

Distribution & Agency

In 17 jurisdictions worldwide

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GETTING THE
DEAL THROUGH 

Cyprus

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Direct distribution

1 May a foreign supplier establish its own entity to import and distribute its products in your jurisdiction?

There is no obstacle to a foreign supplier establishing its own entity to import and distribute its products in Cyprus and many international businesses adopt this approach. Cyprus has a business-friendly environment: there are simple administrative procedures for businesses from overseas to set up operations in Cyprus and the Constitution guarantees the rights to private property both for nationals and non-nationals.

2 May a foreign supplier be a partial owner with a local company of the importer of its products?

Cooperation with a local company may have commercial benefits, such as the ability to use the local company's existing distribution channels and other infrastructure, and a joint venture approach is not only possible, but very common.

3 What types of business entities are best suited for an importer owned by a foreign supplier? How are they formed? What laws govern them?

The most commonly used structure is the limited liability company, incorporated under the Companies Law. Alternatively, the overseas company may register a branch in Cyprus under the Companies Law. It is also possible, but much less common, to structure the business as a partnership, under the Partnership and Business Names Law.

Limited liability company

A company may be limited by shares or by guarantee and may be public (where shares are freely transferable) or private (where there are restrictions on the number of shareholders and on the transferability of shares). Most companies established by overseas suppliers are private companies limited by shares. A company can be registered within a few days through a local lawyer. There is an expedited process at a slightly higher cost. Generally, in order to maintain control, the company is wholly owned by the supplier, though local participation (eg, by the local distributor) is possible. Single-member companies are permitted. The company must have a registered office and at least one director and a secretary. Companies or individuals may act in these capacities. A sole director may not also act as secretary.

There are many providers of corporate and fiduciary services (including service providers owned by law and accounting firms) that will provide directors, a secretary and a registered office facility. Service providers offering their services on a commercial basis are regulated under the Law Regulating Companies Providing Administrative Services and Related Matters (Law 196(I) of 2012 as amended).

Branch of an overseas company

A branch of an overseas company may be registered under the Companies Law. This task is usually undertaken by a local lawyer. There must be at least one person resident in Cyprus authorised to accept service of any notice on behalf of the company. This requirement may be fulfilled through a corporate service provider.

The final choice of structure will also be influenced by taxation (including VAT) considerations.

4 Does your jurisdiction restrict foreign businesses from operating in the jurisdiction, or limit foreign investment in or ownership of domestic business entities?

As a member of the EU, Cyprus has an open inward investment regime. There are no restrictions on foreign ownership other than in regulated areas such as media, telecommunications, education and financial services.

5 May the foreign supplier own an equity interest in the local entity that distributes its products?

Yes, there is no restriction.

6 What are the tax considerations for foreign suppliers and for the formation of an importer owned by a foreign supplier? What taxes are applicable to foreign businesses and individuals that operate in your jurisdiction or own interests in local businesses?

Cyprus is a low-tax jurisdiction with a modern, business-friendly tax regime that is fully compliant with EU and OECD norms and a wide network of double taxation agreements. Cyprus-resident companies and permanent establishments of overseas companies are subject to corporate income tax on taxable income at a rate of 12.5 per cent. There is no taxation of capital gains, apart from gains derived from real estate located in Cyprus. There are no withholding taxes on dividends and interest and Cyprus is a popular location for international businesses to base their regional headquarters in the eastern Mediterranean region. It has a wide participation exemption and no thin capitalisation or CFC rules, making it an ideal base for international holding and finance structures. The arrangements for taxation of income derived from intellectual property are particularly beneficial. Four-fifths of income from intellectual property are exempt from tax, giving an effective tax rate of less than 2.5 per cent on such income, by far the lowest in Europe. This makes Cyprus a highly attractive jurisdiction in which to receive intra-group royalties and similar revenues.

Local distributors and commercial agents

7 What distribution structures are available to a supplier?

As Cyprus is an island, with limited domestic manufacturing capacity, it is heavily reliant on imports, and all these structures are available and used in practice. The main factors determining the structure chosen are primarily commercial, for example the nature of the goods, the extent of the ability to manufacture them locally and the importance of brands, but tax considerations may also have an influence.

Numerous local companies specialise in acting as intermediaries for overseas suppliers. Some merely act as sales agents, receiving and passing on orders for goods that are supplied direct by the manufacturer, who deals with delivery and invoicing of the goods and collection of the debt. Others may act as resellers, buying the goods from the manufacturer and selling them through their own distribution channels. Yet others, for example in the motor trade, provide a comprehensive sales, distribution and after-sales service channel. Local manufacture under licence also takes place, particularly in the fast moving consumer goods (especially food and soft drinks), beer and pharmaceutical sectors.

8 What laws and government agencies regulate the relationship between a supplier and its distributor, agent or other representative? Are there industry self-regulatory constraints or other restrictions that may govern the distribution relationship?

Cyprus law on agency follows the principles of English common law except where there are express statutory provisions. Sections 142 to 198 of the Contract Law (the Contract Law), which reflect these common law principles, are the main legislative provisions in this area.

European legislation, particularly Directive 86/653/EEC of 18 December 1986 relating to self-employed commercial agents, has been transposed into domestic law through the Commercial Agents Law, 76 of 1986, as amended by the Commercial Agents (Amendment) Law, 21(I) of 1994, and Law 148(I) of 2000 (the Commercial Agents Law) and the Regulation of Relations between Commercial Agents and Principals Law, 51(I) of 1992, as amended by Law 149(I) of 2000 (the Regulation of Relations Law).

In addition the Council of Ministers has issued regulations under the Commercial Agents Law, namely the Commercial Agents (Formation and Functioning of the Board, Registration of Members and Charges) (Amendment) Regulations of 2003 (the Commercial Agents Regulations), which came into force on 1 May 2004.

Which particular law governs a particular agreement is determined by the date of the agreement and whether it is in writing or oral. Written agency agreements made before July 1992 are governed by the Contract Law. All the provisions of the Regulation of Relations Law apply to oral agreements made before July 1992 and written agreements made after July 1992. Oral agreements made after July 1992 are not commercial agency agreements as defined in the Regulation of Relations Law but mere agency agreements and as such are governed by the Contract Law and general contract law.

9 Are there any restrictions on a supplier's right to terminate a distribution relationship without cause if permitted by contract? Is any specific cause required to terminate a distribution relationship? Do the answers differ for a decision not to renew the distribution relationship when the contract term expires?

Agreements governed by the Contract Law

Under the Contract Law there is no restriction on the right to terminate a distribution relationship without cause if this is permitted by the contract, nor is any specific cause required. Section 161 of the Contract Law provides that an agency is terminated by the following:

- revocation of the agent's authority by the principal;
- renunciation of the business of the agency by the agent;
- completion of the business of the agency;
- death or unsoundness of mind of either the principal or the agent; or
- adjudication of the principal as bankrupt or insolvent under the provisions of any law relating to bankruptcy or insolvency.

Section 162 of the Contract Law provides that where the agent him or herself has an interest in the property which forms the subject matter of the agency, in the absence of an express term in the contract the agency cannot be terminated to the prejudice of such interest. Subject to this provision the principal may revoke the agent's authority at any time before the authority has been exercised so as to bind the principal. If the agent's authority has been partly exercised, the principal cannot revoke the agent's authority concerning actions and obligations arising from acts already undertaken by the agent.

Where there is an express or implied contract that the agency should continue for a particular period of time, the parties must compensate each other (as the case may be) for any earlier revocation or renunciation of the agency (which may be express or implied from the conduct of the principal or agent) without sufficient cause. The parties are obliged to give reasonable notice of revocation or renunciation to each other and unless they do so, any resulting damage to the one must be made good by the other.

The termination of the agent's authority cannot take effect before it becomes known to him or her and to third parties. The termination of an agent's authority also terminates the authority of all sub-agents appointed by him or her. If the agency is terminated because of the principal's death or unsoundness of mind, the agent is bound to take, on behalf of the representatives of his or her principal, all reasonable steps to protect and preserve the interests entrusted to him or her.

Agreements governed by the Regulation of Relations Law

Part IV of the Regulation of Relations Law deals with the execution and expiration of commercial agency agreements. It imposes an obligation on both parties to sign a written agreement that determines the term of the agency and any subsequent terms to be agreed. Under article 15 of the Regulation of Relations Law, where the parties continue to perform a fixed-term commercial agency agreement after its expiration, it is considered to have become a commercial agency agreement of indefinite duration. Article 16 provides that such an agreement can be terminated by written notice by either party. The period of notice, which is the same for both parties, is one month for the first year of the agreement, two months for the second year, three months for the third year, four months for the fourth year, five months for the fifth year and six months for the sixth and subsequent years. When calculating the period of notice any previous fixed terms are also taken into account. It is not possible for the parties to agree a shorter period of notice, but they can agree a longer period, provided that the notice to be given by the principal is not shorter than that by the commercial agent. If the parties have not agreed otherwise, the expiration of the notice must coincide with the end of a calendar month.

Article 17 gives either party the right to terminate the agreement at any time on account of the failure of one of the parties to comply with the entirety or any part of their obligations or due to exceptional circumstances. Anomalously, article 17 does not specify that the fault must be on the part of the non-terminating party: on a literal reading it would appear to allow a party to take advantage of its own mischief, in the sense that a party who is in breach of the agreement may terminate it without notice. This has never been tested in the courts but it seems most unlikely that a court would follow such an interpretation.

10 Is any mandatory compensation or indemnity required to be paid in the event of a termination without cause or otherwise?

In contracts governed by the Regulation of Relations Law, the commercial agent is entitled to damages under article 18 if and to the extent that:

- he or she has introduced new customers to the principal or has significantly increased the volume of business with existing customers and the principal continues to derive substantial benefits from business with such customers; and
- the payment of an indemnity is fair and equitable, having regard to all the circumstances and in particular the commissions lost by the commercial agent on the business transacted with such customers.

The circumstances referred to in the second sub-clause include the application or otherwise of a restraint of trade clause. The amount of the indemnity may not exceed one year's remuneration calculated on the basis of the average annual remuneration over the preceding five years; if the contract goes back less than five years, the indemnity is calculated on the average for the period in question.

The award of such damages does not preclude the commercial agent from claiming damages for any loss suffered.

The Regulation of Relations Law also provides that the agent is entitled to compensation for any damage he or she suffers as a result of the termination of his or her relations with the principal, and in particular when the termination takes place in circumstances that have:

- deprived the commercial agent of the commission which proper performance of the agency contract would have procured for him or her while providing the principal with substantial benefits linked to the commercial agent's activities; or
- prevented the commercial agent from amortising any costs and expenses incurred during the performance of the agency contract at the principal's behest.

The agent loses any right to claim indemnity and damages if he or she does not notify the principal of his or her intention to pursue a claim within one year after termination of the agreement. The Regulation of Relations Law provides that any deviation from these provisions that adversely affects the commercial agent is invalid.

Article 19 sets out the circumstances in which damages are not due, namely where:

- the principal terminates the agreement due a fault on the agent's part that would justify an immediate termination under the law;
- the commercial agent terminates the agreement, unless the termination is due to the fault of the principal or is justified due to the agent's age or state of health making it impossible reasonably to request him or her to continue his or her activities; or

- by agreement with the principal, the commercial agent assigns his or her rights and obligations under the agreement to a third party.

11 Will your jurisdiction enforce a distribution contract provision prohibiting the transfer of the distribution rights to the supplier's products, all or part of the ownership of the distributor or agent, or the distributor or agent's business to a third party?

Courts will respect the terms agreed between the parties, including those set out above, unless the court is persuaded that the restriction is invalid due to inequality of bargaining power between the parties or is unreasonably in restraint of trade.

Regulation of the distribution relationship

12 Are there limitations on the extent to which your jurisdiction will enforce confidentiality provisions in distribution agreements?

The courts will enforce confidentiality provisions in distribution agreements unless the confidentiality requirement is overridden by a statutory disclosure requirement (eg, under competition and merger control law and anti-money laundering law).

13 Are restrictions on the distribution of competing products in distribution agreements enforceable, either during the term of the relationship or afterwards?

The court will respect the agreement between the parties set out in the contract unless it is persuaded that a particular term is invalid due to inequality of bargaining power between the parties or is unreasonably in restraint of trade.

Such restrictions could conceivably fall within the scope of article 3 of the Competition Law, which provides that any agreements between undertakings, decisions by associations of undertakings, and concerted practices that may affect trade and that have as their object or effect the prevention, restriction or distortion of competition within the Republic of Cyprus are prohibited and are void ab initio, with particular attention to agreements that:

- directly or indirectly fix purchase or selling prices or any other trading conditions;
- limit or control production, markets, technical development, or investment;
- share markets or sources of supply;
- discriminate between trading parties by applying dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage; or
- make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations that, by their nature or according to commercial usage, have no connection with the subject of such contracts.

However, the restrictions would have to be unreasonable in order to be void.

14 May a supplier control the prices at which its distribution partner resells its products? If not, are there permitted ways in which the supplier may influence resale pricing? How are these restrictions enforced?

See question 13.

15 May a supplier influence resale prices in other ways, such as suggesting resale prices, establishing a minimum advertised price policy, announcing it will not deal with customers who do not follow its pricing policy, or otherwise?

See question 13.

16 May a distribution contract specify that the supplier's price to the distributor will be no higher than its lowest price to other customers?

See question 13.

17 Are there restrictions on a seller's ability to charge different prices to different customers, based on location, type of customer, quantities purchased, or otherwise?

See question 13.

18 May a supplier restrict the geographic areas or categories of customers to which its distribution partner resells? Are exclusive territories permitted? May a supplier reserve certain customers to itself? If not, how are these restrictions enforced? Is there a distinction between active sales efforts and passive sales that are not actively solicited, and how are those terms defined?

See question 13.

19 Under what circumstances may a supplier refuse to deal with particular customers? May a supplier restrict its distributor's ability to deal with particular customers?

See question 13.

20 Do your jurisdiction's antitrust or competition laws constrain the relationship between suppliers and their distribution partners in any other ways? How are any such laws enforced and by which agencies? Can private parties bring actions under antitrust or competition laws? What remedies are available?

Restrictions in distribution agreements could fall within the scope of article 3 of the Competition Law, which provides that any agreements between undertakings, decisions by associations of undertakings, and concerted practices that may affect trade and that have as their object or effect the prevention, restriction, or distortion of competition within the Republic of Cyprus are prohibited and are void ab initio, with particular attention to agreements that:

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- make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations that, by their nature or according to commercial usage, have no connection with the subject of such contracts.

21 Are there ways in which a distributor or agent can prevent parallel or 'grey market' imports into its territory of the supplier's products?

The Control of Movement of Goods which Infringe Intellectual Property Rights Law allows the proprietor of a registered trademark to apply in writing on a specific form to the Customs Department requesting the Department to suspend the import or intended import of goods that violate the proprietor's intellectual property rights.

In addition, it is possible to take action in the courts to obtain orders prohibiting the respondents from importing grey market goods, on the basis of the Trademarks Law, as amended, which implements Directive 89/104/EC, and the relevant ECJ ruling in *Silhouette International Schmied GmbH & Co KG v Hartlauer Handelsgesellschaft mbH* (Case C-355/96) as well as a number of other later cases before the ECJ.

22 What restrictions exist on the ability of a supplier or distributor to advertise and market the products it sells? May a supplier pass all or part of its cost of advertising on to its distribution partners or share in its cost of advertising?

There are no legal restrictions on any of these matters and they are entirely a matter for commercial agreement between the supplier and the local distributor.

23 How may a supplier safeguard its intellectual property from infringement by its distribution partners and by third parties? Are technology-transfer agreements common?

Cyprus has a comprehensive and effective regime for the registration and protection of intellectual property rights, which is fully aligned with EU norms. The distribution agreement should specify the terms of any assignment or licence of the supplier's intellectual property rights to the distributor and their reciprocal interests are protected by statutory provisions and common law principles. Protection extends to trademarks, trade names, patents, designs, copyright and all other forms of intellectual property rights.

An agent or distributor may be registered in Cyprus as the user of a registered trademark. Where this is done, the trademark is treated as still used only by the proprietor. It is also possible to license unregistered marks as if they were registered, either by the signing of a separate licence agreement or through the incorporation of a licence clause in the agency or distribution agreement.

A licensed user may be registered through an application made in writing to the Registrar of Trade Marks by the proposed registered user. The application must be accompanied by a statutory declaration by the proprietor that gives particulars of the existing or proposed relationship between the proprietor and the proposed registered user, the goods or services for which registration is proposed, the conditions or restrictions imposed on the use of the trademark, and the duration of the permitted use. The registration of a registered user of the trademark does not confer any assignable or transmissible right to its use.

It is advisable to register any licensed user of a trademark (whether registered or unregistered) with the Registrar of Trade Marks to avoid any possible issues that may arise about the rights of the licensee with regard to the licensed trademarks. In the event of non-registration of a licensed user, a clause preventing the franchisee from registering the franchiser's trade marks in the franchisee's name can be incorporated.

Unless the agency or distribution franchise agreement explicitly provides otherwise, an agent or distributor that becomes a registered user of a trademark is entitled to call upon the proprietor to take proceedings to prevent infringement of the mark, and if the proprietor refuses or neglects to do so within two months after being called upon, the registered user may institute proceedings for infringement in his or her own name as if he or she were the proprietor, making the proprietor a defendant.

The relief that may be granted by the court in relation to an infringement of a registered trademark includes an injunction restraining the future use of the mark by the wrongdoer, and damages. If the infringement is on a large scale, the court may order the delivery up of the products bearing the marks for destruction or order the defendant to tender an account of the profits made through the sale of goods or the provision of services in relation to which the proprietor's trademark was infringed. Further protection is available through the Control of Movement of Goods which Infringe Intellectual Property Rights Law (see question 21).

24 What consumer protection laws are relevant to a supplier or distributor?

In common with other EU countries Cyprus has comprehensive consumer protection laws. The main legal framework relating to product liability is contained in the Defective Products (Civil Liability) Law of 1995 as amended, which transposes Directive 1999/34/EC and the General Safety of Products Law of 2004 as amended. Claims may also be made in contract or tort under the Contract Law or the Civil Wrongs Law.

Under the Defective Products (Civil Liability) Law, liability principally rests on the 'producer' (the manufacturer), the importer of the product into the EU, or any person who, by labelling or the use of trademarks, holds him or herself out as being the producer of the product). The supplier (whether the retailer, distributor or a wholesaler) may be liable in place of the manufacturer if he or she fails to identify the producer or at least the person who supplied the product to him or her.

Contractual liability may pass along the supply chain through the various agreements between the manufacturer, distributor, retailer and customer, depending on proof of breach of the contractual terms in each case.

In negligence, fault rests on the party found to be negligent; this can be anyone in the supply chain.

25 Briefly describe any legal requirements regarding recalls of distributed products. May the distribution agreement delineate which party is responsible for carrying out and absorbing the cost of a recall?

The Defective Products (Civil Liability) Law imposes strict liability for defective products, and suppliers (from manufacturers to retailers) may owe a duty of care in negligence to institute a recall or product withdrawal. If they become aware of safety issues affecting goods they have supplied they are obliged to draw attention to them and, if warnings are not adequate, to take action to modify the product or withdraw it from sale.

The distribution agreement may specify how any liability is apportioned between the parties and the costs are shared, but as regards third parties they will be jointly and severally liable for any damages that may have been caused by a defective product.

26 To what extent may a supplier limit the warranties it provides to its distribution partners and to what extent can both limit the warranties provided to their downstream customers?

These matters are for commercial agreement between the parties concerned, subject to the provisions of the Contract Law concerning unfair contracts.

27 Are there restrictions on the exchange of information between a supplier and its distribution partners about the customers and end-users of their products? Who owns such information and what data protection or privacy regulations are applicable?

As in other areas, in the field of data protection and privacy, Cyprus law is fully compliant with EU norms. The Processing of Personal Data (Protection of the Person) Law of 2001, as amended, implements Directive 95/46/EC of the European Parliament and the Council Decision of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data. There are no aspects of the legislation that specifically refer to distributors or agents.

28 May a supplier approve or reject the individuals who manage the distribution partner's business, or terminate the relationship if not satisfied with the management?

These matters are for commercial agreement between the parties concerned, subject to the provisions of the Contract Law concerning unfair contracts.

29 Are there circumstances under which a distributor or agent would be treated as an employee of the supplier, and what are the consequences of such treatment? How can a supplier protect against responsibility for potential violations of labour and employment laws by its distribution partners?

Statutory provisions govern certain aspects of an employment relationship such as termination, working hours, minimum pay, annual leave and social insurance contributions. The question of whether an employer-employee relationship exists is important for determining liability for payment of taxes and social insurance contributions, for determining to what extent the employer may incur vicarious liability for the individual's actions and for the application of statutory employment and other rights, such as the right to statutory compensation for unlawful dismissal. It may also determine whether a permanent establishment exists for tax purposes.

In answering the question the court will have regard to all the circumstances, including any agreements, whether written or oral, payment arrangements and the degree of supervision and control over the individual's activities.

30 Is the payment of commission to a commercial agent regulated?

Where there is an express term regarding payment in the agency or distribution agreement, this will determine the basis and amount of remuneration.

There is an implied agreement to pay remuneration whenever a person is employed to act as agent in circumstances which raise the presumption that he or she would, to the knowledge of his or her principal, have expected to be paid. As established under common law, subject to any special term in the contract, the agent will not be entitled to commission unless he or she can show that the transaction which the third party entered into was due to his or her direct intervention.

In the absence of express terms, the right to claim any remuneration and the amount and terms of payment are determined by such terms as may be implied. In deciding what terms are to be implied the court will consider:

- all the circumstances of the case;
- the nature and duration of the services;
- the express terms of the contract; and
- the customs and usage of the particular trade.

In the absence of any factors to the contrary, a term will be implied to hold that the agent is entitled to reasonable remuneration.

Part III of the Regulation of Relations Law reflects the above principles and provides that, in the absence of an agreement between the contracting parties in relation to the amount of the remuneration, the commercial agent is entitled to a remuneration according to the trade customs that prevail in the place where the agent carries on his or her business. In the absence of such trade customs, the commercial agent is entitled to a reasonable remuneration, taking into consideration all the material facts of the commercial transaction. The Regulation of Relations Law includes detailed rules determining entitlement to commission in respect of transactions contracted during the commercial agency agreement and those contracted after expiration of the commercial agency agreement.

The Regulation of Relations Law does not permit the parties to deviate from the statutory provisions relating to commission to the detriment of the commercial agent.

31 What good faith and fair dealing requirements apply to distribution relationships?

Section 3 of the Regulation of Relations Law places a commercial agent under a general duty to act according to the law and in good faith in relation to the principal and act in the best interests of the principal. Specifically, every commercial agent is under a duty to put every possible effort to negotiate or conclude the transactions entrusted to him or her and pass to the principal all necessary information he or she has acquired.

Under section 182 of the Contract Law, the principal is obliged to indemnify the agent against the consequences of every legal act of the latter within the authority conferred on him or her. The principal must indemnify the agent under the consequences of any act performed under his or her instructions by the agent in good faith even if they harm third parties' rights. However, the principal is not liable as against his or her agent to indemnify the agent for any act entailing criminal liability even if performed under his or her command. Under section 185, the principal is under a duty to compensate the agent for damage or any loss incurred by the agent as a result of the principal's omission or lack of skill.

The principal has the right to repudiate the agency agreement if the agent transacts for his or her own benefit and without the principal's consent, if it is shown either that the agent dishonestly failed to disclose to the principal any material fact or that the transactions of the agent have damaged the principal. In such case, the principal may claim from the agent any profit the latter has acquired from such transactions.

32 Are there laws requiring that distribution agreements or intellectual property licence agreements be registered with or approved by any government agency?

As stated in question 23, it is advisable to register any licensed user of a trademark (whether registered or unregistered) with the Registrar of Trade Marks. However, there are no specific requirements to register distribution agreements.

33 Are there any other restrictions on provisions in distribution contracts or limitations on their enforceability? Are there any mandatory provisions? Are there any provisions that local law will deem included even if absent?

Agreements will be interpreted against the general benchmark of the Contract Law.

Governing law and choice of forum

34 Are there restrictions on the parties' contractual choice of a country's law to govern a distribution contract?

There are no restrictions as long as the choice is freely agreed by the parties.

35 Are there restrictions on the parties' contractual choice of courts or arbitration tribunals, whether within or outside your jurisdiction, to resolve contractual disputes?

There are no restrictions as long as the choice is freely agreed by the parties.

36 What courts, procedures and remedies are available to suppliers and distribution partners to resolve disputes? Are foreign businesses restricted in their ability to make use of these courts and procedures? Can they expect fair treatment? To what extent can a litigant require disclosure of documents or testimony from an adverse party? What are the advantages and disadvantages to a foreign business of resolving disputes in your country's courts?

Cyprus has a robust, independent, transparent court system. The procedures are based on those of the English courts. There is no discrimination against foreign litigants, apart from the fact that a litigant domiciled outside the EU may be required to provide security for costs. Costs are modest by international standards. Proceedings are thorough, though often protracted, and a wide range of effective interim measures are available.

37 Will an agreement to mediate or arbitrate disputes be enforced in your jurisdiction? Are there any limitations on the terms of an agreement to arbitrate? What are the advantages and disadvantages for a foreign business of resolving disputes by arbitration in a dispute with a business partner in your country?

The courts will respect the parties' choices, including the forum and language, regarding resolution of disputes by arbitration or mediation. The International Commercial Arbitration Law provides a modern framework for resolution of disputes in Cyprus if that is the parties' choice.



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