

Annex to the Rules
of the Arbitration Court attached
to the Economic Chamber of the Czech Republic
and Agricultural Chamber of the Czech Republic

**Principles Governing the Costs
of Arbitral Proceedings**

**Sec. 1
Costs of Arbitral Proceedings**

(1) The costs of arbitral proceedings shall include:

- a) the fees of arbitral proceedings (arbitration fees) in accordance with Secs. 1, 3 and 7,
- b) the administrative costs of the Arbitration Court,
- c) specific costs incurred by the Arbitration Court, and
- d) proper costs incurred by the parties.

(2) The arbitration fees in accordance with paragraph 1 lit. a) of the present Section shall partly cover the general costs connected with the Arbitration Court activities (remuneration of arbitrators and members of the Board; costs connected with providing for services, etc.). An arbitration fee shall be collected in respect of any dispute commenced.

(3) Administrative costs of the Arbitration Court are overhead costs incurred by the Arbitration Court in connection with the trial of individual cases (save for the specific costs under paragraph 4 of the present Section) such as e. g. travelling and accommodation costs of Czech arbitrators, of the members of the Board, telecommunication costs, wages of the Secretariat's staff, administrative costs connected with registration, taking of minutes of hearings, writing of arbitral awards and making copies thereof as well as of rulings (orders) of the Arbitration Court and making of copies thereof, rent, heating, consumption of electric power, etc. These costs shall be covered by the lump sum, collected in addition to the arbitral fee under paragraph (2) of the present Section.

(4) Specific costs incurred by the Arbitration Court are costs incurred pending the individual case for taking evidence, paying the remuneration to the expert witnesses, holding hearings outside the seat of the Arbitration Court, making translations of documents, paying the fees of interpreters, travelling costs and accommodation of foreign arbitrators, etc. These specific costs shall be paid in amounts, actually incurred.

(5) The proper expenditures of the parties (proper costs) shall be the expenditures incurred by the parties in connection with defending their interests (travelling costs, fees of their counsels, etc.).

**Sec. 2
Determination and Payment of Arbitration Fees**

(1) In consideration of the Arbitration Court trying the case, an arbitration fee, calculated on the value of the subject-matter of the claim shall be collected. This fee shall be paid by the Claimant when filing his Statement of Claim. Similarly, the Defendant filing a counterclaim or raising a plea of set-off under Sec. 28 paragraph (3) of the Rules of the Arbitration Court shall pay the arbitration fee. Until the arbitration fee is paid, the Statement of Claim or the counterclaim, as the case may be, or the plea of a set-off shall not be tried; if the arbitration fee is not paid in the correct amount in accordance with the value of the subject matter of the dispute (Sec. 18 of the Rules of Arbitration Court) even within an additional term, the arbitration proceedings shall be discontinued.

(2) The third party, whose participation was admitted under Sec.13 paragraph 1 of the Rules, is also obliged to pay the arbitral fee based on the value of the subject of the dispute. Until the third party pays this fee, he shall not be admitted to the trial of the case.

(3) The amount of the arbitration fee shall be determined in dependence of the value of the claim, in accordance with the tariff of the arbitration fees, attached hereto as Schedule hereof.

(4) The arbitration fee determined in this way shall be, as a rule, calculated in the currency in which the claim is framed.

(5) If there is a plurality of claims put forward in different currencies, the Arbitration Court shall, as a rule, determine the currency in which the arbitration fee shall be paid.

(6) Czech parties shall pay the arbitration fees in Czech crowns (CZK) after the respective conversion, if any. Foreign parties shall pay the arbitration fees in free convertible currencies in accordance with the exchange rates of the Czech National Bank (cheques, middle rate) valid and in force on the day of filing the Statement of Claim or the counterclaim, or raising the plea of set-off, as the case may be.

(7) The arbitration fee shall be deemed to be paid upon its being received by the Arbitration Court or upon its being credited to its banking account.

Sec. 3 Fee for Decision on Jurisdiction

(1) A party raising an objection to the jurisdiction (lack of jurisdiction) of the Arbitration Court shall pay a fee amounting to fifty (50) per cent of the arbitration fee in accordance with the Tariff. If the party fails to pay the fee, even within an extended period of grace fixed by the Secretary, the issue on jurisdiction shall be tried as a doubt of the Secretary in respect of the jurisdiction of the Arbitration Court.

(2) If the objection to the jurisdiction is found justified, the Arbitration Court shall return the fee to the party having raised the objection and paid the fee in accordance with paragraph (1) hereof.

(3) If the objection to the jurisdiction is rejected, the fee shall not be returned.

(4) The amount of the fee to be paid for trying the objection as a doubt of the Secretary in respect of the jurisdiction of the Arbitration Court in accordance with paragraph 1 shall be fifty (50) per cent of the fee of arbitral proceedings (arbitration fee) as per the Tariff. If, pursuant to the ruling (the order) by the Board, the jurisdiction of the Arbitration Court is given, the fee shall be borne by the party that raised the objection but failed to pay the fee in accordance with paragraph 1. If pursuant to the ruling (the order) by the Board, the jurisdiction of the Arbitration Court is not given, the fee for trying the doubt in respect of the jurisdiction shall not be charged.

(5) The Board shall decide, by a ruling (an order), on the costs of proceedings relating to the objection to the jurisdiction of the Arbitration Court or to a doubt in respect of the jurisdiction of the Arbitration Court. The arbitration tribunal (the single arbitrator) shall be bound by the ruling (the order) in question, if they decide on costs of proceedings relating to the jurisdiction within the scope of deciding on costs of arbitration proceedings as a whole.

Sec. 4 Reduction of the Arbitration Fee and its Partial Return

(1) The arbitration fee shall be reduced by thirty (30) per cent, if the case is heard by one single arbitrator.

(2) If the Claimant's withdrawal of the claim or, as the case may be, the withdrawal of the counterclaim or of the plea of the set-off under Sec. 28 paragraph 3 of the Rules of the Defendant is delivered in full to the Arbitration Court at least 7 days prior to the date of the first ordered oral hearing in the matter, the Claimant or the Defendant, as the case may be, shall be returned fifty (50) per cent of the difference between the fee paid on the basis of the value of the claim, or as the case may be, the counter-claim or the plea of set-off and the minimum fee.

(3) As a rule, the provisions of paragraphs (1) and (2) of the present Section shall apply equally to the minimum fee, too. However, the part of the minimum fee not to be returned shall not be lower than two thirds (2/3) of the minimum fee in accordance with the Tariff.

(4) In cases provided for in paragraphs (1) and (2) of the present Section, the arbitrators shall take the decision, if any, on returning partially the fee in the arbitral award or in the ruling (order) of discontinuance, as the case may be. If the arbitral tribunal is not yet constituted, such decision shall be taken by the Secretary following the directives of the President of the Arbitration Court. If the claim, or as the case may be, the counterclaim or the plea of set-off under Sec. 28 paragraph 3 of the Rules is withdrawn only partially, the fee shall not be returned. The minimum fee cannot also be returned.

(5) In case of simplified proceedings, on hand of written documents produced only, without an oral hearing being held for the trial of the matter at issue in accordance with Sec. 27 of the Rules, the fee shall be reduced by thirty (30) per cent. It shall, however, not be reduced if it turns out during the proceedings that the documents produced have been insufficient for the decision taking and the arbitral tribunal (the single arbitrator) rules that the oral hearing be held. Insofar the reduced arbitration fee on ground of simplified proceedings had been paid at the commencement of the arbitration proceedings and it was necessary to rule that an oral hearing be held, the Claimant shall, upon request of the Arbitration Court, effect a supplementary payment of 30 per cent of the fee.

(6) If the arbitral award is rendered, upon application of the parties, without giving reasons for the award in accordance with Sec. 27 paragraph (2) of the Rules, the fee shall be reduced by twenty (20) per cent.

(7) In case of a cumulation of grounds for the reduction of the fee according to the fore-going paragraph, the maximum overall reduction shall be fifty (50) per cent.

Sec. 5 Increase of the Arbitration Fee

(1) The arbitration fee shall be increased, if more than two (2) parties participate in the arbitration proceedings. The increase shall amount to thirty (30) per cent the fee in respect of any further participant (party or third party).

(2) The Claimant shall pay the increased arbitration fee in respect of the second and any further Defendant. Sec. 2 hereof shall apply accordingly.

(3) Any third party shall pay itself the increased fee collected in its respect.

Sec. 6 Accelerated Proceedings

(1) The fee for arbitration proceeding in accelerated proceedings within one month (Sec. 27a Para. 1 letter a) of the Rules of Arbitration Court) shall be increased by 75 % of the fee in accordance with the tariff of costs of the arbitration proceedings. The fee for arbitration proceeding in accelerated proceedings within four months (Sec. 27a Para. 1 letter b) of the Rules of Arbitration Court) shall be increased by 50 % of the fee in accordance with the tariff of costs of the arbitration proceedings.

(2) The increased fee for the accelerated proceedings being held ex parte shall be paid and borne by the party, at which initiative the accelerated proceedings is held. The Arbitral Tribunal shall decide, based on the success in the matter, which party is to pay the increased fee for the hearing of a matter in the accelerated proceedings up to one month.

(3) If the arbitral award or the ruling (the order) of discontinuance of the proceeding are not rendered within the periods set forth in paragraph (1) of the present Section or within an extended period agreed upon with the parties, or as the case may be, the party, who paid the increased fee, the Arbitration Court shall return the increased part of the fee.

Sec. 7
Arbitration Fee in Case of Counter-claim
or in Respect of Pleas of Set-Off

(1) The same provisions governing the arbitration fee in case of the main claim being brought in the Arbitration Court shall apply to any counter-claims, too.

(2) Similarly, the same provisions governing the arbitration fee payable for the main claim (statement of claim) shall apply to the raised plea of set-off under Sec. 28 paragraph (3) of the Rules. The Defendants, raising the plea of set-off under said Section 28 paragraph 3 of the Rules shall pay the fee, calculated on hand of the value of the claim set-off in accordance with the Tariff. Unless the fee is paid, the plea of set-off shall not be tried. If the fee is not paid even within an extended term, the proceedings in respect of the plea of set-off shall be discontinued.

Sec. 8
Splitting of the Arbitration Fee

(1) The arbitration fee shall, as a rule, be borne by the party who loses the case.

(2) If the Claimant is successful only partially the arbitration fee shall be split between the parties in a proportion corresponding to the awarded and rejected part of the relief sought.

(3) Parties shall be free to agree on a manner of splitting the arbitration fee between themselves otherwise than provided in paragraphs (1) and (2) of the present Section.

Sec. 9
Administrative Fee Lump Sum

(1) To cover the administrative costs of the Arbitration Court (Sec. 1 paragraph 3 of the Principles) the Claimant shall advance a lump sum to the Arbitration Court within a period fixed by the Secretary thereof. The advance shall correspond to the amount fixed in accordance with the Tariff, in relation to the amount claimed (Schedule to the Principles). Similarly, in case of counter-claim or a plea of set-off under Sec. 28 paragraph (3) of the Rules, the Defendant shall advance a lump sum to the Arbitration Court.

(2) If one single arbitrator is called upon to decide upon the matter of issue the amount of the lump sum shall be reduced by twenty (20) per cent.

(3) In case of simplified procedures consisting of a decision to be taken only on hand of written evidence produced, without the arbitrators holding a hearing in accordance with Sec. 27 of the Rules, the lump sum shall be reduced by twenty (20) per cent. However, no such reduction shall take place, if it appears during the proceedings, that the produced written evidence is insufficient for a decision being taken on the matter and the arbitral tribunal (the single arbitrator) summons the parties to a hearing. In case of a reduced lump sum being advanced at the commencement of the proceedings in view of the simplified procedures, and a summons to an oral hearing is sent out thereafter to the

parties, the Claimant shall additionally pay upon the request of the Arbitration Court, the twenty (20) per cent of the missing lump sum.

(4) In case of cumulation of reasons leading to a reduction of the lump sum, the maximum reduction shall not exceed thirty (30) per cent of the aggregate amount of reduction. However, no reduction shall take place in respect of lump sums appearing in range 1 to 4 of the Tariff of Costs of Arbitral Proceedings (Schedule to the Principles).

(5) In case of the statement of claim being withdrawn by the Claimant or as the case may be of the counter-claim or plea set-off raised in accordance with Sec. 28 paragraph (3) of the Rules being withdrawn in full by the Defendant within the term set forth in Sec. 4 paragraph (2) of the Principles, fifty (50) per cent of the advanced lump sum shall be returned.

(6) If the applicant shows good cause, the Secretary of the Arbitration Court may extend the period set forth for the payment of the lump sum to cover the administrative costs of the Arbitration Court.

(7) As a rule, the lump sum destined to cover the administrative costs of the Arbitration Court shall be paid, in the same currency as the arbitration fee (Sec. 2 of the Principles).

(8) Failure to pay the lump sum destined to cover the administrative fee by the Claimant within the term fixed or possibly, extended under Sec. 2 of the principles, shall result in an order of discontinuance being taken. Similarly, in case of a failure by the Defendant to pay the corresponding fee relative to his filing a counter-claim, or raising a plea of set-off within the term fixed, shall result in an order of discontinuance of this counter-claim or of set-off being taken.

(9) If during the proceedings an increase of the lump sum to cover the administrative costs of the Arbitration Court proves indispensable as result of the increase of the amount claimed, preceding paragraph of this Section shall apply accordingly. Until reception of the additional remittance of the lump sum, the increased value of the amount claimed shall be disregarded.

(10) The rules set forth in Sec. 5 hereof governing the increase of the arbitration fee shall apply, *mutatis mutandis*, to the increase of the lump sum to cover the administrative costs of the Arbitration Court, too.

Sec. 10 Who shall Bear the Administrative Costs

(1) Similarly as in case of arbitration fee, the administrative costs shall be borne by the parties in accordance with the principles set forth in Sec. 8 hereof.

(2) Final decision on administrative costs shall be made in the arbitration award or the ruling (order) of discontinuance of the proceedings (Sec. 33 of the Rules).

(3) The party, to whom the administrative costs are adjudicated, shall be responsible towards the Arbitration Court for the payment of such costs as well.

Sec. 11 Specific Costs

(1) In addition, the parties shall advance reasonable funds to the Arbitration Court to cover specific costs of the Arbitration Court under Sec. 1 paragraph (4) hereof incurred in trying individual cases. Such advances have to be paid within the term and in the amount determined by the Board, the arbitral tribunal or the Secretary. This duty may be imposed on one single party only who initiated such costs or, if same are incurred for its benefit. Unless the advance determined is paid, steps for the coverage of which it is destined shall not be carried out.

(2) If, pending the proceedings, an increase of the advance for specific costs becomes necessary because the amount thereof set forth as per paragraph (1) of the present Section is unable to cover same, the parties or the party, who initiated the costs or for whose benefit they are being incurred, shall, upon request of the Board, the arbitral tribunal or the Secretary, pay (even repeatedly) further advances within the term fixed. If no such monies are advanced, the last sentence of paragraph (1) of the present Section shall apply accordingly.

(3) The final decision on specific costs shall be taken in the arbitral award or the ruling (order) of discontinuance (Sec. 33 of the Rules). Sec. 10 hereof shall govern the duty to pay said specific costs accordingly, save for the exceptions in paragraphs (4) and (5) of the present Section.

(4) Specific costs incurred by the Arbitration Court on the occasion of translations of briefs of the parties, their notices, etc., made upon request of one party, as well as questions, clarifications or recommendations of the arbitral tribunal (single arbitrator) or the Board of the Arbitration Court into a language other than the language in which the proceedings are conducted, shall be borne by the party having made the request.

(5) The same shall apply to translations of arbitral awards or rulings (orders) of the arbitral tribunal (single arbitrator) or rulings (orders) of the Board of the Arbitration Court as well as to services of interpreter (Sec. 7 of the Rules) and to similar cases.

Sec. 12 Proper Costs of the Parties

As a rule, each party shall bear itself the costs incurred by it. If good cause is shown a partial coverage of these costs by the other party may be adjudicated to such party in the arbitral award.

Sec. 13 Exceptions

As exception from the provisions set forth in Secs. 8 through 10 hereof, the Arbitration Court shall be free to impose a duty to pay the costs of the other party incurred by it in vain as result of unnecessary or reckless steps by that party. Such unnecessary or reckless steps shall mean steps causing unnecessary costs to the other party in connection with taking steps in the proceedings that were unnecessary, particularly by circumstances leading to unjustified prolongation of the proceedings.

Sec. 14 Tariff of Costs

The Tariff of Costs of Arbitration Proceedings shall form an integral part of the present Principles.

Sec. 15 Validity and Effectivity

The Present Principles Governing the Costs of Arbitral Proceedings shall enter into force and shall be effective as of May 1st, 2002.