



Complex Commercial Litigation

PRO In-Depth

Complex Commercial Litigation: Cyprus

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Introduction

Cyprus is considered to be a common law jurisdiction, and most of the legal instruments date back to the colonial legislation enacted by the British during the colonial era of Cyprus (1878–1960). The common law and the principles of equity are applied by the Cypriot courts in the exercise of their civil and criminal jurisdiction under Section 29(1)(c) of the Courts of Justice Law (Law No. 14/1960).

Contract law is governed by both the Contract Law, Cap. 149, and case law of the Supreme Court since the Cypriot Courts are bound by the doctrine of precedent.² Commercial disputes fall under the civil jurisdiction to which the Civil Procedure Rules (CPR) apply. It should be mentioned that as of 1 September 2023, in civil litigation the new CPR are applicable, which provide a modern procedural framework for the resolution of civil and commercial disputes and govern every aspect of civil litigation such as pre-action protocols, pleadings, evidence and costs.

As a general note, Cypriot courts, when adjudicating upon matters involving contracts, have the tendency of upholding the terms of valid contracts especially when there is evidence that the parties to the contract had the chance to negotiate its terms.

Year in review

2022–2023 has been an eventful and dynamic year in the world of commercial litigation in Cyprus. It saw a number of decisions in key areas of Cyprus law and developments in civil procedure, with the overall revision of the Cyprus Civil Procedure Rules, which came into force and apply to actions filed on or after the 1st of September 2023. Another remarkable development in the sector of Cyprus commercial litigation is the establishment of the Commercial Court, which will handle only high-value commercial disputes litigated in Cyprus, making Cyprus an international dispute resolution hub and attractive to foreign corporations and individuals.

Contract formation

Under Section 10 of Cap. 149, agreements are considered to be contracts 'if they are made by the free consent of parties competent to contract, for a lawful consideration and with a lawful object, and are not hereby expressly declared to be void, and may, subject to the provisions of this Law, be made in writing, or by word of mouth, or partly in writing and partly by word of mouth, or may be implied from the conduct of the parties'.

Bearing in mind the provisions of Section 10, a contract may be made in writing, orally and by conduct, provided that it satisfies the following criteria, which will be analysed in detail hereinbelow:

- a. offer;
- b. acceptance;
- c. consideration;
- d. intention to create legal relations;
- e. capacity to contract; and
- f. certainty of terms.

Generally speaking, under Cyprus law most contracts may be formed without specified formality and even oral contracts may be enforceable, provided that the above criteria are met. However, there are exceptional cases where Cap. 149 does insist upon requirements of form, such as in lease of immovable property agreements for a lease period exceeding one year. In these agreements, for the contract to be valid it must be: (1) expressed in writing; and (2) signed at the end by the parties in the presence of at least two witnesses competent to contract who have subscribed their names as witnesses.³

i Offer and acceptance

The Cypriot courts, when deciding whether a contract has been concluded or not, initially examine the basic rule of 'offer and acceptance', that is to say of an offer made by one party that has been accepted by the other. This rule has two vital ingredients of 'offer' and 'acceptance', with both being defined in Section 2(2)(a) and (b) of Cap. 149 respectively.

An offer is defined as being made 'when one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of that other to such act or abstinence' and is said to be accepted 'when the person to whom the proposal is made signifies their assent thereto'.

It should be pointed out that a genuine offer is distinguishable from an invitation to negotiate or an 'invitation to treat' with the latter being considered as only an expression of willingness to negotiate and not an offer to enter into a contract. Examples of an invitation to treat are advertisements, auction sales and display of goods. In *Irene Georgiou v. Cyprus Airways* (1998) 1 CLR 1794, it was held that 'whether there is an offer or an invitation to enter into a contract or to negotiate is a matter of fact that is judged objectively, i.e., regardless of the subjective intentions of the parties'.

The definition of acceptance in Section 2(2)(b) of Cap. 149 appears to be straightforward though the question of whether an offer has been accepted has generated a great amount of case law over the years. In order to ascertain whether an acceptance has in fact occurred, one should usually look into the behaviour of the parties; nevertheless, the courts have developed the below two basic rules that, if satisfied, can lead to the conclusion that the offer has been accepted: Acceptance must: (1) be unconditional (the offeree must accept the exact terms of the offer); and (2) be communicated to the offeror by the offeree.

ii Consideration

In addition to offer and acceptance, consideration is also an essential element for a valid and enforceable contract in that the promisee cannot enforce a promise unless he or she has given something in exchange for the promise. According to Section 2(2)(d) of Cap. 149, 'when at the desire of the promisor, the promisee or any other person has done or abstained from doing, or does or abstains from doing, or promises to do or to abstain from doing something, such act or abstinence or promise is called consideration for the promise'. An agreement made without consideration is void, unless any of the exceptions provided in Section 25(1) of Cap. 149 apply.

Consideration need not to be adequate, provided that has some value and is sufficient.⁴ Furthermore, according to Section 10(1) of Cap. 149 consideration must be lawful,⁵ something which is determined by the provisions of Section 23 of the aforesaid law. In the event the consideration is unlawful, then the contract is void.⁶

iii Intention to create legal relations

A further essential ingredient for forming a valid and enforceable contract is that the parties must have had an intention to create legal relations. Such an intention is assessed by considering the 'objective conduct of the parties as a whole'.⁷ In the context of commercial contracts, intention is presumed to exist since the parties to the agreement do intend to create legal relations but this presumption is not an irrebuttable one.

iv Capacity to contract

According to Section 11(1) of Cap. 149, every person is competent to contract if they are of sound mind and not disqualified from contracting by any law. In *Charalambous v. Krystallis* (1984) 1 CLR 656 the sole issue was whether a contract entered into by the appellant with the respondent was invalid because of the existence of a court order adjudicating him as a mental patient at the time of the contract's signing. It was held that 'the property he agreed to sell in this case, was not in his custody and he had no control of it . . . Only the District Court could sanction a valid disposition of the property. His contract of sale was abortive. No valid contract ever came into existence.'

v Certainty of terms

Section 29 of Cap. 149 explicitly provides that '[a]greements, the meaning of which are not certain, or capable of being made certain, are void'. Therefore, all the material terms of a contract must be agreed with certainty, otherwise the contract will not be binding. However, the courts 'in their attempt to interpret a contract should, wherever possible, take care to preserve it, and not to declare it void, unless such a conclusion is inevitable in view of the vagueness and/or ambiguity that exists'.⁸

Contract interpretation

i Choice of law principles

As a general rule, parties to a contract are free to nominate the law that will govern their contract and this 'freedom of choice' is consistent with Article 3.1 of Regulation (EC) No. 593/2008 on the law applicable to contractual obligations (Rome I), which underlines the 'principle of party autonomy' by providing that:

A contract shall be governed by the law chosen by the parties. The choice shall be made expressly or clearly demonstrated by the terms of the contract or the circumstances of the case. By their choice the parties can select the law applicable to the whole or to part only of the contract.

Nowadays, the choice of law is usually made expressly in the contract by the parties and in such a case it will normally pose no difficulties or hesitations to the courts to uphold the choice of the parties; however, it is not uncommon for the parties to fail to select the governing law. In the latter instance, the governing law of a contract may be 'the system of law by reference to which the contract was made'⁹ or the 'objective' proper law, which is the law 'with which the transaction has its closest and most real connection'¹⁰ or (if Rome I is applicable) the law that will be determined in accordance with Article 4 of the Regulation.¹¹

In most of the cases brought before the Cypriot courts where the issue of governing law of a contract was raised, the expressed choice of law in the contract was upheld by the Cypriot courts. However, a choice of law clause does not always or necessarily bind the Courts,¹² which under the circumstances of the case might have 'to look to see with what country the dispute is most closely concerned'¹³ and decide accordingly.

ii Interpretation of contracts

To begin with, it should be stressed out that there is a significant number of disputes that come before the Cypriot courts and raise issues of interpretation. The modern approach of the courts is that contract interpretation involves broad principles, rather than strict rules, for ascertaining the parties' intention and the test to do so should be an objective one. In *Alexandrou v. Komodromou and other* (1997) 1 CLR 576, it was repeated that '[t]he intention of the parties plays a primary role, the search of which should take into account the entire content of the contract'.

The interpretation of a contract is a matter of law, and the guide for its interpretation is, inter alia, the purposes of the agreement as revealed by the agreement itself as a whole.¹⁴ The leading authority in Cyprus when it comes to interpretation of contracts remains the decision in *Theologou and others v. Ktimatiki Etereia Nemesis Ltd* (1998) 1 CLR 407, where it was said that:

there is a continuing tendency towards harmonizing the principles of interpretation of contracts with those prevailing in everyday life. The criterion is the meaning which the text of the agreement conveys to the average reasonable person. To this end, knowledge can be enriched by revealing the background of the agreement, always excluding negotiations, as well as unilateral statements and subjective intentions of the parties.

It should be highlighted that there are certain limitations on the evidence to which the Cyprus courts may take into consideration when interpreting a contract. Extrinsic evidence of pre-contractual negotiations or of the conduct of the parties subsequent to the entering into the agreement is generally inadmissible,¹⁵ but there are exceptions to the rule 'such as cases where fraud or compulsion is alleged'.¹⁶

An additional rule is the *contra proferentem* principle, which is applicable when there is doubt or ambiguity in the interpretation of a contract and provides that the ambiguity should be construed more strongly against the party who drafted the contract.¹⁷

Dispute resolution

i Courts of Law and Jurisdiction

The most common method of resolving complex commercial disputes in Cyprus is the one of litigation. In general, disputes below €100,000 are assigned to district judges, disputes between €100,000 and €500,000 to senior district judges and disputes over €500,000 to presidents.¹⁸

Nevertheless, on 12 May 2022, the House of Representatives in Cyprus passed Law (Law No. 69/2022) on the Establishment and Operation of the Commercial Court and the Admiralty Court, which establishes two new specialist courts, namely the Commercial Court and the Admiralty Court. The Commercial Court, which is estimated to be established very soon, shall consist of five judges and shall have jurisdiction to decide at first instance any type of 'commercial dispute' where the amount in dispute or the value of the dispute exceeds €2 million, adopting fast-track procedures.

A 'commercial dispute' is defined under Section 2 of Law No. 69/2022, as a dispute or matter arising out of or relating to, inter alia: (1) business instrument or contract; (2) purchase, sale, import, export of goods; (3) transport of goods by land, air or pipeline; (4) exploitation of oil, natural gas or other natural resources; (5) insurance and reinsurance; (6) the operation of markets or the exchange of shares, stocks, or other financial or investment vehicles or goods; (7) provision of services, save for medical, or quasi-medical or dentistry services or any services provided under an employment contract; (8) manufacturing of vehicles; (9) commercial agency; (10) application of the provisions of the Damages Claims for the Violation of the Law of Competition Law; (11) disputes between shareholders of entities regulated by any regulatory authority in the Republic; (12) issues of intellectual property and related rights in the context of the application of the provisions of the Copyright and Related Rights Law and the Patents Law, and (13) arbitration matters.

The definition of a 'commercial dispute' does not include matters concerning a claim or counterclaim for damages for personal injury and a claim or counterclaim or registration of an arbitral award in relation to banking or financial matters.

ii Alternative methods of dispute resolution

Arbitration

Arbitration is a confidential out-of-court dispute resolution method, a very well-known method in Cyprus, especially considering contractual or construction disputes, providing a final and binding decision made by the arbitral tribunal.

In Cyprus, domestic arbitral proceedings are governed by the Arbitration Law, Cap. 4 (Cap. 4) and Part 44 of the recently reformed CPR, whereas arbitration disputes of international and commercial nature are governed by the International Commercial Arbitration Law 1987 (Law No. 101/1987). Both Cap. 4 and Law No. 101/1987 govern the matter of enforcement of awards as well.

Further, the Republic of Cyprus is a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention) as of 29 December 1980, which was ratified in Cyprus through the enactment of the Law on the Convention and Enforcement of Arbitral Awards of 1979 (Law No. 84/1979).

By virtue of Section 8 of Cap. 4, any party to the court proceedings may (any time after their appearance but before the filing of any pleadings) request the stay of the court proceedings, and the court will stay the proceedings if satisfied that there is no reason justifying the non-referral of the matter to arbitration in

accordance with the arbitration agreement and that the applicant was and is still willing to do whatever necessary for the conduct of the arbitration proceedings.

Similarly, in accordance with Section 8 of Law No. 101/1987, if court proceedings are initiated for a matter that is the subject matter of an arbitration agreement, a party may (before the filing of any pleadings) request the referral of the matter to arbitration, and the court must order so, unless the court finds that the arbitration agreement is invalid, inactive or unenforceable. Nevertheless, if all the parties to the court proceedings submit to the jurisdiction of the court, the latter will try the matter in question despite the existence of an arbitration agreement.

Mediation

Mediation is a flexible, non-binding, private, confidential and speedy method of alternative dispute resolution that the parties may agree to try, by appointing a third-party mediator who acts as a facilitator in order to help the parties to assess and communicate to each other what they need in order to arrive at a settlement that both can accept.

Although the parties are not obliged to agree to a settlement, mediation has proven to be very helpful in light of the fact that all the parties will be able to weigh up the strengths and weaknesses of their case and therefore the grounds for any potential or court proceedings will be prepared by this stage.

Breach of contract claims

If a contracting party is not complying with a particular term of the contract, its conduct may amount to a breach of contract. When such a breach occurs, the innocent party is entitled to bring a claim for a breach of contract and seek compensation.

The burden is on the claimant to prove, on the balance of probabilities, that there has been a breach of contract that has caused its loss.

i Actual breach and termination

A party actually breaches a contract by not performing its terms or by performing its terms defectively. The innocent party has the right to insist on the performance of the contract that has been breached or accept the breach and affirm the termination of the contract.¹⁹

Not every breach of contract provides the innocent party with the right to terminate the contract. The breach of a condition (i.e., a term of essential importance that goes to the root of the agreement) will entitle the innocent party to terminate the contract and claim damages, whereas the breach of a warranty (i.e., an assurance or a promise in the contract that a certain fact is true) only allows a claim for damages. The difference between a term as a condition and a term as a warranty depends on whether the term is essential to the main purpose of the contract. There might also be innominate terms (i.e., complex terms that, if breached, could lead to severe or minor consequences for the innocent party), and the consequences of the breach of such a term will be equivalent to either breach of a condition or breach of warranty depending on the actual severity for the innocent party.

ii Anticipatory breach

If there is an anticipatory breach of contract (i.e., a breach that may occur before the time fixed for performance), then the innocent party can either accept the proposed breach and terminate the contract prior to its performance or insist on its performance and sue the other contracting party for specific performance.

In *Neophytou Neophytos and others v. Elma Holdings Ltd* (2013) 1 CLR 1807, the Supreme Court held that it was not necessary for the respondent to prove her readiness and willingness to fulfill her obligations prior to the breach conducted by the appellants in order for the claim for anticipatory breach to be successful.

Defences to enforcement

Even where a contract has been formed, there are several ways in which the contracting parties may seek to avoid enforcement of their contractual obligations or challenge a claim for breach of contract.

i Void and voidable contracts

A contract that lacks any of the key elements required for the formation of a contract is void. As already explained, all agreements are contracts if they are made by the free consent of parties competent to contract, for a lawful consideration and with a lawful object, and are not expressly declared to be void under the provisions of Cap. 149.²⁰

Sections 14–22 of Cap. 149 exhaustively provide the following cases where the consent of the parties entering into a contract is not given under their free will. In such cases, the contract is voidable and it is upon the party whose consent was induced to choose whether he or she may challenge its enforcement or not.

Coercion

Coercion is the committing or threatening to commit, any act forbidden by the Criminal Code, or any amendment thereof, or the unlawful detaining, or threatening to detain, any property, to the prejudice of any person, with the intention of causing any person to enter into an agreement. As a general rule, it is immaterial whether the Criminal Code is or is not in force in the place where the coercion is employed.²¹

Undue influence

The Cyprus courts may consider a contract to be induced by 'undue influence' where the relations of the parties are such that one of the parties is in a position to dominate the will of the other and uses that position to obtain an unfair advantage over the other. A person is deemed to be in a position to dominate the will of another where he or she holds a real or apparent authority over the latter or the other person does not have the mental capacity to enter into a contract by reason of age, illness or mental distress.²²

Section 16(2) of Cap. 149 also provides for a presumption in favour of undue influence in cases where there is a fiduciary relationship between the parties. In *Michalis Kefalas and other v. Myrianthis Nikola* (2000) 1 CLR 1226 the Supreme Court decided that in cases where there is a fiduciary relationship between the parties, the court interferes on the ground of public policy in order to prevent the abuse of the existing relations between the parties and the influence arising therefrom.

Actual or economic duress

A party who is induced to entering or varying a contract by threats or other illegitimate means may rely on the defence of duress, which can be a physical duress (e.g., actual or threatened violence against the party or its property) or economic duress (e.g., threats to terminate a contractual relationship).

Fraud

Under Cyprus law, fraud includes any of the following acts committed by a party to a contract, or their agent, with the intent to deceive another party or to induce them to enter into the contract:

- a. a suggestion as to an untrue fact;

- b. the active concealment of a fact by one having knowledge or belief of that fact;
- c. a promise made without any intention of performing it;
- d. any other act fitted to deceive; or
- e. any such act or omission as the law specially declares to be fraudulent.

Nevertheless, mere silence as to facts likely to affect the willingness of a person to enter into a contract is not fraud, subject to exceptions (e.g., in cases where the person keeping silence has a duty to speak or his or her silence is in itself equivalent to speech).²³

Misrepresentation

In cases where a party makes certain pre-contractual statements that are discovered to be false, the enforcement of the contract can be challenged for misrepresentation. In Cyprus, misrepresentation includes the following:

- a. a positive assertion that is not true;
- b. any breach of duty that offers an advantage to the person committing it by misleading another person to his or her prejudice; and
- c. causing, however innocently, a party to an agreement to make a misstate as to the substance of the subject matter of the agreement.²⁴

Mistake

However, where both of the contracting parties are under a mistake as to a matter of fact that is essential to the agreement, then the agreement is void.²⁵

Illegality and prohibited contracts

An illegal contract is void and will not be enforced by the Cyprus courts as a matter of public policy. An agreement with unlawful consideration or object is void under Cyprus laws.

The consideration or the object of an agreement is considered unlawful if:

- a. it is forbidden by law;
- b. it is of a such nature that, if permitted, it would defeat the provisions of any law;
- c. it is fraudulent;
- d. it involves or implies injury to the person or property of another person; and
- e. the court thinks that it is immoral or opposed to public policy.²⁶

ii Frustration and force majeure

A contract might also be discharged under the doctrine of frustration, if during the currency of the contract, without the fault of either party, some event occurs that renders the contract illegal or renders further performance an impossibility or provokes a radical change in the obligations of the parties.

In addition, the contracting parties may choose to include in their agreement a *force majeure* clause, which excuses performance of the contract following certain events that are beyond their control (e.g., war, strike, earthquake, lockdown, etc.). Cap. 149 does not explicitly provide for any instances, and the contracting parties are entirely free to include in their contract a clause providing for *force majeure* events. Even if there is not an explicit *force majeure* clause in the contract, the occurrence of a *force majeure* event might prevent enforcement of the contract under the principles of common law and equity.

iii Limitation

The parties to a contract may also argue that the claim is time-barred. If the defendant raises this defence, the burden is on the claimant to prove that the claim was filed within the relevant limitation period.

In Cyprus, common contract claims are statute-barred after six years from the completion of the cause of action, whereas claims based on contracts for an agreed or reasonable fee for the services rendered by a lawyer, a doctor, a dentist, an architect, a civil engineer, a contractor or any other independent professional are statute-barred after three years from the completion of the cause of action.²⁷

Fraud, misrepresentation and other claims

i Fraud and deceit

Under Section 36 of the Civil Wrongs Law, Cap. 148, fraud is constituted on a false representation of fact, which is made by knowing that it is false, or without believing that it is false, by ignoring as to whether it is true or false, aiming for the person who has been defrauded to act upon the said representation. This civil tort is committed only if the representation has been made with the intention of defrauding the plaintiff, the plaintiff has acted upon it and has suffered loss.

For proof of fraud, although the standard of proof for a criminal charge is not required, a high degree of probability will be required to satisfy the civil standard.²⁸ Charges of fraud should not be lightly made or considered.²⁹

ii Unlawful means of conspiracy

Although the tort of unlawful means of conspiracy is not expressly provided by Cyprus law, this common law tort is recognised by the Cyprus courts where there is an agreement between two or more persons, and either the real and predominant purpose of this agreement is to injure the plaintiff (by lawful means) or the purpose is to injure the plaintiff (by unlawful means). In both scenarios, the acts done in execution of such agreement must have resulted in damage to the plaintiff.

iii Procuring breach of contract

Under Section 34 of Cap. 148, a person who in their knowledge and without any sufficient justification has procured the breach of a contract that was conducted by other persons, then this person has committed the civil tort of procurement of breach of contract.

The essential elements for proving the commitment of this civil tort are the following:

- a. it has to be shown that the defendant caused the breach of contract between two other parties: a causal link between the conduct of the defendant and the breach of the contract must be shown;
- b. the plaintiff must prove that they have suffered damage because of the procured breach of contract; and
- c. the defendant must have known the existence of the contract and without any reasonable justification he procured the breach of the contract.³⁰

For a civil tort to be committed, the contract must be binding and legal.

Remedies

When a contract has been breached, the innocent party may seek most of the remedies that are available under common law and the principles of equity.

i Damages

A party to a contract who suffers a loss as a result of a breach will be entitled to an award of damages. Monetary compensation is the primary and most common remedy, which is awarded by the Cyprus Courts in the context of claims for breach of contract.

Damages are normally awarded on the basis of placing the injured party in the same financial position as if the contract had been properly performed (i.e., compensation for 'loss of bargain' or 'loss of expectations under the contract'). The time for determining this loss is the time when the contract has been breached.³¹

The injured party can never get more in damages than the loss suffered. The claimant has to satisfy the court not only the fact of damage, but also its amount. If the party has suffered no loss and sues, they will be awarded only nominal damages.³²

Causation and remoteness of damage

Section 73(1) of Cap. 149 provides that the claimant must prove that there is sufficient causation between the breach and the loss it has suffered. Consequently, a defendant will not be responsible for a loss, which is too remote from the breach of contract.

Duty to mitigate loss

There is a duty on the claimant to take all reasonable steps to mitigate the loss caused by the breach of contract. The claimant will not be entitled to compensation for the damage or loss they suffered to the extent that they could have taken reasonable steps to mitigate this damage or loss.³³

ii Restitutionary damages

The Cyprus courts have the power to award restitutionary damages when the plaintiff has not suffered any loss but the defendant has derived a benefit from its own breach. In such a case, restitutionary damages will be awarded in favour of the plaintiff so as to receive any profit the defendant received because of the breach of contract.

iii Punitive damages

Cyprus courts do not have the power to award punitive damages in the context of claims for breach of contract in order to penalise the defendant.

iv Quantum meruit

A claim on a *quantum meruit* may arise when the party who is in breach prevents the innocent party from completing performance. In such a case, the innocent party is entitled to claim for reasonable remuneration. This remedy is available as an alternative to claiming damages.

v Specific performance

Cyprus courts have the power to issue an order compelling the defendant to perform its part of the contract. Section 76 of Cap. 149 provides that specific performance is only available when the contract is not void, is expressed in writing, is signed at the end thereof by the party to be charged therewith and the court concludes that the specific performance of the contract would not be unreasonable or inequitable or impracticable.

vi Interim orders

Cyprus courts have jurisdiction to issue interim orders in the context of claims for breach of contract in light of the provisions of Section 32 of the Courts of Justice Law No. 14/1960, as amended. Interim relief aims to preserve the *status quo ante* or the object of the claim until the final determination of the case.

Outlook and conclusions

During the past couple of years, Cyprus has taken major and significant steps for the improvement of its legal system, aiming to achieve an even more modern, accessible and efficient legal system.

One of the most remarkable and recent changes concerning the Cyprus legal arena is the revision of the Cyprus Civil Procedure Rules, mainly aiming at the acceleration of judicial proceedings and the elimination of any deficiencies. To this effect, various mechanisms have been introduced by the new Rules, allowing the courts to handle each case with the maximum level of efficacy, such as the ability to issue 'free-standing' injunctions and the promotion of alternative methods of dispute resolution.

Another remarkable development in the sector of Cyprus litigation, which will be effected very soon, is the establishment of two new specialist courts, namely the Commercial Court and the Admiralty Court, mainly intending to resolve commercial and admiralty disputes efficiently and expeditiously.

Further, an important reform of the Cyprus judiciary has taken place on 1 July 2023 by the establishment of a Court of Appeal dealing with civil, criminal and administrative cases at second instance (16 judges) and the operation of two Supreme Courts, namely the Supreme Constitutional Court (composed of nine judges) and the Supreme Court (composed of seven judges), granting of additional third-degree jurisdiction to these two courts.

Footnotes

¹ Kyriakos Karatsis and Antonia Argyrou are partners and Savvas Theofanous is a senior associate at N Pirilides & Associates LLC.

² According to the doctrine of precedent, the superior courts' (second or third instance) judgments/decisions bind the first instance courts.

³ Section 77(1) of Cap. 149.

⁴ See *Panayiotou v. Solomou* (1979) 1 CLR 779.

⁵ 'All agreements are contracts if they are made by the free consent of parties competent to contract, for a lawful consideration', Section 10(1) of Cap. 149.

⁶ Section 23 of Cap. 149.

⁷ See *Barbudev v. Eurocom Cable Management Bulgaria EOOD and others* [2012] EWCA Civ 548.

⁸ See *AL ITTIHAD AL WATANI (L' UNION NATIONALE SOCIETE GENERALE), D' ASSURANCE DU PROCHE- OPIENT SAL and others v. Christos Papadopoulos*, Civ. Appeal No. 10525., 30 November 2000.

⁹ See *Bonython v. Commonwealth of Australia* [1951] AC 201.

¹⁰ *ibid.*

¹¹ Regulation (EC) No 593/2008.

¹² See *Stavraki v. Zim Israel* (1991) 1 CLR 1087.

¹³ See *Fehmarn* [1958] 1 All ER 333 cited in *ARCHANGELOS DOMAIN LTD v. VAN NIEVELT ETC* (1974) 1 CLR 137.

¹⁴ See *Karaoli and others v. Laouri and other* (2008) 1 CLR 225.

¹⁵ See *Zinonos and others v. Laiki Bank* (2002) 1 CLR 927.

¹⁶ See *Mavrou v. Theodorou* (1984) 1 CLR 635.

¹⁷ See *Xenopoulos v. Thomas Nelson (Insurance) Ltd ao* (1982) 1 CLR 674 and *Pan-European Insurance Company Ltd v. Christina Gliki* (1998) 1 CLR 1639.

¹⁸ Section 22 of the Courts Law of 1960 (Law No. 14/1960).

¹⁹ Section 19(1) of Cap. 149.

²⁰ Section 10 of Cap. 149.

²¹ Section 15 of Cap. 149.

²² Section 16 of Cap. 149.

²³ Section 17 of Cap. 149.

²⁴ Section 19 of Cap. 149.

²⁵ Section 21 (1) of Cap. 149.

²⁶ Sections 23 and 24 of Cap. 149.

²⁷ Section 7 of the Limitation Act of 2012, Law 66 (I)/2012.

²⁸ *Tsiartas Andreas and Other v. Alocay Holdings Ltd and Other* (2010) 1 SCJ 1523.

²⁹ *Clerk & Lindsell on Torts*, 15th edition, Chapter 17, 843.

³⁰ *Valerii Martinenko v. Elena Begma, in her capacity as the administrator of the estate of the deceased Mikhail Borkov*, Action No. 4563/2010, 11 March 2014.

³¹ *Evelthon Developments Ltd and others v. Ethniki Trapeza tis Ellados (Kiprou) Ltd*, Civil Appeal No. 281/2008, Supreme Court judgment dated 12 November 2012.

³² *Pontiki v. Constantinide* (2004) 1 CLR 875.

³³ *George Charalambous Ltd v. Kalos Kafes and others* (1997) 1 CLR 199.