

The International Comparative Legal Guide to:

# **International Arbitration 2019**

### 16th Edition

A practical cross-border insight into international arbitration work

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# Kosovo

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### 1 Arbitration Agreements

# 1.1 What, if any, are the legal requirements of an arbitration agreement under the laws of your jurisdiction?

The arbitration agreement should be concluded in writing. This requirement is deemed to have been respected even if the conclusion of the arbitration agreement is recorded by means of an exchange of letters, telefaxes, telegrams or other means of telecommunication or electronic communication, by means of a bill of lading if the latter contains an express reference to an arbitration clause, or in the event of an exchange of statements of claim and defence, in which the existence of an agreement is alleged by one party and not denied by the other. If a consumer is a party to an arbitration agreement, the arbitration agreement should be concluded in writing only and all parties to the arbitration agreement should personally sign the document containing the arbitration clause. The signature referred to in this paragraph may be substituted by an electronic signature subject to compliance with the relevant legislation on electronic signatures (*Article 6 of the Law on Arbitration – law no.02/L-75*).

### 1.2 What other elements ought to be incorporated in an arbitration agreement?

All of the elements that are incorporated in an arbitration agreement are described above in question 1.1 (*Article 6 of Law on Arbitration – law no.02/L-75*).

### 1.3 What has been the approach of the national courts to the enforcement of arbitration agreements?

At least in a dispute between a public company owned by the Government of Kosovo and a private investor, where we advised the private investor, the court completely ignored the existence of the arbitration clause contained in the agreement among the parties and ruled on the merits of the case. The dispute is now pending before the court of appeals. The said ruling of the court also ignored the law provisions that prevent the court from ruling on a dispute where the parties have an arbitration clause/agreement.

### 2 Governing Legislation

### 2.1 What legislation governs the enforcement of arbitration proceedings in your jurisdiction?

The Law on Arbitration (*law no.02/L-75*) sets forth the rules that apply to arbitration agreements, arbitration proceedings and the recognition and enforcement of arbitral awards made inside and outside of the Republic of Kosovo.

### 2.2 Does the same arbitration law govern both domestic and international arbitration proceedings? If not, how do they differ?

Yes, the Law on Arbitration governs both domestic and international arbitration proceedings of which the legal seat is in Kosovo.

2.3 Is the law governing international arbitration based on the UNCITRAL Model Law? Are there significant differences between the two?

The Kosovo Law on Arbitration is similar to the UNCITRAL Model Law

# 2.4 To what extent are there mandatory rules governing international arbitration proceedings sited in your jurisdiction?

As mentioned above, the Kosovo Law on Arbitration shall be applicable to international arbitration proceedings with a legal seat in Kosovo. The Law is pretty much flexible on the procedural rules to govern the arbitration – such rules can be freely chosen by the parties or the arbitration tribunal, as the case may be.

### 3 Jurisdiction

3.1 Are there any subject matters that may not be referred to arbitration under the governing law of your jurisdiction? What is the general approach used in determining whether or not a dispute is "arbitrable"?

A dispute can be settled by arbitration only if in the party's agreement they have accepted the dispute will be settled in such way. All disputes related to civil-judicial and economic-judicial requests may be the subject of an arbitration agreement, unless prohibited by law. This is the content of Article 5 of the Law on Arbitration. Kosovo law does not provide explicitly on matters that cannot be referred to arbitration. However, assessment of whether a dispute is arbitrable can be made by considering whether local courts have exclusive jurisdiction (such as disputes relating to real estate, aircraft ownership, bankruptcy, enforcement, and administrative disputes).

3.2 Is an arbitral tribunal permitted to rule on the question of its own jurisdiction?

The arbitral tribunal is permitted to rule on the question of its own jurisdiction.

3.3 What is the approach of the national courts in your jurisdiction towards a party who commences court proceedings in apparent breach of an arbitration agreement?

According to Kosovo law, the court should reject the actions brought by a party in breach of the arbitration agreement, provided that the opposing party argues the court's lack of jurisdiction due to the arbitration agreement entered into among the parties in dispute. However, as mentioned above, we have experienced the ruling of local courts which ignore the arbitration agreement of the parties; although in this case the state-owned company submitted the dispute before the local courts in apparent breach of the arbitration agreement with a private investor.

3.4 Under what circumstances can a national court address the issue of the jurisdiction and competence of an arbitral tribunal? What is the standard of review in respect of a tribunal's decision as to its own jurisdiction?

According to the Law on Arbitration, national courts cannot address the issue of the jurisdiction and competence of the arbitral tribunal. However, the court can make a ruling on whether the arbitration agreement/clause is valid or not. Further, these could be subject to review should a concerned party in an arbitration seek before the local courts to set aside an award.

3.5 Under what, if any, circumstances does the national law of your jurisdiction allow an arbitral tribunal to assume jurisdiction over individuals or entities which are not themselves party to an agreement to arbitrate?

Kosovo law does not provide for such circumstances.

3.6 What laws or rules prescribe limitation periods for the commencement of arbitrations in your jurisdiction and what is the typical length of such periods? Do the national courts of your jurisdiction consider such rules procedural or substantive, i.e., what choice of law rules govern the application of limitation periods?

Statute of limitation periods are set by the provisions of the Law on Obligation Relationships, thus substantive law. Such periods vary from five to three years and shorter periods could be applicable depending on the nature of the claim and the type of contract.

Although these provisions are part of the substantive law, they have a purely procedural nature. Anyhow, there is no consolidated case law to clearly make such distinction in Kosovo.

3.7 What is the effect in your jurisdiction of pending insolvency proceedings affecting one or more of the parties to ongoing arbitration proceedings?

Initiation of the insolvency proceedings would freeze all the proceedings against the debtor, including any arbitration proceedings (*Article 26 of the Law on Bankruptcy – law no.05/L-083*).

### 4 Choice of Law Rules

4.1 How is the law applicable to the substance of a dispute determined?

The law applicable to the substance of the dispute is determined based on the parties' agreement. If the parties have not agreed on a specific law, the arbitral tribunal shall apply the relevant law in view of the private international law, otherwise Kosovo law shall be applicable.

4.2 In what circumstances will mandatory laws (of the seat or of another jurisdiction) prevail over the law chosen by the parties?

In case of disputes related to rights on real estate located in Kosovo or a dispute among Kosovar parties where their relationship does not have any foreign element, Kosovo shall prevail.

4.3 What choice of law rules govern the formation, validity, and legality of arbitration agreements?

The Kosovo Law on Arbitration shall be applicable where the legal seat of arbitration is in Kosovo.

### 5 Selection of Arbitral Tribunal

5.1 Are there any limits to the parties' autonomy to select arbitrators?

There are no limits to the parties' autonomy to select arbitrators.

5.2 If the parties' chosen method for selecting arbitrators fails, is there a default procedure?

According to the Kosovo Law on Arbitration, if the parties' chosen method for selecting arbitrators fails, there is a default procedure: the appointment shall be made by the court if requested by one of the parties (Article 9 of the Law on Arbitration).

5.3 Can a court intervene in the selection of arbitrators? If so, how?

The courts cannot intervene in the selection of the arbitrators, other than under the circumstances mentioned under question 5.2 above.

5.4 What are the requirements (if any) imposed by law or issued by arbitration institutions within your jurisdiction as to arbitrator independence, neutrality and/or impartiality and for disclosure of potential conflicts of interest for arbitrators?

Neither the provisions of the Law on Arbitration nor those of the Arbitration Rules of the ADR Centre at the American Chamber of Commerce in Kosovo (which offers the services of a permanent arbitration tribunal having a roster of arbitrators and the secretariat) set specific requirements. Both the Law on Arbitration and the Arbitration Rules of the ADR Centre require the arbitrators to disclose any circumstances likely to give rise to justifiable doubts as to his/her impartiality and/or independence. The purpose of such provisions is to capture any justifiable doubt of impartiality and/or independence without setting a list in order to avoid any limitation.

#### 6 Procedural Rules

6.1 Are there laws or rules governing the procedure of arbitration in your jurisdiction? If so, do those laws or rules apply to all arbitral proceedings sited in your jurisdiction?

The procedure of arbitration in Kosovo is regulated by the Law on Arbitration. The law allows the parties and the arbitration tribunal, if the parties fail, to choose the rules of the arbitration proceedings.

6.2 In arbitration proceedings conducted in your jurisdiction, are there any particular procedural steps that are required by law?

There are no particular procedural steps that are required by the law.

6.3 Are there any particular rules that govern the conduct of counsel from your jurisdiction in arbitral proceedings sited in your jurisdiction? If so: (i) do those same rules also govern the conduct of counsel from your jurisdiction in arbitral proceedings sited elsewhere; and (ii) do those same rules also govern the conduct of counsel from countries other than your jurisdiction in arbitral proceedings sited in your jurisdiction?

The counsel representing a party in the arbitration proceedings, likewise in a trial before a court of law, is bound by the ethical rules set by the Law on Advocacy, bar rules and the code of ethics.

6.4 What powers and duties does the national law of your jurisdiction impose upon arbitrators?

The main duty of the arbitrator, according to the Law on Arbitration (as well as the Arbitration Rules of the ADR Centre at the American Chamber of Commerce in Kosovo), is to be impartial and independent, as well as to act without delay.

6.5 Are there rules restricting the appearance of lawyers from other jurisdictions in legal matters in your jurisdiction and, if so, is it clear that such restrictions do not apply to arbitration proceedings sited in your jurisdiction?

There are restrictions in the Law on Advocacy which restrict foreign lawyers from practising other than those practising in the EU and/or

USA. However, no provisions make it clear that such restrictions do not apply in arbitration proceedings.

6.6 To what extent are there laws or rules in your jurisdiction providing for arbitrator immunity?

The Arbitration Rules of the ADR Centre at the American Chamber of Commerce in Kosovo (*Article 16*) excludes the arbitrators' liability, save for intentional wrongdoing.

6.7 Do the national courts have jurisdiction to deal with procedural issues arising during an arbitration?

The national courts have no jurisdiction with procedural issues arising during an arbitration, unless when and to the extent of which the award is sought to be set aside by one of the parties.

### 7 Preliminary Relief and Interim Measures

7.1 Is an arbitral tribunal in your jurisdiction permitted to award preliminary or interim relief? If so, what types of relief? Must an arbitral tribunal seek the assistance of a court to do so?

The arbitral tribunal has the right to award preliminary or interim relief upon request of the concerned party in arbitration. Enforcement of such relief is made through the courts upon request of the concerned party in arbitration.

7.2 Is a court entitled to grant preliminary or interim relief in proceedings subject to arbitration? In what circumstances? Can a party's request to a court for relief have any effect on the jurisdiction of the arbitration tribunal?

The court may grant preliminary or interim relief before the arbitration proceedings have started. Filing of the concerned party for such relief with the court would not prejudice the jurisdiction of the arbitration tribunal.

7.3 In practice, what is the approach of the national courts to requests for interim relief by parties to arbitration agreements?

To the best of our knowledge, there is no case law in this regard.

7.4 Under what circumstances will a national court of your jurisdiction issue an anti-suit injunction in aid of an arbitration?

The concept of anti-suit injunction is not recognised by Kosovo law.

7.5 Does the law of your jurisdiction allow for the national court and/or arbitral tribunal to order security for costs?

Kosovo law does not recognise this concept.

7.6 What is the approach of national courts to the enforcement of preliminary relief and interim measures ordered by arbitral tribunals in your jurisdiction and in other jurisdictions?

To the best of our knowledge, there is no case law on which to assess the approach of the national courts.

### 8 Evidentiary Matters

8.1 What rules of evidence (if any) apply to arbitral proceedings in your jurisdiction?

Each party shall have the burden of proving the facts relied on to support its claim or defence. The arbitral tribunal shall determine the admissibility, relevance, materiality and weight of the evidence offered. The arbitral tribunal shall decide on the approval or rejection of the requests based on proof. Arbitral tribunals can collect proof if they consider it necessary, and make their evaluation freely and impartially. At any time during the proceedings, the arbitral tribunal may require the parties to produce documents, exhibits or other evidence within such a period as the arbitral tribunal shall determine.

8.2 What powers does an arbitral tribunal have to order disclosure/discovery and to require the attendance of witnesses?

If witnesses are to be heard, at least 15 days before the hearing each party shall communicate to the arbitral tribunal and to the other party the names and addresses of the witnesses it intends to present, the subject of the testimony and the language in which such witnesses will give their testimony. Evidence of witnesses may also be presented in the form of written statements signed by the witness, provided that the witness is made available to the parties if one of the parties requests the examination of such witness.

8.3 Under what circumstances, if any, can a national court assist arbitral proceedings by ordering disclosure/discovery or requiring the attendance of witnesses?

The Law on Arbitration provides for the right of the arbitral tribunal and of the parties, subject to the consent of the arbitral tribunal, to seek assistance form the court. However, the law does not elaborate on further modalities.

8.4 What, if any, laws, regulations or professional rules apply to the production of written and/or oral witness testimony? For example, must witnesses be sworn in before the tribunal and is cross-examination allowed?

The law is silent on this topic.

8.5 What is the scope of the privilege rules under the law of your jurisdiction? For example, do all communications with outside counsel and/or inhouse counsel attract privilege? In what circumstances is privilege deemed to have been waived?

The Kosovo Law on Advocacy contains general provisions on the

attorney-client privilege, but there is nothing specific to provide for this question.

### 9 Making an Award

9.1 What, if any, are the legal requirements of an arbitral award? For example, is there any requirement under the law of your jurisdiction that the award contain reasons or that the arbitrators sign every page?

The Law on Arbitration requires the award to contain the reasons, unless otherwise agreed by the parties, and be signed by the sole arbitrator or the majority of the arbitrators in case of a panel. The decision should contain the date on which and the place where the award was made.

9.2 What powers (if any) do arbitral tribunals have to clarify, correct or amend an arbitral award?

The arbitral tribunal shall make corrections, provide an interpretation and/or amendment of the award should any of the concerned parties request so. The tribunal may as well, on its own initiative, make a correction and/or issue an interpretation of the award.

### 10 Challenge of an Award

10.1 On what bases, if any, are parties entitled to challenge an arbitral award made in your jurisdiction?

According to the Law on Arbitration, the award can be set aside by the court only if: (A) the applicant proves that (i) a party to the arbitration agreement did not have the capacity to act, (ii) the arbitration agreement is not valid under the law determined as applicable by the parties or the arbitral tribunal, or, in the absence of such determination, under the law applicable in Kosovo, (iii) the applicant was not given proper notice of the appointment of an arbitrator or of the arbitral proceedings or was otherwise unable to present his case, (iv) the award deals with an issue not contemplated by or not falling within the terms of the submission to arbitration, or it contains decisions on matters beyond the scope of the submission to arbitration, provided that, if the decisions on matters submitted to arbitration can be separated from those not submitted, that part of the award which contains decisions on matters submitted to arbitration may be recognised and enforced, or (v) the composition of the arbitral tribunal or the arbitral procedure was not in accordance with the provisions of this Law or a valid arbitration agreement, under the condition that such defect had an impact on the arbitral award; or (B) the court finds that (i) arbitration is prohibited by law, or (ii) the enforcement of the award leads to a result which is in conflict with public policy (public order).

10.2 Can parties agree to exclude any basis of challenge against an arbitral award that would otherwise apply as a matter of law?

The law is silent on this topic.

10.3 Can parties agree to expand the scope of appeal of an arbitral award beyond the grounds available in relevant national laws?

There is no such provision in the law.

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### 10.4 What is the procedure for appealing an arbitral award in your jurisdiction?

The Law on Arbitration provides only the deadline for submission before the national courts by the concerned party of an application for setting aside the award, which is 90 days from receipt of the award, unless the parties have agreed otherwise.

### 11 Enforcement of an Award

11.1 Has your jurisdiction signed and/or ratified the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards? Has it entered any reservations? What is the relevant national legislation?

Kosovo is a particular state. It was created by declaring independence from Serbia in 2008. According to the Constitution of Kosovo, international agreements that were in effect on the date of the Constitution will continue to be respected until renegotiated or withdrawn from. The NY Convention on the Recognition and Enforcement of Foreign Arbitral Awards is formally effective in Kosovo. No special law has been enacted by the Parliament of Kosovo to ratify it. However, any uncertainty that may arise due to that is settled by the Law on Arbitration that mirrors the provisions of the NY Convention about the recognition of foreign arbitral awards. Furthermore, the Law on Contested Procedures (*law no.03/L-006, as amended*) states that the provisions of the NY Convention are applicable for the procedures of recognition of a foreign arbitral award.

11.2 Has your jurisdiction signed and/or ratified any regional Conventions concerning the recognition and enforcement of arbitral awards?

There are no such regional conventions signed or ratified by Kosovo.

11.3 What is the approach of the national courts in your jurisdiction towards the recognition and enforcement of arbitration awards in practice? What steps are parties required to take?

To the best of our knowledge, Kosovo courts have neither created nor presented any resistance regarding the recognition and enforcement of foreign arbitral awards. The application for recognition and enforcement of a foreign arbitral award shall be submitted to the Economic Court. The application should have attached: (a) the original award or a duly certified copy thereof; (b) the original arbitration agreement or a duly certified copy thereof; and (c) a duly certified translation of the arbitration agreement and the arbitral award into an official language of Kosovo (i.e. Albanian or Serbian).

11.4 What is the effect of an arbitration award in terms of res judicata in your jurisdiction? Does the fact that certain issues have been finally determined by an arbitral tribunal preclude those issues from being reheard in a national court and, if so, in what circumstances?

The res judicata principle is implied by the Law on Enforcement

Procedures that recognises the arbitral award to be a title/deed that is enforceable as a final judgment.

11.5 What is the standard for refusing enforcement of an arbitral award on the grounds of public policy?

Recognition and enforcement of an award may be refused at the request of the respondent proving that: (a) a party to the arbitration agreement, under the law applicable to this agreement, did not have the capacity to act, or the arbitration agreement was not valid under the law determined as applicable by the parties or, in the absence of such determination, under the applicable law in the territory where the award was made; (b) the respondent was not given proper notice of the appointment of an arbitrator or of the arbitral proceedings or was otherwise unable to present its case; (c) the award deals with an issue not contemplated by or not falling within the terms of the submission to arbitration, or it contains decisions on matters beyond the scope of the submission to arbitration, provided that if the decisions on matters submitted to arbitration can be separated from those not so submitted, that part of the award which contains decisions on matters submitted to arbitration may be recognised and enforced; (d) the composition of the arbitral tribunal or the arbitral procedure was not in accordance with the law applicable to it; and (e) the award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the territory in which, or under the law of which, the award was made. Further, recognition and enforcement of an arbitral award shall be refused if the court finds that: (i) the subject matter is not capable of a settlement by arbitration under the applicable law in Kosovo; or (ii) the recognition or enforcement of the award would be contrary to the public policy (public order) of Kosovo.

### 12 Confidentiality

12.1 Are arbitral proceedings sited in your jurisdiction confidential? In what circumstances, if any, are proceedings not protected by confidentiality? What, if any, law governs confidentiality?

According to the Law on Arbitration, the award can be made public only upon consent of all the parties. This implies confidentiality of the proceedings and of the award. However, the law is missing any provisions to elaborate further. On the other hand, the Arbitration Rules of the ADR at the American Chamber of Commerce in Kosovo provide for the confidentiality of the proceedings, unless otherwise agreed by the parties. The deliberations of the arbitral tribunal remain confidential under the said Rules.

12.2 Can information disclosed in arbitral proceedings be referred to and/or relied on in subsequent proceedings?

There are no law provisions to address this question.

### 13 Remedies / Interests / Costs

13.1 Are there limits on the types of remedies (including damages) that are available in arbitration (e.g., punitive damages)?

There are no limits on the types of remedies that are available in arbitration according to Kosovo law.

13.2 What, if any, interest is available, and how is the rate of interest determined?

Delayed payment interest set by Kosovo law is 8% a year. This will be applicable to the extent the parties have not agreed otherwise and/or to the extent that Kosovo substantive law is relevant for the award

13.3 Are parties entitled to recover fees and/or costs and, if so, on what basis? What is the general practice with regard to shifting fees and costs between the parties?

Unless the parties have agreed otherwise, the arbitral tribunal shall fix the costs of arbitration in its award. Such costs shall include: a) the fees of the arbitral tribunal; b) the arbitrator's costs; c) the cost of expert advice and of other assistance required by the arbitral tribunal and agreed to by the parties; d) the travel and other expenses of witnesses to the extent such expenses are approved by the arbitral tribunal; e) the cost of (legal) representation and assistance of the successful party if such costs were claimed during the arbitral proceedings, and only to the extent that the arbitral tribunal determines the amount of such cost to be reasonable; and f) any fees and expenses of the court when acting as the appointing authority of arbitrators.

13.4 Is an award subject to tax? If so, in what circumstances and on what basis?

There are no specific taxes related to the award. General principles of Kosovo tax legislation shall apply.

13.5 Are there any restrictions on third parties, including lawyers, funding claims under the law of your jurisdiction? Are contingency fees legal under the law of your jurisdiction? Are there any "professional" funders active in the market, either for litigation or arbitration?

There are no such restrictions set by the law.

### 14 Investor State Arbitrations

14.1 Has your jurisdiction signed and ratified the Washington Convention on the Settlement of Investment Disputes Between States and Nationals of Other States (1965) (otherwise known as "ICSID")?

Kosovo has signed and ratified the Washington Convention on the Settlement of Investment Disputes Between States and Nationals of other States (ICSID). 14.2 How many Bilateral Investment Treaties (BITs) or other multi-party investment treaties (such as the Energy Charter Treaty) is your jurisdiction party to?

This information is not available.

14.3 Does your jurisdiction have any noteworthy language that it uses in its investment treaties (for example in relation to "most favoured nation" or exhaustion of local remedies provisions)? If so, what is the intended significance of that language?

Not to the best of our knowledge.

14.4 What is the approach of the national courts in your jurisdiction towards the defence of state immunity regarding jurisdiction and execution?

To the best of our knowledge, local courts have not presented any resistance to enforcement of the award against state and/or state-owned companies.

#### 15 General

15.1 Are there noteworthy trends or current issues affecting the use of arbitration in your jurisdiction (such as pending or proposed legislation)? Are there any trends regarding the type of disputes commonly being referred to arbitration?

Arbitration is not yet a very common tool for resolving disputes used by the parties. They still prefer to use the local courts of law. Few disputes have been submitted by local parties to permanent arbitration tribunals (like the ADR Centre at the American Chamber of Commerce) during recent years.

15.2 What, if any, recent steps have institutions in your jurisdiction taken to address current issues in arbitration (such as time and costs)?

The ADR Centre at the American Chamber of Commerce has been and is continuing to organise events aiming to introduce and promote arbitration, inviting business (i.e. members of the Chamber), public officials, judges, law students and lecturers, etc.



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Sokol Elmazaj joined Boga & Associates in 1996. He is a partner of the firm and Country Manager for Kosovo.

Sokol has more than 20 years of experience in commercial transactions, litigation and arbitration, across a variety of areas of law in Albania and Kosovo.

He is listed as an arbiter in the roster of the ADR Centre of the American Chamber of Commerce in Kosovo and appointed Chairman of the Steering Council of ADR of the American Chamber of Commerce in Kosovo.

Further, Sokol has extensive expertise in corporate, mergers and acquisitions, project financing, privatisation, real estate projects, energy, telecommunication and dispute resolution.

He is continuously ranked as a Leading Lawyer in major international directories: Chambers Global; Chambers Europe; and IFLR1000.

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Delvina Nallbani is a Senior Manager at Boga & Associates, which she joined in 2012.

Her practice is mainly focused on providing legal advice to clients on a wide range of corporate, mergers and acquisitions, business and banking matters. She also provides assistance in advising investors on a number of transactions including project finance, mergers and acquisitions, and privatisations.

Delvina graduated in law from the University of Zagreb, and is member of the Kosovo Bar Association.

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### **BOGA & ASSOCIATES**

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