Chief Editor

Dr. A. Singaraj, M.A., M.Phil., Ph.D. Editor

Mrs.M.Josephin Immaculate Ruba

EDITORIAL ADVISORS

- Prof. Dr.Said I.Shalaby, MD,Ph.D.
 Professor & Vice President
 Tropical Medicine,
 Hepatology & Gastroenterology, NRC,
 Academy of Scientific Research and Technology,
 Cairo, Egypt.
- 2. Dr. Mussie T. Tessema,
 Associate Professor,
 Department of Business Administration,
 Winona State University, MN,
 United States of America,
- 3. Dr. Mengsteab Tesfayohannes,
 Associate Professor,
 Department of Management,
 Sigmund Weis School of Business,
 Susquehanna University,
 Selinsgrove, PENN,
 United States of America,
- 4. Dr. Ahmed Sebihi
 Associate Professor
 Islamic Culture and Social Sciences (ICSS),
 Department of General Education (DGE),
 Gulf Medical University (GMU),
 UAE.
- Dr. Anne Maduka,
 Assistant Professor,
 Department of Economics,
 Anambra State University,
 Igbariam Campus,
 Nigeria.
- 6. Dr. D.K. Awasthi, M.SC., Ph.D. Associate Professor Department of Chemistry, Sri J.N.P.G. College, Charbagh, Lucknow, Uttar Pradesh. India
- 7. Dr. Tirtharaj Bhoi, M.A, Ph.D, Assistant Professor, School of Social Science, University of Jammu, Jammu, Jammu & Kashmir, India.
- 8. Dr. Pradeep Kumar Choudhury,
 Assistant Professor,
 Institute for Studies in Industrial Development,
 An ICSSR Research Institute,
 New Delhi- 110070, India.
- 9. Dr. Gyanendra Awasthi, M.Sc., Ph.D., NET
 Associate Professor & HOD
 Department of Biochemistry,
 Dolphin (PG) Institute of Biomedical & Natural
 Sciences,
 Debradun Uttarakhand India
- Dehradun, Uttarakhand, India. 10. Dr. C. Satapathy, Director, Amity Humanity Foundation, Amity Business School, Bhubaneswar, Orissa, India.



ISSN (Online): 2455-7838 SJIF Impact Factor: 6.093

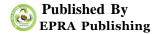
EPRA International Journal of

Research & Development

(IJRD)

Monthly Peer Reviewed & Indexed International Online Journal

Volume: 4, Issue: 3, March 2019



CC License





SJIF Impact Factor: 6.093 Volume: 4 | Issue: 3 | March | 2019 ISSN: 2455-7838(Online)

EPRA International Journal of Research and Development (IJRD)

Peer Reviewed Journal

THE ROLE OF ARBITRATORS & PARTIES IN INTERNATIONAL COMMERCIAL ARBITRATION

-DUTIES & RIGHTS PERSPECTIVE

Keerthi Kumburuhena¹

¹LL.M in International Commercial Law (Aberdeen), Magistrate/ Additional District Judge, Bandarawela, Sri Lanka.

ABSTRACT

A remarkable relationship exists between the arbitration tribunal and its stakeholders in international commercial arbitration compared with other dispute resolution mechanisms. Throughout the past, various principles have been introduced to strike a balance between the jurisdiction of the tribunal and the rights and duties of the parties and arbitrators.

KEYWORDS: arbitration tribunal, stakeholders, jurisdiction, Court,

INTRODUCTION

A remarkable relationship exists between the arbitration tribunal and its stakeholders in international commercial arbitration compared with other dispute resolution mechanisms. Throughout the past, various principles have been introduced to strike a balance between the jurisdiction of the tribunal and the rights and duties of the parties and arbitrators. The relationship between the arbitrators and the parties is a 'contractual' one and a 'status'.¹

SOURCES OF JURISDICTION

There are a number of methods that an arbitral tribunal could receive its jurisdiction. Two of them are significant. First, the jurisdiction could be stemmed from the arbitration agreement itself as a condition precedent to litigation. Secondly, the source of jurisdiction could be domestic laws or institutional rules. For instance, in certain jurisdictions although there is no arbitration agreement between parties, Court has discretion to

direct the parties to arbitration. Hence, absence of an arbitration agreement is no bar to prevent a tribunal to receive its jurisdiction. In order to grant powers to an arbitrator, the agreement to arbitrate does not necessarily be in writing.

According to UNCITRAL Model Law on International Commercial Arbitration, if the parties have already negotiated the terms of the arbitration in any recorded manner, it is sufficient for the tribunal to start executing the rights granted to it by the parties.³ In other words, even if the underlying contract never exists, parties have a right to move towards arbitration while arbitrators have a right to hear the matter. For instance, during contractual negotiations if the parties have discussed arbitration terms and if they were recorded in any means, the arbitration agreement could survive.⁴ This method has strengthened the right to arbitrate and application of the doctrine of separability even where the underlying contract never exists.

| www.eprajournals.com | 156 |

¹ Michael J. Mustill and Stewart C. Boyd, *Commercial Arbitration* (2nd edn, Butterworths 1989) 220.

² Scott v. Avery (1856) 5 H.L. Cas. 811.

³ UNCITRAL Model Law on International Commercial Arbitration 1985 (as amended in 2006), Option I, art 7 (3).

⁴ ibid, art 7 (3).

If the arbitration tribunal receives its jurisdiction from an arbitration agreement then there are two conditions to be satisfied. First, parties should have agreed to submit their dispute to arbitration rather than to any other dispute resolution methods such as litigation, mediation, negotiation etc. Secondly, there should be a specific scope of matters which could be forwarded before the arbitration tribunal. This scope would be determined subjectively or objectively. If parties themselves decide the scope of the arbitrability then it is called as the 'subjective arbitrability'. On the other hand, the 'objective arbitrability' means where the scope of arbitrability is determined by the law of the 'Seat' of arbitration.

Although parties could provide jurisdiction to the arbitration tribunal to decide certain matters through subjective arbitrability, these powers are always subject to the objective arbitrability. In other words, the law of the Seat could intervene in determining the jurisdiction of the arbitral tribunal. For instance, in some jurisdictions, insolvency or bankruptcy disputes could not be arbitrated. An argument could be advanced that the parties' discretion to determine the scope could be overridden by the law of the Seat. However, this argument becomes irrational as consequently the law of the Seat is also decided by the parties. Therefore, parties could select the most suitable and convenient laws as their Seat. Hence, it is clear that parties have an absolute discretion to determine jurisdiction of the arbitral tribunal in terms of arbitrability.

Furthermore, parties' legal capacity is significant in terms of the relationship with arbitrators. This has been described in various methods in different jurisdictions. For instance, according to Section 103 (2) (a) of the Arbitration Act 1996 of UK, legal incapacity would adversely affect a party who is attempting to enforce an arbitration award. In other words the recognition or the enforcement of the award may be refused if the person against whom it is invoked proves that a party to the arbitration agreement was (under the law applicable to him) under some incapacity.⁵

CONTRACTUAL RELATIONSHIP

The nature of relationship between the arbitrator and the parties concerned is a 'contractual' one⁶ as well where an agency could exist. For instance, once the arbitrators are appointed they could act as agents of the parties concerned. Arbitrators perform a contract based on function for specific parties in private.⁷ Hence, the role of arbitrators and the arbitration tribunal is to determine

the dispute according to the rules selected by parties on the merits of the case.⁸ Therefore, in terms of the contractual relationship, an arbitrator is not expected to play a role of a judge who metes out justice.⁹

The relationship between the parties and arbitrators commences by submitting the dispute for arbitration. However, there is an issue regarding the terms and conditions in such a contract because there may be different methods of imposing duties upon their relationship. For instance, arbitration rules which parties have agreed upon might contain the duties which the arbitrator should perform. In addition, parties could submit a Terms of Reference (TOR) when appointing arbitrators. Such TOR may also contain the duties and responsibilities of both the parties and arbitrators.

Moreover, there may be certain other expressed and implied conditions imposed upon the contract between arbitrators and parties by the operation of the domestic law. 10 Arbitrators are part of an arbitral set-up which could be an institution or an ad-hoc body. For instance, parties could select an institution such as the International Chamber of Commerce (ICC) as the tribunal to hear their disputes. In ad-hoc arbitration, parties could select a set of arbitrators according to their expertise in the related field or to their capability in resolving disputes.

STATUS-BASED RELATIONSHIP

The nature of relationship between parties and arbitrators is a 'status' which has a form of a judicial nature. 11 The meaning of the 'status' reflects that the arbitrator performs a role similar to that of a judge. Hence, under the concept of status, the arbitrator could have a considerable level of immunity which prevents him from being accused of his judgment or opinion. In other words, in certain jurisdictions, the arbitrator's liability could be limited regarding any procedural defects. For instance, Arbitration Act No. 11 of 1995 Sri Lanka (the 1995 Act) mentions that an arbitrator shall not be liable for negligence in respect of anything done or omitted to be done by him in the capacity of an arbitrator but shall be liable for fraud in respect of anything done or omitted to be done in that capacity. 12

In USA, arbitrators have immunity from legal proceedings against their conduct as arbitrators. According to English Arbitration Law, arbitrators

⁵ Arbitration Act 1996 UK, s 103 (2) (a).

⁶ Nigel Blackaby, Alan Redfern and Martin Hunter, *Law and practice of international commercial arbitration* (5th edn Sweet & Maxwell 2009) para 5.47.

⁷ Lord Neuberger, 'Arbitration and the rule of law' (2015) 81 (3) Arbitration 276, 277.

⁸ Joshua D. H. Karton, 'The Arbitral Role in Contractual Interpretation' (2015) 6 (1) Journal of International Dispute Settlement 4, 40.

⁹ ibid 40.

¹⁰ Nigel Blackaby, Alan Redfern and Martin Hunter, *Law and practice of international commercial arbitration* (5th edn Sweet & Maxwell 2009) para 5.48.

¹¹ Nigel Blackaby, Alan Redfern and Martin Hunter, *Law and practice of international commercial arbitration* (5th edn Sweet & Maxwell 2009) para 5.47.

¹² Arbitration Act No. 11 of 1995 Sri Lanka, s 45.

would be liable for their conduct as arbitrators, only if they have worked in 'bad faith'.¹³ Therefore, countries such as USA and UK which have a Common Law system tend to maintain a higher level of immunity for the conduct of arbitrators whereas countries which have Civil Law jurisdiction have provided no such immunity compared with Common Law jurisdictions.¹⁴

Further, it is worth considering the approaches followed by the international arbitration institutions regarding the relationship between parties and arbitrators. The Introductory Note of the International Bar Association (IBA) Rules of Ethics for International Arbitrators mentions that there should be immunity for international arbitrators from being sued under the domestic law.¹⁵ In addition, due to the considerable 'status' of arbitrators, there are a number of moral and ethical obligations imposed on them. For instance, an arbitrator has a duty to decline to accept the appointment if he is unable to provide sufficient time and attention to the case.¹⁶

DUTIES AND RIGHTS CAST UPON ARBITRATORS & PARTIES

There are a number of rights and duties vested in arbitrators and parties. These duties and rights could be derived from parties' 'consensus' or from the '*lex arbitri*' or from arbitration rules¹⁷ or ethics.¹⁸ For instance, an arbitration institute such as ICC has defined their own set of duties which an arbitrator is obliged to follow in ICC arbitration proceedings. Since the '*lex arbitri*' stems from the 'Seat of Arbitration', it could impose duties connected to the validation of arbitration agreement, appointment and removal of arbitrators, natural justice rules, recourse against arbitration, recognition and enforcement of agreement and rendering of the award.

However, the 'consensus' of the parties becomes significant here as even the law of the 'Arbitration Seat' is determined by the agreement of parties. It is well worth analysing the ever-present duties and the rights of stakeholders in international commercial arbitration and realise the firmness of their attachment.

a) Right to appoint Arbitrators

Parties have a right to appoint arbitrators and determine the number of arbitrators needed for the hearing. They shall be free to agree on a procedure for appointing the arbitrators, subject to the provisions of the Arbitration Act No. 11 of 1995 Sri Lanka.¹⁹ In addition, parties have a right to appoint an arbitrator in case of a default of either. In arbitration with a sole arbitrator if the parties are unable to agree on the arbitrator, such arbitrator shall be appointed on the application of a party by the High Court.²⁰

In an arbitration consisting 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 the arbitrator within sixty days of receipt of a request to do so from the other party, or if the two arbitrators fail to agree on the third arbitrator within sixty days of their appointment, the appointment shall be made upon the application of a party, by the High Court.²¹

If parties have appointed an institution to settle their dispute, they could then delegate the right to appoint arbitrators to that institution. For instance, if the parties have nominated ICC as the institution which could settle their dispute, then the ICC has the right to appoint the arbitrators and consequently form the tribunal. However, in the 'ad-hoc arbitration', parties themselves could appoint all the arbitrators to the tribunal. When appointing arbitrators, certain institutions permit the parties to select their arbitrator from a list of arbitrators. For instance, according to OHADA Arbitration Rules, parties could select the arbitrator from such a list.²²

Arbitration tribunal receives its jurisdiction once it is appointed and therefore, the appointment is a key right vested in parties. At the time of dispute, even though one party refuses to participate in the process of appointment, the other party could continue the process and form the tribunal, provided that both parties have agreed to forward their dispute to an arbitration tribunal. In order to avoid the aforesaid issues, there are default procedures laid down in certain arbitration rules such as appointing an arbitral referee. In the case of *Honeywell International Middle East Ltd v Meydan Group LLC*,²³ it was held that it is possible for a tribunal to hear the matter, in the absence of the participation of one party.

In Sri Lankan Arbitration Law, there is no provision as to who should or should not be an arbitrator. The parties may by agreement require that an arbitrator shall have particular qualifications given the nature of the dispute.²⁴ However, in certain

| www.eprajournals.com | 158 |

¹³ Arbitration Act 1996 UK, s 29 (1).

¹⁴ Nigel Blackaby, Alan Redfern and Martin Hunter, *Law and practice of international commercial arbitration* (5th edn Sweet & Maxwell 2009) para 5.53.

¹⁵ International Bar Association (IBA) Rules of Ethics for International Arbitrators 1987, Introductory Note.

¹⁶ K. Kanag-Isvaran and P.C. and S.S. Wijeratne (eds), *Arbitration Law in Sri Lanka*, (ICLP 2006) 56.

¹⁷ Nigel Blackaby, Alan Redfern and Martin Hunter, *Law and practice of international commercial arbitration* (5th edn Sweet & Maxwell 2009) para 5.46.

¹⁸ ibid para 5.43.

¹⁹ Arbitration Act No. 11 of 1995 Sri Lanka, s 7 (1).

²⁰ ibid s 7 (2) (a).

²¹ Arbitration Act No. 11 of 1995 Sri Lanka, s 7 (2) (b).

²² Organisation pour l'Hamornisation en afrique du droit des affaires (Organization for the Harmonization of business law in Africa) (OHADA) Arbitration Rules 1999, art 3.2

²³ [2014] EWHC 1344 (TCC).

²⁴ K. Kanag-Isvaran and P.C. and S.S. Wijeratne (eds), *Arbitration Law in Sri Lanka*, (ICLP 2006) 38.

jurisdictions the parties' right to appoint arbitrators is subject to Domestic Law. For instance, in Scotland to be appointed as an arbitrator, a person should be 16 years old or above.²⁵

The jurisdictional relationship between a party and the tribunal does not merely commence by way of the appointment of arbitrators. In order to initiate such relationship, the appointment must be properly informed to the other party which means, the right to appoint arbitrators is connected with a duty to inform the other. In other words, parties have a right to be informed about the appointments made by each.

b) Right to revoke the authority

Parties have the right to revoke the authority granted to an arbitrator if they come to understand that he is not suitable or capable to hear the matter before him. In this regard, each party could challenge any arbitrator including the ones appointed by them. The rationale behind this right is the concept of equal treatment in the procedure. In the UNCITRAL Model Law, both parties have an equal right to present their case before the tribunal. ²⁶ Thus, if the parties have reasons to believe that they would not have a fair hearing before the tribunal, they have a right to challenge the arbitrators.

Article 12 of the UNCITRAL Model Arbitration Law has introduced certain grounds such as lack of impartiality or independence²⁷ or lack of qualifications agreed to by the parties²⁸ which could be emphasized by the parties if they challenge the appointment of the arbitrators. According to the Arbitration Act No.11 of 1995 of Sri Lanka, parties have a right to make an application to Court for the removal of arbitrators. For instance, if an arbitrator unduly delays the discharging of the duties of his office, the High Court may upon an application of a party, remove such arbitrator and appoint another in his place.²⁹ However, if the parties have so agreed, such removal and appointment shall be made by an arbitral institution.³⁰

Further, the mandate of an arbitrator shall terminate if such arbitrator becomes unable to perform his functions of office or for any other valid reason fails to act without undue delay or dies, or withdraws from office or if the parties agree on termination.³¹ The other jurisdictions seem to have similar features in this regard. For instance, in the UK, the authority given to arbitrators could be

However, the circumstances mentioned in the said Section 24 of the British Arbitration Law,³⁷ does not include the term 'independence'. This indicates that, the English Law has not adopted certain requirements of UNCITRAL Model Law such as lack of independence of arbitrators as a ground to challenge the appointment of arbitrators. On the other hand, Sri Lankan Arbitration Law has adopted the same as a circumstance for removal of arbitrators. Therefore, there are distinct approaches followed by different jurisdictions.

c) Duty to determine the method of the proceedings

Arbitration tribunal is duty bound to deal with any dispute submitted to it for arbitration in an impartial, practical and expeditious manner.³⁸ The tribunal has a duty to afford all the parties an opportunity of presenting their respective cases in writing or orally and to examine all documents and other material furnished to it by the other parties or any other person.³⁹

The ICDR International Arbitration Rules have given a wide discretion to the arbitration tribunal to determine the method to be adopted for the proceedings in terms of equality and fairness of the hearing. ⁴⁰ In SIAC Arbitration Rules, the arbitrators have a responsibility to consult the parties for the purpose of determining the most suitable method to conduct the arbitration proceedings in terms of a fair hearing. ⁴¹

When considering the cost arising out of a long time-consuming proceeding, both parties and also the arbitrators have a responsibility for each other to manage the case efficiently and expeditious manner. A significant responsibility is vested in the arbitrators to manage the cost and the length of the

revoked by the parties³² and parties have a right to make an application to the Court to remove arbitrators if there are circumstances to doubt the impartiality of the arbitrators,³³ or if the arbitrator does not have the qualifications required by the arbitration agreement,³⁴ or if the arbitrator is physically incapable,³⁵ or he refused to conduct the proceedings in a reasonable manner.³⁶

²⁵ Arbitration (Scotland) Act 2010, s 7, sch 1 part 1, r 4.

²⁶ UNCITRAL Model Law on International Commercial Arbitration 1985 (as amended in 2006), art 18.

²⁷ UNCITRAL Model Law on International Commercial Arbitration 1985 (as amended in 2006), art 12 (1).

²⁸ UNCITRAL Model Law on International Commercial Arbitration 1985 (as amended in 2006), art 12 (2).

²⁹ Arbitration Act No. 11 of 1995 Sri Lanka, s 8 (2).

³⁰ Arbitration Act No. 11 of 1995 Sri Lanka, s 8 (2), proviso.

³¹ ibid s 8 (1).

³² Arbitration Act 1996 UK, s 23.

³³ ibid s 24 (1) (a).

³⁴ Arbitration Act 1996 UK, s 24 (1) (b).

³⁵ ibid s 24 (1) (c).

³⁶ Arbitration Act 1996 UK, s 24 (1) (d).

³⁷ ibid s 24.

 $^{^{38}}$ Arbitration Act No. 11 of 1995 Sri Lanka, s 15 (1)

³⁹ ibid s 15 (2)

⁴⁰ The International Centre for Dispute Resolution (ICDR), Arbitration Rules 2014, art 20 (1).

⁴¹ The Singapore International Arbitration (SIAC) Centre Rules 2016, art 19.1.

arbitration proceedings. ⁴² Therefore, arbitrators are duty bound to conduct the arbitration proceedings in a most suitable method⁴³ to avoid time consuming delays. Therefore, they have discretion to continue the proceedings of the arbitration in a suitable manner. ⁴⁴ However, when deciding on this method, arbitrators have to consider the equality. For instance, a reasonable opportunity must be provided to both parties to present their case and to ascertain whether the process is fair and efficient. ⁴⁵

d) Duty of impartiality

Once the arbitrators are appointed, they have a duty to act impartially during the arbitration proceedings. They have a responsibility to carry out their functions to a consistently high standard in terms of probity, efficiency, fairness, honesty and lawfulness. 46 Where a person is requested to accept appointment as an arbitrator, he shall first disclose any circumstances which could likely to give rise to justifiable doubts as to his impartiality or independence and shall from the time of appointment and throughout the arbitral proceedings disclose without delay any aforesaid circumstances to all the parties and also to the other arbitrators, unless they have already been so informed by the arbitrator. 47

The appointment of an arbitrator could be challenged if circumstances exist that would give rise to justifiable doubts as to his impartiality or independence. 48 Hence, a party could challenge the said appointment before the arbitral tribunal, within thirty days of his becoming aware of the circumstances which would give rise to doubts concerning the arbitrators' impartiality or independence. 49 If the party challenging the appointment is dissatisfied with the order of the tribunal on such application, he may within a period of thirty days of receipt of the decision, make an appeal against that order to the High Court. 50

In the case *Sierra Fishing Company & Others v Farran & Others*, the Court had accepted the application for a removal of an arbitrator on the basis of reasonable doubts concerning his impartiality.⁵¹ In the case of *Sutcliffe v Thackrah*, the Court held that the arbitrator has an implied duty

to conduct the arbitration proceedings impartially.⁵² According to *AMEC Civil Engineering Ltd v Secretary of State for Transport*, impartiality is one of the key characteristics expected from the arbitrator.⁵³ The International Bar Association (IBA) guidelines on Conflicts of Interest in International Arbitration, mention that all arbitrators have a duty to act impartially and independently from the time of their appointment until the final award or the termination of the proceedings.⁵⁴

According to Arbitration (Scotland) Act 2010, arbitrators have a duty to disclose if there is any conflict of interest relating to their status of impartiality or independence. 55 This approach is slightly different compared with English Arbitration Law as it has no duty to disclose such interests. 56 There could be situations where arbitrators would have been bribed, and awards rendered in favour of that party. For instance, in Switzerland, if the arbitrators are unable to consider the important evidence due to bribery, then such reason can be taken as a ground to set aside an arbitration award. 57

Furthermore, if an arbitrator believes that he has any matters related to such issues, then he must immediately disclose that to the parties. If a party wishes to challenge the appointment of an arbitrator, then notices must be sent duly after it has been notified or after the circumstances were known. Once the parties were informed about such a situation, they have a responsibility not to cause any delay if they wish to challenge the appointment, because they would be prevented by the principle of 'estoppel' or 'waiver' if they tried to set aside the award at a later stage.

This is a vital point aimed at balancing between the rights of parties and arbitrators. In order to make arbitrators more responsible towards the parties, there are certain precautionary measures that have been adopted. For instance, according to ICC Arbitration Rules prior to the beginning of the arbitration process, the arbitrators have to sign a statement admitting their availability, impartiality and independence.⁵⁸

e) Duty to behave in good faith

Once appointed, arbitrators have a duty to behave in good faith during the arbitration

| www.eprajournals.com | 160 |

⁴² David W. Rivkin and Samantha J. Rowe, 'The role of the tribunal in controlling arbitral costs' (2015) 81(2) Arbitration 116, 130.

⁴³ Nigel Blackaby, Alan Redfern and Martin Hunter, *Law and practice of international commercial arbitration* (5th edn Sweet & Maxwell 2009) para 5.49.

⁴⁴ UNCITRAL Arbitration Rules 2013, art 17 (1).

⁴⁵ ibid art 17 (1).

⁴⁶ Lord Neuberger, Keynote speech, (2015) 81 (4) Arbitration 427, 430.

⁴⁷ Arbitration Act No. 11 of 1995 Sri Lanka, s 10 (1).

⁴⁸ ibid s 10 (2).

 $^{^{\}rm 49}$ Arbitration Act No. 11 of 1995 Sri Lanka, s 10 (3).

⁵⁰ ibid s 10 (4).

⁵¹ [2015] EWHC 140 (Comm).

⁵² [1974] AC 727.

⁵³ [2005] EWCA Civ 291.

⁵⁴ International Bar Association (IBA) guidelines on Conflicts of Interest in International Arbitration, 2014 Part I (1).

⁵⁵ Arbitration (Scotland) Act 2010, s7, sch 1, r 8.

⁵⁶ Rom K.L. Chung, 'Conceptual framework of arbitrators' impartiality and independence', (2014) 80 (1) Arbitration 2.

⁵⁷ Antonio Musella and Ziva Filipic, 'International arbitration and alternative dispute resolution' (2015) 4 International Business Law Journal 381, 386.

⁵⁸ International Chamber of Commerce (ICC) Rules of Arbitration 2017, art 11 (2).

proceedings.⁵⁹ They are liable for fraud in respect of anything done in the capacity of arbitrator.⁶⁰ This indicates that in terms of the relationship between the arbitrators and the parties, the duty of 'bona fide' is significant. However, arbitrators are not liable for negligence in respect of anything done or omitted to be done by him in the capacity of an arbitrator.

f) Right to receive remuneration

Arbitrators have a right to receive a remuneration for the services rendered by them, which means that the parties have a duty to pay the agreed remuneration according to the decided payment method. In Arbitration Act No. 11 of 1995 of Sri Lanka, this remuneration has been referred to as compensation. The parties shall be jointly and severally liable for the payment of reasonable compensation to the arbitrators, constituting the arbitral tribunal for their work and disbursements.⁶¹

The final award shall order the payment of compensation to each of the arbitrators with legal interest calculated with effect from the date of expiration of a period of one month from the date on which the award was delivered. ⁶² The arbitral tribunal may order the payment of deposit of security by the parties for the payment of the compensation of arbitrators constituting the arbitral tribunal, in such sum and within such period as may be specified in the order. ⁶³ If the arbitrators are not properly paid, they have a right to terminate the arbitral proceedings. ⁶⁴

RECENT DEVELOPMENTS

In the analysis of the duties and rights of parties and arbitrators, London Centenary Principles of Arbitration 2015 introduced by the Charted Institute of Arbitrators could be considered a sound set of guidelines. Accordingly, tribunals have to 'recognise and respect the choice of parties'.65 In order to make this recognition, a tribunal needs to make sure that the proceedings are fair and just,66 limit Court intervention,67 while striking a balance between confidentiality and transparency.68

These Principles have defined the judicial nature of the tribunal. Therefore, when exercising jurisdiction, a tribunal should respect the parties' choice by being 'independent', 'competent' and 'efficient' during the proceedings, 69 which means,

the arbitral tribunal has a significant responsibility to maintain its jurisdiction and to carefully balance the rights and duties of both arbitrators as well as the parties while resolving the dispute.

CONCLUSION

Arbitrators receive their jurisdiction either by agreement of parties as a condition precedent to litigation or by the application of domestic laws and institutional rules. A unique relationship exists between the arbitrators and the parties in a nature of a contract and a status. Their duties and rights are mentioned either in the agreement to arbitrate or in arbitration law of the Seat or rules and ethics. The UNCITRAL Model Law, Rules of Arbitration and other international and national legislation have introduced various principles in order to strike a balance between the jurisdiction of the tribunal and the rights and duties of the parties and arbitrators. These laws, rules and principles could be effectively utilized in order to support and facilitate proceedings of international commercial arbitration more successfully.

BIBLIOGRAPHY

- Antonio Musella and Ziva Filipic, 'International arbitration and alternative dispute resolution' (2015) 4 International Business Law Journal 381, 386.
- 2. International Bar Association (IBA) guidelines on Conflicts of Interest in International Arbitration, 2014 Part I (1).
- 3. International Bar Association (IBA) Rules of Ethics for International Arbitrators 1987, Introductory Note.
- 4. Joshua D. H. Karton, 'The Arbitral Role in Contractual Interpretation' (2015) 6 (1) Journal of International Dispute Settlement 4, 40.
- 5. K. Kanag-Isvaran and P.C. and S.S. Wijeratne (eds), Arbitration Law in Sri Lanka, (ICLP 2006) 56.
- 6. Lord Neuberger, 'Arbitration and the rule of law' (2015) 81 (3) Arbitration 276, 277.
- Lord Neuberger, Keynote speech, (2015) 81 (4) Arbitration 427, 430.
- Michael J. Mustill and Stewart C. Boyd, Commercial Arbitration (2nd edn, Butterworths 1989) 220.
- Nigel Blackaby, Alan Redfern and Martin Hunter, Law and practice of international commercial arbitration (5th edn Sweet & Maxwell 2009) para 5.47.
- 10. Rom K.L. Chung, 'Conceptual framework of arbitrators' impartiality and independence', (2014) 80 (1) Arbitration 2.

| www.eprajournals.com | 161 |

⁵⁹ The London Court of International Arbitration (LCIA) Arbitration Rules 2014, art 14.5.

⁶⁰ Arbitration Act No. 11 of 1995 Sri Lanka, s 45.

⁶¹ Arbitration Act No. 11 of 1995 Sri Lanka, s 29 (1).

⁶² ibid s 29 (2).

⁶³ Arbitration Act No. 11 of 1995 Sri Lanka, s 29 (3).

⁶⁴ ibid s 29 (5).

⁶⁵ Chartered Institute of Arbitrators (CIArb) London Centenary Principles 2015, principle 1.

⁶⁶ ibid ,principle 1 (a)

⁶⁷ CIArb London Centenary Principles 2015, principle 1 (b).

⁶⁸ ibid, principle 1(c)

⁶⁹ CIArb London Centenary Principles 2015, principle 2.