A Decade and Some Change: A Look into the New 2012 ICC Rules of Arbitration

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A DECADE AND SOME CHANGE: A LOOK INTO THE NEW 2012 ICC RULES OF ARBITRATION

Linnea Ignatius*

I. INTRODUCTION

January 1, 2012 will bring large changes for the arbitration community. The newly revised International Chamber of Commerce (hereinafter ICC) Rules of Arbitration will take effect, addressing over a decade of shifts in the arena of international commercial arbitration. The changes reflected in the new Rules have three principal objectives: (1) adapting the rules to address the growing complexity of disputes and the increasing need for urgent interim remedies in business disputes; (2) reducing time and costs in arbitration; and (3) making the rules more flexible for use in investment arbitration. Procedural matters have seen a fair amount of change, molding the rules to accommodate the growing complexity of international business disputes. Seemingly, the more bureaucratic nature of the ICC process has remained untouched.

The new 2012 Rules are published in a booklet along side the ICC Alternative Dispute Resolution Rules. The rules have been published together in an effort display a more holistic approach to dispute resolution techniques. “To the extent necessary to do so, new measures and procedures have been introduced, such that the 2012 Rules of Arbitration respond to today’s business needs while remaining faithful to the ethos, and retaining the essential features, of ICC arbitration”, stated John Beechey, chairman of the ICC International Court of Arbitration about the new Rules. The changes have been received warmly, with open arms, and address issues that have been raised over the past decade. Ideally, these changes will make ICC arbitration competitive with other forms of international commercial arbitration that seem to be more popular at this point in time. Though the changes have taken large steps in the direction of streamlining arbitration and creating a process that is more time and money conscious, only time will tell if the changes truly enhance and aid ICC arbitration.

II. THE INTERNATIONAL CHAMBER OF COMMERCE

The International Chamber of Commerce was founded in 1919, with the objective of serving global business by encouraging and supporting trade and investment, the free flow of capital, and the open market for goods and services. The organization’s international secretariat

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4 Id.
was established in Paris, France and remains there today. The ICC has grown from its humble beginnings of representing the private sectors of Belgium, Britain, France, Italy, and the United States to its current state as a business organization with thousands of member companies and associations in roughly 120 countries.

The ICC covers a plethora of business related activities, including arbitration and dispute resolution, business self-regulation, fighting corruption, and making the case for open trade, amongst many other undertakings. The Chamber’s International Court of Arbitration was created in 1923. The Chamber is an intricate organization with various committees and groups. The ICC World Council is the equivalent of the general assembly in other major intergovernmental organizations. As opposed a typical intergovernmental organization, delegates to the Council are business executives, not government officials. National committees name delegates to the Council, who then elect the Chairman and Vice-Chairman who serve 2-year terms. Further, the Council elects the Executive Board who is charged with implementing ICC policy. Commissions act as the cornerstone of the ICC and are composed of over 500 business experts who, voluntarily, create ICC policy and elaborate its rules.

III. ICC INTERNATIONAL COURT OF ARBITRATIONS AND ITS RULES

A. The ICC International Court of Arbitration

“The ICC International Court of Arbitration is the world’s leading institution for resolving international commercial and business disputes.” Since its beginning, the Court of Arbitration has heard roughly 17,000 cases, becoming more and more popular each year. In 2010, 793 cases were filed, involving over 2,000 parties across 140 countries. The Court’s popularity has grown in response to the ever-changing face of international business initiatives and exchange, as many have found arbitration to have many advantages over classic litigation. The Court is an attractive alternative to many because of its confidential and international nature. Entities can handle issues free from the fears of “home court advantages”, damaging publicity, and unfamiliar intricacies of foreign jurisdictions. Additionally, parties are drawn to arbitration because it is less time consuming and less expensive than classic litigation.

6 Id.
7 Id.
9 Id.
10 Id.
11 Id.
12 Id.
14 Id.
15 Id.
The ICC International Court of Arbitration organizes and supervises arbitration, but it does not resolve the disputes itself. Independent arbitrators, selected by the parties, carry out the actual arbitration under the auspices of the Court and its rules. Further, the Court makes “every effort to ensure that the award is enforceable in national courts”, even though, in most instances, parties comply with the arbitral orders. As one rightly assumes, the ICC Court of Arbitration performs under the ICC Rules for Arbitration and requires all those participating in its arbitrations to do the same.

B. The ICC Rules of Arbitration

The current ICC Rules of Arbitration were last revised in 1998. The new rules, which will become effective on January 1, 2012, have been updated to take into account over a decade’s worth of changes in practice, technology, and expectations of users. The 2012 revision of the rules is the culmination of two years of work within the ICC Commission on Arbitration that consisted of 620 dispute resolution specialists from 90 countries. Specifically, the “Task Force on the Revision of the ICC Rules of Arbitration” was created in October of 2008 to focus on the revision of the 1998 rules. The Task Force consisted over 175 members from 41 difference countries. They were charged to (1) study all suggestions received from National Committee, members of the ICC, users of ICC rules of arbitration and other; (2) determine if amendments to the ICC Rules of Arbitration were necessary or useful; and (3) make any recommendations for the amendment of ICC Rules of Arbitration that they deemed to be useful or necessary.

The new rules were revealed at an ICC conference in Paris that took place from September 12–13, 2011. The New Rules were received warmly, and were acclaimed for taking into account issues and concerns that had been voiced by the arbitration community over the years. Paris was just the first stop on a series of launch events scheduled for the fall of 2012. Conferences will take place in Hong Kong (Oct. 10), Singapore (Oct. 12), Dubai (Oct. 31) and Miami (Nov. 6) to promote and explain the changes made to the 1998 Rules. The conferences will also act as the premier opportunity for practitioners to acquire a comprehensive overview of the 2012 changes and will provide an opportunity to learn from the individuals who partook in

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19 The Task Force was chaired by Peter Wolrich (United States) and co-chaired by Michael Bühler (Germany) and Laurence Craig (France).
21 Id.
22 Id.
23 Id.
the revision process. At present, the 2012 Rules are only officially available in English, French, German, Portuguese and Spanish.

IV. Notable Changes and Additions in the 2012 Revision of the ICC Rules of Arbitration

The ICC Rules of Arbitration were adopted by the ICC World Council in June 2011 and will apply to all ICC arbitrations starting on January 1, 2012. Many changes have been made to the 1998 Rules to address issues faced under the previous rules, codify practices that take place under the 1998 Rules, reflect changes in technology, and to ensure the future use of arbitration as a means of problem solving. Jason Fry, secretary general of the ICC International Court of Arbitration stated, “[o]ne of the key objectives of the revision to the rules was to seek to address some of the criticism of international arbitration, which is that it is too expensive, time consuming, over-lawyered and isn’t really addressing the parties’ business needs.”

This paper will not address every change made to the 1998 Rules, but will attempt to shed light on the main changes and additions.

A. Requirements at the Commencement of Arbitration

The 2012 Rules now require parties to provide more information at the onset of the arbitral process. As changed from the 1998 Rules, a party submitting a Request for Arbitration must now provide “the basis upon which the claims are made,” a statement of the relief sought, “together with amounts of any quantified claims” and, when possible, an “estimate of the monetary value of any other claims.” The 1998 Rules required the submitting party to provide a “description of the nature and circumstances giving rise to the claim” and statement of the relief sought and when possible an “indication of any amount(s) claimed.” Further, the 2012 Rules now allow the claimant and respondent to submit other documents or information that they feel may be relevant or contribute to the efficient resolution of the dispute.

“According to the drafters of the Rules, the new requirements were aimed at avoiding the ‘North American’ habit of submitting brief, conclusory request for arbitration seeking specific relief and extensive discovery without and substantive evidence.”


The 1998 Rules were officially available in Arabic, Brazilian Portuguese, Chinese, Czech, Dutch, English, French, German, Polish, Russian, Spanish Thai and Turkish.


Article 4(3)(c) and (d) of the ICC Rules of Arbitration (2012).

Article 4(3)(b) and (c) of the ICC Rules of Arbitration (1998).

Article 4(3)(h) and 5(f) of the ICC Rules of Arbitration (2012).

arbitration off on the right foot is essential to a successful arbitration, whose decision will not fall to issues that can be brought by the parties after the arbitration process has concluded.

B. Emergency Arbitrators

The process of obtaining arbitrators and putting an arbitral tribunal in place can take weeks or even months. At times, urgent events arise that cannot wait for this process to take place. Up until the 2012 revision, there was no proper avenue to expedite the arbitral process.31 The 2012 Rules provide for the use of an “emergency arbitrator”. Article 29 of the 2012 Rules, pursuant to Appendix V, gives the President of the ICC Court the power to appoint an emergency arbitrator when a requesting party can demonstrate that urgent relief is necessary.32 The emergency arbitrator may make an order, to which the parties undertake to comply.33 The order of the emergency arbitrator will not bind the arbitral tribunal, once formed, with respect to any question, issue, or dispute determined in the emergency order.34 Ultimately, the arbitral tribunal may “modify, terminate or annul” the emergency order.35 This addition to the rules provides a timely response to urgent matters, while ensuring the parties that they may still use arbitration to solve the matter at hand, as oftentimes, was previously decided by the parties as the proper form of dispute resolution.

C. “Impartial and Independent” Arbitrators

The 1998 Rules explicitly required arbitrators to “be and remain independent of the parties involved in the arbitration.”36 In an effort to match the requirements of UNCITRAL arbitration rules, the LCIA Rules and the IBA Guidelines on Conflict of Interest in International Arbitration, the 2012 Rules require an arbitrator to be not only independent, but also impartial. Additionally, prior to appointment or confirmation, a prospective arbitrator must sign a statement of acceptance, availability, impartiality and independence.37 The 1998 Rules only required a statement of independence. Further, the 2012 Rules now require an arbitration to make a statement as to their availability.38 Seemingly, the statement confirming availability was added in an effort to eschew instances in which highly sought after arbitrators took on too many cases, leading to delay.39 This requirement is a prime example of the 2012 Rules initiative to insure the efficiency of the arbitral process.

31 Prior to the rule change, the only way to address an issue immediately, in the context of ICC arbitration was via national courts in the jurisdiction where the arbitration was to take place. This process stood in the face of the intentions of the parties, who seemingly, chose the use of arbitration to avoid having the dispute settled by a court.
32 Article 29 of the ICC Rules of Arbitration.
33 Article 29(2) of the ICC Rules of Arbitration.
34 Article 29(3) of the ICC Rules of Arbitration (2012).
38 Id.
Alongside requiring arbitrators to sign a confidentiality agreement, the new Rules enable the tribunal to hand down orders regarding the confidentiality of the proceedings and any other matter involved with the arbitration. Appendix I discusses confidentiality with regard to everyone participating in the work of the Court. This section addresses confidentiality requirements beyond just arbitrators and addresses those who have access to material related to the work of the Court and its Committees in general. Additionally, Article 13 now allows the ICC Court, in certain situations, to directly appoint any person whom it finds suitable to act as an arbitrator. This provision is another example of the ICC’s effort to cut delays in the arbitral process.

D. Challenges to Jurisdiction

The 1998 Rules addressed challenges to jurisdiction, in specific circumstances. According to the 1998 Rules, the ICC Court could rule on questions as to whether the ICC tribunal had jurisdiction to hear a case. The new Rules specify that arbitral tribunal should, in most instances, be the only body to rule on matters of jurisdiction. Under the new Rules, the arbitral tribunal will now decide a variety of issues that were previously decided by the ICC Court under the 1998 Rules. The arbitral tribunal will decide any challenge to existence, validity or scope of the arbitration agreement, the consolidation of multiple arbitrations, and the determination of jurisdiction in the event of a party’s failure to submit an answer. This new power is sidelined in the event that the Secretary General refers the matter to the ICC Court for its decision on whether and to what extent an arbitration shall proceed. At this juncture, an arbitration shall proceed if and to the extent that the court is prima facie satisfied that an arbitration agreement under the Rules may exist.

E. Multiple Contracts and Parties

In part, the 2012 revisions simply codified practices that have been occurring under the 1998 Rules. Amongst the highly anticipated codifications were the new rules on joinder and arbitration involving multiple contracts or multiple parties to an arbitration. This addition is extremely important to the growth and impact of the ICC because international commercial relationships usually involve multiple parties and multiple contracts. Article 7 addresses the joinder of additional parties, stating that a party who wishes to “join an additional party to the arbitration shall submit its request for arbitration against the additional party to the

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40 Article 22(3) of the ICC Rules of Arbitration (2012).
42 Id.
43 Article 13(4) of the 2012 revision allows the Court to directly appoint an arbitrator where (1) one or more of the parties is a state or claims to be a state entity; or (2) the Court considers it appropriate to appoint an arbitrator from a country or territory where there is no National Committee or Group; or (3) the President certifies to the Court that a situation exists, that in the President’s opinion, make a direct appoint necessary or appropriate.
This is a large change, as the 1998 Rules did not contain any provision for addressing the joinder of additional parties.

A party may join without the consent of the other parties prior to the confirmation or appointment of the arbitrator. But, once the arbitrator(s) have been confirmed or appointed, all parties must agree to the joinder of the additional party. Some critics of the addition suggest that the “tight time limit imposed in the joinder provision may result in its under utilization.”

The new provision allows either the claimant or the respondent to join additional parties to the arbitration. Where a party is joined, they are allowed to nominate an arbitrator jointly with either the claimant or the respondent.

The 1998 Rules contained no provisions for claims arising out of multiple contracts. Now, Article 9 of the 2012 Rules allows for claims arising out of or in connection more than once contract to be handled in a single arbitration, “irrespective of whether such claims” were made under one or more than one arbitration agreement under the Rules. Additionally, pursuant to Article 10, a party that is involved in more than one arbitration, stemming from the same arbitration agreement, involving the same parties or in connection with the same legal relationship, may request that the court have everything consolidated into a single arbitration. This application may be made at any stage during which arbitrations are pending under the Rules.

F. Case Management Procedures

The 2012 Rules demonstrate a concrete effort by the ICC to create a more cost effective and efficient arbitration process. This was a main goal of the Task Force and drafting committee because ICC arbitration has a reputation of being one of the slower forms of arbitration. Particularly, Article 22 states “the arbitral tribunal and the parties shall make every effort to conduct the arbitration in an expeditious and cost effective manner, having regard to the complexity and value of the dispute.”

“The new provisions on case management remain purposely broad, giving the arbitrators more latitude to control the parties by means most effective given the particular context of the parties and the specific complexities of the case.” Fry, with regard to Article 22, stated “[w]e felt it necessary to have a case management

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50 Id.
conference as a tool for the arbitral tribunal to bring parties together right at the outset of the case in order to decide how this case should be conducted. It’s compulsory and cannot be avoided.’’

The 2012 Rules expressly give the tribunal specific case management responsibility. Under the new rules, the tribunal must convene a case management conference to consult the parties on procedural measures that may be adopted. Case management is further addressed in Appendix IV, which suggests a variety of strategies to be used by the tribunal and the parties to control time and cost of the arbitration. Suggestions include identifying issues that can be resolved by agreement between the parties or their experts, identifying issues to be decided solely on the basis of the documents rather than through oral evidence and legal argument, and limiting the length and scope of written submission. The manner in which the case management conference takes place is at the discretion of the tribunal. It may occur via telephone, in person, or teleconference.

Another addition to the rules, aimed at improving the efficiency of the process, is the requirement that the tribunal inform the Secretariat of a concrete date by which it expects to be able to submit an award to the ICC Court for review. The 1998 Rules were much more lax on this matter and only required the tribunal to provide an “approximate” date.

G. Other Miscellaneous Changes

The 2012 revision has made sweeping changes to some portions of the 1998 Rules, but it also reflects more minute changes that affect the overall process and efficiency of ICC arbitration. For example, the new rules reflect changes in information technology. The rules have been written to reflect current modes of communication and legal notice requirements. Words such as “telex” have been updated and replaced with broadly defined forms of communication in an effort to provide flexibility for future technological advancements. Rules about costs have been tweaked to allow the tribunal to take into account “the extent to which each party has conducted the arbitration in an expeditious and cost-effective manner”. Though the 1998 Rules vaguely addressed the tribunal’s ability to allocate the proportion that each party was responsible for, the 2012 revision now codifies an express rule wasteful and negligent behavior can be factored into allocating costs.

Article 17 of the 2012 Rules allows the arbitral tribunal or the Secretariat to request “proof of authority” of any party representative at any time after the commencement of

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60 Article 27(a) of the ICC Rules of Arbitration (2012).
62 The word “telex” was used in Article 3 “Written Notifications or Communications” of the 1998 Rules.
63 Article 3 of the 2012 Rules provides that, “Such notification or communication may be made by delivery against receipt, registered post, courier, email, or any other means of telecommunication that provides a record of the sending thereof.” (emphasis added).
arbitration.66 Seemingly, Article 17 aims to promote efficiency while insuring that only legitimate claims are brought. This article is linked to Article 26(4), formerly Article 21(4), which states, “[t]he parties may appear in person or through duly authorized representatives…”.67 The former Article 21(4) was seen as referring to the authority of counsel to represent a party.68 Now, according to drafter of the 2012 Rules, Article 17 “encompasses more complex scenarios, including where parties have not signed the arbitration agreement or relevant contracts; or where one party disputes the authority of a representative”.69 Requiring parties to submit evidentiary proof of their authority to bring a claim has been added / more thoroughly fleshed out in the 2012 Rules to ensure that any decision is binding in fact and cannot be disputed on a jurisdictional basis after the fact.70

V. CONCLUSION

Overall, the 2012 Rules attempt to offer a modernized framework for ICC arbitration. The changes focus on the need for efficiency and insuring cost-effective arbitration. The revision represents over a decade of requested changes, codifications of previously applied practices and an attempt to meet the growing complexity of international business transaction. Further, with investment treaties on the rise, the changes in the 2012 Rules could entice parties to stray from the traditionally used UNCITRAL proceedings or ISCIS arbitrations.71 Though the changes are definitely a step in the right direction, only time and the actual implementation of the rules will truly tell if the amendments and additions have changed ICC arbitration for the better.

69 Id.
70 Id.