

# ARBITRATION

## Austria



# Arbitration

Consulting editors

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Quick reference guide enabling side-by-side comparison of local insights, including into applicable laws, conventions and treaties, and prominent local arbitral institutions; arbitration agreements; constitution, jurisdiction and competence of arbitral tribunals; arbitral proceedings; interim measures and sanctioning powers; awards; proceedings subsequent to issuance of award; influence of local legal traditions on arbitrators; professional or ethical rules; third-party funding; regulation of activities.

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## LAWS AND INSTITUTIONS

### Multilateral conventions relating to arbitration

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

Austria has ratified various major conventions relating to arbitration, including:

- the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention), in force since 31 July 1961;
- the European Convention on International Commercial Arbitration (the European Convention, and the agreement relating to its application), in force since 4 June 1964;
- the Convention on the Settlement of Investment Disputes (the ICSID Convention), in force since 24 June 1971; and
- the Energy Charter Treaty, in force since 16 April 1998.

*Law stated - 10 February 2023*

### Bilateral investment treaties

Do bilateral investment treaties exist with other countries?

Austria currently has 53 bilateral investment treaties in force, namely with Albania, Algeria, Argentina, Armenia, Azerbaijan, Bangladesh, Belarus, Belize, Bosnia and Herzegovina, Bulgaria, Chile, China, Cuba, the Czech Republic, Egypt, Estonia, Ethiopia, Georgia, Guatemala, Hong Kong, Hungary, Iran, Jordan, Kazakhstan, Kyrgyzstan, Kuwait, Latvia, Lebanon, Libya, Lithuania, Macedonia, Malaysia, Mexico, Moldova, Mongolia, Montenegro, Morocco, Namibia, Oman, Paraguay, Philippines, Russia, Saudi Arabia, South Korea, Serbia, Tunisia, Turkey, Tajikistan, Ukraine, the United Arab Emirates, Uzbekistan, Vietnam and Yemen.

In the wake of the Court of Justice of the European Union's Achmea judgment (C-284/16) of 6 March 2018, Austria committed itself to terminating the bilateral investment treaties that it has with other EU member states.

Austria is also a party to a number of further bilateral treaties that are not investment treaties, mainly with neighbouring countries.

*Law stated - 10 February 2023*

### Domestic arbitration law

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

Austrian arbitration law is contained in articles 577 to 618 of the Austrian Code of Civil Procedure (CCP). These provisions regulate both domestic and international arbitration proceedings.

Recognition of foreign awards is regulated in the aforementioned multilateral and bilateral treaties. Enforcement proceedings are regulated by the Austrian Enforcement Act .

**Domestic arbitration and UNCITRAL**

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

Austrian arbitration law is based on the UNCITRAL Model Law but, as in most countries, not every aspect of the Model Law is mirrored in the domestic legislation. However, the main features have been introduced.

Unlike the UNCITRAL Model Law, Austrian law does not distinguish between domestic and international arbitrations, or between commercial and non-commercial arbitrations. Therefore, specific rules apply to employment and consumer-related matters.

Law stated - 10 February 2023

**Mandatory provisions**

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

The parties are free to agree on the rules of procedure (eg, by reference to specific arbitration rules) within the limits of the mandatory provisions of the CCP. Where the parties have not agreed on any set of rules, or set out rules of their own, the arbitral tribunal must, subject to the mandatory provisions of the CCP, conduct the arbitration in such a manner as it considers appropriate. Mandatory rules of arbitration procedure include that the arbitrators must be, and remain, impartial and independent. They must disclose any circumstances likely to give rise to doubts about their impartiality or independence. The parties have the right to be treated in a fair and equal manner, and to present their case. Further mandatory rules concern the arbitral award, which must be in writing, and the grounds on which an award can be challenged.

Law stated - 10 February 2023

**Substantive law**

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

An arbitral tribunal must apply the substantive law chosen by the parties, failing which it must apply the law that it considers appropriate. A decision on grounds of equity is only permitted if the parties have expressly agreed to a decision in equity (article 603 CCP).

Law stated - 10 February 2023

**Arbitral institutions**

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

The Vienna International Arbitral Centre (VIAC, [www.viac.eu](http://www.viac.eu)) administers international arbitration proceedings under its Rules of Arbitration and Mediation (2021) (the Vienna Rules). Since 2021, VIAC also administers investment disputes under its Investment Arbitration and Mediation Rules. Fees for the arbitrators are calculated on the basis of



the amount in dispute. There are no restrictions as to the place and language of the arbitration.

The Vienna Commodity Exchange at the Vienna Stock Exchange has its own court of arbitration and its own recommended arbitration clause.

In 2018, the China International Economic and Trade Arbitration Commission (CIETAC) opened an arbitration centre in Vienna in order to administer Vienna-seated CIETAC arbitrations. In 2022, the Permanent Court of Arbitration opened a Vienna office as well.

Certain professional bodies and chambers provide for their own rules or administer arbitration proceedings, or both.

The International Chamber of Commerce maintains a direct presence through its Austrian National Committee.

*Law stated - 10 February 2023*

## ARBITRATION AGREEMENT

### Arbitrability

Are there any types of disputes that are not arbitrable?

In principle, any proprietary claim is arbitrable. Non-proprietary claims are still arbitrable if the law allows the dispute to be settled by the parties.

There are some exceptions in family law or cooperative apartment ownership.

Consumer and employment-related matters are only arbitrable if the parties enter into an arbitration agreement once the dispute has arisen.

*Law stated - 10 February 2023*

### Requirements

What formal and other requirements exist for an arbitration agreement?

An arbitration agreement must:

- sufficiently specify the parties (they must at least be determinable);
- sufficiently specify the subject matter of the dispute in relation to a defined legal relationship (this must at least be determinable and it can be limited to certain disputes, or include all disputes);
- sufficiently specify the parties' intent to have the dispute decided by arbitration, thereby excluding the state courts' competence; and
- be contained in either a written document signed by the parties or in telefaxes, emails or other communication exchanged between the parties, which preserve evidence of a contract.

A clear reference to general terms and conditions containing an arbitration clause is sufficient.

*Law stated - 10 February 2023*

### Enforceability

In what circumstances is an arbitration agreement no longer enforceable?

Arbitration agreements and clauses can be challenged under the general principles of contract law, in particular, on the

grounds of error, deceit or duress, or legal incapacity. There is controversy over whether such a challenge should be brought before the arbitral tribunal or before a court of law. If the parties to a contract containing an arbitration clause rescind their contract, the arbitration clause is deemed to be no longer enforceable, unless the parties have expressly agreed on the continuation of the arbitration clause. In the event of insolvency or death, the receiver or legal successor is, in general, bound by the arbitration agreement. An arbitration agreement is no longer enforceable if an arbitral tribunal has rendered an award on the merits of the case or if a court of law has rendered a final judgment on the merits and the decision covers all matters for which arbitration has been agreed on.

*Law stated - 10 February 2023*

### **Separability**

Are there any provisions on the separability of arbitration agreements from the main agreement?

According to the UNCITRAL Model Law, the separability of the arbitration agreement from the main agreement is valid as a rule of law. Under Austrian law, such separability is derived from the parties' intentions.

*Law stated - 10 February 2023*

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

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

As a general principle, only the parties to the arbitration agreement are bound by it. Courts are reluctant to bind third parties to the arbitration agreement. Thus, concepts such as piercing the corporate veil and groups of company typically do not apply.

However, a legal successor is bound by the arbitration agreement in which his or her predecessor has entered into. This also applies to the insolvency administrator and to the heir of a deceased person. The case law of the Austrian Supreme Court has further established that genuine third-party beneficiaries to a contract, as well as protected third parties, are bound by an arbitration agreement in such contracts.

*Law stated - 10 February 2023*

### **Third parties – participation**

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

Normally, joinder of a third party to an arbitration requires the corresponding consent of the parties, which can be either express or implied (eg, by reference to arbitration rules that provide for joinder). Consent can be given either at the time the request for joinder is made or at an earlier stage in the contract itself. Under the law, the issue is largely discussed in the context of an intervention by a third party that has an interest in the arbitration. Here, it is argued that such a third-party intervener must be a party to the arbitration agreement or otherwise submit to the jurisdiction of the tribunal, and that all parties, including the intervener, must agree to the intervention.

The Supreme Court has held that the joining of a third party in arbitral proceedings against its will, or the extension of the binding effect of an arbitration award on a third party, would infringe article 6 of the European Convention on Human Rights if the third party was not granted the same rights as the parties (eg, the right to be heard).

*Law stated - 10 February 2023*

## Groups of companies

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

The group of companies doctrine is not recognised in Austrian law.

*Law stated - 10 February 2023*

## Multiparty arbitration agreements

What are the requirements for a valid multiparty arbitration agreement?

Multiparty arbitration agreements can be entered into under the same formal requirements as arbitration agreements.

*Law stated - 10 February 2023*

## Consolidation

Can an arbitral tribunal in your jurisdiction consolidate separate arbitral proceedings? In which circumstances?

Consolidation of arbitral proceedings is not expressly governed by Austrian law. In doctrine, however, it is argued that it is permissible, provided that the parties and the arbitrators consent. Joinder and consolidation mechanisms are frequently regulated in arbitration rules (see, eg, articles 14 and 15 of the Vienna Rules 2021).

*Law stated - 10 February 2023*

## CONSTITUTION OF ARBITRAL TRIBUNAL

### Eligibility of arbitrators

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

Only physical persons can be appointed as arbitrators. The statute does not provide for any specific qualifications, but the parties may agree on such requirements. Active judges are not allowed to act as arbitrators in arbitrations seated in Austria under the statute regulating their profession.

*Law stated - 10 February 2023*

### Background of arbitrators

Who regularly sit as arbitrators in your jurisdiction?

Whether designated by an appointing authority or nominated by the parties, arbitrators may be required to have a certain experience and background regarding the specific dispute at hand. Such requirements may include professional

qualifications in a certain field, legal proficiency, technical expertise, language skills or being of a particular nationality.

Many arbitrators are attorneys in private practice; others are academics. In a few disputes, concerning mainly technical issues, technicians and lawyers are members of the panel.

Qualification requirements can be included in an arbitration agreement, which requires great care as it may create obstacles in the appointment process (ie, an argument about whether the agreed requirements are fulfilled).

*Law stated - 10 February 2023*

### **Default appointment of arbitrators**

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

Courts are competent to make the necessary default appointments if the parties do not agree on another procedure, and if one party fails to appoint an arbitrator, the parties cannot agree on a sole arbitrator or the arbitrators fail to appoint their chair.

*Law stated - 10 February 2023*

### **Challenge and replacement of arbitrators**

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

An arbitrator can only be challenged if circumstances exist that give rise to justifiable doubts as to his or her impartiality or independence, or if he or she does not possess qualifications agreed to by the parties. The party that appointed an arbitrator cannot rely, in its challenge, on circumstances it knew at the time of the appointment (article 588 Austrian Code of Civil Procedure (CCP)).

An arbitrator can be removed if he or she is incapable of discharging his or her tasks, or if he or she does not discharge them within an appropriate time (article 590 CCP).

Arbitrators can be removed, either by way of challenge or with the termination of their mandate. In both cases, it is ultimately the court that decides upon the request of one party. If early termination of the arbitrator's mandate occurs, the substitute arbitrator must be appointed in the same manner in which the replaced arbitrator was appointed.

In a recent case, the Supreme Court dealt with grounds for challenges, analysing the conflicting views of scholars as to whether, and to what extent, challenges should be permitted after a final award. In its analysis the court also cited and relied on the IBA Guidelines.

*Law stated - 10 February 2023*

### **Relationship between parties and arbitrators**

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

In ad hoc arbitration, an arbitrators' agreement should be concluded, regulating their rights and duties. This contract should include a fee arrangement (eg, by reference to an official tariff of legal fees, hourly rates or in some other way) and the arbitrators' right to have their out-of-pocket expenses reimbursed. Their duties include the conduct of the proceeding, as well as the drafting and signing of the award. Duties of independence and impartiality also apply to party-appointed arbitrators and cannot be derogated from by party agreement.

*Law stated - 10 February 2023*

### **Duties of arbitrators**

**What are arbitrators' duties of disclosure regarding impartiality and independence throughout the arbitral proceedings?**

Pursuant to article 588 CCP, an arbitrator must disclose any circumstances that could raise doubts as to his or her impartiality or independence, or that are in conflict with the parties' agreement at any stage of the proceedings. Independence is defined by absence of close financial or other ties between the arbitrator and either of the parties. Impartiality is closely related to independence, but rather refers to the arbitrator's attitude. An arbitrator may be successfully challenged if objectively justified doubt as to his or her impartiality or independence can be established.

*Law stated - 10 February 2023*

### **Immunity of arbitrators from liability**

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

If an arbitrator has accepted his or her appointment, but then refuses to discharge his or her tasks in due time, or at all, he or she can be held liable for the damage because of the delay (article 594 CCP). If an award has been set aside in subsequent court proceedings and an arbitrator has caused, in an unlawful and negligent manner, any damage to the parties, he or she can be held liable. Arbitrators' agreements and rules of arbitration of arbitral institutions often contain exclusions of liability.

*Law stated - 10 February 2023*

## **JURISDICTION AND COMPETENCE OF ARBITRAL TRIBUNAL**

### **Court proceedings contrary to arbitration agreements**

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

The law does not contain any express rules on the remedies available if court proceedings are commenced in breach of an arbitration agreement, or if arbitration is commenced in breach of a jurisdiction clause (other than an adverse cost decision in proceedings that should not have been commenced in the first place).

If a party brings a legal action before a court of law, despite the matter being subject to an arbitration agreement, the defendant must raise an objection to the court's jurisdiction before commenting on the subject matter itself, namely, at the first hearing or in its statement of defence. The court must generally reject such claims if the defendant objected to the court's jurisdiction in time. The court must not reject the claim if it establishes that the arbitration agreement is non-existent, invalid or impracticable.

**Jurisdiction of arbitral tribunal**

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

An arbitral tribunal can rule on its own jurisdiction in either a separate award or in the final award on the merits. A party who wishes to challenge the jurisdiction of the arbitral tribunal must raise that objection no later than in the first pleading in the matter. The appointment of an arbitrator, or the party's participation in the appointment procedure, does not preclude a party from raising the jurisdictional objection. A late plea must not be considered, unless the tribunal considers the delay justified and admits the plea. Both courts and arbitral tribunals can determine jurisdictional issues.

Law stated - 10 February 2023

**Distinction between admissibility and jurisdiction of tribunal**

Is there a distinction between challenges as to the admissibility of a claim and as to the jurisdiction of the tribunal?

The main distinction between a challenge as to the jurisdiction of the tribunal and the admissibility of the claim is the extent of court intervention.

Article 611 Austrian Code of Civil Procedure allows parties to challenge arbitral awards in Austrian court on the grounds that the arbitral tribunal does not have jurisdiction to decide the case. In contrast, judicial intervention will not be appropriate if a party challenges the admissibility of the claim, and the challenge should be referred only to the tribunal itself.

Law stated - 10 February 2023

**ARBITRAL PROCEEDINGS****Place and language of arbitration, and choice of law**

Failing prior agreement of the parties, what is the default mechanism for the place of arbitration and the language of the arbitral proceedings? How is the substantive law of the dispute determined?

If the parties have not agreed on a place of arbitration and on the language of the arbitral proceedings, it is at the arbitral tribunal's discretion to determine an appropriate place and language. Pursuant to article 603 Austrian Code of Civil Procedure (CCP), the parties are free to choose the substantive law. In the absence of such agreement, it is within the discretion of the arbitral tribunal to choose the law it deems appropriate. The tribunal may not decide *ex aequo et bono* unless the parties have given the respective authorisation.

Law stated - 10 February 2023

**Commencement of arbitration**

How are arbitral proceedings initiated?

Under Austrian arbitration law, the claimant must submit a statement of claim that sets forth the facts on which the

claimant intends to rely, and his or her requests for relief. The statement of claim must be filed within the period agreed between the parties or set by the arbitral tribunal. The claimant may submit relevant evidence at that point. The respondent shall then submit his or her statement of defence.

An institutional arbitration generally commences when the claimant files the request for arbitration or statement of claim with the institution administering the arbitration. The institution will then serve the respondent. Under the Vienna Rules, the statement of claim commencing the arbitration must contain the following information:

- the full names, addresses and other contact details of the parties;
- a statement of the facts and a specific request for relief;
- if the relief requested is not exclusively for a specific sum of money, the monetary value of each individual claim at the time of submission of the statement of claim;
- particulars regarding the number of arbitrators;
- the nomination of an arbitrator if a panel of three arbitrators was agreed or requested, or a request that the arbitrator be appointed; and
- particulars regarding the arbitration agreement and its content.

Ad hoc arbitrations are generally commenced when the claimant serves the request for arbitration directly on the respondent.

*Law stated - 10 February 2023*

## Hearing

### Is a hearing required and what rules apply?

Oral hearings shall take place at the request of one party, or if the arbitral tribunal considers it necessary (article 598 CCP and article 30 of the Vienna Rules).

*Law stated - 10 February 2023*

## Evidence

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

Statutory law does not contain specific rules on the taking of evidence in arbitral proceedings. Arbitral tribunals are bound by rules on evidence, which the parties may have agreed on. In the absence of such rules, the arbitral tribunal is free to take and evaluate evidence as it deems appropriate (article 599 CCP). Arbitral tribunals have the power to appoint experts (and to require the parties to give the experts any relevant information, or to produce or provide access to any relevant documents, goods or other property for inspection), hear witnesses, parties or party officers. However, arbitral tribunals have no power to compel the attendance of parties or witnesses.

As a matter of practice, parties often authorise arbitral tribunals to refer to the IBA Rules on the Taking of Evidence (the IBA Rules) for guidance. If rules such as the IBA Rules are referred to, or agreed, the scope of disclosure is often broader than disclosure in litigation (which is quite limited under Austrian law). The arbitral tribunal must give the parties the opportunity to take note of, and comment on, the evidence submitted and the result of the evidentiary proceedings (article 599 CCP).

*Law stated - 10 February 2023*

## Court involvement

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

An arbitral tribunal may request assistance from a court to:

- enforce an interim or protective measure issued by the arbitral tribunal (article 593 CCP); or
- conduct judicial acts where the arbitral tribunal is not authorised to do so (compelling witnesses to attend, hearing witnesses under oath and ordering the disclosure of documents), including requesting foreign courts and authorities to conduct such acts (article 602 CCP).

A court can only intervene in arbitrations if this is expressly provided for in the CCP. In particular, the court can (or must):

- grant interim or protective measures (article 585 CCP);
- appoint arbitrators (article 587 CCP); and
- decide on the challenge of an arbitrator if:
  - the challenge procedure agreed upon, or the challenge before the arbitral tribunal, is unsuccessful;
  - the challenged arbitrator does not withdraw from his or her office; or
  - the other party does not agree to the challenge.

*Law stated - 10 February 2023*

## Confidentiality

Is confidentiality ensured?

The CCP does not explicitly provide for the confidentiality of arbitration, but confidentiality can be agreed upon between the parties. Further, in court proceedings for setting aside an arbitral award and in actions for a declaration of the existence, or non-existence, of an arbitral award, or on matters governed by articles 586 to 591 CCP (eg, challenge to arbitrators), a party can ask the court to exclude the public from the hearing, if the party can show a justifiable interest for the exclusion of the public.

*Law stated - 10 February 2023*

## INTERIM MEASURES AND SANCTIONING POWERS

### Interim measures by the courts

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

Both the competent court and an arbitral tribunal have jurisdiction to grant interim measures in support of arbitration proceedings. The parties can exclude the arbitral tribunal's competence for interim measures, but they cannot exclude the court's jurisdiction on interim measures. The enforcement of interim measures is in the exclusive jurisdiction of the courts.

In support of money claims, the court can grant interim remedies if there is reason to believe that the debtor would



prevent or impede the enforcement of a subsequent award by damaging, destroying, hiding or carrying away his or her assets (including prejudicial contractual stipulations).

The following remedies are available:

- the placement of money or movable property into the court's custody;
- a prohibition to alienate or pledge movable property;
- a garnishment order in respect of the debtor's claims (including bank accounts);
- the administration of immovable property; and
- a restraint on the alienation or pledge of immovable property, which is to be registered in the land register.

In support of non-pecuniary claims, the court can grant interim remedies similar to those mentioned above in relation to money claims. Search orders are unavailable in civil cases.

Injunctions given by a foreign arbitral tribunal (article 593 Austrian Code of Civil Procedure) or by a foreign court can be enforced in Austria under certain circumstances. Enforcement measures, however, must be compatible with Austrian law.

*Law stated - 10 February 2023*

### **Interim measures by an emergency arbitrator**

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

Neither Austrian statutory law nor the Vienna Rules provide for an emergency arbitrator.

*Law stated - 10 February 2023*

### **Interim measures by the arbitral tribunal**

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

An arbitral tribunal has wide powers to order interim measures on the application of one party if it deems it necessary to secure the enforcement of a claim or to prevent irretrievable harm. Differing from interim remedies available in court proceedings, an arbitral tribunal is not limited to a set of enumerated remedies. However, the remedies should be compatible with enforcement law, to avoid difficulties at the stage of enforcement. Statutory law does not provide for a security for costs in arbitration proceedings.

*Law stated - 10 February 2023*

### **Sanctioning powers of the arbitral tribunal**

Pursuant to your domestic arbitration law or the rules of the domestic arbitration institutions mentioned above, is the arbitral tribunal competent to order sanctions against parties or their counsel who use 'guerrilla tactics' in arbitration? May counsel be subject to sanctions by the arbitral tribunal or domestic arbitral institutions?

Arbitral tribunals have wide discretion to order interim measures as a way of dealing with guerrilla tactics. They may suspend the proceedings in extreme cases, or even dismiss an arbitration with prejudice as a sanction for the wilful misconduct of a party or of its counsel.

Arbitral tribunals may also order security for costs.

Further, it is a widely accepted possibility that arbitrators may draw negative inferences from a party's failure to comply with the tribunal's requests. For example, if a party refuses to produce documents, the tribunal can assume that the documents contain information that would compromise the party's position.

Another quite effective measure for regulating a party's misconduct is the award of costs in the final award.

Austrian lawyers are bound by professional ethical rules when acting as counsel in arbitrations (independent of whether they are held in Austria or abroad). Foreign lawyers in arbitrations held in Austria are not bound by Austrian professional ethical rules.

*Law stated - 10 February 2023*

## AWARDS

### Decisions by the arbitral tribunal

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

Unless otherwise agreed by the parties, it is sufficient for the arbitral award to be valid if it has been rendered and signed by a majority of arbitrators. The majority must be calculated on the basis of all appointed arbitrators and not just those present. If the arbitral tribunal intends to decide on the arbitral award without all of its members being present, it must inform the parties in advance of its intention (article 604 Austrian Code of Civil Procedure (CCP)).

An arbitral award signed by a majority of arbitrators has the same legal value as a unanimous award.

*Law stated - 10 February 2023*

### Dissenting opinions

How does your domestic arbitration law deal with dissenting opinions?

Statutory law is silent on dissenting opinions. Although there has been controversy on whether they are admissible in arbitral proceedings, the Supreme Court stated in a recent case that dissenting opinions generally do not violate the Austrian *ordre public*.

In another case concerning the enforcement of a foreign arbitral award, the Supreme Court stated that the requirement to attach the dissenting opinion to the arbitral tribunal's award (such requirement was contained in the applicable rules of arbitration) is not a stringent requirement under enforcement law.

*Law stated - 10 February 2023*

### Form and content requirements

What form and content requirements exist for an award?

An arbitral award is to be delivered in writing and must be signed by the arbitrator or arbitrators. Unless otherwise

agreed by the parties, the signatures of a majority of arbitrators are sufficient. In that event, the reason for the absence of some of the arbitrators' signatures should be explained.

Unless otherwise agreed by the parties, the award should also state the legal reasoning on which it is based, and indicate the day on, and place in, which it is made.

Upon request of any party of the arbitration, the award must contain the confirmation of its enforceability.

*Law stated - 10 February 2023*

### **Time limit for award**

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

Austrian law does not provide for a specific period within which an arbitral award must be delivered.

The Vienna Rules provide that the award shall be rendered no later than three months after the last hearing concerning matters to be decided in an award or the filing of the last authorised submission concerning such matters, whatever is the later. The Secretary-General may extend this time limit.

*Law stated - 10 February 2023*

### **Date of award**

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

Under Austrian law, the date of delivery of the award is relevant for both an application to the arbitral tribunal for correction or interpretation of the award, or both, or to make an additional award (see question 45) and any challenge to the award before the courts of law (see question 46). If the arbitral tribunal corrects the award on its own, the time limit of four weeks for such a correction starts from the date of the award (article 610(4) CCP).

*Law stated - 10 February 2023*

### **Types of awards**

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

The following types of awards are usual under arbitration law:

- award on jurisdiction;
- interim award;
- partial award;
- final award;
- award on costs; and
- amendment award.

*Law stated - 10 February 2023*

## Termination of proceedings

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

Arbitral proceedings can be terminated:

- if the claimant withdraws its claim;
- if the claimant fails to submit its statement of claim within the period determined by the tribunal (articles 597 and 600 CCP);
- by mutual consent of the parties, by settlement (article 605 CCP); and
- if the continuation of the proceedings has become impracticable (article (608(2)(4) CCP).

There are no formal requirements for such a termination.

*Law stated - 10 February 2023*

## Cost allocation and recovery

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

With respect to costs, arbitral tribunals have broader discretion and are, in general, more liberal than courts. The arbitral tribunal is granted discretion in the allocation of costs, but must take into account the circumstances of the case, in particular, the outcome of the proceedings. As a rule of thumb, costs follow the event and are borne by the unsuccessful party, but the tribunal can also arrive at different conclusions if this is appropriate to the circumstances of the case.

Where costs are not set off against each other, as far as possible the arbitral tribunal must, at the same time as it decides on the liability for costs, also determine the amount of costs to be reimbursed.

In general, attorneys' fees calculated on the basis of hourly rates are also recoverable.

*Law stated - 10 February 2023*

## Interest

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

An arbitral tribunal would, in most cases, award interest for the principal claimed if permitted under the substantive law applicable. Under the law, the statutory interest of civil law claims is 4 per cent. If both parties are entrepreneurs and the default is reproachable, a variable interest rate, published every six months by the Austrian National Bank, would apply. At present, it is 8.58 per cent. Bills of exchange are subject to an interest rate of 6 per cent.

The allocation and recovery of costs in arbitration proceedings are regulated in article 609 of the CCP. However, there is no provision as to whether interest may be awarded for costs, and it is, therefore, at the arbitral tribunal's discretion.

*Law stated - 10 February 2023*

## PROCEEDINGS SUBSEQUENT TO ISSUANCE OF AWARD

## Interpretation and correction of awards

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

The parties can apply to the arbitral tribunal requesting a correction (of calculation, typing or clerical errors), clarification or to make an additional award (if the arbitral tribunal has not dealt with all claims presented to it in the arbitral proceedings). The time limit for this application is four weeks from service of the award, unless otherwise agreed by the parties. The arbitral tribunal is also entitled to correct the award on its own within four weeks (an additional award within eight weeks) of the date the award has been rendered.

*Law stated - 10 February 2023*

## Challenge of awards

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

Courts are not entitled to review an arbitral award on its merits. There is no appeal against an arbitral award. However, it is possible to bring a legal action to set aside an arbitral award (both awards on jurisdictions and awards on merits) on very specific, narrow grounds, namely:

- the arbitral tribunal accepted or denied jurisdiction although no arbitration agreement or a valid arbitration agreement exists;
- a party was incapable of concluding an arbitration agreement under the law applicable to that party;
- a party was unable to present its case (eg, it was not given proper notice of the appointment of an arbitrator or of the arbitral proceedings);
- the award concerns matters not contemplated by, or not falling within the terms of the arbitration agreement, or concerns matters beyond the relief sought in the arbitration - if such defects concern a separable part of the award, such part must be set aside;
- the composition of the arbitral tribunal was not in accordance with articles 577 to 618 of the Austrian Code of Civil Procedure (CCP) or the parties' agreement;
- the arbitral procedure did not, or the award does not, comply with the fundamental principles of the Austrian legal system (public policy); and
- if the requirements to reopen a case of a domestic court in accordance with article 530(1), Nos. 1 to 5 of the CCP are fulfilled, for example:
  - the judgment is based on a document that was initially, or subsequently, forged;
  - the judgment is based on false testimony (of a witness, an expert or a party under oath);
  - the judgment is obtained by the representative of either party, or by the other party, by way of criminal acts (for example, deceit, embezzlement, fraud, forgery of a document or of specially protected documents, or of signs of official attestations, indirect false certification or authentication or the suppression of documents);
  - the judgment is based on a criminal verdict that was subsequently lifted by another legally binding judgment; or
  - the award concerns matters that are not arbitrable in Austria.

Further, a party can also apply for a declaration of the existence or non-existence of an arbitral award.

*Law stated - 10 February 2023*

## Levels of appeal

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

Pursuant to article 615 of the CCP, the Austrian Supreme Court is the court of first and last instance for actions for setting aside an arbitral award and for actions for declaration of the existence or non-existence of an arbitral award (ie, there is no appeal against decisions of the Supreme Court in these matters).

Article 616(1) of the CCP stipulates that the procedure in the action for setting aside an arbitral award and the action for declaration of the existence or non-existence of an arbitral award is the same as that performed in front of a court of first instance. This means that the Supreme Court must apply the same procedural rules as a court of first instance (eg, in the context of taking evidence).

*Law stated - 10 February 2023*

## Recognition and enforcement

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

Domestic arbitral awards are enforceable in the same way as domestic judgments.

Foreign awards are enforceable on the basis of bilateral or multilateral treaties that Austria has ratified - the New York Convention being by far the most important legal instrument. Thus, the general principle that mutuality of enforcement must be guaranteed by treaty or decree remains applicable (as opposed to the respective provisions under the UNCITRAL Model Law).

Enforcement proceedings are essentially the same as for foreign judgments.

*Law stated - 10 February 2023*

## Time limits for enforcement of arbitral awards

Is there a limitation period for the enforcement of arbitral awards?

There is no limitation period applicable to the commencement of enforcement proceedings. However, it is advisable to apply the 30-year statutory limitation period applicable to proceedings for enforcement of judgments under the law by analogy.

*Law stated - 10 February 2023*

## Enforcement of foreign awards

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

Under article V(1)(e) of the New York Convention, the recognition and enforcement of a foreign arbitral award may be refused if the award has been set aside or suspended by the competent authority of the country in which, or under the laws of which, that award was made.

Austria is a contracting state to the New York Convention and Austrian courts would therefore, in general, refuse enforcement of such an award. However, if an award has been set aside on the grounds that it is in conflict with public policy at the place of arbitration, Austrian courts must assess whether the award would also violate public policy in Austria. If the award is not in conflict with Austrian public policy, Austrian courts would probably enforce such an award.

*Law stated - 10 February 2023*

### **Enforcement of orders by emergency arbitrators**

Does your domestic arbitration legislation, case law or the rules of domestic arbitration institutions provide for the enforcement of orders by emergency arbitrators?

Article 45 of the Vienna Rules provides for an expedited procedure. However, there are no specific rules on the enforcement of orders issued in such proceedings by emergency arbitrators. The same goes for domestic arbitration legislation (including case law).

*Law stated - 10 February 2023*

### **Cost of enforcement**

What costs are incurred in enforcing awards?

The prevailing party is entitled to recover the lawyers' fees from the opponent in accordance with the Austrian Act on Lawyers' Fees (a schedule of fees based on the amount in dispute).

Court fees are also based on the amount in dispute. If the principal amount of the enforced claim is, for example, for €1 million, the court fee for the enforcement against movable property would amount to approximately €2,500; if the enforcement is against immovable property, the court fee would be approximately €23,000.

*Law stated - 10 February 2023*

## **OTHER**

### **Influence of legal traditions on arbitrators**

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

In civil and commercial proceedings, there is no court-ordered discovery, and the possibilities to obtain a court order providing for the production of documents by the other party are rather limited. In arbitral proceedings, there is no tendency towards US-style discovery, but arbitrators may order a certain amount of document production, depending on the applicable rules of arbitration and the agreement between the parties. Written witness statements are common in arbitral proceedings. The IBA Rules on the Taking of Evidence in International Arbitration have become popular in arbitral proceedings.

*Law stated - 10 February 2023*

### **Professional or ethical rules**

Are specific professional or ethical rules applicable to counsel and arbitrators in international arbitration in your jurisdiction? Does best practice in your jurisdiction reflect (or contradict) the IBA Guidelines on Party Representation in International Arbitration?

There are no specific ethical rules governing the conduct of arbitration practitioners. The Austrian Professional Code of Conduct for Lawyers applies to all members of the Austrian Bar, including when acting as counsel or arbitrators.

*Law stated - 10 February 2023*

### **Third-party funding**

**Is third-party funding of arbitral claims in your jurisdiction subject to regulatory restrictions?**

Third-party funding has become common in Austria. The funder will cover the costs of the proceedings and receive a share of the recouped amount. Although there is currently no statutory framework that regulates third-party funding, the validity of such arrangements (subject to certain conditions) has been confirmed by the Supreme Court, which has stated that the prohibition of *quota litis* (that lawyers are subject to) does not apply to third-party funders.

*Law stated - 10 February 2023*

### **Regulation of activities**

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

Under tax law (implementing Regulations (EC) No. 1798/2003 and No. 143/2008), arbitrators who are based in Austria need not charge VAT if the refunding party is a 'taxable person' under said regulation and has its place of business outside Austria but in the European Union.

*Law stated - 10 February 2023*

## **UPDATE AND TRENDS**

### **Legislative reform and investment treaty arbitration**

Are there any emerging trends or hot topics in arbitration in your country? Is the arbitration law of your jurisdiction currently the subject of legislative reform? Are the rules of the domestic arbitration institutions mentioned above currently being revised? Have any bilateral investment treaties recently been terminated? If so, which ones? Is there any intention to terminate any of these bilateral investment treaties? If so, which ones? What are the main recent decisions in the field of international investment arbitration to which your country was a party? Are there any pending investment arbitration cases in which the country you are reporting about is a party?

The Vienna International Arbitral Centre (VIAC) has included rules on investment disputes with effect from 1 July 2021 (VRI) and simultaneously updated its Rules of Arbitration and Mediation (the Vienna Rules) applying to commercial disputes.

The VRI do not outline jurisdictional requirements as opposed to the ICSID Convention, which extends only to legal disputes arising directly out of an investment, between one contracting state and a national of another contracting state. The VRI provide for a framework regulating third-party funding that addresses the risk of conflicts of interest of arbitrators and security for costs. Furthermore, the VRI allows for a party to apply for the early dismissal of a claim, counterclaim or defence on the basis that it is outside the jurisdiction of the tribunal, inadmissible or lacking legal merit. An application for early dismissal is to be filed within 45 days of the constitution of the tribunal or the submission of the answer to the statement of claim, whichever is earlier. In addition, the VRI contain the possibility for *amicus curiae* submissions. In contrast to the Vienna Rules, the VRI stipulate that arbitrators shall have nationalities



different from those of the parties unless otherwise agreed by the parties


It remains open whether the VRI will be able to replicate the popularity of the Vienna Rules, in particular with parties from the CEE/CIS region. VIAC has certainly laid a solid foundation.

The Vienna Rules 2021 entered into force on 1 July 2021 and apply to all proceedings commenced after 30 June 2021. The revision of the Vienna Rules was triggered by VIAC's drafting of the VRI. They are not a significant departure from their predecessor of 2018. Rather, the aim of the revision was to adapt the existing rules for commercial disputes to new needs and developments in the market.

As stated under question 1.2 above, in the wake of the Court of Justice of the European Union's Achmea judgment (C-284/16) of 6 March 2018, Austria committed itself to terminating the bilateral investment treaties (BITs) that it has with other EU member states. Although Austria was one of the few EU member states not to sign the Agreement for the Termination of Bilateral Investment Treaties Between the Member States of the European Union, it has committed to terminating its BITs bilaterally. BITs that have already been terminated include those with Slovakia, Croatia, Malta, Romania and Slovenia.

*Law stated - 10 February 2023*

## Jurisdictions

	<b>Australia</b>	DLA Piper
	<b>Austria</b>	OBLIN Attorneys at Law
	<b>Azerbaijan</b>	GRATA International
	<b>Bulgaria</b>	Kambourov & Partners, Attorneys at Law
	<b>Canada</b>	Singleton Urquhart Reynolds Vogel LLP
	<b>China</b>	Jingtian & Gongcheng
	<b>Croatia</b>	Gugić, Kovačić & Krivić
	<b>Cyprus</b>	N. Piriides & Associates LLC
	<b>Ecuador</b>	TADIR Dispute Resolution
	<b>Egypt</b>	Shahid Law Firm
	<b>France</b>	Aramis Law Firm
	<b>Germany</b>	rothorn legal
	<b>Ghana</b>	Kimathi & Partners Corporate Attorneys
	<b>Greece</b>	Lambadarios Law Firm
	<b>Hong Kong</b>	RPC
	<b>Hungary</b>	Bán, S.Szabó, Rausch & Partners
	<b>Italy</b>	Legance
	<b>Japan</b>	Anderson Mōri & Tomotsune
	<b>Liechtenstein</b>	Gasser Partner
	<b>Luxembourg</b>	Baker McKenzie
	<b>Macau</b>	JNV - Lawyers and Notaries
	<b>Mexico</b>	FloresRueda Abogados
	<b>New Zealand</b>	Arbitra International
	<b>Pakistan</b>	Axis Law Chambers
	<b>Romania</b>	STOICA & Asociații

	<b>Slovakia</b>	Barger Prekop sro
	<b>South Korea</b>	Kim & Chang
	<b>Spain</b>	King & Wood Mallesons
	<b>Sri Lanka</b>	FJ & G de Saram
	<b>Sweden</b>	Advokatfirman Delphi
	<b>Switzerland</b>	Bär & Karrer
	<b>Thailand</b>	Duensing Kippen
	<b>Turkey</b>	YAZICI Attorney Partnership
	<b>United Arab Emirates</b>	Afridi & Angell
	<b>United Kingdom</b>	Macfarlanes LLP
	<b>USA</b>	Draper & Draper LLC
	<b>Uzbekistan</b>	Putilin Dispute Management
	<b>Zambia</b>	Corpus Legal Practitioners