



Fenwick Elliott

The construction & energy law specialists

International Quarterly

Issue 17, 2016

Our newsletter provides informative and practical information regarding legal and commercial developments in construction and energy sectors around the world.



Inside this issue:

- **Are notice clauses always fair and reasonable?**
- **LCIA costs and duration data**
- **Conflict of interest – apparent bias of arbitrator – IBA Guidelines**
- **Security for costs and off-shore companies**

Follow us on  and  for the latest construction and energy legal updates



Contract Corner:

A review of typical contracts and clauses

Issue 17, 2016

Are notice clauses always fair and reasonable?

By **Jeremy Glover,**
Partner, Fenwick Elliott

As we have discussed in previous issues of IQ and our Annual Review, under the FIDIC form there is a requirement on both the Contractor¹ and Employer² to submit notices about claims and that if they do not do so within the timescales set out in the contract there is a real chance that they will lose the right to make such a claim.

This issue came up in the recent English case of *Commercial Management (Investments) Ltd v Mitchell Design and Construct Ltd & Anr.*³ In April 2002 Regorco had entered into a subcontract with Mitchell to carry out certain ground treatment (or vibro-compaction) works at a site on which a warehouse was to be built. By a separate subcontract Regorco also agreed to carry out the piling at the site. The vibro-compaction works were carried out at the end of March 2002, and the piling was installed a month or two later. Practical completion of the building was achieved on 19 December 2002. However, some nine years later, in November 2011, the sub-tenant in occupation of the warehouse complained of settlement of the slab beneath the production area.

Regorco's standard terms and conditions had provided at clause 12(d) that:

"all claims under ... this Contract must, in order to be considered valid, be notified to us in writing within 28 days of the appearance of any alleged defect ... and shall in any event be deemed to be waived and absolutely barred unless so notified within one calendar year of the date of completion of the works."

Regorco said that the limitation of liability clause, clause 12(d), meant that the claim could not be brought. The claim had not been notified within 28 days of the appearance of the defect or within a year of the completion of the works. The first question that the Judge, Mr Justice Edwards-Stuart, had to consider was whether and to what extent Regorco's standard terms applied. He held that they did not. However, the Judge went on to comment on whether or not clause 12(d) would have prevented the claim from being brought, had he decided otherwise.⁴

The Unfair Contract Terms Act

The Judge did this by reference to the English Unfair Contract Terms Act 1977 ("UCTA"), which applies where one or other party puts forward its standard conditions. Section 1 of UCTA provides that, apart from cases of personal injury or death, a person cannot restrict his liability for negligence:

"except in so far as the term or

notice satisfies the requirement of reasonableness."

Section 11 of UCTA further provides:

"(1) In relation to a contract term, the requirement of reasonableness ... is that the term shall have been a fair and reasonable one to be included having regard to the circumstances which were, or ought reasonably to have been, known to or in the contemplation of the parties when the contract was made."

Reference should also be made to the UCTA guidelines which say that the following should also be taken into account:

"(a) The strength of the bargaining positions of the parties relative to each other, taking account (among other things) alternative means by which the customer's requirements could have been met;

(b) Whether the customer received an inducement to agree to the term, or in accepting it had an opportunity of entering into a similar contract with other persons, but without having to accept a similar term;

(c) Whether the customer knew or ought reasonably have known of the existence and extent of the term (having regard, among other things, to any custom of the trade and any course of dealing between the parties);



Contract Corner:

A review of typical contracts and clauses

Issue 17 2016



the contractor is still on site ... In general, failure is unlikely to occur until substantial loading is applied to the ground or piles ..."

As the Judge noted, this was what you would expect the designer of the ground treatment work to anticipate. There would not only be the loads imposed by the building itself, but also the loads imposed by the use of the building. The Judge gave the example of forklift trucks moving goods around if the building was being used as a warehouse.

This was of some importance as the Judge stressed that this meant that there would often be a substantial lapse of time between the carrying out of the work and the occurrence of any visible cracking to the fabric of the building, and an even longer lapse of time until the likely cause of the cracking is established. Even the building of a simple warehouse would take a few months. Therefore it would not be for a few months that it became loaded by the user. Although ground treatment works might fail whilst the subcontractor is still on site, here the potential for a claim is reduced because the subcontractor would have the chance to put the work right straightaway. The key to the reasonableness of the condition precedent in question was the nature of the work being undertaken. In this case what had to be taken into consideration was the fact that where the failure of ground or piles occurs under load, that failure is usually a gradual process.

Was the limitation clause reasonable?

This case was heard in the Technology and Construction Courts, where the judges have specialist experience of construction

(d) Where the term excludes or restricts any relevant liability if some condition is not complied with, whether it was reasonable at the time of the contract to expect that compliance with that condition would be practicable; and

(e) Whether the goods were manufactured, processed or adapted to the special order of the customer."

The nature of the groundworks

The burden of showing that clause 12(d) was reasonable rested with Regorco, as the clause was part of their standard terms. The Judge concluded that the only operative trigger that would start the running of the 28-day period was the appearance of a defect. The event complained of could only be negligent

design or construction in relation to that work. The Judge then went on to consider the nature of the groundwork in question and said that:

"In practical terms, any defect in the ground compaction work would never be visible because it would be concealed by the structure above it. Accordingly, any defect in that work would manifest itself in the form of some distress to the structure of the building, probably cracking of the floor slab or a wall.

It is in the nature of ground compaction work and piling that in general defects do not appear until sometime after the work has been carried out, although ... occasionally piles or ground improvement columns can fail whilst



Contract Corner:

A review of typical contracts and clauses

Issue 17 2016

disputes. Here Mr Justice Edwards-Stuart said that:

"It is, in my experience at least, rare for a failure of ground or piles to manifest itself in a period measured in months, rather than in years. Of course, there may be exceptional cases when the design or construction is so poor that failure occurs almost immediately upon loading, but I cannot recall such a case. In this case, the lapse of time was in excess of 10 years: whilst I would not suggest that such a long period is normal, it is more of the order that one would expect."

Another feature of this type of failure is that it is almost invariably progressive, starting with small cracks which then grow larger. Such cracking, when it begins, may not be readily visible ... in these circumstances it is not unlikely that the first 'appearance' of cracking may go unnoticed by anyone for days if not weeks."

By this time, the contractor who was subject to the notice clause would not be the user of the building and would be in no position to observe any cracking when it appears. The Judge noted that the UCTA Guidelines are concerned with "what is reasonable to expect, not what actually happens". Looking at those Guidelines, the Judge commented that whilst Mitchell could have sought to engage a subcontractor other than Regorco whose terms and conditions did not contain clause 12(d), he did not consider that it was reasonable to expect, at the time when the subcontract was made, that compliance by Mitchell with the 28-day time limit imposed by clause 12(d) would, in most cases at least, be practicable.

In other words the Judge thought that item item (d) of the UCTA Guidelines was the most important factor and concluded that the clause 12(d) failed the reasonableness test:

"the parties would not reasonably have expected - if they had thought about it - that compliance with both the 28 day time limit and the requirement to make a claim within a year would be achievable, let alone practicable, save in rare cases."

The FIDIC form

As one might expect, there was discussion in the judgment about the FIDIC time bar. The Judge thought that the circumstances of most projects where the FIDIC form is used were different to the project here. In particular:

1. Contractors on building projects generally know when a contract is in delay or whether the work has been disrupted and so giving notice of the relevant event within 28 days should not, in the words of the Judge, "be unduly onerous".
2. Under the FIDIC form, time runs from the date on which the contractor is aware, or should have been aware, of the event in question. Here, under clause 12(d) time ran from when the defect was capable of being seen, rather than from when the contractor knew or ought to have known about it, which made clause 12(d) more onerous than sub-clause 20.1 of the FIDIC contract.

Conclusion

This is undoubtedly correct, although many will disagree with the Judge's comment that the provisions of sub-clause 20.1 are not "unduly onerous". However, there are likely to be instances on many construction projects where works are covered up with the result that defects can be difficult or impossible to identify. Under the FIDIC form, as the Judge noted, where this happens, it will be difficult to suggest that the contractor was aware of the event, but equally, if that suggestion is made, this case provides support for the argument that attempting to rely on such a clause in those circumstances was unreasonable.

Footnotes

1. <http://www.fenwickelliott.com/research-insight/annual-review/2015/time-bars-international-context>
2. <http://www.fenwickelliott.com/research-insight/newsletters/international-quarterly/employer-claims-fidic-form>
3. [2016] EWHC 76 (TCC)
4. Under English law, his comments are described as "obiter" which means that they are treated as observations only and do not form part of the judgment itself.



Jeremy Glover, Partner
Fenwick Elliott
jglover@fenwickelliott.com



Universal view:

International issues around the globe

Issue 17, 2016

LCIA costs and duration data

**By Sana Mahmud,
Associate, Fenwick Elliott**

There is often much debate about the costs of international arbitration although reliable information is often hard to find. Against this background, on 3 November 2015, the LCIA released data on the average costs and durations of the arbitrations that it administers. The analysis also included a high-level cost comparison with other institutions including the ICC, SIAC and HKIAC. However, an analysis of average durations across these institutions was impossible because the others do not provide comparable statistics.

Methodology

The LCIA recognised that in comparing costs, users can often rely on approximate cost calculators provided by institutions such as the ICC that operate on an ad valorem basis, where costs are relative to the value of a claim. The LCIA operates on an hourly basis which means that any indicator of prospective costs must rely on actual data. In compiling its statistics, the LCIA used data relating to costs and durations from cases between 1 January 2013 and 15 June 2015 in which a final award was issued.

Duration was calculated as being the period between the date on which the Request for Arbitration was received by the LCIA, and the date of the final award. This included any formal or informal stay periods.

The LCIA's calculation of its mean and

median cost figures was based on actual records of arbitrations falling into the above criteria. These costs were defined to include the LCIA's administrative charges, the tribunal's fees and, if applicable, the fees of the tribunal's secretary, any cancellation charges and the fees of the LCIA division appointed to determine a challenge. Expense and VAT were excluded.

For the purpose of a cost comparison with other institutions, the LCIA used the amounts in dispute in each case and input those figures into the available cost calculators for the ICC, SIAC and HKIAC. The analysis assumed that the other institutions would appoint a tribunal of the same composition as the LCIA in a dispute with the same amount at stake.

Durations

As mentioned, the LCIA was unable to carry out a comparison of durations across the ICC, SIAC and HKIAC because of a lack of available data from those institutions. The analysis of LCIA cases shows that the median duration for an LCIA arbitration is 16 months. The mean is 20 months.

Costs

The analysis found that the median and mean costs of an LCIA arbitration are US\$99,000 and US\$192,000 respectively.

In comparison with other institutions, the analysis showed that where the amount in dispute was less than US\$1 million, the LCIA's costs were comparable with the ICC and SIAC, and higher than HKIAC.

A threshold of US\$1 million was used because it was the smallest amount in dispute which resulted in a significant subset of data.

Where the amount in dispute was over US\$1 million, the LCIA's costs were lower than those of the ICC and SIAC, and comparable with HKIAC.

The LCIA's stated purpose in publishing this data is to encourage transparency in relation to costs and duration, enabling users to make informed decisions about their choice of arbitral institution. According to the LCIA, arbitrators' fees and institutional costs are said to comprise approximately 20% of the overall costs incurred in arbitral proceedings. This represents a not insignificant percentage of total costs. Legitimate concerns about the costs involved in the process are often raised by end-users, and the publication of these figures by the LCIA is certainly a step in the right direction. It remains to be seen whether the other institutions follow suit and publish their own equivalent data which would allow users to draw a fair comparison.



**Sana Mahmud, Associate
Fenwick Elliott**
smahmud@fenwickelliott.com



Commentary:

International dispute resolution & adjudication

Issue 17, 2016

Conflict of interest – apparent bias of arbitrator – IBA Guidelines

By Lyndon Smith,
Senior Associate, Fenwick Elliott

In the case of *W Limited v M SDN BHD* [2016] EWHC 422, Mr Justice Knowles of the Commercial Court considered an application to have two awards set aside on the grounds of apparent bias. His Judgment, which was handed down on 2 March 2016, is important for international arbitration as it considers not only the common law test for apparent bias but also highlights a number of weaknesses in the 2014 edition of the IBA Guidelines.

The facts

Following an arbitration between M SDN BHD and W Limited, relating to a project in Iraq, W Limited applied to have two awards set aside pursuant to s.68 of the Arbitration Act 1996 on the grounds of apparent bias based on an alleged conflict of interest.

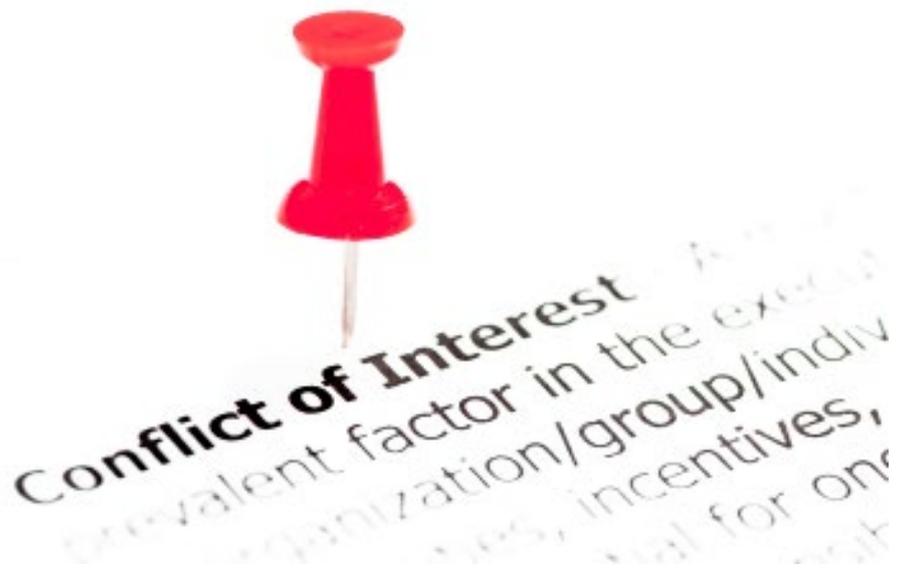
Mr David Haigh QC (“the arbitrator”) was the sole arbitrator and had been appointed in May 2012. He is a partner in a medium-sized Canadian law firm although he has worked almost exclusively as an international arbitrator for a number of years with virtually no involvement in the running of the firm. For instance, he had not attended partnership meetings for the previous six or so years.

At the time of the arbitrator’s appointment, a company (“Q”) was a client of the firm. M SDN BHD was a subsidiary of another company (“P”) and, following an announcement in June 2012, P acquired Q meaning that Q (as with M SDN BHD) became a subsidiary of P. This resulted in Q and M SDN BHD becoming affiliates and, following the acquisition, the law firm continued to provide substantial legal services to Q.

The arbitrator carried out conflict checks at the time of his appointment and made various disclosures to the parties but the conflict checks did not identify that Q was a client of the law firm.

It was not until the arbitrator handed down his final award on costs that the potential conflict was raised by W Limited in correspondence with the arbitrator. The arbitrator responded promptly stating that he had no knowledge of his firm’s work for Q and had he known, he would have disclosed the potential conflict to the parties.

The parties were agreed that the common law test for apparent bias was as set out in *Porter v Magill* [2002] AC 357 at 102: i.e. whether “a fair minded and informed observer, having considered the facts, would conclude that there was a real possibility that the tribunal was biased”.





Commentary:

International dispute resolution & adjudication

Issue 17, 2016

However, W Limited argued that, given the facts of the case, the fair-minded and informed observer would conclude that there was a real possibility that the tribunal was biased or lacked independence or impartiality. W Limited also relied on the fact that the position with the arbitrator's law firm acting for Q meant that this conflict was caught by paragraph 1.4 of the Non-Waivable Red List of the IBA Guidelines which states: "The Arbitrator or his or her firm regularly advises the party, or an affiliate of the party, and the arbitrator or his or her firm derives significant financial income therefrom".

The issue

Was there apparent bias?

The decision

Mr Justice Knowles concluded that a fair-minded and informed observer would not conclude that there was any real possibility of bias and dismissed the application accordingly. He was of the view that the arbitrator, although a partner, operated effectively as a sole practitioner using the firm for secretarial and administrative assistance. The arbitrator had made other disclosures where, after checking, he had knowledge of his firm's involvement with the parties. Given this commitment to transparency, the Judge was of the view that the arbitrator would have made a disclosure in this case had he been alerted to the situation.

With regard to W Limited's reliance on the IBA Guidelines, the Judge acknowledged that the conflict fell within the description given in paragraph 1.4 but this did not result in him altering his decision as he identified two weaknesses in the guidelines. First, it was only in 2014 that

paragraph 1.4 of the IBA Guidelines was amended to include scenarios where advice was provided to an affiliate without the arbitrator's involvement or knowledge. The Judge found it hard to understand why this situation should now warrant inclusion in the Non-Waivable Red List. Secondly, including such a situation in the Non-Waivable Red List meant that there was no consideration of whether the particular facts could realistically have any effect on impartiality or independence (including where the facts were not known to the arbitrator).

W Limited sought permission to appeal but this was refused on the basis that the proper forum for the determination of the wording of the IBA Guidelines was the International Bar Association and not the Court of Appeal.

Commentary

Paragraph 6 of the IBA Guidelines makes clear that the guidelines are not legal provisions and do not override any applicable national law or arbitral rules chosen by the parties and this decision merely confirms the position that the English Courts will not be bound by the IBA Guidelines.

Nevertheless, the international arbitration community will, no doubt, continue to use the IBA Guidelines, but the point has now been made that a strict approach to the guidelines when determining conflict is not necessarily the right one to take. The specific facts of a particular case must also be taken into consideration.

This decision gives those responsible for the next review of the IBA Guidelines plenty to think about.



Lyndon Smith, Senior Associate
Fenwick Elliott
lsmith@fenwickelliott.com



Universal view:

International issues around the globe

Issue 17, 2016

Security for costs and off-shore companies

**By Philip Barnes,
Senior Associate, Fenwick Elliott**

There has been much press comment recently about the nature of “offshore companies” and in particular those incorporated in the British Virgin Islands which has only limited requirements for provision of any company information. While for UK domiciled companies historic information on their financial position is publicly available from their accounts filed at Companies House, the same is not true of companies incorporated in the British Virgin Islands.

The opaque nature of the financial position of one BVI company came before the English Court of Appeal in the case of *Sarpd Oil International Limited v Addax Energy SA and Another* [2016] EWCA Civ 120.

This case concerned an appeal about security for costs in an international purchase contract. Sarpd Oil International Limited (“Sarpd”) had bought a quantity of gas oil from Addax Energy SA (“Addax”). Sarpd alleged that the gas oil did not meet the specification so claimed damages from Addax. There was a dispute as to the precise terms of the contract and there was also an argument that samples of the gas oil taken would be final and conclusive of the quality of the goods shipped. Neither of these substantive arguments concerned the Court of

Appeal. Addax themselves had purchased the goods from Glencore Energy UK Limited (“Glencore”) so if there was a problem with the gas oil they were going to pass the claim down the contractual chain and on to Glencore.

In English law — unlike many other jurisdictions — the usual rule is that the loser pays the winner’s costs, so the winner takes it all. If you choose to sue a “man of straw” who cannot pay your costs at the end of the day that is your problem. But what if you are sued by a worthless entity? Should you have to expend considerable sums of money defending yourself against what may be a weak claim and yet have no confidence that your opponent will pay your costs if you win?

Addax were faced with a claim from Sarpd and were facing not only their own costs of fighting Sarpd but, if they passed the claim down to Glencore and lost it, they would have to pay Glencore’s costs as well. Their possible cost risk was high. Addax considered Sarpd’s financial standing and clearly did not like what they saw — and they could see precious little of Sarpd. Therefore, on Sarpd bringing the case, Addax had applied for “security for costs”. This is a mechanism where the court can require a claimant to pay money into court before it is permitted to continue with its claim.

The costs which Addax were facing were composed of three items:

- 1 Addax’s own defence costs fighting Sarpd;
- 2 Addax’s costs of passing the claim on to Glencore; and
- 3 Glencore’s costs which Addax would have to pay if Addax lost (and which would inevitably follow if Addax won their case against Sarpd).

There are limited circumstances in which a court will consider ordering security for costs, and these are governed by Rule 25 of the Civil Procedure Rules. These state that the court may make an order if it is satisfied that it is just to do so and either statute permits it or one of the specified conditions apply.

The only specified condition on which Addax relied was that:

“The claimant is a company or other body (whether incorporated inside or outside Great Britain) and there is reason to believe that it will be unable to pay the defendant’s costs if ordered to do so;”

The wording therefore indicates that there needs to be a reason to believe that the claimant will not be able to pay the defendant’s costs if ordered to do so. What would be the situation if there was no evidence about the claimant’s financial standing one way or another? The defendant would not be able to point to any previous company accounts, or



Universal view:

International issues around the globe

Issue 17, 2016



indeed any publicly available evidence of the financial status of this BVI company because none were available. Solicitors for Addax had asked for information from Sarpd's solicitors, but there was marked reticence to give substantive replies.

In the first instance the Judge held that there was no reason to believe that Sarpd would be unable to pay Addax's costs if ordered to do so. The lack of any financial information was therefore in Sarpd's favour. If you had no information at all then you could not reasonably believe that Sarpd could not pay if ultimately they were ordered to do so.

The Judge commented that the reluctance of Sarpd to provide any financial information was entirely understandable. It would be in a stronger negotiating position if it came to doing a deal with Addax to settle the litigation. After all, the thinking would go, better to

have something now rather than nothing later.

The Judge also commented on what was said to be the unwritten practice in the Commercial Court might be to order security for costs where a company had not filed publicly available accounts, had no discernible assets and declined to reveal its financial position. If that was the practice then it was not justified and he would not follow it. Accordingly the Judge at first instance did not order Sarpd to pay security for costs. Addax would have to carry on regardless.

Addax appealed.

The Court of Appeal had to decide the following issues:

- 1 Was it correct for the Judge not to follow what was thought to be the usual practise of the Commercial Court by declining to order security

for costs when the claimant had no publicly available accounts, no discernible assets and had offered no comfort as to its financial position?

- 2 If that was wrong, and security for costs should be ordered, then should those costs include:
 - 2.1 Addax's costs of suing Glencore; and
 - 2.2 Glencore's costs which Addax would have to pay if Glencore won against Addax (and Addax had won against Sarpd).

The Court of Appeal emphasised that all that was needed was a reason to believe that the claimant would not be able to pay the costs, if ordered. The first instance Judge was "plainly wrong".

If a company is given every opportunity to show that it can pay the defendant's costs



Universal view:

International issues around the globe

Issue 17, 2016

if it loses, and deliberately does not do so, then that in itself gives every reason to believe that it will not be able to pay the defendant's costs if ordered to do so.

The Court of Appeal was unimpressed by the Judge's view that the uncertainty about Sarpd's financial position was an acceptable risk in commercial negotiations. It pointed out that this would mean that Sarpd were representing to the Court that there was no reason to suppose that they would be unable to pay costs if ordered, whilst maintaining exactly the reverse position in negotiations with Addax. That, the Court had no hesitation in finding, was illogical and unacceptable.

An alternative argument that Sarpd might want to keep matters confidential for business reasons was dismissed equally swiftly. There had been no application for the Court to sit in private, or to avoid referring to sensitive financial figures in public.

The Court of Appeal considered whether there was any obligation on a party to "fill in the gaps in the evidence" by virtue of their obligation to further the "overriding objective" of civil litigation under English law which is to deal with cases justly and at proportional cost.

The Court concluded that where there is no evidence at all about the financial standing from the only party who can provide it then that in itself is evidence which a court can take into account. If there was a Commercial Court practice that ordered security for costs against a foreign company that was not obliged to publish accounts, had no discernible assets and revealed nothing about its financial situation, then that practice

should be upheld.

The Court of Appeal therefore upheld the first ground of appeal, and reversed the Judge's order. Security for costs had to be given.

The next issue was, what should be included in those costs?

Should Glencore's likely costs "down the line" be added? Sarpd said that Glencore's costs were not Addax's costs, so they should not be included in the security ordered. The Court pointed out that at the time security was ordered the Court was contemplating the situation at the end of the trial when costs would be ordered. Here, if Sarpd lost against Addax, Addax would lose against Glencore. Glencore would recover their costs from Addax and those would then become Addax's costs. Also, as Glencore would not be able to have security for their costs against Sarpd but only (if ever) against Addax, Addax must be able to pass that burden on to Sarpd. In addition, Addax should have security for their own costs of suing Sarpd.

The end result was that the Court of Appeal overturned the order of the lower court and held that:

- 1 Security for costs should be ordered;
- 2 Security should include:
 - 2.1 the Defendant's own costs of defending; and
 - 2.2 the Defendant's own costs of pursuing Glencore, the third party; and
 - 2.3 the third party's (Glencore's) costs as Addax would have to pay them if Sarpd lost.

How much were Sarpd ordered to pay as security for costs? The figure was £868,254.42, is an interesting (if one-off) comparison with the article on arbitration costs also to be found in this edition of IQ.



Philip Barnes, Senior Associate
Fenwick Elliott
pbarnes@fenwickelliott.com



News and events

Trends, topics and news from Fenwick Elliott

Issue 17, 2016

This edition

Our international arbitration credentials

With thirty years of expertise, Fenwick Elliott has a well-deserved reputation for handling large, complex, high value construction and energy related international arbitrations. Our international arbitration practice is truly global and we have advised on major projects located in the UK, Africa, Asia, India, CIS, Caribbean, Europe, the Middle East, South Africa and Turkey. Our lawyers are known as specialists in their field, for example Ahmed Ibrahim, Partner in our Dubai office was selected by the Dubai International Arbitration centre to prepare the programme for the practical training interactive workshops "How to conduct an arbitration under the DIAC Arbitration rules" which took place in March in Dubai. Ahmed was also an instructor at the workshops. For more information on our arbitration practice please contact Richard Smellie rsmellie@fenwickelliott.com

Dispute Resolution Board Foundation conference, Zambia

Jeremy Glover recently attended the Dispute Resolution Board Foundation ("DRBF") latest regional conference in Livingstone, Zambia. As Mr Justice William S. Mweemba, Chairman of the CI Arb in Zambia explained in his keynote address, one of the main reasons for the conference was to help promote dispute avoidance and quick and cost effective dispute resolution. Interestingly Mr Justice Mweemba was also keen to explore further the merits of adopting the English 28-day adjudication process as well as the use of Dispute Boards.

As always with DRBF events, the conference attracted delegates and speakers from a wide number of organisations including funders, employers and contractors as well as Dispute Board Members. One theme of the conference was the widespread recognition of the potential benefits offered by alternative forms of dispute resolution, particularly the differing forms of adjudication. That is the potential benefits across the whole of the construction and energy industry.

Recently in the UK Mr Justice Coulson in the *Severfield (UK) Ltd v Duro Felguera UK Ltd* case had said that he saw no reason why the power generation industry should remain exempt from the adjudication legislation noting that: "Adjudication, both as proposed in the Bill and as something that has now been in operation for almost 20 years, is an effective and efficient dispute resolution process. Far from being a 'punishment', it has been generally regarded as a blessing by the construction industry. Furthermore, it is a blessing which needed then - and certainly needs now - to be conferred on all those industries (such as power generation) which are currently exempt. As this case demonstrates only too clearly, they too would benefit from the clarity and certainty brought by the 1996 Act."

The general feeling at the DRBF conference was that there were many advantages of Dispute Boards. They are confidential and usually provide for the early involvement of an independent team. This, together with their confidential nature can help resolve disputes at an early stage or even prevent disputes arising. With a standing board, the knowledge

that the board obtains over the course of the project can equally assist in helping to avoid or minimise the extent of disputes. Fenwick Elliott has a long-standing relationship with the DRBF, Nicholas Gould being a past President of Region 2 of the DRBF, which we are proud to maintain. We look forward to the next conference.

This publication

We aim to provide you with articles that are informative and useful to your daily role. We are always interested to hear your feedback and would welcome suggestions regarding any aspects of construction, energy or engineering sector that you would like us to cover. Please contact Jeremy Glover with any suggestions jglover@fenwickelliott.com.

International Quarterly is produced quarterly by Fenwick Elliott LLP, the leading specialist construction law firm in the UK, working with clients in the building, engineering and energy sectors throughout the world.

International Quarterly is a newsletter and does not provide legal advice.

Edited by Jeremy Glover, Partner, Fenwick Elliott LLP
jglover@fenwickelliott.com Tel: + 44 (0) 207 421 1986
Fenwick Elliott LLP
Aldwych House, 71-91 Aldwych
London, WC2B 4HN
www.fenwickelliott.com