

## **Act LXXI of 1994 on Arbitration - Hungary**

• Chapter I. General Provisions .....	2
• Scope of the Act .....	2
• Stipulation of Arbitration and the Procedure Thereof .....	2
• Waiver of the Right to Objection .....	3
• Role of the Courts .....	3
• Other General Provisions .....	3
• Chapter II. Composition of Arbitral Tribunal .....	4
• Appointment of Arbitrators .....	4
• Termination of the Mandate of Arbitrator. Challenge Procedure .....	5
• Other Cases of the Termination of an Arbitrator's Mandate .....	6
• Appointment of Substitute Arbitrator .....	6
• Chapter III. Jurisdiction of Arbitral Tribunal .....	6
• Ruling of the Arbitral Tribunal on its Own Jurisdiction .....	6
• Ordering Interim Measures .....	7
• Chapter IV. Procedure of Arbitral Tribunal .....	7
• Equal Treatment of Parties .....	7
• Determination of Rules of Procedure .....	7
• Exclusion of Publicity .....	7
• Language of the Proceedings .....	8
• Place of Arbitration .....	8
• Commencement of Arbitral Proceedings .....	8
• Statement of Claim and Reply .....	8
• Oral Hearing and Written Proceedings .....	9
• Default of Party .....	9
• Appointment of an Expert .....	9
• Court Assistance .....	9
• Chapter V. Making of Award and Termination of Proceedings .....	10
• Making of Award .....	10
• Settlement .....	10
• Form and Contents of Award .....	10
• Termination of Proceedings .....	11
• Correction, Interpretation of Award; Additional Award .....	11
• Chapter VI. International Arbitral Proceedings .....	12
• Procedure in International Cases .....	12
• International Character of the Proceedings .....	12
• Language of Proceedings .....	12
• Definition of the Substantive Law to Be Applied .....	13
• Chapter VII. Proceedings of the Court .....	13
• Jurisdiction, Competence .....	13
• Setting Aside of the Award of an Arbitral Tribunal .....	13
• Recognition and Enforcement of Award of Arbitral Tribunal .....	14
• Chapter VIII. Miscellaneous and Closing Provisions .....	15

- **Character of the Regulation** ..... 15
- **Coming Into Force, Transitional Provisions** ..... 15
- **Legal Rules Censing to Be in Force and Amended** ..... 15

## **Chapter I. General Provisions** ➔

### **Scope of the Act** ➔

- **Section 1**

This Act - unless it provides otherwise - shall apply if the place (seat) of the “ad hoc” or institutional arbitral tribunal is in Hungary.

- **Section 2**

1. An institutional arbitral tribunal operating in the framework of a definite organization may be established in a deed of foundation - unless the law provides otherwise - by a national chamber of economy. Several national chambers of economy may also establish an institutional arbitral tribunal jointly.
2. An Act may prescribe for a definite sphere of affairs the exclusive jurisdiction of an arbitral tribunal, and such Act may provide differently from the present Act on the procedure of such an arbitral tribunal.

### **Stipulation of Arbitration and the Procedure Thereof** ➔

- **Section 3**

1. Instead of court proceedings, arbitration may take place, if
  - a. at least one of the parties is a person dealing professionally with economic activity, and the legal dispute is in connection with this activity, furthermore
  - b. the parties may dispose freely of the subject-matter of the proceedings, and
  - c. the arbitration was stipulated in an arbitration agreement.
2. Arbitration may be stipulated also in the absence of the condition provided in subsection (1), paragraph a), if this is permitted by an Act.

- **Section 4**

No arbitration may take place in the procedures regulated in Chapters XV to XXIII of the Code of Civil Procedure (CCP), furthermore in cases where an Act excludes the settlement of a legal dispute in the framework of arbitration.

- **Section 5**

1. An arbitration agreement is an agreement by the parties to submit their disputes which have arisen or which may arise between them in respect of a definite legal relationship, whether contractual or not, to arbitration.
2. An arbitration agreement may be concluded as part of another contract or in the form of a separate agreement, and it may contain the stipulation of an “ad hoc” or institutional arbitral tribunal.
3. The arbitration agreement shall be committed into writing. An agreement shall also be regarded as one concluded in writing, if it has come into existence through an exchange of letters, telegrams, through telex or any other means of exchanging messages between the parties, which is capable of producing a permanent record of the messages.

4. It shall also be regarded as an arbitration agreement concluded in writing, if one of the parties states in his statement of claim, and the other party does not deny in his defence, that an arbitration agreement was in fact concluded between them.
5. Reference to a document containing an arbitration clause in a contract concluded in writing will qualify as arbitration agreement with the proviso that the reference forms part of the contract.

### ***Waiver of the Right to Objection ➡***

- **Section 6**

A party who knows that any provision of this Act from which the parties may derogate or any requirement of the arbitration agreement has not been complied with and yet proceeds with the arbitration without stating his objection to such non-compliance immediately or, if a time-limit is provided therefor, within such period of time, shall be deemed to have waived his right to object.

### ***Role of the Courts ➡***

- **Section 7**

In matters governed by this Act, no court shall intervene except where so provided in this Act.

- **Section 8**

1. A court before which an action is brought in a matter which is the subject of an arbitration agreement - with the exception of the action in accordance with Section 54 - shall reject the statement of claim without issuing summons, or shall non-suit the action upon the request of any one of the parties, unless it finds the arbitration agreement null and void, inoperative or incapable of being performed. The application for the non-suit of the action may be submitted by the defendant in his counter-petition on the merits submitted to the statement of claim at the latest.
2. In the case of non-suit of the action, the legal effects attached to the submission of the statement of claim shall be maintained for thirty days.
3. The submission of the statement of claim mentioned in subsection (1) does not impede the institution, or continuance of the arbitral proceedings, and an award may be made by the arbitral tribunal while the issue is pending before the court.

### ***Other General Provisions ➡***

- **Section 9**

1. Where a provision of this Act leaves the parties free to determine a certain issue such freedom includes the right of the parties to authorize a third party, including an institution, to make that determination.
2. Where a provision of this Act refers to the fact that the parties may agree, or in any other way refers to an agreement of the parties, such agreement includes any arbitration rules stipulated by the parties in that agreement.

- **Section 10**

1. Unless otherwise agreed by the parties, any written communication is deemed to have been received on the day
  - a. when it is delivered to the addressee personally, or

- b. it is delivered at his seat, office, or residence (hereinafter together: seat), usual place of abode or mailing address.
2. If none of those enlisted in subsection (1), paragraph b) may be established, the written communication sent in a registered letter or in any way proving the attempt to deliver it to the last known seat, place of abode or mailing address of the addressee shall be deemed to have been received in case of domestic addressee on the eighth day of the dispatch, in case of foreign addressee on the fifteenth day of dispatch.

## **Chapter II. Composition of Arbitral Tribunal** ➔

### **Appointment of Arbitrators** ➔

#### • **Section 11**

The arbitrators are independent and impartial, they are not the representatives of the parties. In the course of their action they may not receive any instruction and they are obliged to full secrecy with regard to circumstances they have become aware of when fulfilling their responsibilities, even after the termination of the proceedings. In case of an institutional arbitral tribunal they shall make a written statement thereon on the occasion of their election (appointment).

#### • **Section 12**

The following may not be arbitrators

- a. those under 24 years of age
- b. those who have been barred from public affairs by a non-appealable court judgment
- c. those who have been non-appealably placed under curatorship by the court;
- d. those who have been sentenced to imprisonment to be executed non-appealably, until they are dispensed from the disadvantages attached to a criminal record.

#### • **Section 13**

1. The parties are free to agree on the number of the arbitrators, however, the number of the arbitrators may only be an uneven number.
2. Failing such agreement, the number of arbitrators shall be three.
3. For the purposes of this Act, an arbitral tribunal shall mean a sole arbitrator or a panel of arbitrators.

#### • **Section 14**

1. While applying the provisions of Sections 15 and 16, the parties are free to agree on a procedure for appointing the arbitrator or the arbitrators. Failing such agreement, subsections (2) to (4) shall apply.
2. In an arbitration with three arbitrators, each party shall appoint one arbitrator, and the two arbitrators thus appointed shall appoint the third arbitrator. If a party fails to appoint its own arbitrator within thirty days from receipt of a request to do so from the other party, or if the two arbitrators fail to agree on the third arbitrator within thirty days of their appointment, the appointment of the missing arbitrator shall be made - upon the request of any of the parties - by the court specified in Section 51.
3. In case of an arbitral tribunal consisting of more than three arbitrators, the provisions of subsection (2) shall accordingly apply provided that the arbitrators elected shall decide with the majority of votes on the appointment of the missing

arbitrator.

4. In an arbitration with a sole arbitrator - if the parties cannot agree on the person of the arbitrator - he shall be appointed upon the request of any one of them by the court defined in Section 51.

- **Section 15**

Where under an appointment procedure agreed upon by the parties

- a. a party fails to act as required under such procedure, or
- b. the parties or the arbitrators cannot reach an agreement expected of them under such procedure, or
- c. a third party, including an organization, fails to perform any of the tasks entrusted to it under such procedure,

any party may request the court specified in Section 51 to take the necessary measures in the interest of appointment, unless the agreement on the appointment procedure provides other means for securing the appointment.

- **Section 16**

In appointing the missing arbitrator, due attention shall be paid to any qualifications required of the arbitrator by the agreement of the parties and to such considerations as are likely to secure the appointment of an independent and impartial arbitrator.

- **Section 17**

1. The person proposed or appointed as arbitrator shall disclose to the parties without delay any circumstance likely to give rise to justifiable doubts as to his independence or impartiality, unless they have already been informed by him.
2. The arbitrator shall accept the appointment by written declaration addressed to the parties. The signing by him of the deed containing the appointment as arbitrator is regarded as acceptance.
3. The members of the arbitral tribunal - unless the parties agree otherwise - elect a presiding arbitrator from among themselves.

### ***Termination of the Mandate of Arbitrator. Challenge Procedure ➡***

- **Section 18**

1. An arbitrator may be challenged only if circumstances exist which give rise to justifiable doubts as to his independence or impartiality, or if he does not possess the necessary qualifications agreed to by the parties.
2. A party may challenge an arbitrator appointed by it or in whose appointment it has participated only for reasons, on the basis of subsection (1), of which he becomes aware after the appointment has been made.

- **Section 19**

1. The parties are free to agree on a procedure for challenging an arbitrator, subject to the provisions of Section 20.
2. Failing such agreement, a party who intends to challenge an arbitration, shall within fifteen days after becoming aware of the constitution of the arbitral tribunal or after becoming aware of any circumstance referred to in Section 18, subsection (1), send a written statement containing also the reasons for the challenge to the arbitral tribunal.
3. If the challenged arbitrator does not withdraw from his office, or the other party does not agree to the challenge, the arbitral tribunal shall decide on the challenge.

- **Section 20**

If a challenge under the procedure prescribed in Section 19 is not successful, the challenging party may request the court specified in Section 51 within thirty days of receiving notice of the decision rejecting the challenge, to decide on the challenge. While such a request is pending, the arbitral tribunal - including the challenged arbitrator - may continue the arbitral proceedings and make an award.

### ***Other Cases of the Termination of an Arbitrator's Mandate ➡***

- **Section 21**

1. The appointment of an arbitrator may terminate by withdrawal and/or on the basis of the agreement of the parties only in the cases included in Section 19, subsection (3) and/or subsection (2).
2. If the arbitrator does not meet the conditions specified in Section 12 due to a change supervening after the acceptance of the appointment, or he de facto becomes unable to perform his functions, as well as in the case if he does not act in due time for another reason, he may withdraw from his office or the parties may agree on the termination of his mandate.
3. If an arbitrator withdraws from his office or a party agrees to the termination of the mandate of an arbitrator, this does not imply acceptance of the validity of any ground referred to in Section 18 or in subsection (2).

- **Section 22**

If a dispute arises between the parties in connection with the termination of the mandate of an arbitrator, any party may request the court indicated in Section 51 to decide on the termination of the mandate.

### ***Appointment of Substitute Arbitrator ➡***

- **Section 23**

Where the mandate of an arbitrator terminates for any reason whatsoever specified in this Act, a substitute arbitrator shall be appointed according to the rules that were applicable to the appointment of the arbitrator being replaced.

### ***Chapter III. Jurisdiction of Arbitral Tribunal ➡***

#### ***Ruling of the Arbitral Tribunal on its Own Jurisdiction ➡***

- **Section 24**

1. The arbitral tribunal may rule on its own jurisdiction, including any objections with respect to the existence or validity of the arbitration agreement. For this purpose, an arbitration clause which forms part of a contract shall be treated as an agreement independent of the other terms of the contract.
2. A decision by the arbitral tribunal that the contract is null and void, shall not entail ipso jure the invalidity of the arbitration clause.
3. A plea that the arbitral tribunal does not have jurisdiction shall be raised not later than the submission of the statement of defence, while the plea based on the excess of the jurisdiction of the arbitral tribunal shall be raised without delay when the alleged excess of the jurisdiction was made. The arbitral tribunal may admit a later plea as well, if it considers the delay justified.

4. A party is not precluded from raising a plea concerning the jurisdiction of the arbitral tribunal by the fact that it has appointed, or participated in the appointment of, an arbitrator.
- Section 25
    1. The arbitral tribunal may rule on a plea referred to in Section 24 either when the plea is raised or in an award on the merits. If the arbitral tribunal rules that it has jurisdiction, any party may request the court specified in Section 51, within thirty days of receiving notice on that ruling, to decide on the jurisdiction of the arbitral tribunal.
    2. While such a request is pending, the arbitral tribunal may continue the arbitral proceedings and make an award.

### ***Ordering Interim Measures ➡***

- Section 26
  1. Unless otherwise agreed by the parties, the arbitral tribunal may, upon request, order any party to take such interim measure as the arbitral tribunal may consider necessary in respect of the subject-matter of the dispute. The arbitral tribunal may require any party to provide appropriate security in connection with such measure.
  2. The decision on the subject-matter of the interim measure remains in force until a new decision of the arbitral tribunal does not abrogate it or until it makes an award in the same issue.

## **Chapter IV. Procedure of Arbitral Tribunal ➡**

### ***Equal Treatment of Parties ➡***

- Section 27

In the course of the arbitral proceedings the parties shall be treated with equality, and each party shall be given the opportunity of presenting its case.

### ***Determination of Rules of Procedure ➡***

- Section 28

Subject to the provisions of this Act, the parties are free to agree on the rules of procedure to be followed by the arbitral tribunal, including also the stipulation of the rules of procedure of an institutional arbitral tribunal. Failing such agreement the arbitral tribunal may, subject to the provisions of this Act, determine the rules of procedure at its own discretion.

### ***Exclusion of Publicity ➡***

- Section 29

Failing any agreement to the contrary of the parties, the arbitral proceedings are not public.

## ***Language of the Proceedings ➡***

- **Section 30**

1. The parties are free to agree on the language to be used in the proceedings. Failing such agreement, the language of the proceedings is the Hungarian language.
2. Unless otherwise agreed by the parties, the language specified in accordance with subsection (1) shall apply to any statements of the parties, any hearing, and any award, decision or other communication by the arbitral tribunal.

## ***Place of Arbitration ➡***

- **Section 31**

1. The parties are free to agree on the place of arbitration. Failing such agreement, the place of arbitration shall be determined by the arbitral tribunal having regard to the circumstances of the case, while the institutional arbitral tribunal shall act at its seat specified in its deed of foundation.
2. Notwithstanding the provision of subsection (1), the arbitral tribunal may - unless otherwise agreed by the parties - meet at any place for consultation among its members for hearing the parties, witnesses or experts, as well as for inspection of objects and documents.

## ***Commencement of Arbitral Proceedings ➡***

- **Section 32**

1. Unless otherwise agreed by the parties, the proceedings of an “ad hoc” arbitration commence on the day on which the other party (hereinafter: respondent) receives the request to refer the dispute to arbitration.
2. If the parties have stipulated the jurisdiction of an institutional arbitral tribunal, the proceedings shall commence on the day when the statement of claim is received by the arbitral tribunal.

## ***Statement of Claim and Reply ➡***

1. **Section 33**

1. The claimant shall state its claim, the facts supporting it, the points at issue, within the period defined by the parties or by the arbitral tribunal, while the respondent shall state its defence relating thereto. The parties may also agree otherwise as to the required elements of such statements.
2. The parties may submit, together with their statements, all the documents which they consider to be relevant, or may refer to any documents or other evidence which they wish to submit.
3. Unless otherwise agreed by the parties, either party may amend or supplement its statement of claim or defence during the course of the arbitral proceedings, unless the arbitral tribunal excludes the submission thereof due to the delay caused by this procedure.
4. Where a provision of this Act, other than Section 35, subsection (1), refers to a claim, it also applies to a counter-claim, and where it refers to a defence, it also applies to a defence to such a counter-claim.



## **Oral Hearing and Written Proceedings ➔**

### **• Section 34**

1. Subject to any contrary agreement by the parties, the arbitral tribunal shall hear the parties and give them the opportunity to submit their petitions. The arbitral tribunal shall hear the witnesses and experts present, but it cannot apply a fine or another means of coercion.
2. The parties shall be given sufficient advance notice of any hearing and of any procedural action of the arbitral tribunal which aims at the inspection of property or documents.
3. All statements submitted to the arbitral tribunal by one party shall be communicated to the other party. Also any expert report or evidentiary document on which the arbitral tribunal may rely in making its decision shall be communicated to the parties.
4. Minutes shall be prepared of the arbitral proceedings, and one copy thereof shall be served on each of the parties.

## **Default of Party ➔**

### **• Section 35**

1. Unless otherwise agreed by the parties if without showing sufficient cause the claimant fails to communicate its statement of claim, the arbitral tribunal shall terminate the proceedings.
2. If the respondent fails to communicate its statement of defence, the arbitral tribunal shall continue the proceedings without treating such failure in itself as admission of the claimant's allegations.
3. If any party fails to appear at the hearing of the arbitral tribunal or to produce its evidence, the arbitral tribunal may continue the proceedings and make the award on the basis of the evidence before it.

## **Appointment of an Expert ➔**

### **• Section 36**

1. Unless otherwise agreed by the parties, if such special expertise is necessary in the proceedings of the arbitral tribunal for the establishment or judgment of any relevant fact or other circumstance which the arbitral tribunal does not possess, the arbitral tribunal may
  - a. appoint one or more experts to report to it on specific issues defined by the arbitral tribunal
  - b. require any party to give, or present to, the expert, information, or to provide access to any relevant documents or objects for inspection by the expert.
2. Unless otherwise agreed by the parties, if a party so requests or if the arbitral tribunal considers it necessary, the expert shall, after the delivery of his written or oral report, participate in a hearing, where the parties have the opportunity to put questions to him, and present witnesses or experts in order to testify on the points at issue.

## **Court Assistance ➔**

### **• Section 37**

1. It is not incompatible with arbitral proceedings for a party to request, before or during arbitral proceedings, from a court interim measures, and for a court to grant such measures.
2. The court may order measures of insurance in a case pending before an arbitral tribunal, if the party requesting the measure for insurance proves the inception, quantity, and expiry of its claim by a public deed or by a private deed with full probative force.
3. If proceeding with the production of evidence before the arbitral tribunal is likely to entail considerable difficulties or disproportionately high additional costs, upon the request of the arbitral tribunal the local court shall give legal assistance by conducting the production of evidence as well as by the application of the coercive means necessary in the production of the evidence conducted by the arbitral tribunal.
4. The arbitral tribunal shall approach that local court, on the territory of which the production of evidence may be the most expeditiously conducted. In the city of Budapest, the Central District Court of Pest shall proceed.

## **Chapter V. Making of Award and Termination of Proceedings** ➔

### **Making of Award** ➔

- **Section 38**

1. Arbitral tribunals consisting of more than one arbitrator shall make their decisions, unless otherwise agreed by the parties, by a majority of votes. Failing majority, the presiding arbitrator shall decide.
2. Questions of procedure may also be decided by the presiding arbitrator, if so authorized by the parties or by all members of the arbitral tribunal.

### **Settlement** ➔

- **Section 39**

1. If during arbitral proceedings the parties settle the dispute, the arbitral tribunal shall terminate the proceedings by an order.
2. If requested by the parties, the arbitral tribunal shall record the settlement in the form of an award on agreed terms, provided that it considers the settlement as being in accordance with the law.
3. An award on agreed terms has the same effect as that of any other award made by the arbitral tribunal.

### **Form and Contents of Award** ➔

- **Section 40**

The award of the arbitral tribunal and the order for the termination of the proceedings shall be committed into writing and shall be signed by the arbitrator or arbitrators. In arbitral proceedings with more than one arbitrator the signature of the majority of all members shall suffice, provided that the reason for any omitted signature is stated.

- **Section 41**

1. In the award and in the order terminating the procedure, provision shall be made for the amount of the costs of the proceedings - including the remuneration of the arbitrators - and of the bearing thereof.

2. The award shall state the reasons upon which it is based, unless it is an award on agreed terms.
3. The award shall state its date and the place of arbitration as determined in accordance with Section 31. The award shall be deemed to have been made at the place specified therein.
4. One copy signed by the arbitrators in accordance with Section 40 of the award shall be delivered to each party.

### ***Termination of Proceedings ➡***

#### **• Section 42**

1. The arbitral proceedings are terminated by a final award passed on the merits of the case, or by an order of termination of the arbitral tribunal.
2. The arbitral tribunal shall issue an order for the termination of the proceedings, if
  1. the claimant fails to submit its statement of claim [Section 35, subsection (1)]
  2. the claimant withdraws its claim, unless the respondent objects thereto, and the arbitral tribunal recognizes the latter's legitimate interest in obtaining a final settlement of the dispute
  3. the parties agree on the termination of the proceedings;
  4. the arbitral tribunal finds that the continuation of the proceedings has, for any other reason, become unnecessary or impossible.
3. The mandate of the arbitral tribunal terminates with the termination of the proceedings, except for the proceedings in accordance with Sections 43 to 45.

### ***Correction, Interpretation of Award; Additional Award ➡***

#### **• Section 43**

1. Within thirty days of receipt of the award, unless another period of time has been agreed upon by the parties;
  - a. a party, with a simultaneous notice sent to the other party, may request the arbitral tribunal to correct in the award any change or error of names, error in number or computation, writing of name, or any other typographical errors of a similar nature;
  - b. if so agreed by the parties, a party with a simultaneous notice sent to the other party, may request the arbitral tribunal to produce an interpretation of a specific part or point of award.
2. If the arbitral tribunal considers the request to be justified, it shall make the correction or give the interpretation within thirty days of receipt of the request. The interpretation shall form part of the reasons of the award.
3. The arbitral tribunal may, within thirty days of making the award, correct the error of the type referred to in subsection (1), paragraph a) even on its own initiative.

#### **• Section 44**

1. Unless otherwise agreed by the parties, a party with a simultaneous notice sent to the other party, may request, within thirty days of receipt of the award, the arbitral tribunal to make an additional award as to claims presented in the arbitral proceedings but omitted from the award.
2. If the arbitral tribunal considers the request to be justified, it shall make the additional award within thirty days, on the basis of a hearing, if necessary.

#### **• Section 45**

The arbitral tribunal may extend, if necessary, the period within which it shall make a correction, interpretation, or an additional award.

## **Chapter VI. International Arbitral Proceedings** ➡

### **Procedure in International Cases** ➡

- **Section 46**

1. In the course of international arbitral proceedings the provisions of Chapter I to V shall apply with the differences included in this Chapter.
2. In case of international arbitration Section 8 and - in case of reciprocity - Section 37, subsection (1) shall also apply if the seat of an arbitral tribunal is outside of Hungary.
3. In international cases, the Institutional Arbitration Court attached to the Hungarian Chamber of Commerce and Industry shall act as institutional arbitral tribunal.

### **International Character of the Proceedings** ➡

- **Section 47**

1. An arbitration is international, if
  - a. the parties to an arbitration agreement have, at the time of the conclusion of an agreement, their seat, or failing a seat, their places of business in different states, or
  - b. one of the following places is situated outside the state in which the parties have their seat (place of business)
    - a. the place of arbitration as determined in the arbitration agreement
    - b. any place where a substantial part of the obligations originating from the legal relationship of the parties is to be performed, or with which the subject-matter of the dispute is most closely connected.
2. For the purpose of subsection (1)
  - a. if a party has more than one place of business, the place of business shall be taken into account which has the closest relationship to the arbitration agreement;
  - b. b) if the party has no place of business, reference is to be made to his habitual residence.

### **Language of Proceedings** ➡

- **Section 48**

1. The parties may freely agree on the language or languages to be used in the course of the international arbitral proceedings. Failing such agreement, the language or languages to be used in the course of the proceedings shall be defined by the arbitral tribunal.
2. The arbitral tribunal may order that a translation shall be attached to any written evidence in the language or languages defined by the parties or the arbitral tribunal.

## ***Definition of the Substantive Law to Be Applied ➔***

- **Section 49**

1. The arbitral tribunal shall decide the dispute in accordance with such rules of law as are chosen by the parties as applicable to the substance of the dispute. Any designation of the law or legal system of a given state shall be construed - unless the parties have agreed otherwise - as one referring to the rules in the given state's law, relating directly to the points in issue.
2. Failing any designation of law by the parties, the applicable law shall be determined by the arbitral tribunal.
3. The arbitral tribunal may only decide *ex aequo et bono*, instead of the application of a law, if it was expressly authorized to do so by the parties.

- **Section 50**

The arbitral tribunal shall decide in accordance with the terms of the contract as well as by taking into account the trade practices applicable to the transaction.

## ***Chapter VII. Proceedings of the Court ➔***

### ***Jurisdiction, Competence ➔***

- **Section 51**

Cases in connection with arbitral proceedings fall - with the exceptions regulated in Section 37 - within the jurisdiction of the county courts.

- **Section 52**

In matters in connection with arbitral proceedings, the competent county court is that which is located in the territory where the seat (place of business) of the respondent is to be found, or in the territory of which the contract resulting in the dispute was concluded. If the competent court may not be established in this way, the Metropolitan Court shall act.

- **Section 53**

The court shall act - with the exception of the action for invalidating the arbitral award - in non-contentious procedure, without the co-operation of lay assessors. Against its decision, no appeal or review lies.

## ***Setting Aside of the Award of an Arbitral Tribunal ➔***

- **Section 54**

Against the award of an arbitral tribunal no appeal may be lodged; only the setting aside of the award may be applied for at the court, for the reasons listed in Section 55.

- **Section 55**

1. The party, furthermore the person who is affected by the award, may request, by a statement of claim within sixty days of the delivery to it of the award of the arbitral tribunal, the setting aside of the award by the court if
  - a. the party having concluded the arbitration contract had no legal capacity or capacity to act

- b. the arbitration agreement is not valid under the law to which the parties have subjected it, or failing any indication thereon under Hungarian law
  - c. it was not given proper notice of the appointment of an arbitrator or of the arbitral proceedings, or was otherwise unable to present its case
  - d. the award was made in a legal dispute not contemplated by or not falling within the terms of the submission to arbitration, or contains decisions on matters beyond the scope of the submission to arbitration; provided that the decisions on matters submitted to arbitration can be separated from those not so submitted, only that part of the award which contains decisions not submitted to arbitration may be set aside;
  - e. the composition of the arbitral tribunal, or the arbitral procedure, was not in accordance with the agreement of the parties - unless such agreement was in conflict with a provision of this Act from which the parties cannot deviate, or failing such agreement, was not in accordance with this Act.
2. The setting aside of the arbitration award may also be requested alleging that
    - a. the subject-matter of the dispute is not capable of settlement by arbitration under Hungarian law, or
    - b. the award is in conflict with the rules of Hungarian public order.
  3. Failing to keep the time limit defined in subsection (1) entails the forfeiture of right. In case of an additional award the time limit shall be calculated from the delivery thereof.
- **Section 56**
    1. The court may suspend the enforcement of the award of an arbitral tribunal upon the request of a party.
    2. The judgment of the court shall be confined exclusively to the setting aside of the award of the arbitral tribunal.

- **Section 57**

The court shall act without the co-operation of lay assessors. Otherwise, the procedure of the court shall be governed by the provisions of the CCP, with the proviso that no review lies against the judgment.

## ***Recognition and Enforcement of Award of Arbitral Tribunal ➡***

- **Section 58**

The effect of an award of an arbitral tribunal is the same as that of a non-appealable court judgment; the execution thereof is governed by the legal rules on execution by court.

- **Section 59**

The court shall refuse to execute the award of the arbitral tribunal, if, in its judgment

- a. the subject-matter of the dispute is not subject to arbitration under Hungarian law, or
- b. the award of contrary to the rules of Hungarian public order.

- **Section 60**

The party that makes a reference to an award of the arbitral tribunal, or applies for its enforcement, shall supply the original award or a certified copy thereof. If the award is not in the Hungarian language, the party shall also attach a certified Hungarian translation.

## **Chapter VIII. Miscellaneous and Closing Provisions** ➔

### **Character of the Regulation** ➔

- **Section 61**

The parties may deviate from the provisions of this Act if such deviation is made possible by this Act.

### **Coming Into Force, Transitional Provisions** ➔

- **Section 62**

1. This Act shall come into force on the fifteenth day following its promulgation; its provisions shall apply in proceedings instituted after its coming into force.
2. Where a legal rule mentions an arbitral settlement, there the settlement included in an award by the arbitral tribunal shall be understood.

- **Section 63**

Until the establishment of the Hungarian Chamber of Commerce and Industry, the provisions of this Act shall apply to the procedure of the institutional arbitral tribunal attached to the Hungarian Chamber of Economy.

### **Legal Rules Censing to Be in Force and Amended** ➔

- **Section 64**

By the coming into force of this Act, the following shall cease to be in force:

- a. Chapter XXIV of Act III of 1952 on the Code of Civil Procedure,
- b. Section 20 of Act LXVIII of 1992 on the Creation of the Review Procedure in Act III of 1952 on the Code of Civil Procedure and the Connected Legal Rules,
- c. Section 2 of Act XCII of 1993 on the Amendment of Certain Provisions of the Civil Code,
- d. Sections 2, 5, and 6 of Decree No. 12/1962 (X.31.) IM on the Execution of Law-Decree No. 25 of 1962 on the Promulgation of the Treaty dated in New York on 10 June 1958 on the Subject-Matter of the Recognition and Enforcement of Awards of Foreign Arbitral Tribunals,
- e. Decree No. 1/1964 (III.26.) IM on the Execution of Law-Decree No. 8 of 1964 on the Promulgation of the European Treaty dated in Geneva on 21 April 1961 on the Subject-Matter of International Commercial Arbitration,
- f. Decree No. 8/1978 (XII.5.) IM on the Arbitral Tribunal Acting in Legal Disputes Arising between Economic Organizations from Contracts of Supply and Contract for Work, Labour and Materials.

- **Section 65**

By the coming into force of this Act, Section 7, subsection (2) of Act IV of 1959 on the Civil Code shall be replaced by the following provision:

“(2) Instead of contentious court procedure the parties may stipulate arbitration if at least one of the parties is a person professionally engaged in economic activity, the legal dispute is in connection with this activity, and the parties may freely dispose of the subject-matter of the procedure.”

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