

A New Court Open for International Business Soon: The Commercial Court in Cyprus

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The Novel Commercial Court and Admiralty Court in Cyprus

New courts geared to dealing with international commercial disputes have been established in Europe, the Middle East and Asia, as has also been reported in earlier blogposts in particular on Europe (see, among others, [here](#) and [here](#)). They have various distinctive features such as the focus on cross-border commercial disputes and the use of the English language as the language of court proceedings. It seems that Cyprus will soon be joining other European countries that have established such courts in recent years, including France, the Netherlands, and Germany.

In May 2022, the House of Representatives in Cyprus passed Law 69(I)/2022 on the Establishment and Operation of the Commercial Court and Admiralty Court. The law creates two new specialised courts, namely the Commercial Court and Admiralty Court, focusing on commercial and maritime law disputes respectively. The courts were planned to open their doors on 1 January 2023. However, the Supreme Court of Cyprus, which is responsible for administrative matters, requested an extension and the courts are expected to be operational in July 2023 (see [here](#)).

According to the preamble to this Law, the establishment of these specialised courts aims at expediting the resolution of disputes and improving the efficiency of the administration of justice. In addition, the Courts' establishment is expected to enhance the competitiveness of Cyprus, attract foreign investment, and contribute to its overall economic development. Similar arguments have been put

forward in other European countries, notably in the Netherlands (Kramer & Antonopoulou 2022).

The Cypriot Commercial Court shall have jurisdiction to determine at first instance any type of commercial dispute, provided that the amount in dispute or the value of the dispute exceeds 2,000,000 Euros. The law defines commercial disputes broadly and offers an indicative list of such disputes for which the court has jurisdiction. The Commercial Court shall also have jurisdiction over competition law disputes, intellectual property law disputes, and arbitration related matters irrespective of the value of the dispute. The Commercial Court shall have territorial jurisdiction over disputes that have arisen, in part or wholly in Cyprus, as well as over defendants residing in Cyprus. In cross-border disputes parties can agree on the court's jurisdiction in a choice of court agreement. Typically, the Brussels I-bis Regulation would apply to determine the validity of such clause. At the request of at least one party and in the interest of justice, the court shall accept procedural documents in English and shall conduct hearings and publish judgements in English. The Commercial Court will consist of five judges drawn from the Cypriot judiciary based on their expertise in commercial law disputes and practices and their English language skills.

A Genuine International Commercial Court for Cyprus?

While the definition of an international commercial court is open to interpretation and there are different types of international commercial courts (Bookman 2020; Dimitropoulos 2022), the Commercial Court's specialised focus on high-value commercial disputes as well as the option to litigate in English suggest that Cyprus has just added itself to the growing number of countries that have established an international commercial court in recent years (see also Kramer & Sorabji 2019). This possibility of English-language court proceedings is a key feature of these new courts. However, the degree to which this is possible differs per country. The Netherlands Commercial Court (NCC) uses English throughout the proceedings apart from cassation at the Supreme Court. Due to the lack of a relevant constitutional provision, the use of the English language in NCC court proceedings was made possible by including a new provision in the Dutch Code of Civil Procedure. By contrast, the German Chambers for International Commercial Disputes and the Paris International Chambers limit the use of English in court to documentary evidence or oral submissions and on the basis of a lenient interpretation of existing rules. Cyprus is the first country in Europe that

amended its constitution with a view to permitting the use of the English language in court proceedings. The new Article 4(3)(b) provides that the Commercial Court and the Admiralty Court as well as the higher courts ruling on appeals may allow the use of English in court including oral and written submissions, documentary evidence, witness statements and the pronouncement of judgements or orders. In addition, unlike other international commercial courts established as chambers or divisions within existing courts the Commercial Court in Cyprus is structured as a self-standing court. Its jurisdiction is not exclusively limited to cross-border disputes but extends to domestic disputes with territorial links to Cyprus. The court's focus on both cross-border and domestic disputes might be explained by the objective to accelerate trials and increase the efficiency of public court proceedings especially with regard to disputes related to the financial crisis and its aftermath.

The Reasons for Creating the Cypriot Commercial Court

The establishment of international commercial courts in Europe and in Asia has been thus far mainly driven by access to justice and economic considerations. International commercial courts aim at improving commercial dispute resolution by offering litigating parties specialised, faster, and therefore better court proceedings. It has been also underpinned by the aim of improving the business climate, attracting foreign investment, and creating litigation business.

In line with these considerations, Law 68(I)/2022 reiterates the benefits of a specialised commercial court both for the Cypriot civil justice system and the economy. Despite these similarities between the reasons driving the worldwide proliferation of international commercial courts and the establishment of a commercial court in Cyprus, the Cypriot context is slightly different. The financial crisis suggests that the Cypriot international commercial court is also part of a broader array of measures aimed at meeting the particular dispute resolution demands following the crisis (see also Mouttotos 2020). The establishment of the Commercial Court in Cyprus therefore indicates that international commercial courts might no longer be seen as a luxury available to the few countries willing and able to participate in a global competition of courts, but also as an essential measure for countries aiming to recover from a financial crisis. Yet, whether specialised courts bring about direct economic benefits or if they only indirectly benefit national economies by signalling to foreign investors a well-functioning justice system remains open to debate (among others Farber 2002; Coyle 2012).

