitration rules. Nevertheless, Czech courts – for example, when deciding on annulment applications – accept the arbitrators' power to decide on their own costs.

(iv) Does the arbitral tribunal have discretion to apportion the costs between the parties? If so, on what basis?

Arbitral tribunals have the discretion to apportion the costs between the parties; the costs are usually split in proportion to the parties' relative success in the proceedings. It is a standard practice.

(v) Do courts have the power to review the tribunal's decision on costs? If so, under what conditions?

The Arbitration Act does not contain a specific ground allowing courts to review the tribunal's decision on costs. The courts cannot review the tribunal's decision on costs as it would be a review of the merits, which is not allowed. The review on the decision on costs by the state courts is only possible if it is a part of one of the grounds for annulment.

XII. Challenges to Awards

- (i) How may awards be challenged and on what grounds? Are there time limitations for challenging awards? What is the average duration of challenge proceedings? Do challenge proceedings stay any enforcement proceedings? If yes, is it possible nevertheless to obtain leave to enforce? Under what conditions?**

A party can bring a challenge to an arbitral award in a state court within three months of its receipt of the award.

The grounds for setting aside are: (i) the subject matter of the dispute is not arbitrable; (ii) the arbitration agreement is invalid for other reasons, has been terminated or does not cover the dispute at hand; (iii) the tribunal included an arbitrator who was not authorized by the arbitral agreement or otherwise did not have the capacity to act as arbitrator; (iv) the arbitral award was not approved by the majority of the arbitrators; (v) there was a violation of the right to be heard; (vi) the arbitral award orders relief not requested by one of the parties or orders a party to do something which is impossible or illegal under Czech law; and (vii) there are grounds to request the reopening of proceedings under the Civil Procedure Code (eg, discovery of new evidence which could lead to a materially better outcome for one of the parties – these are rarely used grounds for set-aside because of the limited time period). There are additional grounds only applicable in consumer related arbitrations pursuant to arbitration clauses entered into before 1 December 2016 (as of 1 December 2016, arbitration clauses in consumer related contracts are not permissible at all).

The Arbitration Act expressly states that grounds (ii) and (iii) will be rejected by the court if the party had an opportunity to raise them during the arbitral proceedings but did not do so. Any review of the merits is not permissible in set-aside (annulment) proceedings, even for violation of substantive public order.

The duration of challenge proceedings may vary significantly from a few months to a year at the first instance. The first instance decision can be appealed and the appeal might take another year. In some circumstances, an additional extraordinary appeal to the Supreme Court is available (eg, in case of a new issue of high importance). An appeal to the Supreme Court can add another two years of proceedings. Sometimes, a very long duration of set-aside proceedings lowers the overall effectivity of arbitration in the Czech Republic.

The challenge proceedings do not stay the enforcement proceedings. However, the court can stay the enforcement of an arbitral award based upon an application of the party against which the enforcement is sought if there is a risk of serious harm of the rights of that party by an immediate enforcement of the award or if the action to set aside seems to be well grounded prima facie.

- (ii) May the parties waive the right to challenge an arbitration award? If yes, what are the requirements for such an agreement to be valid?**

No, parties cannot waive the right to challenge an arbitration award.

- (iii) Can awards be appealed in your country? If so, what are the grounds for appeal? How many levels of appeal are there?**

No, arbitral awards cannot be appealed in state courts. However, the Arbitration Act allows parties to agree explicitly in their arbitration agreement on an appeal (on a revision) to a second arbitral tribunal, which can confirm or modify the initial award. A party must commence such an appeal within 30 days from the reception of the initial award.

- (iv) May courts remand an award to the tribunal? Under what conditions? What powers does the tribunal have in relation to an award so remanded?**

No, state courts cannot remand an award to the tribunal.

(v) Is there a specialist arbitration court in your jurisdiction?

The Prague Stock Exchange Arbitration Court is a permanent court attached to the Prague Stock Exchange, which was primarily established to adjudicate disputes arising from stock exchange trading. However, it can also adjudicate ad hoc arbitrations.

The International Court of Arbitration at the Czech Commodity Exchange focuses on the resolution of disputes between parties concluding commodity exchange transactions, which are allowed at the Czech-Moravian Commodity Exchange in Kladno. This arbitration court also focuses on disputes related in a qualified manner to such commodities (currently over 1000 commodities), including disputes related to the financing of trade with these commodities, their insurance, transport etc.

(vi) To what extent do courts in your jurisdiction allow arbitrators to amend and/or replace wrongly invoked law or the law not invoked by the parties (iura novit arbor)? Could this be a basis to set aside the award?

The subject of the set-aside (annulment) proceedings is not an issue related to the merits (as the review of the merits is not possible by the courts at the set-aside stage). The grounds for setting aside an award pursuant to Section 31 of the Arbitration Act are exhaustive and do not include a wrong choice of the applicable law, so it is not on its own a ground to set aside an award.

XIII. Arbitrator Liability

(i) Does the arbitration law in your jurisdiction expressly provide for the immunity of arbitrators, experts, translators, interpreters and/or other participants in arbitration proceedings from civil liability in connection with their mandate? If so, are there exceptions to this immunity?

Czech law does not provide for any immunity for arbitrators or other involved persons. However, the practice is that arbitrators cannot be held liable, for example, for errors in application of the law, except for intentionally wrongful acts. There is a recognition of a broad autonomy of the parties when concluding an arbitration agreement and appointing arbitrators, but also a recognition of autonomy of arbitrators.

(ii) Does this immunity, if any, extend to criminal liability?

No, such immunity does not extend to criminal acts by arbitrators. It is fully possible to prosecute arbitrators or other involved persons in the context of criminal law.

XIV. Recognition and Enforcement of Awards

(i) What is the process for the recognition and enforcement of awards? What are the grounds for opposing enforcement? Which is the competent court? Does such opposition stay the enforcement? If yes, is it possible nevertheless to obtain leave to enforce? Under what circumstances?

If the parties did not agree on a review of the award by another tribunal or where the time limit to file a request for such review expired, a domestic arbitral award is enforceable. A domestic award is fully enforceable like a court judgement and enjoys the same enforceability as the court judgments. An action to enforce is filed at a state court. If the party

against which the court ordered the enforcement of the arbitral award did not file an application for the setting aside of the arbitral award, it may still file an application to vacate the court's order to execute the arbitral award if (i) the subject matter of the dispute is not arbitrable; (ii) the arbitral award was not approved by the majority of the arbitrators; (iii) the arbitral tribunal orders relief not requested by one of the parties or orders a party to do something which is impossible or illegal under Czech law; (iv) the party, who must have a legal representative, did not have a representative in the proceedings or the party's representative performed acts not later approved by the party; or (v) the person who represented the party in the arbitral proceedings was not empowered to do so and his actions were not later approved by the party.

If an application is filed to vacate the court's order to enforce the arbitral award, the court that ordered the enforcement of the arbitral award suspends the proceedings on the enforcement of the arbitral award and orders the party to file an application for the setting aside of the arbitral award with the competent court within 30 days. If no such application is filed within the required time period, the court continues the enforcement of the arbitral award.

For enforcement of foreign arbitral awards rendered in a contracting state to the 1958 New York Convention, this convention fully governs the recognition and enforcement proceedings. The Czech courts widely recognize the New York Convention.

Foreign awards rendered in countries which are not parties to the New York Convention will be enforced on the basis of reciprocity. If the reciprocity conditions are satisfied, a Czech court refuses to enforce a foreign award only if (i) the award is not effective and enforceable under the law of the country where it was issued; (ii) the award was annulled under the law of the country where it was issued; (iii) the award suffers from one of the defects which are grounds to set aside domestic awards (see Section XII(i) above); or (iv) the award is contrary to public policy. In addition, some of the legal assistance bilateral treaties concluded by the Czech Republic may apply, as they often contain provisions related to arbitration and enforcement of arbitral awards.

(ii) If an exequatur is obtained, what is the procedure to be followed to enforce the award? Is the recourse to a court possible at that stage?

Enforcement of an award might be conducted through state courts or through private licensed court executors. In both scenarios, a court must approve the enforcement of the award. In the first scenario, the court will decide against which assets the award will be executed. In the second, the court confirms the appointment of a private executor. The second procedure is usually more cost efficient and faster. However, the second procedure (ie, private licensed court executor) is not available for enforcement of foreign awards right away. While domestic awards enjoy the same enforceability as domestic court judgments and no exequatur by the state courts is required, foreign arbitral awards are first subject to exequatur proceedings.

(iii) Are conservatory measures available pending enforcement of the award?

Interim measures are available pending the enforcement of the award pursuant to the provisions of the Civil Procedure Code.

(iv) What is the attitude of courts towards the enforcement of awards? What is the attitude of courts to the enforcement of foreign awards set aside by the courts at the place of arbitration?

Courts generally enforce arbitral awards without complications and relatively fast. The PIL Act states that awards annulled under the law of the country where they were issued will not be enforced.

(v) How long does enforcement typically take? Are there time limits for seeking the enforcement of an award?

The duration of enforcement varies greatly, based on the availability of the assets of the debtor. Enforcement through private executors is generally faster than through state courts. The statute of limitations for enforcement of arbitral awards is ten years.

XV. Sovereign Immunity

(i) Do state parties enjoy immunities in your jurisdiction? Under what conditions?

Sovereign immunity is governed by the Act No. 91/2012 on Private International Law. Foreign states and their property enjoy immunity of jurisdiction and immunity of execution when acting to pursue their governmental functions (*acta iure imperii*). These immunities do not apply in other cases (*acta iure gestionis*) to the extent international law or international treaties allow an action against the respective state at the courts of another state.

The PIL Act also expressly provides for diplomatic immunity applied in accordance with international conventions, international law and Czech law.

The Czech Republic signed and ratified the 2004 UN Convention on Jurisdictional Immunities of States and Their Property, which has not entered into effect due to the insufficient number of contracting parties.

(ii) Are there any special rules that apply to the enforcement of an award against a state or state entity?

Arbitral awards cannot be enforced against foreign states when their property is used to pursue governmental functions (*acta iure imperii*) or when the property is covered by diplomatic immunity. The enforcement of arbitral awards against the Czech Republic and its state organs is possible (see Act No. 219/2000 on the Czech Republic's property and its representation in legal relations).

(iii) Are there any requirements for arbitrations involving sovereign entities?

No, the Arbitration Act does not distinguish between sovereign and other entities.

XVI. Investment Treaty Arbitration

(i) Is your country a party to the Washington Convention on the Settlement of Investment Disputes Between States and Nationals of Other States? Or other multilateral treaties on the protection of investments?

The 1965 Washington Convention came into force in the Czech Republic on 22 April 1994. The 1994 Energy Charter Treaty came into force in the Czech Republic on 16 April 1998.

(ii) Has your country entered into bilateral investment treaties with other countries?

The Czech Republic currently has bilateral investment treaties with 61 countries outside the European Union (though the BIT with the United Kingdom is in the process of termination; the Czech Republic has already ratified the termination). The Czech Republic has terminated all the intra-EU BITs in recent years and is in the process of renegotiating other older BITs.

(iii) Have there been any recent court decisions in your country in relation to intra-European investor-state arbitration?

There have not been any recent court decisions on this topic.

XVII. Resources

(i) What are the main treatises or reference materials that practitioners should consult to learn more about arbitration in your jurisdiction?

Alexander Bělohávek, ZÁKON O ROZHODČÍM ŘÍZENÍ A O VÝKONU ROZHODČÍCH NÁLEZŮ. KOMENTÁŘ (C.H. Beck, 2012 and 2023).

Martin Maisner, Miloš Olík, Radek Pokorný, Petr Málek, Martin Janoušek, ZÁKON O ROZHODČÍM ŘÍZENÍ A O VÝKONU ROZHODČÍCH NÁLEZŮ (Č. 216/1994 SB.) – KOMENTÁŘ (Wolters Kluwer CR, 2017).

Luděk Lisse, PŘEHLED JUDIKATURY VE VĚCECH ROZHODČÍHO ŘÍZENÍ (Wolters Kluwer CR, 2011).

Naděžda Rozehnalová, ROZHODČÍ ŘÍZENÍ V MEZINÁRODNÍM OBCHODNÍM A VNITROSTÁTNÍM STYKU (Wolters Kluwer CR, 2013).

(ii) Are there major arbitration educational events or conferences held regularly in your jurisdiction? If so, what are they and when do they take place?

The annual Investment Treaty Arbitration Conference in Prague organized by the Ministry of Finance of the Czech Republic (see <https://www.mfcr.cz/en/eu-and-international-affairs/international-investment-arbitrations>).

The ICC Prague Arbitration Day co-organized by the ICC Czech Republic and the ICC International Court of Arbitration.

XVIII. Trends and Developments

(i) Do you think that arbitration has become a real alternative to court proceedings in your country?

Yes, arbitration has become a real alternative to court proceedings in international and complex commercial disputes.

(ii) What are the trends in relation to other ADR procedures, such as mediation?

In 2012, a new Act No. 202/2012 on Mediation (the 'Mediation Act') was adopted. It introduced a registration of mediators at the Ministry of Justice. To be registered, a mediator has to have a clean record, a graduate university diploma and must have passed an exam. The new law regulates formal requirements of an agreement to mediate and an agreement resulting from a successful mediation as well as their legal effects. Mediation outside the framework of the Mediation Act is still possible; however, such mediation will not benefit from legal effects given by the new law for mediation provided by registered mediators. The adoption of the new mediation law shows a growing interest in this ADR procedure in the Czech Republic. The Mediation Act has mainly remained unchanged since 2012, with only formal amendments related to the offenses of mediators. It is worth mentioning that mediation has still not become a standard practice in a commercial setting.

(iii) Are there any noteworthy recent developments in arbitration or ADR?

On 1 January 2014, the new PIL Act entered into force. It reduced requirements for foreign nationals to serve as arbitrators. It contains conflict of laws rules and governs the recognition and enforcement of awards when the New York Convention does not apply. It also contains special provisions on some issues related to arbitration in a cross-border setting.

In 2016, an amendment to the Arbitration Act came into force that excluded business-to-consumer disputes from the scope of arbitration in a move towards an increased protection of consumers.

In 2016, the Supreme Court precluded the use of private licensed court executors for enforcement of foreign awards without those being recognized by the courts.

As of 1 January 2022, Section 37(4) of the Enforcement Code newly states that a party may file an enforcement petition (to pursue enforcement proceedings by private licensed court executors) based on a foreign award, which has been subject to a decision on recognition. As of 1 January 2022, Section 122(2) of the PIL Act introduced special proceedings for recognition of foreign arbitral awards. Therefore, foreign arbitral awards within the scope of the New York Convention, and which were recognized by Czech courts, can be enforced by private licensed court executors.

(iv) Are there any official plans to reform the arbitration laws and practice in your jurisdiction?

There are no official plans to reform the Arbitration Act in the Czech Republic.

(v) Are there any rules governing third-party funding in your jurisdiction? Is there an obligation to disclose the identity of any non-party who has an economic interest in the outcome of the proceedings, including any third party funder? Have there been any recent court decisions in your jurisdiction in relation to third-party funding?

There are no rules governing third-party funding in the Czech Republic.

(vi) Has your country implemented a sanctions regime? Do the courts in your jurisdiction consider international economic sanctions as part of their international public policy? Have there been any recent court decisions in your country in relation to the impact of sanctions on international arbitration proceedings?

The Czech Republic has its own national sanctions list, which complements the sanctions list of the European Union. The Government can add entities to the list by virtue of the Act No. 1/2023 Coll., the Act on Restrictive Measures against Certain Serious Actions in International Relations (the 'Sanctions Act'), which entered into force on 3 January 2023.

The inclusion of an entity shall be in a foreign policy interest or security interest of the Czech Republic. Conduct subject to sanctions is defined in the applicable sanction regimes of the European Union. The Sanctions Act allows for an entity to be placed on the national sanctions list by a government decision, if it is not placed on the EU sanctions list within one month of the submission of such a proposal to the European Union.

There have been no court decisions in relation to the impact of sanctions on international arbitration. Czech courts refuse recognition and enforcement of foreign arbitral awards if they are inconsistent with public policy.