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IMPACT OF COVID19 IN ONGOING LAWSUITS AND ARBITRATION CASES

Further information to follow

FAQ: HOW COVID19 IMPACTS THE ONGOING LAWSUITS AND ARBITRATION CASES?

In light of the current COVID-19 outbreak, the local courts of Hungary, as well as the main local and global arbitral institutions are taking precautionary measures to minimise the potential impacts the COVID19 and to safeguard the health and safety of everyone involved in litigious or arbitral proceedings. The below summarises the current situation and how COVID19 impacts the ordinary course of proceedings.

LOCAL COURT PROCEEDINGS

As part of ordering a state of emergency, the Hungarian government has also announced that an “extraordinary judicial holiday” takes place. The effects of the “extraordinary judicial holiday” are currently in dispute in the legal community, however, so far first instance courts have interpreted this as the stay of the proceedings with the interruption of all court deadlines. This means that as of today it is unlikely that an in-person court hearing will take place before June 2020 except in extraordinary cases (cases requiring immediate attention, such as enforcement related matters or interim injunctions and other similar emergency measures) and generally delays arising from postponement of hearings can be expected. It is expected that a new regulation will come out soon regulating the procedural deadlines and the usage of technology platforms in court proceedings. It is yet unforeseen whether local courts will be able to adopt to the new circumstances and implement videoconferences and various technology platforms for conducting hearings. Please also note that second instance courts and document-only determination first instance cases are generally required to proceed with the proceedings and issue their decision ex parte (whenever possible).

CAN I INITIATE A NEW LAWSUIT?

The answer is yes. All filing is made electronically, therefore despite the court's limited availability, it is possible to file a new lawsuit. Once a lawsuit is filed the court is obliged to do inspect the statement of claim and proceed with the document-only part of the lawsuit (i.e. send the statement of claim to the defendant requesting it to submit its defence statement).

WILL THE “EXTRAORDINARY JUDICIAL HOLIDAY” EXTEND THE LIMITATION PERIODS AND STATUTORY DEADLINES?

The answer is no. The “extraordinary judicial holiday” applies only to ongoing cases. This means that limitation periods and statutory deadlines (e.g. deadline to file a lawsuit) are still pending. In other words, although the courts are accessible only remotely, special attention from parties and lawyers is required to ensure that no procedural or statutory deadlines are missed and each submission is submitted in a timely manner.

ARBITRATION CASES

It seems that arbitral tribunals are much more flexible and are more able – and willing – to adopt to the new situation to ensure that the ordinary course of the arbitral proceedings is not disrupted by the COVID19 outbreak.

According to the information published, all main international institutions (ICC, ICSID, LCIA, etc.) are working remotely while all communication with the respective secretariat (including the filing of new requests for arbitration or other motions) is advised to be conducted by e-mail or by the online filing system operated by the arbitration court. This also means that awards issued by the arbitral tribunals during the time of the crisis will also be dispatched to the parties in e-mail.

The main local arbitration court (the permanent arbitration court attached to the Hungarian Chamber of Commerce and Industry) has also ordered the stay of all personal hearings and ordered that all communication between the arbitration court and the parties must be conducted by e-mail.

Although arbitral tribunals may implement videoconferences and various technology platforms to proceed with the hearings, many obstacles are obvious in such cases as well: even when the hearing is conducted through a videoconference, it is hardly possible that a team of lawyers can be in different locations otherwise the professional and timely coordination of numerous different connections would be needed which requires significant experience.

WHO TO CONTACT?

If your business is listed or otherwise affected by the state of emergency, please do not hesitate to contact any member of our team:

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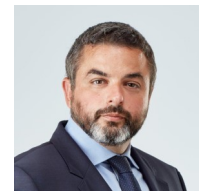
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