



GENERAL PRESENTATION

Institution

GÉNÉRAL PRESENTATION

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I - THE INSTITUTION

Founded by enterprises and **in the service of enterprises**, the Paris Arbitration Chamber is considered to be **the number one center of arbitration in France** by the importance of its activity and the quality of its awards.

BACKGROUND

The Paris Arbitration Chamber exists as an union of trade associations since 1926. But the first proceedings of the Arbitration Chamber of the Commodities Exchange date from the last century.

The organization offers to companies a favorable ground on which their contractual or business disputes can be **settled through conciliation or arbitration**.

Since its beginning, more than 70 years ago, **25,000 disputes have been settled by its arbitrators' intervention**.

The Paris Arbitration Chamber guarantees the proficiency of its arbitrators and the efficiency of arbitration process.

A PERMANENT BODY

The Paris Arbitration Chamber offers the following to parties in dispute :

- chambers located in the heart of Paris,
- a permanent staff consisting of legal advisers who ensure that procedures are duly adhered to,
- arbitration regulations translated into english and spanish.

II - ACTIVITY

A CENTER OPEN TO ALL ECONOMIC FIELDS

The Paris Arbitration Chamber has gradually extended its field of activity to the **most varied branches of industry and commerce** (distribution, industrial projects, investments).

Its is now at the disposal of every sector of the economy.

A dispute is referred to the Arbitration Chamber if an arbitration clause is contained in the contract or by an ulterior arbitration agreement.

A CLOSE PARTNERSHIP WITH TRADE ASSOCIATIONS

The excellent quality of the work of the Paris Arbitration Chamber stems in part from its **close ties with industrial organizations**.

Today, over 60 groups, representing **various branches of French commerce and industry** (paper, printing, food and agro-industries, franchising, ...etc), are members of this institution.

Trade associations take an active part in establishing and updating the lists of arbitrators, which exist for every branch of activity, and they introduce and **promote arbitration among company executives**.

The Paris Arbitration Chamber regularly increases its membership - proof of the interest shown by the business world in arbitration. In 1993, ASSINSEL (International Association of plant breeders), in 1995, General Leather Syndicate, in 1996, UNIFA (National Union of French Furniture Industry) and, most recently, the Certified Accountants of the Paris region joined the Chamber.

The partnership of the Paris Arbitration Chamber with trade unions can result in the creation and implementation of specific arbitration regulations taking into consideration the activities of the sectors.

AN INTERNATIONAL REPUTATION

More than half of the disputes which are referred to the Paris Arbitration Chamber are international :

- **a foreign enterprise is a party to a suit in 55 % of arbitration procedures,**
- **two foreign parties are in dispute in 15 to 20 % of the cases.**

The Paris Arbitration Chamber is a member **of the European Network for Dispute Resolution (ENDR).**

ARBITRATORS FROM DIVERSE BACKGROUNDS

The Paris Arbitration Chamber has lists of arbitrators for every branch of industrial or commercial fields in order to give specific answers to diversified queries. The Chamber presently has at its disposal **540 arbitrators** pertaining to widely varied economic fields.

Companies which use arbitration to settle their commercial disputes may select as arbitrators specialists of their trade known for their professional and legal skills.

The Paris Arbitration Chamber has recently formed an association with the **INSTITUT D'EXPERTISE ET D'ARBITRAGE** (INSTITUTE FOR EXPERTISE AND ARBITRATION) to create new sections of arbitrators for the building trade, chemistry and various other industrial sectors.

TYPES OF DISPUTES HANDLED

A significant number of matters in dispute handled by the Paris Arbitration Chamber deal with :

- disputes between partners following industrial restructurations,
- disputes concerning distribution and trade sectors,
- transportation operations,
- agency agreements,
- licences of registered trademarks and franchising contracts ...

III - PROCEDURES

The Paris Arbitration Chamber organizes arbitration between parties in dispute under the French decrees of May 14, 1980 and May 12, 1981. It constitutes an arbitration tribunal for every case at issue (art. 1455 of the French new code of civil procedure).

AN ORDINARY PROCEDURE WITH TWO DEGREES OF ARBITRATION

The procedures are devised to simplify their implementation. Parties have the choice of being represented by legal counsel or appearing in person.

The rules of the Paris Arbitration Chamber provide for a two-step procedure, under which a party, if it disagrees with the draft award of the first arbitrators, may request that the case be heard by a second panel before an award is rendered.

When a first Arbitration Tribunal formed by three arbitrators (each party being entitled to nominate one of the three) makes a **provisional award**, this award is either accepted by both sides and becomes a final award or contested within fifteen days of its receipt by either party.

Contestation of the provisional award results in the institution of a second Arbitration Tribunal which will hear the case and in turn render **a final award which settles the case at issue.**

SOUND DECISIONS

Awards are mandatory for both sides (which is not the case in a conciliation procedure or in mediation). Awards are recognized as **sentences rendered by official courts.** French Tribunals if asked to do so will after a formal exam gratuitously set the executory formula to the award so as to authorize its enforcement.

The award once validated by the executory formula allows the winning party to take measures of conservation or of enforcement as if the ruling were obtained from a court. It may then be enforced in any of the 106 countries which signed the convention of New York.

In 90 % of the cases, however awards are settled out of court. This spontaneous acceptance of the arbitrators' ruling has its origin in the **character of consensus of arbitration** : agreement of the parties is sought at every step of the procedure : when the arbitration clause or the arbitration agreement is negotiated, but also when the arbitrators are designated, when the provisional award is sent to both sides and when the award is enforced.

A corporation which chooses arbitration as the method to solve its disputes **should confide the procedure to a reputable institution, whose experience guarantees reliability**, the alternative being arbitration without an organization or framework, which is usually less reliable and more costly.

Statistics prove that awards rendered outside any administrative body are more often rescinded by Claims Courts than those which have been rendered with the assistance of an arbitration institution.

With regard to the Paris Arbitration Chamber, the Cour d'Appel de Paris (Claims Courts of Paris) nullified 9 awards in ten years, between 1980 to 1990, out of 1754 awards rendered during this period (or a confirmation rate superior to 99 %).

Since 1990, no award rendered by the Paris Arbitration Chamber has been censured.

These figures show that the Paris Arbitration Chamber is one of the most reliable and experienced institutions of its kind in France.

TIMELY PROCEEDINGS

An arbitration proceeding can last from three to five months depending on the diligence of the claimant and the complexity of the case. The normal time for a proceeding can be reduced to **two months** when urgent proceedings are requested. An award may even be available in three weeks when accelerated proceedings called PARAD are used, in the case of unpaid bills (see below).



P.A.R.A.D. PROCEDURE RULES

■ **ACCELERATED PROCEEDINGS FOR RESOLVING DISPUTE BY ARBITRATION** called P.A.R.A.D., expeditious and simplified, are available to facilitate and accelerate the recovery of small money claims which are unquestionable, in cash and due.

These proceedings may be implemented only when the claim has its origin in a contract which includes an arbitration clause giving jurisdiction to the Paris Arbitration Chamber.

■ Two conditions are required : an unquestionable money claim and an amount less than 700.000 French Francs.

■ Directions for use : Parties are summoned to appear within 15 to 25 days at a hearing before a sole arbitrator who decides if the requested sum is due and has to be paid or if there is any serious underlying dispute which has to be settled beforehand.

■ Ruling : When the debts are ruled to be unquestionable, the arbitrator makes an immediate judgment. If not, the parties retain their rights to settle their dispute by all the usual means (compromise, Courts of justice or arbitration).

The purpose of these proceedings is to assure the creditor of his right so that when the validity of the claim is verified and established, the award may be executed without delay.

■ P.A.R.A.D. was validated by the Court of Appeal of Paris **by decree on October 15, 1996** (CIPA vs PRIMASEM)

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