GETTING THE DEAL THROUGH

Dispute Resolution

in 38 jurisdictions worldwide

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LITIGATION

1 Court system

What is the structure of the civil court system?

There is a three-level court system in Latvia, consisting of the regional or city courts (courts of first instance), the district courts (which may be either first instance or appellate) and the Supreme Court (appellate or cassation). There are no specialised civil courts hearing disputes according to specific subject matter.

Usually all civil claims in the first instance are heard by the regional (city) court. District courts hear claims at first instance in:

- matters in which there is a dispute regarding property rights in regard to immovable property;
- matters arising from rights in regard to obligations, if the amount of the claim exceeds LVL30,000 (€21,000);
- matters regarding patent rights and protection of trademarks;
- matters regarding insolvency of undertakings and companies; and
- matters regarding insolvency and liquidation of credit institutions.

There are 42 courts in Latvia: 35 regional (city) courts and 6 district courts and one Supreme Court.

The Constitutional Court (Satversmes tiesa) stands apart from the general court system.

As of 1 February 2004, specialised administrative courts started to hear administrative cases by reviewing administrative complaints on the decisions or actions of state institutions (eg the State Revenue Service, licensing authorities, etc). Currently, there are two administrative courts situated in Riga: The Administrative District Court (Administratava apgabaltiesa) and the Administrative Regional Court (Administratava rajona tiesa). Additionally, a department of administrative cases was established in the Senate of the Supreme Court to hear cassation appeals. On 1 February 2004, the Administrative Procedure Law (*Administratava Procesa likums*) became effective establishing special procedural rules for process in state administration as well as procedure for hearing administrative cases in the administrative courts.

2 Judges and juries

What is the role of the judge and, where applicable, the jury in civil proceedings?

One judge always hears civil cases in the first instance. A panel of three judges hears the appeals in the district courts and Supreme Court. Although the Law of Civil Procedure explicitly establishes the principle of competition between the parties and in theory is expected to be rather passive, in practice the judge plays an inquisitorial role given the wide discretionary powers during the procedure to examine the parties, ask questions and request additional evidence. It could be stated that the role of judge is somewhat mixed, as on the one hand judges should adjudicate the matter only on the evidence and arguments presented by the parties, yet, on the other hand, the civil procedure rules provide for a wide possibilities for the judge to take an active inquisitorial role in the proceedings. There is no jury trial under Latvian law in either civil or criminal trials.

3 Limitation issues

What are the time limits for bringing civil claims?

The law does not foresee any specific time limits to lodge a claim from the procedural point of view. Time limitations are subject to substantive law. The general time bar for civil claims is 10 years. There are exceptions to this general rule. For example, claims for revoking a sales contract due to the defects in the object of the contract can be brought within six months but claims for reduction of the price can be brought within one year from the day of conclusion of the contract. Some specific laws provide shortened periods for bringing civil claims. For example, rules pertinent to carriage of goods by road within the territory of Latvia provide for a time bar of three years for claims arising from the contract of carriage. If the carriage is subject to the CMR Convention, then claims become time-barred within one year. Insurance claims arising from civil liability insurance contracts become time-barred within a period of three years.

4 Pre-action behaviour

Are there any pre-action considerations the parties should take into account?

There are no specific actions or pre-action steps that the plaintiff must perform before lodging a claim with the court. Any contractual arrangements for performing certain actions before issuing proceedings do not deprive any of the parties of the right to file a claim and would not be regarded as mandatory conditions precedent to filing a claim.

5 Starting proceedings

How are civil proceedings commenced?

A general civil procedure is started by a party (plaintiff) lodging a claim with the court of first instance. After filing the claim the court will verify if all the formal requirements are fulfilled (payment of state fee, necessary annexes, if it has all the formal components of the claim, if it has been filed in the right court, if the person who has filed and signed the claim is duly authorised to

do so). If the court detects any defects, it can at its own discretion allow time to rectify these formal defects. Thereafter the judge must send the claim and all the attached documents to the defendant immediately for submission of explanations. After the receipt of the defendant's explanations, the judge may determine that a preparatory meeting to which all the involved parties are invited be commenced. In this meeting, the judge can decide certain procedural issues, such as determine specific terms for submissions of the parties, specify the claims and counterclaims, seek a settlement of the dispute between the parties, and decide other procedural issues concerning evidence, the need for experts and witnesses, etc.

6 Timetable

What is the typical procedure and timetable for a civil claim?

The typical procedure after the claim has been filed to the court starts with the judge adopting a formal decision to initiate the civil proceedings. Then the judge must send the copy of the claim and all attached documents to the defendant for submission of explanations and evidence. The law obliges the judge to so do immediately after receipt of the claim. In addition, the judge must determine the time period from 15 to 30 days in which the defendant must submit their explanations and evidence to the court. Once the explanations are received, the court sends the copies to the plaintiff and third parties. At this stage the court decides whether a preparatory court session during which the procedural matters could be resolved or agreed upon is necessary. Usually courts do not schedule such preparatory meeting, as they are not mandatory.

If a preparatory session is not necessary, the court determines the time of the hearing and sends notices to all parties, third persons and other persons that shall be invited to the hearing (for example, experts, witnesses). The court is not bound by any time limits to schedule the hearing. A hearing is usually scheduled within one to two months after receipt of all the defendants explanations in the regional (city) court. Due to their heavy workload district courts schedule hearings after three to five months of submission of the written explanations.

The court session starts with the judge opening the hearing of a case, it names the judges and court secretary. Then the court secretary reports on the parties present in the hearing as well as other persons participating in the proceedings. After this report, the court verifies the identities of the present representatives of the parties. Thereafter the judge or the presiding judge of a panel explains their rights to the parties and clarifies whether there are any challenges to the judge or judges.

The hearing on the merits is oral. The plaintiff presents their case and gives explanations as to the facts and all relevant aspects of the dispute. Thereafter the defendant and court may ask questions to the plaintiff. After questioning of the plaintiff, the defendant presents its case and gives explanations followed by plaintiff's and judge's questions. Once the parties have made their deliberations, the court determines the order for verifying the evidence if it is necessary and questioning the witnesses, if any. Once all the evidence has been verified the court shall ask the parties to express their opinion on whether the hearing of the case on the merits can be closed.

Once the hearing on the merits is closed, the court shall open the court debate, where the plaintiff starts their speech and then is followed by the defendant. Third parties also can speak in the debates. The point of the debate from the parties' perspective is to summarise the hearing on the merits of their claim or defence, analyse the evidence and applicable law, interpret the law and make a final statement. It is prohibited to refer in the court debates to circumstances and evidence that have not been verified during the hearing or admitted by the court. Each of the parties has the right to a reply to the final statement of the other party, and the court may limit the time of the final reply. After the court debate is closed the court leaves the courtroom to decide. In complicated cases, if the court is not able to deliver a decision, it can schedule a subsequent court session within the next 14 days to announce its decision. Furthermore, in complicated cases the law allows the court to announce and deliver an abbreviated judgement where only the res judicata is announced. In this case the court must prepare the full text of the decision within 14 days.

7 Case management

Can the parties control the procedure and the timetable?

The court controls the procedure and the timetable of the proceedings. The parties have very little possibility to influence it directly. Indirectly the parties can affect the timetable of the proceedings and request additional time for submission of evidence or providing the explanations, especially if the additional written explanations are submitted just before the hearing.

8 Evidence

What is the extent of pre-trial exchange of evidence? Is there a duty to preserve documents and other evidence pending trial? How is evidence presented at trial?

According to the general rules of the Civil Procedure Law each party shall prove the facts upon which they base their claims or objections. Evidence shall be submitted by the parties and by other participants in the matter. As a general rule, when filing a claim the plaintiff shall submit all the evidence to the court and similarly when the defendant submits its written explanations to the court, they must be accompanied with all the available evidence supporting the facts that are referred to in the explanations. Then both parties receive copies of the written evidence that the opposing party is referring to.

If the parties or other participants in the matter are unable to submit evidence, the court shall, at the reasoned request of either party, require such evidence.

One of the fundamental rules under the law is that evidence shall be submitted not later than seven days before a court sitting, unless the judge has set another time period within which evidence is to be submitted. During the hearing of the matter on the merits evidence may be submitted by a party only at the reasoned request of that party or other participants in the matter if it does not impede the adjudication of the matter or the court finds the reasons for late submission of evidence justified, or the evidence concerns facts which have become known during the hearing of the matter. A decision by the court to refuse to accept the evidence may not be appealed, but objections regarding such decision may be expressed in an appellate or cassation submission.

If the court admits that in respect of any of the facts referred to in the written submissions of the parties no evidence is submitted, it can notify the parties thereof and, if necessary, set a time period within which evidence is to be submitted by one of the parties.

No pre-trial exchange of evidence between the parties exists under Latvian law. Similarly there is no duty to preserve documents or other evidence pending trial in Latvia.

The law fixes the types of evidence that are admitted by the courts. The explanations of the parties can serve as evidence only

if other evidence verified at the hearing supports them. Witness statement is admitted as evidence, and witnesses are usually questioned during the hearing on the merits. The main evidence in civil cases is usually written evidence, which includes also information written in audio and videotapes and computer diskettes or other information carriers. Evidence can also be other items that by their physical nature or characteristics or by the very fact of their existence may prove certain facts in the case. As described earlier, the parties must submit the evidence to the court not later than seven days before the hearing. If the written evidence or other items that serve as evidence cannot be presented in the court, the court may carry out an on-the-spot examination of such evidence.

The court shall order the expert evidence if requested by one of the party in the case. If parties cannot agree upon the expert, the court appoints it. The parties have right to submit the list of questions to which the expert must answer, which can be challenged by the other party and dismissed by the court. However, if any of the questions is dismissed the court must give reasons for that. However, the final decision on ordering the expert evidence and questions to be answered by expert or several experts is made by the court. The expert prepares his/her statement in writing and submits it to the court. The expert(s) can be questioned during the hearing on the merits when expert evidence is verified and presented in the court.

9 Interim remedies

What interim remedies are available?

Any of the parties may request interim measures at any stage of the proceedings before the closing of the hearing on the merits. It is possible to request interim measures even before the submission of the claim if the defendant with the purpose of avoiding performance of its obligation, removes or alienates their property, leaves their place of residence without informing the creditor, or performs other actions which evidence that the debtor is not acting in good faith or has not observed mandatory law. Moreover, it is possible to request interim measures to secure a potential claim in the arbitration tribunal.

Provided that there is sufficient ground to believe, which must be proven, that the execution of the judgment in the matter might be difficult or become impossible the court can apply the following interim measures:

- Freezing or arrest of moveable property, including monetary funds, of the defendant
- Entering of a restriction in the register of the respective moveable property or any other public register (vehicles, shares etc)
- Entering of a restriction regarding the securing of a claim in the Land Register or Ship Register
- Arrest of a ship
- Prohibition on the defendant from performing certain actions
- Prohibiting other persons from giving to the defendant or any other person monetary funds or other property of the defendant (freezing the moveable property or monetary funds of the defendant which are in the possession of third parties)
- Postponement of execution activities, including prohibiting bailiffs from transferring money or property to a judgment creditor or debtor, or suspending of sale of property

Following its accession to the EU on 1 May 2004, Latvia is bound by Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the Brussels Regulation). Pursuant to the Brussels Regulation Latvian courts shall provide interim measures in support of foreign proceedings. Article 31 of the Brussels Regulation stipulates that application may be made to the courts of a member state for such provisional, including protective, measures as may be available under the law of that state, even if, under this Regulation, the courts of another member state have jurisdiction as to the substance of the matter.

10 Remedies

What substantive remedies are available?

There are various substantive remedies available under Latvian law. For example, claims for recognition of ownership, recognition of nullity, performance of obligations, return of title or property and damages, etc are all available. Punitive damages are not available under Latvian law. Damage claims can include claims for lost profits or moral damages in certain cases (defamation etc). In some instances the court has discretion to determine amount of monetary compensation if so requested by plaintiff. For example, in employment disputes concerning discrimination, the plaintiff may request monetary compensation, the amount of which shall be finally determined by the court.

In principle the law provides for a possibility to award also interest on a money judgment until the execution of the judgment. When making a money judgment, the court shall specify the principal amount, the interest and time for which the interest is awarded as well as the right of the winning party to receive interest until the execution day of the judgment. In this case the court must indicate the amount of interest payable.

11 Enforcement

What means of enforcement are available?

The bailiffs carry out the enforcement of court decisions. As a general rule the debtor is offered first to comply with the judgment voluntarily. If this is not achieved the bailiff has several enforcement means available including:

- recovery directed against the moveable property of a debtor, including the property in the possession of other persons and intangible property, by sale thereof;
- recovery directed against money due to the debtor from other persons (remuneration for work, payments equivalent thereto, other income of the debtor, deposits in credit institutions);
- recovery directed against the immoveable property of the debtor, by sale thereof;
- transfer of the property adjudged by the court to the judgment creditor and performance of activities imposed by a court judgment;
- eviction of persons and removing of property specified in the judgment from premises;
- restoring the possession; and
- other measures as set out in a judgment.

If the court order or bailiff orders are disobeyed, the bailiff can file a notice to the court, which can impose a monetary fine. If the orders of court or bailiff are continuously disobeyed, the debtor can become subject to criminal liability.

12 Inter partes costs

Does the court have power to order costs?

Usually the party in whose favour a judgment is made is awarded recovery from the opposite party of all court costs paid by win-

ning party. Court costs include state fee and chancellery fees paid in relation to the proceedings. No other costs are recoverable. If a claim has been satisfied in part, the recovery of court costs shall be awarded to the plaintiff in proportion to the extent of the claims satisfied by the court, whereas the defendant shall be reimbursed in proportion to the part of the claims dismissed in the action. State fees for applications regarding renewal of court proceedings and adjudicating of the matter de novo in a matter where a default judgment has been rendered shall not be recovered.

If a plaintiff withdraws the claim, it shall reimburse court costs incurred by the defendant. In this case the defendant shall not reimburse the court costs paid by the plaintiff. However, if a plaintiff withdraws his claims because, after they are submitted, the defendant has voluntarily satisfied them, the court shall, pursuant to the request of the plaintiff, award recovery of the court costs paid by the plaintiff as against the defendant.

The law does not provide for a possibility to order the plaintiff to provide a security for defendant's costs.

In addition to court costs the court can also award the recovery of attorney fees. Attorney fees shall be reimbursed in the following amounts:

- **Fees for the assistance of an advocate**: the actual amount thereof, but not exceeding five per cent of that part of the claim which has been allowed and in claims which are not financial in nature, not exceeding the normal rate for advocates
- **Travel and accommodation costs related to attendance at a court sitting**: in accordance with the rates for reimbursing official travel costs determined by the government
- **Costs related to obtaining written evidence**: the actual amount disbursed

13 Fee arrangements

Are 'no win no fee' agreements or other types of contingency fee arrangements available to parties?

In general a client may agree with an attorney various fee arrangements and there are no strict limitations as to the fee arrangements. Hourly rates or fixed fees can be agreed, as well as success based fees where the fee depends on the result of the case.

14 Appeal

On what grounds and in what circumstances can the parties appeal? Is there a right of further appeal?

A decision of the first instance court can be appealed within 20 days after the court renders the full decision. The law does not specify specific grounds for the appeal. However, the appellate submission must contain an explanation as to why the appellant believes the decision is wrong and where the court has erred. In other words, the appellant must give reasons for the appeal. The appeal must not alter the legal basis of the claim and subject matter of the claim. Moreover, the appeal may not include new claims that have not been raised in the first instance court.

The decisions of the court of appeals can be further appealed under the special procedure of cassation provided special grounds exist for cassation. A judgment of an appellate court may be appealed pursuant to cassation procedures if the court has breached norms of substantive or procedural law or, in adjudicating a matter, has acted outside its competence. The cassation appeal can be submitted within 30 days of the announcement of the appellate court's judgment.

15 Foreign judgments

What procedures exist for recognition and enforcement of foreign judgments?

Before Latvia's accession to the EU there was a view that only judgments from the countries with which Latvia has signed bilateral treaties on mutual assistance in judicial matters are subject to recognition and enforcement. Nevertheless there were procedural rules in the Civil Procedure Law that in general admitted that foreign judgments could be recognised and enforced in Latvia. Latvia has signed such treaties with Ukraine, Belarus, Russian Federation, Moldova, Kyrgyzstan, Uzbekistan, Estonia, Lithuania, and Poland.

After 1 May 2004 when Latvia joined the EU, it became bound by the Brussels Regulation (No. 44/2001 of 22 December 2000) on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters. As a result all the judgments from the other member states of the EU are enforceable in Latvia. Although not required by the Brussels Regulation, Latvia made amendments to Civil Procedure Law, which in general provides that foreign court judgments are recognised and enforceable in Latvia.

According to the Civil Procedure Law a judgment of a foreign court shall not be recognised only if one of the following bases exists:

- the foreign court, which made the judgment, was not competent in accordance with Latvian law to adjudicate the dispute or such dispute falls within the exclusive jurisdiction of the Latvian courts;
- the judgment of the foreign court has not come into legal effect;
- the defendant was denied a possibility of defending his or her rights, especially if the defendant who did not participate in the adjudication of the matter was not in a timely and proper manner notified regarding the hearing, except if the defendant has not appealed such decision even though he or she had the possibility to do so;
- the judgment of the foreign court is not compatible with a court judgment already made and effective in Latvia in the same dispute between the same parties or where court proceedings in such dispute in a Latvian court are in progress and began earlier ;
- the judgment of the foreign court is not compatible with a previously made and effective decision of another foreign court in the same dispute between the same parties, which may be recognised or is already recognised in Latvia;
- the recognition of the judgment of the foreign court is in conflict with the public order of Latvia; or
- in making the judgment of the foreign court, the law of such state was not applied as should have been applied according to Latvian international private law conflict of law norms.

In order to enforce a foreign judgment an application must be submitted to the regional (city) court. The application shall be submitted to the court on the basis of the place of execution of the adjudication or also on the basis of the place of residence of the defendant or location (legal address). Such an application must be accompanied with the original or a certified copy of the foreign judgment with a confirmation or statement of the foreign court that the judgment has become effective, and a document of a foreign court certifying that the defendant was properly notified about the proceedings in case of a default judgment. All the foreign documents must be translated into Latvian.

16 Foreign proceedings

Are there any procedures for obtaining oral or documentary evidence for use in civil proceedings in other jurisdictions?

The Civil Procedure Law does not provide for any special proceedings for taking evidence for use in civil proceedings in other jurisdictions. The law merely refers to the international treaties covering this matter to which Latvia is a signatory and to European Union law. As Latvia is party to the 1970 Hague Convention on the Taking of Evidence Abroad in Civil or Commercial Matters, the procedures laid down in the convention are applicable. Furthermore, Council Regulation (EC) No. 1206/2001 of 28 May 2001 on cooperation between courts of the member states in the taking of evidence in civil or commercial matters provides a set of rules in getting evidence for support of civil proceedings in foreign jurisdictions within the EU.

ARBITRATION

17 UNCITRAL Model Law

Is the arbitration law based on the UNCITRAL Model Law?

Part D of the Civil Procedure Law (Articles 486 to 537) refers to arbitration. These rules are partially based on the UNCITRAL Model Law. However, they do not fully reflect the provisions of the UNCITRAL Model Law. For example, the definition of the arbitration agreement does not provide that arbitration agreement would be considered as existing in an exchange of statements of claim and defence in which the existence of an agreement is alleged by one party and not denied by another.

18 Arbitration agreements

What are the formal requirements for an enforceable arbitration agreement?

An arbitration agreement shall be entered into in written form. It may be included in any agreement as a separate clause. Arbitration agreements may be entered into by exchange of letters, faxes or telegrams or using of other means of telecommunication, which provide that the intent of both parties to refer a dispute or a possible dispute to arbitration is recorded. Such an agreement shall also be considered an agreement in writing. The arbitration agreement may include a stipulation regarding the procedures for resolution of disputes in accordance with the regulations of the arbitration court or with the agreement of the parties.

The principle of autonomy of arbitration agreement is clearly established by the law, namely, that in case the arbitration agreement is included in the contract as a separate clause, it shall not be affected by the validity of the agreement in which the arbitration clause is included.

19 Choice of arbitrator

If the arbitration agreement and any relevant rules are silent, how many arbitrators will be appointed and how will they be appointed? Are there restrictions on the right to challenge the appointment of an arbitrator?

The underlying rule regarding the appointment of arbitrators is that the number of arbitrators shall be comprised of an odd number. The law stipulates that if parties have not agreed on the number of arbitrators, the arbitration court shall consist of three arbitrators. An arbitration court may also consist of one arbitrator, if the parties agree thereto.

In ad hoc arbitration the underlying rule is that the parties shall determine the procedure regarding appointment of arbitrators. Parties may entrust the appointment of arbitrators to any natural or legal person having capacity to act. If it is stipulated in an arbitration agreement that a dispute is to be resolved by a permanent arbitration court (institutional arbitration), the arbitrators shall be appointed in accordance with the regulations of the arbitration court. If parties have not agreed to refer a dispute to a permanent arbitration court or the parties have not agreed upon the procedure regarding appointment of arbitrators in ad hoc arbitration, the law states that each party shall appoint one arbitrator who shall appoint the third arbitrator by agreement, who shall be the chairperson of the arbitration court panel. However, the law does not provide a solution if both arbitrators appointed by the parties cannot agree on the third arbitrator. The law does not provide a possibility for turning to a court or other institution to act as an appointing authority. Therefore it is left to the parties or to the arbitrators appointed by the parties to agree and choose an appointing authority.

20 Procedure

Does the domestic law contain substantive requirements for the procedure to be followed?

If the parties have referred a dispute to a permanent arbitration institution, then the procedure is determined according to its rules. The law provides general principles as to the procedure of arbitration proceedings given the fact that it relies on the assumption that the parties shall determine the rules of procedure. If the parties have not agreed upon the procedural rules in ad hoc arbitration, the arbitrator(s) have to determine these rules.

The arbitrators set the procedural time limits in ad hoc arbitration. However, there are some limitations set by the law. For example, arbitrators may not set a period shorter than 15 days for submission of a defence statement. Moreover, the notice about the first hearing shall be sent to the parties at least 15 days in advance. Rules of institutional arbitrations usually provide for procedural time limits, which must be followed by the arbitrators. According to the Civil Procedure Law the procedure in ad hoc arbitration or in a permanent arbitration court shall begin from the time of submission of a statement of claim, if the parties have agreed on the composition of the arbitration court. If there is such agreement, the procedure is deemed to begin from the time the defendant receives of a copy of the statement of claim and notification of the appointment of an arbitrator.

The law further stipulates that an arbitration court, considering the arbitration agreement, holds meetings to hear the explanations and objections of the parties and to examine evidence (oral procedure) or shall resolve a dispute on the basis of the written evidence and submitted materials only (written procedure). The arbitration court shall also organise oral procedure where the parties have agreed on written procedure but one of the parties, up until the making of the decision, requests oral procedure. An arbitration court shall in good time notify parties about the hearing. As a general rule, the arbitration court must acquaint the parties with any submissions, documents and other information, which it has obtained, as well as with expert opinions and other evidence. During the arbitration procedure all notifications, applications and other forms of correspondence shall be sent by registered mail or in another manner, recording the fact of it being sent, or shall be delivered to the addressee personally to be signed.

21 Court intervention

On what grounds can the court intervene during an arbitration?

During the arbitration process there is no possibility for court intervention in the proceedings or arbitration process in general.

22 Interim relief

Do arbitrators have powers to grant interim or conservatory relief?

Until recently the law provided a general rule that the arbitration court could grant interim measures without specifying the exact types of these measures. In practice the institutional arbitrations included the same list of interim measures as provided in the law for general civil courts. Recent amendments to the law have excluded the possibility for arbitration courts to grant any interim or conservatory measures. It is possible to request the court to apply interim measures before submission of the claim to arbitration. In this case the court would apply the same rules in determining whether there is a ground for application of interim measures as well as the same type of measures, as provided for in court proceedings. The law does not provide for a possibility to request interim measures from the general court during the ongoing arbitration proceedings.

23 Award

When and in what form must the award be delivered?

The arbitration award must be in writing. The law stipulates what issues an arbitral award must cover. The law does not prescribe the time limit when the award must be announced after the proceedings and when the written text must be prepared. The law states that in case of written proceedings after the award is made, it must be sent to the parties within three days.

24 Appeal

On what grounds can an award be appealed to the court?

The award becomes effective on the day it is announced and is not subject to appeal.

25 Enforcement

What procedures exist for enforcement of foreign and domestic awards?

If a domestic arbitral award is not complied with, the application shall be submitted to the regional (city) court for enforcement of the award and obtaining an enforcement order. Together with an application, the party requesting enforcement must submit the award and arbitration agreement or document containing the arbitration agreement to the court with as many copies of the application and its annexes as there are defendants. The state fee must be paid. When the court has received an application for enforcement, it shall send a copy of the application immediately to the other party and request to submit written explanations within the time limit, which shall not be shorter than 10 days or longer that 15 days from the day of the dispatch of the notice by the court. A decision by the court is then taken ex parte within 10 days of receipt of the written explanations. The decision becomes effective immediately. However it can be appealed within 10 days after the defendant has received a copy of the decision.

Foreign arbitral awards are recognised and enforced pursuant to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (the New York Convention) to which Latvia is a party as well as provisions of the Civil Procedure Law. In case of a foreign arbitral award, a similar application is made to the regional (city) court accompanied with the original or certified copy of the arbitral award duly translated in Latvian and arbitration agreement or contract containing arbitration agreement. The document certifying the payment of a state fee must be attached, too. Unlike with the domestic arbitral awards, in case of a foreign arbitral award, the court has to hold a hearing where all involved parties are invited. The fact that one of the parties is not present does not create a legal obstacle for the court to make a decision. According to the Civil Procedure Law, the court may ask explanations from the parties and even request additional information from the arbitration that made the award. The court may refuse recognition or enforcement only in the cases and on the basis of grounds provided for in the international treaties binding on Latvia (the New York Convention).

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26 Costs

Can a successful party recover its costs?

As a rule arbitral award always should also address the division of costs between the parties. This division or award of the costs related to arbitration (arbitration and arbitrators fees, other costs) is subject to execution together with the awarded money under the dispute (principal amount and interest). When making the decision on the enforcement of the award the judge has to decide whether to recover from the defendant the state fee paid for the issuance of the enforcement order. The law does not foresee the recovery of legal costs associated with attorney fees incurred during the process of recognition and enforcement in the court. All the costs that are payable in the course of the execution of the arbitral award, namely, fees to the bailiff are usually recovered from the defendant when the actual enforcement is performed.

ALTERNATIVE DISPUTE RESOLUTION

27 Obligatory ADR

Is there a requirement for the parties to litigation or arbitration to consider alternative dispute resolution before or during proceedings?

Currently there is no legal basis for alternative dispute resolution mechanisms, and parties to litigation in civil matters are not obliged to consider alternative dispute resolution. This does not mean that the parties cannot agree to use any alternative dispute resolution mechanisms, but in practice it is very seldom used. There are several private and public initiatives to establish alternative dispute resolution practice in certain areas of disputes, but they are still at the very early stage of development.

The Labour Dispute Law in force since January 2003 provides a general framework for resolution of labour disputes, which includes specific procedures for conciliation and mediation activities in collective labour disputes.

28 Specific features

Are there any specific features of the dispute resolution system not addressed in any of the previous questions?

No.