



An Overview of Lithuanian Case Law on Commercial Arbitration in 2025

Prepared by the Arbitration and Mediation Committee
of the Lithuanian Bar Association



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The substance of the case	Regarding the interpretation and application of procedural law provisions governing the right of a person not involved in the arbitration proceedings to appeal an arbitral award.
Key factual circumstances	The Applicant lodged an appeal with the Lithuanian Court of Appeal, requesting that the decision of the Vilnius Court of Commercial Arbitration (hereinafter – the Arbitral Tribunal) be set aside, on the grounds that the Applicant had not been heard in the arbitral proceedings, while the Arbitral Tribunal decided on the Applicant's substantive rights and obligations. The Lithuanian Court of Appeal refused to accept the Applicant's appeal against the decision of the Arbitral Tribunal, relying on Article 305 of the Civil Procedure Code, stating that such an appeal may be lodged only by persons participating in the proceedings. The Lithuanian Court of Appeal noted that, by a ruling, the Arbitral Tribunal had refused to join the Applicant to the case as a third party without independent claims on the claimant's side, because (i) such joinder is not provided for by the arbitration procedural rules, (ii) the claimant does not agree thereto, and (iii) the necessary consents of these persons are absent in the case, while (iv) the consents submitted in the case examined by the Arbitral Tribunal do not constitute grounds for joining the Applicant to this case as a third party without independent claims on the claimant's side.
Relevant explanations from the Supreme Court	The Supreme Court of Lithuania established that, in the circumstances of this specific case, the provisions of Article 305 of the Civil Procedure Code and Article 50(1) of the Law of the Republic of Lithuania on Commercial Arbitration (hereinafter – the Law on Commercial Arbitration) may not be interpreted excessively broadly, i.e., as granting the right to a person who did not participate in the examination of the arbitration case (the Applicant) to challenge the decision of the Arbitral Tribunal. Pursuant to Article 50 of the Law on Commercial Arbitration, a decision of the Arbitral Tribunal may be set aside only upon lodging an application with the Lithuanian Court of Appeal on the grounds established in that article. Article 305 of the Civil Procedure Code provides that an appeal may be lodged by persons participating in the case. The Law on Commercial Arbitration does not define the concept of persons participating in the case. However, the dispute in arbitration was examined under the arbitration procedural rules (hereinafter – the Rules) (Article 3(6) of the Law on Commercial Arbitration). These Rules establish the concepts of the claimant, the respondent, and the third party. Pursuant to Article 12(2) of the Rules, a party has the right to join, on its side, a person bound by an arbitration agreement to participate in the proceedings as a third party without independent claims. Addressing the issue of a person's legal interest and the <i>res judicata</i> (final court decision) effect of a final court decision, the Supreme Court of Lithuania emphasized that the substantive rights and obligations of a person not participating in the proceedings, and the effect on such rights and obligations, must be direct – that is, the decision must modify the person's legal position by establishing, recognizing, amending, terminating (etc.) substantive rights or obligations. The Supreme Court of Lithuania reiterated its earlier case-law (see the ruling of the Supreme Court of Lithuania of 21 March 2023 in civil case No. e3K-3-96-943/2023), according to which, when assessing whether a court ruled on the rights and obligations of a person not joined to the case, it is significant to determine the legal relationship linking that person to the subject matter of the dispute. In this ruling, the panel of judges also noted that, in line with the consistent case-law of the court of cassation, the binding effect of a court decision on all persons primarily means its binding effect on the persons participating in the case (ruling of the Supreme Court of Lithuania of 26 April 2010 in civil case No. 3K-7-173/2010). In the context of this specific proceedings, the Supreme Court of Lithuania noted that the mere fact that the Applicant is mentioned in the decision of the Arbitral Tribunal sought to be challenged does not substantiate the Applicant's legal interest in appealing against that decision. Attention was also drawn to the nature of the decision of the Arbitral Tribunal – the claim was dismissed by that decision. The Supreme Court of Lithuania concluded that the decision of the Arbitral Tribunal did not create any rights or obligations for the Applicant. Given that the effect of <i>res judicata</i> applies only to the parties and other persons participating in the case, the Supreme Court of Lithuania held that, in this instance, the decision of the Arbitral Tribunal cannot be regarded as producing legal consequences for the Applicant. The Supreme Court of Lithuania held that the Lithuanian Court of Appeal, in deciding on the Applicant's right to lodge an appeal against the decision of the Arbitral Tribunal, correctly applied and interpreted the legal rules governing the procedure for challenging decisions of arbitral tribunals and adopted a lawful and well-reasoned ruling.



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The substance of the case	On the interpretation and application of legal provisions governing notification of court proceedings and service of procedural documents on the defendant when deciding on the recognition and enforcement of a foreign state court judgment under a bilateral international treaty.
Key factual circumstances	The case concerned the issue of the recognition and enforcement in Lithuania of a judgment of a Belarusian court. The interested person requested that such an application be dismissed, arguing that he had not been informed of the court proceedings in the Republic of Belarus and, consequently, had not participated in them. In addition, the interested person submitted that the Republic of Belarus improperly performs the bilateral treaty on legal assistance and legal relations in civil, family, and criminal matters concluded between it and the Republic of Lithuania, and that it is a state unfriendly towards Lithuania. The Lithuanian Court of Appeal granted the application for the recognition and enforcement of the judgment of the Belarusian court. In the Lithuanian Appeal court's assessment, the interested person had in fact been afforded opportunities to participate in the proceedings before the Belarusian court, as he had been informed of them by email sent by the Belarusian court. The interested person had sufficient time to become aware of the court proceedings concerning debt recovery in the Republic of Belarus, as well as to obtain the judgment of the Belarusian court adopted in that case. The court did not consider it to be a relevant circumstance that the interested person's representatives could not attend the hearing of the Belarusian court on the ground that, due to the activities of Belarusian intelligence services at the border, such attendance would have posed a real danger to them.
Relevant explanations from the Supreme Court	By a ruling of 18 February 2025, the Supreme Court of Lithuania set aside the ruling of the Lithuanian Court of Appeal and refused to recognize and allow the enforcement in Lithuania of the judgment of a Belarusian court. The court of cassation emphasized that notification of the court proceedings had not been served on the interested person in accordance with the procedure established in the bilateral treaty. At the same time, however, the court of cassation stressed that, according to its consistently developed case-law, this fact alone does not constitute a ground for refusing recognition and enforcement of a foreign court judgment. The Supreme Court of Lithuania clarified that <i>“when assessing whether notification of a person about court proceedings was proper, it must be established in each specific case whether the manner and timing of notification and service of procedural documents did not prevent that person from effectively exercising the rights enshrined in the procedural law of the relevant state. Where it is established that, when notifying the interested person about the court proceedings, the procedures laid down in the bilateral treaty—whose purpose is to provide maximum guarantees of notification of court proceedings—were not complied with, the burden of proving that notification of the proceedings in the specific case met the requirements of due process lies with the person seeking recognition and enforcement of the foreign court judgment.”</i> Having established in the case that the documents initiating the proceedings were not served on the interested person (while the email relied upon by the Court of Appeal contained only the ruling scheduling the case for a court hearing), the court of cassation held that the established circumstances do not provide grounds to conclude that the interested person was informed of the court proceedings in a manner that enabled him to understand the substance of the claim brought by the person who initiated the proceedings. In the Supreme Court's assessment, the duty of diligence incumbent on the interested person, emphasized by the Lithuanian Court of Appeal, may not be interpreted excessively broadly so as to include an obligation to independently ascertain on what grounds and what claims were brought against him before a foreign court, since providing such information is one of the guarantees of due process, which must be ensured by the court examining the case (and, correspondingly, verified by the court deciding on recognition of the court judgment). In the present case, it was not established that the interested person had avoided acceptance of the procedural documents sent to him or that the failure to provide the relevant information resulted from other culpable actions of the interested person himself. On the contrary, the reference in the ruling of the Belarusian court to proper notification of the interested person about the court proceedings, while it was established in the present case that the interested person had not been informed thereof, allows the conclusion to be drawn that, in notifying the parties about the judicial proceedings, the Belarusian court was not sufficiently diligent; therefore, the interested person cannot be regarded as having waived his right to appear before the court and defend himself.