

PREFACE

The Construction Industry Model Arbitration Rules are the result of extensive consultation with the industry over a period of some eighteen months. This edition of the Rules may be cited as "CIMAR 1998"

At the time of publication endorsement of the use of the Rules has been indicated by the following bodies:

- The Association of Consulting Engineers
- The British Institute of Architectural Technologists
- The British Property Federation
- The Chartered Institute of Arbitrators
- The Chartered Institute of Building
- The Chartered Institution of Building Services Engineers
- The Civil Engineering Contractors' Association
- Construction Confederation
- The Constructors Liaison Group
- The Institution of Mechanical Engineers
- The Institution of Electrical Engineers
- The Royal Institute of British Architects
- The Royal Institution of Chartered Surveyors
- The Specialist Engineering Contractors' Group

The Conditions of Contract Standing Joint Committee sponsored by:

- The Institution of Civil Engineers
- The Civil Engineering Contractors Association
- The Association of Consulting Engineers

has recommended to its sponsors that arbitration under the family of ICE Conditions should offer CIMAR in addition to the ICE Arbitration Procedure as one of its two options

The Joint Contracts Tribunal is publishing an edition of CIMAR incorporating advisory procedures for use with its standard form contracts and is issuing amendments to its contracts to incorporate these Rules.

The Institution of Chemical Engineers will be including a note to their Model Form Contracts that CIMAR may, by agreement between the parties, be used as an alternative to the IChemE Arbitration Rules.

ACKNOWLEDGEMENTS

The Society of Construction Arbitrators acknowledges the contribution of all who have assisted the Society in the production of these Rules. In particular the Society acknowledges the involvement of the Chartered Institute of Arbitrators and Miss Elizabeth Dawson. It also acknowledges the financial assistance given by the Royal Institution of Chartered Surveyors.

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SCOTLAND

Users should note that these Rules are not intended for use under Scots law.

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There can be no implication of any acceptance of any liability or responsibility whatsoever by the Society of Construction Arbitrators, its officers, members, servants or agents or any other body or person involved in the drafting of these Rules, their servants or agents for the consequences of the use or misuse of these Rules nor for any loss occasioned by any person firm or company acting or refraining from acting as a result of anything contained within these Rules.

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THE CONSTRUCTION INDUSTRY

MODEL ARBITRATION RULES

RULE 1: OBJECTIVE AND APPLICATION

- 1.1** These Rules are to be read consistently with the Arbitration Act 1996 (the Act), with common expressions having the same meaning. Appendix 1 contains definitions of terms. Section numbers given in these Rules are references to the Act.
- 1.2** The objective of the Rules is to provide for the fair, impartial, speedy, cost-effective and binding resolution of construction disputes, with each party having a reasonable opportunity to put his case and to deal with that of his opponent. The parties and the arbitrator are to do all things necessary to achieve this objective: see Sections 1 (General principles), 33 (General duty of the tribunal) and 40 (General duty of parties).
- 1.3** After an arbitrator has been appointed under these Rules, the parties may not, without the agreement of the arbitrator, amend the Rules or impose procedures in conflict with them.
- 1.4** The arbitrator has all the powers and is subject to all the duties under the Act except where expressly modified by the Rules.
- 1.5** Sections of the Act which need to be read with the Rules are printed with the text. Other Sections referred to are printed in Appendix II.
- 1.6** These Rules apply where:
- (a) a single arbitrator is to be appointed, and
 - (b) the seat of the arbitration is in England and Wales or Northern Ireland.
- 1.7** These Rules do not exclude the powers of the Court in respect of arbitral proceedings, nor any agreement between the parties concerning those powers.

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S.1. The provisions of this Part are founded on the following principles, and shall be construed accordingly—

- (a) the object of arbitration is to obtain the fair resolution of disputes by an impartial tribunal without unnecessary delay or expense;*
- (b) the parties should be free to agree how their disputes are resolved, subject only to such safeguards as are necessary in the public interest;*
- (c) in matters governed by this Part the court should not intervene except as provided by this Part.*

S.33.(1) The tribunal shall—

- (a) act fairly and impartially as between the parties, giving each party a reasonable opportunity of putting his case and dealing with that of his opponent, and*
- (b) adopt procedures suitable to the circumstances of the particular case, avoiding unnecessary delay or expense, so as to provide a fair means for the resolution of the matters falling to be determined.*

- (2) The tribunal shall comply with that general duty in conducting the arbitral proceedings, in its decisions on matters of procedure and evidence and in the exercise of all other powers conferred on it.*

S.40.(1) The parties shall do all things necessary for the proper and expeditious conduct of the arbitral proceedings.

(2) This includes—

- (a) complying without delay with any determination of the tribunal as to procedural or evidential matters, or with any order or directions of the tribunal, and*
- (b) where appropriate, taking without delay any necessary steps to obtain a decision of the court on a preliminary question of jurisdiction or law (see sections 32 and 45).*

Sections 32 and 45 are printed in Appendix II.

RULE 2: BEGINNING AND APPOINTMENT

- 2.1** Arbitral proceedings are begun in respect of a dispute when one party serves on the other a written notice of arbitration identifying the dispute and requiring him to agree to the appointment of an arbitrator: but see Rule 3.6 and Section 13 (Application of Limitation Acts).
- 2.2** The party serving notice of arbitration should name any persons he proposes as arbitrator with the notice or separately. The other party should respond and may propose other names.
- 2.3** If the parties fail to agree on the name of an arbitrator within 14 days (or any agreed extension) after:
- (i) the notice of arbitration is served, or
 - (ii) a previously appointed arbitrator ceases to hold office for any reason,
- either party may apply for the appointment of an arbitrator to the person so empowered.
- 2.4** In the event of a failure in the procedure for the appointment of an arbitrator under Rule 2.3 and in the absence of agreement, Section 18 (Failure of appointment procedure) applies. In this event the court shall seek to achieve the objectives in Rules 2.6 to 2.8.
- 2.5** The arbitrator's appointment takes effect upon his agreement to act or his appointment under Rule 2.3, whether or not his terms have been accepted.
- 2.6** Where two or more related arbitral proceedings on the same project fall under separate arbitration agreements (whether or not between the same parties) any person who is required to appoint an arbitrator must give due consideration as to whether
- (i) the same arbitrator, or
 - (ii) a different arbitrator
- should be appointed in respect of those arbitral proceedings and should appoint the same arbitrator unless sufficient grounds are shown for not doing so.
- 2.7** Where different persons are required to appoint an arbitrator in relation to arbitral proceedings covered by Rule 2.6, due consideration includes consulting with every other such person. Where an arbitrator has already been appointed in relation to one such arbitral proceeding, due consideration includes considering the appointment of that arbitrator.
- 2.8** As between any two or more persons who are required to appoint, the obligation to give due consideration under Rules 2.6 or 2.7 may be discharged by making arrangements for some other person or body to make the appointment in relation to disputes covered by Rule 2.6.

- 2.9** The provisions in Rules 2 and 3 concerning related arbitral proceedings and disputes and joinder apply in addition to other such provisions contained in any contract between the parties in question.

Sections 13 and 18 are printed in Appendix II.

RULE 3: JOINDER

- 3.1** A notice of arbitration may include two or more disputes if they fall under the same arbitration agreement.
- 3.2** A party served with a notice of arbitration may, at any time before an arbitrator is appointed, himself give a notice of arbitration in respect of any other disputes which fall under the same arbitration agreement and those other disputes shall be consolidated with the arbitral proceedings.
- 3.3** After an arbitrator has been appointed, either party may give a further notice of arbitration to the other and to the arbitrator referring any other dispute which falls under the same arbitration agreement to those arbitral proceedings. If the other party does not consent to the other dispute being so referred, the arbitrator may, as he considers appropriate, order either:
- (i) that the other dispute should be referred to and consolidated with the same arbitral proceedings, or
 - (ii) that the other dispute should not be so referred.
- 3.4** If the arbitrator makes an order under Rule 3.3(ii), Rules 2.3 and 2.4 then apply.
- 3.5** In relation to a notice of arbitration in respect of any other dispute under Rules 3.2 or 3.3, the arbitrator is empowered to:
- (i) decide any matter which may be a condition precedent to bringing the other dispute before the arbitrator;
 - (ii) abrogate any condition precedent to the bringing of arbitral proceedings in respect of the other dispute.
- 3.6** Arbitral proceedings in respect of any other dispute are begun when the notice of arbitration for that other dispute is served: see Section 13 (Application of Limitation Acts).
- 3.7** Where the same arbitrator is appointed in two or more related arbitral proceedings on the same project each of which involves some common issue, whether or not involving the same parties, the arbitrator may, if he considers it appropriate, order the concurrent hearing of any two or more such proceedings or of any claim or issue arising in such proceedings: see Section 35 and see also Rule 2.9.

- 3.8** If the arbitrator orders concurrent hearings he may give such other directions as are necessary or desirable for the purpose of such hearings but shall, unless the parties otherwise agree, deliver separate awards in each of such proceedings, see also Rule 2.9.
- 3.9** Where the same arbitrator is appointed in two or more arbitral proceedings each of which involves some common issue, whether or not involving the same parties, the arbitrator may, if all the parties so agree, order that any two or more such proceedings shall be consolidated.
- 3.10** If the arbitrator orders the consolidation of two or more arbitral proceedings he may give such other directions as are appropriate for the purpose of such consolidated proceedings and shall, unless the parties otherwise agree, deliver a single award which shall be final and binding on all the parties to the consolidated proceedings.
- 3.11** Where an arbitrator has ordered concurrent hearings or consolidation under the foregoing rules he may at any time revoke any orders so made and may give such further orders or directions as are appropriate for the separate hearing and determination of the matters in issue.
- 3.12** Where two or more arbitral proceedings are ordered to be heard concurrently or to be consolidated, the arbitrator may exercise any or all of the powers in these Rules either separately or jointly in relation to the proceedings to which such order relates.
- (b) ordering samples to be taken from, or any observation be made of or experiment conducted upon, property;
- (c) a party or witness to be examined on oath or affirmation and to administer any necessary oath or take any necessary affirmation;
- (d) the preservation for the purposes of the proceedings of any evidence in the custody or control of a party.
- 4.4** The arbitrator may order the preservation of any work, goods or materials even though they form part of work which is continuing.
- 4.5** The arbitrator may direct the manner in which, by whom and when any test or experiment is to be carried out. The arbitrator may himself observe any test or experiment and in the absence of one or both parties provided that they have the opportunity to be present.
- 4.6** The arbitrator may order a claimant to give security for the whole or part of the costs likely to be incurred by his opponent in defending a claim if satisfied that the claimant is unlikely to be able to pay those costs if the claim is unsuccessful. In exercising this power, the arbitrator shall consider all the circumstances including the strength of the claim and any defence, and the stage at which the application is made. This power is subject to Section 38 (3).
- 4.7** The arbitrator may give reasons for any decision under Rule 4.6 if the parties so request and the arbitrator considers it appropriate.
- 4.8** The arbitrator has the power to order a claimant to give security for the arbitrator's costs: see Section 38(3).
- 4.9** If, without showing sufficient cause, a claimant fails to comply with an order for security for costs under Rule 4.6, the arbitrator may make a peremptory order to the same effect prescribing such time for compliance as he considers appropriate. If the peremptory order is not complied with, the arbitrator may make an award dismissing the claim: see Rules 11.4 and 11.6.

Section 35 is printed in Appendix II.

RULE 4: PARTICULAR POWERS

- 4.1** The arbitrator has the power set out in Section 30 (1) (Competence of the tribunal to rule on its own jurisdiction). This includes power to rule on what matters have been submitted to arbitration.
- 4.2** The arbitrator has the powers set out in Section 37 (1) (Power to appoint experts, legal advisers or assessors). This includes power to :
- (i) appoint experts or legal advisers to report to him and to the parties;
 - (ii) appoint assessors to assist him on technical matters.
- 4.3** The arbitrator has the powers set out in Section 38 (4) to (6) (General powers exercisable by the tribunal). This includes power to give directions for:
- (a) the inspection, photographing, preservation, custody or detention of property by the arbitrator, an expert or a party;

THE ACT

- S.30. (1)** *Unless otherwise agreed by the parties, the arbitral tribunal may rule on its own substantive jurisdiction, that is, as to—*
- (a) *whether there is a valid arbitration agreement,*
 - (b) *whether the tribunal is properly constituted, and*
 - (c) *what matters have been submitted to arbitration in accordance with the arbitration agreement.*
- (2) *Any such ruling may be challenged by any available arbitral process of appeal or review or in accordance with the provisions of this Part.*

- S.37. (1) *Unless otherwise agreed by the parties*
- (a) *the tribunal may*
 - (i) *appoint experts or legal advisers to report to it and the parties, or*
 - (ii) *appoint assessors to assist it on technical matters,**and may allow any such expert, legal adviser or assessor to attend the proceedings; and*
 - (b) *the parties shall be given a reasonable opportunity to comment on any information, opinion or advice offered by any such person.*
- (2) *The fees and expenses of an expert, legal adviser or assessor appointed by the tribunal for which the arbitrators are liable are expenses of the arbitrators for the purposes of this Part.*
- S.38. (1) *The parties are free to agree on the powers exercisable by the arbitral tribunal for the purposes of and in relation to the proceedings.*
- (2) *Unless otherwise agreed by the parties the tribunal has the following powers.*
 - (3) *The tribunal may order a claimant to provide security for the costs of the arbitration*
This power shall not be exercised on the ground that the claimant is
 - (a) *an individual ordinarily resident outside the United Kingdom, or*
 - (b) *a corporation or association incorporated or formed under the law of a country outside the United Kingdom, or whose central management and control is exercised outside the United Kingdom*
 - (4) *The tribunal may give directions in relation to any property which is the subject of the proceedings or as to which any question arises in the proceedings, and which is owned by or is in the possession of a party to the proceedings*
 - (a) *for the inspection, photographing, preservation, custody or detention of the property by the tribunal, an expert or a party, or*
 - (b) *ordering that samples be taken from, or any observation be made of or experiment conducted upon, the property.*
 - (5) *The tribunal may direct that a party or witness shall be examined on oath or affirmation, and may for that purpose administer any necessary oath or take any necessary affirmation.*
 - (6) *The tribunal may give directions to a party for the preservation for the purposes of the proceedings of any evidence in his custody or control.*

RULE 5: PROCEDURE AND EVIDENCE

- 5.1 Subject to these Rules, the arbitrator shall decide all procedural and evidential matters including those set out in Section 34 (2) (Procedural and evidential matters), subject to the right of the parties to agree any matter. This includes the power to direct:
- (a) when and where any part of the proceedings is to be held;
 - (b) the languages to be used in the proceedings and whether translations are to be supplied;
 - (c) the use of written statements and the extent to which they can be later amended.
- 5.2 The arbitrator shall determine which documents or classes of documents should be disclosed between and produced by the parties and at what stage.

5.3 Whether or not there are oral proceedings the arbitrator may determine the manner in which the parties and their witnesses are to be examined.

5.4 The arbitrator is not bound by the strict rules of evidence and shall determine the admissibility, relevance or weight of any material sought to be tendered on any matters of fact or opinion by any party.

5.5 The arbitrator may himself take the initiative in ascertaining the facts and the law.

5.6 The arbitrator may fix the time within which any order or direction is to be complied with and may extend or reduce the time at any stage.

5.7 In any of the following cases:

- (a) an application for security for costs;
- (b) an application to strike out for want of prosecution;
- (c) an application for an order for provisional relief;
- (d) any other instance where he considers it appropriate,

the arbitrator shall require that evidence be put on affidavit or that some other formal record of the evidence be made.

THE ACT

- S.34. (1) *It shall be for the tribunal to decide all procedural and evidential matters, subject to the right of the parties to agree any matter.*
- (2) *Procedural and evidential matters include*
- (a) *when and where any part of the proceedings is to be held;*
 - (b) *the language or languages to be used in the proceedings and whether translations of any relevant documents are to be supplied;*
 - (c) *whether any and if so what form of written statements of claim and defence are to be used, when these should be supplied and the extent to which such statements can be later amended;*
 - (d) *whether any and if so which documents or classes of documents should be disclosed between and produced by the parties and at what stage;*
 - (e) *whether any and if so what questions should be put to and answered by the respective parties and when and in what form this should be done;*
 - (f) *whether to apply strict rules of evidence (or any other rules) as to the admissibility, relevance or weight of any material (oral, written or other) sought to be tendered on any matters of fact or opinion, and the time, manner and form in which such material should be exchanged and presented;*
 - (g) *whether and to what extent the tribunal should itself take the initiative in ascertaining the facts and the law;*
 - (h) *whether and to what extent there should be oral or written evidence or submissions.*
- (3) *The tribunal may fix the time within which any directions given by it are to be complied with, and may if it thinks fit extend the time so fixed (whether or not it has expired).*

RULE 6: FORM OF PROCEDURE AND DIRECTIONS

- 6.1** As soon as he is appointed the arbitrator must consider the form of procedure which is most appropriate to the dispute: see Section 33 (General duty of the tribunal).
- 6.2** For this purpose the parties shall, as soon as practicable after the arbitrator is appointed, provide to each other and to the arbitrator:
- (a) a note stating the nature of the dispute with an estimate of the amounts in issue;
 - (b) a view as to the need for and length of any hearing;
 - (c) proposals as to the form of procedure appropriate to the dispute.
- 6.3** The arbitrator shall convene a procedural meeting with the parties or their representatives at which, having regard to any information that may have been submitted under Rule 6.2, he shall give a direction as to the procedure to be followed. The direction may:
- (a) adopt the procedure in Rules 7, 8 or 9;
 - (b) adopt any part of one or more of these procedures;
 - (c) adopt any other procedure which he considers to be appropriate;
 - (d) impose time limits
- and may be varied or amended by the arbitrator from time to time.
- 6.4** The arbitrator shall give such directions as he considers appropriate in accordance with the procedure adopted. He shall also give such other directions under these Rules as he considers appropriate: see particularly Rules 4, 5 and 13.4.
- 6.5** In deciding what directions are appropriate the arbitrator shall have regard to any advisory procedure and give effect to any supplementary procedure issued for use under any contract to which the dispute relates.
- 6.6** The matters under Rules 6.3 and 6.4 may be dealt with without a meeting if the parties so agree and the arbitrator considers a meeting to be unnecessary.

Section 33 is printed with Rule 1.

RULE 7: SHORT HEARING

- 7.1** This procedure is appropriate where the matters in dispute are to be determined principally by the arbitrator inspecting work, materials, machinery or the like.
- 7.2** The parties shall, either at the same time or in sequence as the arbitrator may direct, submit written statements of their cases, including any documents and statements of witnesses relied on.
- 7.3** There shall be a hearing of not more than one day at which each party will have a reasonable opportunity to address the matters in dispute. The arbitrator's inspection may take place before or after the hearing or may be combined with it. The parties may agree to extend the hearing.
- 7.4** The arbitrator may form his own opinion on the matters in dispute and need not inform the parties of his opinion before delivering his award.
- 7.5** Either party may adduce expert evidence but may recover any costs so incurred only if the arbitrator decides that such evidence was necessary for coming to his decision.
- 7.6** The arbitrator shall make his award within one month of the last of the foregoing steps or within such further time as he may require and notify to the parties.
- 7.7** The recovery of costs is subject to Rule 13.4: see Section 65 (Power to limit recoverable costs).

Section 65 is printed with Rule 13.

RULE 8: DOCUMENTS ONLY

- 8.1** This procedure is appropriate where there is to be no hearing, for instance, because the issues do not require oral evidence, or because the sums in dispute do not warrant the cost of a hearing.
- 8.2** The parties shall, either at the same time or in sequence as the arbitrator may direct, submit written statements of their cases including:
- (a) an account of the relevant facts or opinions relied on;
 - (b) statements of witnesses concerning those facts or opinions, signed or otherwise confirmed by the witness;
 - (c) the remedy or relief sought, for instance, a sum of money with interest.
- 8.3** Each party may submit a statement in reply to that of the other party.
- 8.4** After reading the parties' written statements, the arbitrator may:
- (a) put questions to or request a further written statement from either party;
 - (b) direct that there be a hearing of not more than one day at which he may put questions to the parties or to any witness. In this event the parties will also have a reasonable opportunity to comment on any additional information given to the arbitrator.
- 8.5** The arbitrator shall make his award within one month of the last of the foregoing steps, or within such further time as he may require and notify to the parties.
- 8.6** The recovery of costs is subject to Rule 13.4: see Section 65 (Power to limit recoverable costs).

Section 65 is printed with Rule 13

RULE 9: FULL PROCEDURE

- 9.1** Where neither the Documents Only nor the Short Procedure is appropriate, the Full Procedure should be adopted, subject to such modification as is appropriate to the particular matters in issue.
- 9.2** The parties shall exchange statements of claim and defence in accordance with the following guidelines:
- (a) each statement should contain the facts and matters of opinion which are intended to be established by evidence and may include a statement of any relevant point of law which will be contended for;
 - (b) a statement should contain sufficient particulars to enable the other party to answer each allegation without recourse to general denials;
 - (c) a statement may include or refer to evidence to be adduced if this will assist in defining the issues to be determined;
 - (d) the reliefs or remedies sought, for instance, specific monetary losses, must be stated in such a way that they can be answered or admitted;
 - (e) all statements should adopt a common system of numbering or identification of sections to facilitate analysis of issues. Particulars given in schedule form should anticipate the need to incorporate replies.
- 9.3** The arbitrator may permit or direct the parties at any stage to amend, expand, summarise or reproduce in some other format any of the statements of claim or defence so as to identify the matters essentially in dispute, including preparing a list of the matters in issue.
- 9.4** The arbitrator should give detailed directions, with times or dates for all steps in the proceedings including:
- (a) further statements or particulars required;
 - (b) disclosure and production of documents between the parties: see Rule 5.2;
 - (c) service of statements of witnesses of fact;

- (d) the number of experts and service of their reports;
- (e) meetings between experts and/or other persons;
- (f) arrangements for any hearing.

9.5 The arbitrator should fix the length of each hearing including the time which will be available to each party to present its case and answer that of its opponent.

9.6 The arbitrator may at any time order the following to be delivered to him and to the other party in writing:

- (a) any submission or speech by an advocate;
- (b) questions intended to be put to any witness;
- (c) answers by any witness to identified questions.

RULE 10: PROVISIONAL RELIEF

10.1 The arbitrator has power to order the following relief on a provisional basis: see Section 39 (Power to make provisional awards)

- (a) payment of a reasonable proportion of the sum which is likely to be awarded finally in respect of the claims to which the payment relates, after taking account of any defence or counterclaim that may be available;
- (b) payment of a sum on account of any costs of the arbitration, including costs relating to an order under this Rule;
- (c) any other relief claimed in the arbitral proceedings.

10.2 The arbitrator may exercise the powers under this Rule after application by a party or of his own motion after giving due notice to the parties.

10.3 An order for provisional relief under this Rule must be based on formal evidence: see Rule 5.7. The arbitrator may give such reasons for his order as he thinks appropriate.

10.4 The arbitrator may order any money or property which is the subject of an order for provisional relief to be paid to or delivered to a stakeholder on such terms as he considers appropriate.

10.5 An order for provisional relief is subject to the final adjudication of the arbitrator who makes it, or of any arbitrator who subsequently has jurisdiction over the dispute to which it relates.

Section 39 is printed in Appendix II.

RULE 11: DEFAULT POWERS AND SANCTIONS

11.1 The arbitrator has the power set out in Section 41 (3) (Powers of tribunal in case of party's default) to make an award dismissing a claim.

11.2 The arbitrator has the power set out in Section 41 (4) to proceed in the absence of a party or without any written evidence or submission from a party.

11.3 The arbitrator may by any order direct that if a party fails to comply with that order he will:

- (a) refuse to allow the party in default to rely on any allegation or material which was the subject of the order;
- (b) draw such adverse inferences from the act of non-compliance as the circumstances justify;

and may, if that party fails to comply without showing sufficient cause, refuse to allow such reliance or draw such adverse inferences and may proceed to make an award on the basis of such materials as have been properly provided, and may make any order as to costs in consequence of such non-compliance.

11.4 In addition to his power under Rule 11.3 the arbitrator has the powers set out in Section 41 (5), (6) and (7) (peremptory orders).

11.5 An application to the court for an order requiring a party to comply with a peremptory order may be made only by or with the permission of the arbitrator: see Section 42 (2) (Enforcement of peremptory orders of tribunal).

11.6 An application to dismiss a claim for inordinate and inexcusable delay or failure to comply with a peremptory order to provide security for costs must be based on formal evidence: see Rule 5.7. Where a claim is dismissed on such a ground, the claim shall be barred and may not be re-arbitrated.

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S.41.(1) *The parties are free to agree on the powers of the tribunal in case of a party's failure to do something necessary for the proper and expeditious conduct of the arbitration.*

(2) *Unless otherwise agreed by the parties, the following provisions apply.*

(3) *If the tribunal is satisfied that there has been inordinate and inexcusable delay on the part of the claimant in pursuing his claim and that the delay*

(a) *gives rise, or is likely to give rise, to a substantial risk that it is not possible to have a fair resolution of the issues in that claim, or*

(b) *has caused, or is likely to cause, serious prejudice to the respondent,*

the tribunal may make an award dismissing the claim.

(4) *If without showing sufficient cause a party*

(a) *fails to attend or be represented at an oral hearing of which due notice was given, or*

(b) *where matters are to be dealt with in writing, fails after due notice to submit written evidence or make written submissions,*

the tribunal may continue the proceedings in the absence of that party or, as the case may be, without any written evidence or submissions on his behalf, and may make an award on the basis of the evidence before it.

(5) *If without showing sufficient cause a party fails to comply with any order or directions of the tribunal, the tribunal may make a peremptory order to the same effect, prescribing such time for compliance with it as the tribunal considers appropriate.*

(6) *If a claimant fails to comply with a peremptory order of the tribunal to provide security for costs, the tribunal may make an award dismissing his claim.*

(7) *If a party fails to comply with any other kind of peremptory order, then without prejudice to section 42 (enforcement by court of tribunal's peremptory orders), the tribunal may do any of the following*

(a) *direct that the party in default shall not be entitled to rely upon any allegation or material which was the subject matter of the order;*

(b) *draw such adverse inferences from the act of non-compliance as the circumstances justify;*

(c) *proceed to an award on the basis of such materials as have been properly provided to it;*

(d) *make such order as it thinks fit as to the payment of costs of the arbitration incurred in consequence of the non-compliance.*

Section 42 is printed in Appendix II

RULE 12: AWARDS AND REMEDIES

12.1 The arbitrator has the powers set out in Section 47 (Awards on different issues, &c).

12.2 Where the arbitrator directs or the parties agree to a hearing dealing with part of a dispute, then whether or not there is any agreement between the parties as to such matters, the arbitrator may do any of the following:

(a) decide what are the issues or questions to be determined;

(b) decide whether or not to give an award on part of the claims submitted;

(c) make an order for provisional relief: but see Rule 10.2.

12.3 At the conclusion of a hearing, where the arbitrator is to deliver an award he shall inform the parties of the target date for its delivery. The arbitrator must take all possible steps to complete the award by that date and inform the parties of any reason which prevents him doing so. The award shall not deal with the allocation of costs and/or interest unless the parties have been given an opportunity to address these issues.

12.4 An award shall be in writing, dated and signed by the arbitrator. The award must comply with any other requirements of the contract under which it is given. Section 58 (Effect of award) applies but see Rule 10.

12.5 An award should contain sufficient reasons to show why the arbitrator has reached the decisions contained in it unless the parties otherwise agree or the award is agreed.

12.6 The arbitrator has the powers set out in Section 48 (3), (4) and (5) (Remedies).

12.7 Where an award orders that a party should do some act, for instance carry out specified work, the arbitrator has the power to supervise the performance or, if he thinks it appropriate, to appoint (and to reappoint as may be necessary) a suitable person so to supervise and to fix the terms of his engagement and retains all powers necessary to ensure compliance with the award.

12.8 The arbitrator has the powers set out in Section 49 (3) and (4) (Interest). This is in addition to any power to award contractual interest.

12.9 The arbitrator has the powers set out in Section 57 (3) to (6) (Correction of award or additional award) which are to be exercised subject to the time limits stated.

12.10 The arbitrator may notify an award or any part of an award to the parties as a draft or proposal. In such case unless the arbitrator otherwise directs no further evidence shall be admitted and the arbitrator shall consider only such comments of the parties as are notified to him within such time as he may specify and thereafter the arbitrator shall issue the award.

12.11 Where an award is made and there remains outstanding a claim by the other party, the arbitrator may order that the whole or part of the amount of the award be paid to a stakeholder on such terms as he considers appropriate.

THE ACT

S.47.(1) *Unless otherwise agreed by the parties, the tribunal may make more than one award at different times on different aspects of the matters to be determined.*

- (2) *The tribunal may, in particular, make an award relating*
- (a) *to an issue affecting the whole claim, or*
 - (b) *to a part only of the claims or cross-claims submitted to it for decision.*

- (3) *If the tribunal does so, it shall specify in its award the issue, or the claim or part of a claim, which is the subject matter of the award.*

S.48.(1) *The parties are free to agree on the powers exercisable by the arbitral tribunal as regards remedies.*

- (2) *Unless otherwise agreed by the parties, the tribunal has the following powers.*

- (3) *The tribunal may make a declaration as to any matter to be determined in the proceedings.*

- (4) *The tribunal may order the payment of a sum of money, in any currency.*

- (5) *the tribunal has the same powers as the court*
- (a) *to order a party to do or refrain from doing anything;*
 - (b) *to order specific performance of a contract (other than a contract relating to land);*
 - (c) *to order the rectification, setting aside or cancellation of a deed or other document.*

S.49.(1) *The parties are free to agree on the powers of the tribunal as regards the award of interest.*

- (2) *Unless otherwise agreed by the parties the following provisions apply.*

- (3) *The tribunal may award simple or compound interest from such dates, at such rates and with such rests as it considers meets the justice of the case*

- (a) *on the whole or part of any amount awarded by the tribunal, in respect of any period up to the date of the award;*
- (b) *on the whole or part of any amount claimed in the arbitration and outstanding at the commencement of the arbitral proceedings but paid before the award was made, in respect of any period up to the date of payment.*

- (4) *The tribunal may award simple or compound interest from the date of the award (or any later date) until payment, at such rates and with such rests as it considers meets the justice of the case, on the outstanding amount of any award (including any award of interest under subsection (3) and any award as to costs).*

- (5) *References in this section to an amount awarded by the tribunal include an amount payable in consequence of a declaratory award by the tribunal.*

- (6) *The above provisions do not affect any other power of the tribunal to award interest.*

S.57.(1) *The parties are free to agree on the powers of the tribunal to correct an award or make an additional award.*

- (2) *If or to the extent there is no such agreement, the following provisions apply.*

- (3) *The tribunal may on its own initiative or on the application of a party*

- (a) *correct an award so as to remove any clerical mistake or error arising from an accidental slip or omission or clarify or remove any ambiguity in the award, or*
- (b) *make an additional award in respect of any claim (including a claim for interest or costs) which was presented to the tribunal but was not dealt with in the award.*

These powers shall not be exercised without first affording the other parties a reasonable opportunity to make representations to the tribunal.

- (4) *Any application for the exercise of those powers must be made within 28 days of the date of the award or such longer period as the parties may agree.*

- (5) *Any correction of an award shall be made within 28 days of the date the application was received by the tribunal or, where the correction is made by the tribunal on its own initiative, within 28 days of the date of the award or, in either case, such longer period as the parties may agree.*

- (6) *Any additional award shall be made within 56 days of the date of the original award or such longer period as the parties may agree.*

- (7) *Any correction of an award shall form part of the award.*

RULE 13: COSTS

13.1 The general principle is that costs should be borne by the losing party: see Section 61 (Award of costs). Subject to any agreement between the parties, the arbitrator has the widest discretion in awarding which party should bear what proportion of the costs of the arbitration.

13.2 In allocating costs the arbitrator shall have regard to all material circumstances, including such of the following as may be relevant:

- (a) *which of the claims has led to the incurring of substantial costs and whether they were successful;*
- (b) *whether any claim which has succeeded was unreasonably exaggerated;*

- (c) the conduct of the party who succeeded on any claim and any concession made by the other party;
- (d) the degree of success of each party.

See also Rule 13.9.

13.3 Where an award deals with both a claim and a counterclaim, the arbitrator should deal with the recovery of costs in relation to each of them separately unless he considers them to be so interconnected that they should be dealt with together.

13.4 The arbitrator may impose a limit on recoverable costs of the arbitration or any part of the proceedings: see Section 65 (Power to limit recoverable costs). In determining such limit the arbitrator shall have regard primarily to the amounts in dispute.

13.5 In determining a limit on recoverable costs the arbitrator shall also have regard to any advisory procedure and give effect to any supplementary procedure issued for use under any contract to which the dispute relates.

13.6 A direction under Rule 13.4 may impose a limit on part of the costs of the arbitration: see Section 59 (Costs of the arbitration).

13.7 Where proceedings include claims which are not claims for money, the arbitrator shall take these into account as he thinks appropriate when fixing a limit under Rule 13.4.

13.8 A direction under Rule 13.4 may be varied at any time, subject to Section 65(2). For this purpose the arbitrator may require the parties to submit at any time statements of costs incurred and foreseen.

13.9 In allocating costs the arbitrator shall have regard to any offer of settlement or compromise from either party, whatever its description or form. The general principle which the arbitrator should follow is that a party who recovers less overall than was offered to him in settlement or compromise should recover the costs which he would otherwise have been entitled to recover only up to the date on which it was reasonable for him to have accepted the offer, and the offeror should recover his costs thereafter.

13.10 Section 63 (3) to (7) (The recoverable costs of the arbitration) applies to the determination of the recoverable costs of the arbitration (determination by the arbitrator or by the court). Where the arbitrator is to determine recoverable costs, he may do so on such basis as he thinks fit. Section 59 (Costs of the arbitration) also applies.

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S.59. (1) References in this Part to the costs of the arbitration are to

- (a) *the arbitrators' fees and expenses,*
- (b) *the fees and expenses of any arbitral institution concerned, and*
- (c) *the legal or other costs of the parties.*

(2) *Any such reference includes the costs of or incidental to any proceedings to determine the amount of the recoverable costs of the arbitration (see section 63)*

S.63. (1) The parties are free to agree what costs of the arbitration are recoverable.

(2) *If or to the extent there is no such agreement, the following provisions apply.*

(3) *The tribunal may determine by award the recoverable costs of the arbitration on such basis as it thinks fit.*

If it does so, it shall specify

- (a) *the basis on which it has acted, and*
- (b) *the items of recoverable costs and the amount referable to each.*

(4) *If the tribunal does not determine the recoverable costs of the arbitration, any party to the arbitral proceedings may apply to the court (upon notice to the other parties) which may*

- (a) *determine the recoverable costs of the arbitration on such basis as it thinks fit, or*
- (b) *order that they shall be determined by such means and upon such terms as it may specify.*

(5) *Unless the tribunal or the court determines otherwise*

- (a) *the recoverable costs of the arbitration shall be determined on the basis that there shall be allowed a reasonable amount in respect of all costs reasonably incurred, and*
- (b) *any doubt as to whether costs were reasonably incurred or were reasonable in amount shall be resolved in favour of the paying party.*

(6) *The above provisions have effect subject to section 64 (recoverable fees and expenses of arbitrators).*

(7) *Nothing in this section affects any right of the arbitrators, any expert, legal adviser or assessor appointed by the tribunal, or any arbitral institution, to payment of their fees and expenses.*

S.65. (1) Unless otherwise agreed by the parties, the tribunal may direct that the recoverable costs of the arbitration, or of any part of the arbitral proceedings, shall be limited to a specified amount.

(2) *Any direction may be made or varied at any stage, but this must be done sufficiently in advance of the incurring of costs to which it relates, or the taking of any steps in the proceedings which may be affected by it, for the limit to be taken into account.*

Section 61 is printed in Appendix II.

RULE 14: MISCELLANEOUS

- 14.1** A party may be represented in the proceedings by any one or more persons of his choice and by different persons at different times: see Section 36 (Legal or other representation).
- 14.2** The arbitrator shall establish and record postal addresses and other means, including facsimile or telex, by which communication in writing may be effected for the purposes of the arbitration. Section 76 (3) to (6) (Service of notices, &c) shall apply in addition.
- 14.3** Section 78 (3) to (5) (Reckoning periods of time) apply to the reckoning of periods of time.
- 14.4** The parties shall promptly inform the arbitrator of any settlement. Section 51 (Settlement) then applies.
- 14.5** The parties shall promptly inform the arbitrator of any intended application to the court and provide copies of any proceedings issued in relation to any such matter.

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- S.76. (1)** *The parties are free to agree on the manner of service of any notice or other document required or authorised to be given or served in pursuance of the arbitration agreement or for the purposes of the arbitral proceedings.*
- (2) *If or to the extent that there is no such agreement the following provisions apply.*
- (3) *A notice or other document may be served on a person by any effective means.*
- (4) *If a notice or other document is addressed, pre-paid and delivered by post*
- (a) *to the addressee's last known principal residence or, if he is or has been carrying on a trade, profession or business, his last known principal business address, or*
- (b) *where the addressee is a body corporate, to the body's registered or principal office,*
- it shall be treated as effectively served.*
- (5) *This section does not apply to the service of documents for the purposes of legal proceedings, for which provision is made by rules of court.*
- (6) *References in this Part to a notice or other document include any form of communication in writing and references to giving or serving a notice or other document shall be construed accordingly.*
- S.78. (1)** *The parties are free to agree on the method of reckoning periods of time for the purposes of any provision agreed by them or any provision of this Part having effect in default of such agreement.*
- (2) *If or to the extent there is no such agreement, periods of time shall be reckoned in accordance with the following provisions.*
- (3) *Where the act is required to be done within a specified period after or from a specified date, the period begins immediately after that date.*
- (4) *Where the act is required to be done a specified number of clear days after a specified date, at least that number of days must intervene between the day on which the act is done and that date.*
- (5) *Where the period is a period of seven days or less which would include a Saturday, Sunday or a public holiday in the place where anything which has to be done within the period falls to be done, that day shall be excluded.*

In relation to England and Wales or Northern Ireland, a "public holiday" means Christmas Day, Good Friday or a day which under the Banking and Financial Dealings Act 1971 is a bank holiday.

Sections 36 and 51 are printed in Appendix II.

APPENDIX I

Definition of Terms

| | |
|------------------------------|--|
| Act | means the Arbitration Act 1996 (cap 23) including any amendment or re-enactment. |
| claim | includes counterclaim. |
| claimant | includes counterclaimant. |
| concurrent hearing | means two or more arbitral proceedings being heard together: see Rules 3.7 and 3.8. |
| consolidation | means two or more arbitral proceedings being treated as one proceeding: see Rules 3.9 and 3.10. |
| dispute | includes a difference which is subject to a condition precedent to arbitral proceedings being brought: see Rule 3.5. |
| notice of arbitration | means the written notice which begins arbitral proceedings: see Rules 2.1 and 3.6. |
| party | means one of the parties to arbitral proceedings. |
| provisional order | means an order for provisional relief in accordance with Rule 10. |
| Rule | refers to a separate section of the Rules or a part. |
| Section | means a Section of the Act. |

APPENDIX II

Sections referred to within the body of the Rules but not reproduced therein:

- S.13.(1)** *The Limitation Acts apply to arbitral proceedings as they apply to legal proceedings.*
- (2) *The court may order that in computing the time prescribed by the Limitation Acts for the commencement of proceedings (including arbitral proceedings) in respect of a dispute which was the subject matter—*
- (a) *of an award which the court orders to be set aside or declares to be of no effect, or*
- (b) *of the affected part of an award which the court orders to be set aside in part, or declares to be in part of no effect,*
- the period between the commencement of the arbitration and the date of the order referred to in paragraph (a) or (b) shall be excluded.*
- (3) *In determining for the purposes of the Limitation Acts when a cause of action accrued, any provision that an award is a condition precedent to the bringing of legal proceedings in respect of a matter to which an arbitration agreement applies shall be disregarded.*
- (4) *In this Part the Limitation Acts” means—*
- (a) *in England and Wales, the Limitation Act 1980, the Foreign Limitation Periods Act 1984 and any other enactment (whenever passed) relating to the limitation of actions;*
- (b) *in Northern Ireland, the Limitation (Northern Ireland) Order 1989, the Foreign Limitation Periods (Northern Ireland) Order 1985 and any other enactment (whenever passed) relating to the limitation of actions.*
- S.18.(1)** *The parties are free to agree what is to happen in the event of a failure of the procedure for the appointment of the arbitral tribunal.*
- There is no failure if an appointment is duly made under section 17 (power in case of default to appoint sole arbitrator), unless that appointment is set aside.*
- (2) *If or to the extent that there is no such agreement any party to the arbitration agreement may (upon notice to the other parties) apply to the court to exercise its powers under this section.*
- (3) *Those powers are—*
- (a) *to give directions as to the making of any necessary appointments;*
- (b) *to direct that the tribunal shall be constituted by such appointments (or any one or more of them) as have been made;*
- (c) *to revoke any appointments already made;*
- (d) *to make any necessary appointments itself.*
- (4) *An appointment made by the court under this section has effect as if made with the agreement of the parties.*
- (5) *The leave of the court is required for any appeal from a decision of the court under this section.*
- S.32.(1)** *The court may, on the application of a party to arbitral proceedings (upon notice to the other parties), determine any question as to the substantive jurisdiction of the tribunal.*
- A party may lose the right to object (see section 73).*
- (2) *An application under this section shall not be considered unless—*
- (a) *it is made with the agreement in writing of all the other parties to the proceedings, or*
- (b) *it is made with the permission of the tribunal and the court is satisfied—*
- (i) *that the determination of the question is likely to produce substantial savings in costs,*
- (ii) *that the application was made without delay, and*
- (iii) *that there is good reason why the matter should be decided by the court.*
- (3) *An application under this section, unless made with the agreement of all the other parties to the proceedings, shall state the grounds on which it is said that the matter should be decided by the court.*
- (4) *Unless otherwise agreed by the parties, the arbitral tribunal may continue the arbitral proceedings and make an award while an application to the court under this section is pending.*
- (5) *Unless the court gives leave, no appeal lies from a decision of the court whether the conditions specified in subsection (2) are met.*
- (6) *The decision of the court on the question of jurisdiction shall be treated as a judgment of the court for the purposes of an appeal.*
- But no appeal lies without the leave of the court which shall not be given unless the court considers that the question involves a point of law which is one of general importance or is one which for some other special reason should be considered by the Court of Appeal.*
- S.35.(1)** *The parties are free to agree—*
- (a) *that the arbitral proceedings shall be consolidated with other arbitral proceedings, or*
- (b) *that concurrent hearings shall be held,*
- on such terms as may be agreed.*
- (2) *Unless the parties agree to confer such power on the tribunal, the tribunal has no power to order consolidation of proceedings or concurrent hearings.*
- S.36.** *Unless otherwise agreed by the parties, a party to arbitral proceedings may be represented in the proceedings by a lawyer or other person chosen by him.*

- S.39. (1)** *The parties are free to agree that the tribunal shall have power to order on a provisional basis any relief which it would have power to grant in a final award.*
- (2) *This includes, for instance, making*
- (a) *a provisional order for the payment of money or the disposition of property as between the parties, or*
 - (b) *an order to make an interim payment on account of the costs of the arbitration.*
- (3) *Any such order shall be subject to the tribunal's final adjudication; and the tribunal's final award, on the merits or as to costs, shall take account of any such order.*
- (4) *Unless the parties agree to confer such power on the tribunal, the tribunal has no such power*

This does not affect its powers under section 47 (awards on different issues, &c.).

- S.42. (1)** *Unless otherwise agreed by the parties, the court may make an order requiring a party to comply with a peremptory order made by the tribunal.*
- (2) *An application for an order under this section may be made*
- (a) *by the tribunal (upon notice to the parties),*
 - (b) *by a party to the arbitral proceedings with the permission of the tribunal (and upon notice to the other parties), or*
 - (c) *where the parties have agreed that the powers of the court under this section shall be available.*
- (3) *The court shall not act unless it is satisfied that the applicant has exhausted any available arbitral process in respect of failure to comply with the tribunal's order*
- (4) *No order shall be made under this section unless the court is satisfied that the person to whom the tribunal's order was directed has failed to comply with it within the time prescribed in the order or, if no time was prescribed, within a reasonable time.*
- (5) *The leave of the court is required for any appeal from a decision of the court under this section.*

- S.45. (1)** *Unless otherwise agreed by the parties, the court may on the application of a party to arbitral proceedings (upon notice to the other parties) determine any question of law arising in the course of the proceedings which the court is satisfied substantially affects the rights of one or more of the parties.*

An agreement to dispense with reasons for the tribunal's award shall be considered an agreement to exclude the court's jurisdiction under this section.

- (2) *An application under this section shall not be considered unless*
- (a) *it is made with the agreement of all the other parties to the proceedings, or*
 - (b) *it is made with the permission of the tribunal and the court is satisfied*
 - (i) *that the determination of the question is likely to produce substantial savings in costs, and*
 - (ii) *that the application was made without delay.*

- (3) *The application shall identify the question of law to be determined and, unless made with the agreement of all the other parties to the proceedings, shall state the grounds on which it is said that the question should be decided by the court.*

- (4) *Unless otherwise agreed by the parties, the arbitral tribunal may continue the arbitral proceedings and make an award while an application to the court under this section is pending.*

- (5) *Unless the court gives leave, no appeal lies from a decision of the court whether the conditions specified in subsection (2) are met.*

- (6) *The decision of the court on the question of law shall be treated as a judgment of the court for the purposes of an appeal.*

But no appeal lies without the leave of the court which shall not be given unless the court considers that the question is one of general importance, or is one which for some other special reason should be considered by the Court of Appeal.

- S.51. (1)** *If during arbitral proceedings the parties settle the dispute, the following provisions apply unless otherwise agreed by the parties.*

- (2) *The tribunal shall terminate the substantive proceedings and, if so requested by the parties and not objected to by the tribunal, shall record the settlement in the form of an agreed award.*

- (3) *An agreed award shall state that it is an award of the tribunal and shall have the same status and effect as any other award on the merits of the case.*

- (4) *The following provisions of this Part relating to awards (sections 52 to 58) apply to an agreed award.*

- (5) *Unless the parties have also settled the matter of the payment of the costs of the arbitration, the provisions of this Part relating to costs (sections 59 to 65) continue to apply.*

- S.58. (1)** *Unless otherwise agreed by the parties, an award made by the tribunal pursuant to an arbitration agreed is final and binding both on the parties and on any persons claiming through or under them.*

- (2) *This does not affect the right of a person to challenge the award by any available arbitral process of appeal or review or in accordance with the provisions of this Part.*

- S.61. (1)** *The tribunal may make an award allocating the costs of the arbitration as between the parties, subject to any agreement of the parties.*

- (2) *Unless the parties otherwise agree, the tribunal shall award costs on the general principle that costs should follow the event except where it appears to the tribunal that in the circumstances this is not appropriate in relation to the whole or part of the costs.*



THE CONSTRUCTION INDUSTRY MODEL ARBITRATION RULES (CIMAR)

1st Edition February 1998

Notes issued by the Society of Construction Arbitrators

Introduction

1. In response to the Bill which was to become the Arbitration Act 1996, the Society of Construction Arbitrators initiated the production of Model Arbitration Rules for adoption by all construction institutions and other bodies having interests in construction arbitration. A series of committees was established under the Chairmanship of Lord Justice Auld, including a plenary group, a steering group and a drafting sub-committee which adopted the acronym CIMAR.
2. In the course of its work, the CIMAR steering group published a framework document with suggested draft rules in September 1996. A full draft of the rules was issued in February 1997 and, after wide consultation, the Rules were published as consultation document in April 1997.
3. After further extensive consultation the Rules were recirculated in draft in October 1997 and offered for formal endorsement to all the relevant construction institutions and bodies. This resulted in requests for a number of additions and amendments, while many bodies were prepared to endorse the Rules as printed. This first edition of the Rules, printed in February 1998, lists the bodies who have endorsed the Rules.
4. The drafting and production of this edition has been undertaken principally by John Uff, FEng QC, Peter Aeberli, RIBA barrister, and Christopher Dancaster, FRICS, Secretary SCA. The Rules will be kept under review and further editions produced by a cross-industry review body which is being established under the auspices of the Society of Construction Arbitrators.

Drafting

5. The Arbitration Act 1996 dictates a radically different approach to arbitration Rules. While the 1950 Act contained only general measures and required that Rules should be fully drafted, the 1996 Act, contains extensive powers which, in most cases, require contracting in.

6. The drafting team had to decide between incorporation by reference and extensive repetition of sections of the Act within the Rules. The steering group was firmly in favour of the former and decided that, in the interest of efficiency, sections of the Act of immediate relevance should be printed after the Rule in question, with other sections necessary to the working of the Rules being printed as an appendix.

7. Apart from incorporating powers direct from the Act, the Rules have two other purposes:

- (1) to extend or amend the provisions of the Act where necessary; and
- (2) to add a general framework to the specific powers and duties in order to provide guidance to users as well as to arbitrators.

Objective (2) gives rise to the issue of “user friendliness” which has been much debated. One question was whether the Rules should set out extensive procedures or whether they should be as brief as was consistent with their overall purpose. The approach adopted is essentially one of brevity coupled with clarity, which has generally commanded wide support.

8. The Rules are divided into fourteen sections called Rules with numbering within each Rule running to one decimal place only. In addition, having considered various appendices which might be helpful, the choice has narrowed to two, namely definition of terms (Appendix I) and Sections of the act referred to but not printed in the Rules (Appendix II).

Adoption of CIMAR

9. The importance of having the same Rules adopted by all relevant construction institutions and bodies is generally accepted. A large proportion of construction work now spans more than one professional body and disputes necessarily do likewise. There is no good reason for different arbitration rules to exist within the same industry. Specifically, in the light of Section 86 of the 1996 Act not being brought into force, there is no longer an ability to bring Court proceedings in respect of multi-party disputes. If arbitration is to play a proper role in construction disputes, it is imperative that a workable system of joinder should be created. Common Rules are the only way to achieve this in practice (see Rule 3). There are many other aspects of the Rules where a common approach across the industry is highly desirable (for instance, orders for provisional relief, Rule 10).

10. Where any of the contract producing bodies within the industry considers that individual procedural Rules are required, the Rules make express provision for the incorporating of such Rules, for instance in the form of “advisory or model procedures” under Rule 6. There are other express provisions in CIMAR which invite additional Rules. Conversely, however, some Rules will operate only if they are incorporated as drafted by all the relevant institutions. This applies in the case of joinder under Rule 2, where appointment of a common arbitrator must be considered by the persons individually charged with making the appointment.

Notes on the Rules

Rule 1

11. This is largely declaratory, serving to recall the now express requirements as to the basic rules of arbitration. It has been suggested in relation to Rule 1.3 that the principle of party autonomy requires that the parties should be at liberty to alter the Rules. While this argument is recognised, the achievement of uniformity throughout the construction industry requires that general amendment of the Rules should be discouraged. Consequently, the Rule is drafted so as to prohibit amendment after the arbitrator has been appointed.
12. Rule 1.6 limits the application of these Rules to a single arbitrator and to arbitrations in England and Wales or Northern Ireland. Any wider applications could be the subject of special Rules issued by individual institutions (for instance the ICE has Rules for Scotland).
13. Rule 1.7 was added late in the drafting process at the request of the JCT whose Standard Form of Building Contract contains an agreement to the bringing of an appeal pursuant to Section 69 (2)(a) of the Act. The Rule is declaratory of what is otherwise the clear effect of CIMAR.

Rule 2

14. This Rule sets out a uniform procedure for beginning arbitral proceedings for the purpose of the Limitation Acts. To the extent the standard forms differ, they should be brought into line with Rule 2.1. It is also provided that the arbitrator's appointment takes effect from his agreement to act or appointment, even if this is conditional upon acceptance of his terms.
15. The important question of appointing an arbitrator in two or more related disputes is dealt with under Rules 2.5 to 2.7. These impose duties on persons having the function of appointing arbitrators to give consideration to whether the same or a different arbitrator should be appointed. This will be a matter of considerable importance to the parties involved. It is questionable whether these Rules would be capable of enforcement against the person empowered to appoint. A powerful sanction exists, however, through possible challenge to an arbitrator who is appointed otherwise than in accordance with these Rules.
16. An additional Rule 2.9 has been added to make clear that that the provisions in Rules 2 and 3 concerning related disputes apply in addition to any contract provisions in this regard, which may exist in the Standard Forms.

Rule 3

17. This Rule deals both with joinder of disputes and joinder of parties in related disputes. Rules 3.1 to 3.4 permit either party to raise disputes in addition to the initial dispute which is referred. This may be done as a matter of right by the respondent before an arbitrator is appointed. After an arbitrator has been appointed, either party may give notice of another dispute and the arbitrator must then decide whether or not to permit that dispute to be referred to and consolidated with the original arbitral proceedings. In the event that he decides that the dispute should not be referred to the same arbitral proceedings, it continues as a separate dispute, there being no agreement as to the appointment of an arbitrator for that dispute.
18. Where another dispute is to be added to the original arbitral proceedings, the arbitrator is specifically empowered to decide whether or not any condition precedent is satisfied and, if appropriate, to abrogate any such condition precedent. The definition of "dispute" in Appendix I takes this into account.
19. Where the same arbitrator is appointed in two or more separate but related arbitral proceedings he has the power to order concurrent hearing of those proceedings or any part of them. The arbitrator may also order consolidation of such proceedings, but only if the parties consent. The arbitrator has the power to give necessary directions for either concurrent or consolidated hearings including the power to reverse any such direction.

20. Some bodies commenting on the Rules have suggested that the arbitrator should be empowered to order consolidation of separate proceedings in which he is appointed. The consensus view was to the contrary, but any adopting body may itself include such a power by additional Rules.

Rule 4

21. This Rule concerns the powers of the arbitrator to rule on jurisdiction (Section 30) and to appoint experts, advisers or assessors (Section 37); also the power to give directions in relation to property, examination of witnesses and preservation of evidence.
22. Specific power is given to order the preservation of work, goods or materials which form part of the ongoing construction work. The arbitrator is also given the power to order any test or experiment, which he may observe with or without the presence of the parties.
23. The circumstances in which the arbitrator is empowered to make an order for security for costs (Section 38) are set out in Rule 4.6. The question whether arbitrator should give reasons for his order has given rise to a range of views. Rule 4.7 represents a compromise which may be amended by the parties subject to Rule 1.3.
24. Drafting of this section of the Rules departs from the general approach in that some commenting bodies considered these Sections of Act to be of such central importance that they should be repeated in the Rules. The full provisions of the relevant sections are printed after the Rule.

Rule 5

25. This Rule incorporates the powers provided under Section 34, ensuring that the arbitrator has full discretion as to the adoption of rules of evidence, disclosure of documents and the conducting of oral proceedings.
26. Whatever rules are adopted as to evidence for the purpose of the hearing, Rule 5.7 requires formal evidence in relation to particular matters, including an application for provisional relief. The reason for this provision is that construction arbitration has become increasingly informal. While in general this is to be encouraged, the matters listed are considered to require at least a degree of evidential formality; so that a party may know the basis on which an order has been made against him.

Rule 6

27. This deals with the initial stages in the arbitration where the form of procedure must be determined. The parties are required initially to submit information relevant to the choice of procedure. The arbitrator will normally convene a procedural meeting at which the decision as to procedure will be made and other appropriate directions given. A meeting is to be held unless the parties and the arbitrator consider it unnecessary.
28. Rule 6.5 provides that, in giving directions, the arbitrator is to have regard to “any advisory procedure and give effect to any supplementary procedure issued for use under any contract to which the dispute relates”. This allows any body responsible for issuing forms of contract to draw up its own special procedure containing requirements for particular types of dispute. A similar provision is contained in Rule 13.5 in relation to costs.

Rule 7

29. This is a procedure designed for use where there is to be a hearing of short duration with the arbitrator inspecting the relevant work, materials, etc. The parties exchange Statements of Case either at the same time or sequentially as the arbitrator may order. This is followed by a hearing normally of one day’s duration. The inspection may be combined with the hearing.

30. The parties are discouraged from adducing expert evidence, which will normally be at their own cost. It is of the essence of the procedure that the arbitrator forms his own opinion and Rule 7.4 provides that he is not bound to communicate this to the parties, reversing the effect of Fox v PG Wellfair 19 BLR 52.

Rule 8

31. This is an alternative short procedure involving documents only where the parties are required, either at the same time or sequentially as the arbitrator may direct, to submit full written Statements of their Case.
32. Where statements of witnesses are submitted it is important for the arbitrator to know that they contain the words of the witness and not some other person who may have composed the statement. Rule 8.2(b) therefore allows for statements to be signed or otherwise confirmed, for instance by a letter to this effect. The arbitrator retains the right to put either written questions to the parties or to direct a short hearing.

Rule 9

33. This sets out a full procedure where there is a need for the parties to exchange pleadings (the term is not used as such in the Rules). Rule 9.2 sets out guidelines intended to facilitate an efficient exchange of the parties' respective cases.
34. The arbitrator is required to give detailed directions for the preparation and conduct of a hearing, for which he must also fix the overall length and times available to each party. The arbitrator is empowered to require any matters to be submitted in writing.

Rule 10

35. This Rule incorporates the powers contained in Section 39 to order relief on a provisional basis. This power may be invoked either on the application of a party or, after being given due notice, by the arbitrator himself. Rule 5.7 requires that an order for provisional relief must be based on formal evidence.
36. An order for provisional relief is subject to the final adjudication either of the arbitrator who makes it or of any other arbitrator who may have jurisdiction over the dispute to which the order relates.

Rule 11

37. This incorporates powers under Section 41 to dismiss a claim on the ground of inordinate and inexcusable delay; or to proceed with the arbitration where one party is in default.
38. The power to make a peremptory order is given under Rule 11.4, where a failure to comply allows the arbitrator to debar the party in default, draw adverse inferences and proceed on the basis of the materials properly provided. A peremptory order may be made only after a party has failed without sufficient cause to comply with a regular order to the same effect (Section 41(5)).
39. Alternatively, Rule 11.3 empowers the arbitrator to achieve the effect of a peremptory order directly through a single order, providing that a party will be debarred or adverse inferences drawn in the event of non-compliance with the original order. This Rule reflects the present practice of many arbitrators.

Rule 12

40. This Rule deals with a variety of matters leading to the award. While the term “interim award” has been dropped from the legislation, Rule 12.1 incorporates the powers under Section 47 to make awards on different issues.
41. For the purpose of a hearing on part of the dispute, the arbitrator is specifically empowered to decide what issues are to be determined. Where there is a hearing on part of the dispute, the arbitrator retains the discretion not to give an award or alternatively to make an order for provisional relief under Rule 10.
42. The arbitrator has the widest discretion as to the remedies he may order. Where this includes an order that a party should do some act, the arbitrator has power to supervise or if he thinks fit, appoint some other person to supervise the performance.
43. The powers under Section 49 to award simple or compound interest, and under Section 57 to correct an accidental slip or ambiguity, are incorporated. The arbitrator is also given the power to notify an award or part as a draft or proposal, so as to avoid any inference that it should be binding. There is no obligation to do so, but the practice of issuing parts of an award in draft is not uncommon. Issuing an award in draft may lead to the proffering of additional evidence and submissions, as to which the arbitrator is given express powers.
44. Rule 12.11 gives the arbitrator a discretion to deal with a monetary award where there remains outstanding a cross-claim by the other party which may have the effect of reducing or extinguishing the award in question. In such circumstances, and in order to pre-empt a costly dispute as to enforcement, the arbitrator may order payment of the whole or part of the amount of the award to a stakeholder on terms. The arbitrator may thus seek to achieve summary and substantial justice as between the parties pending his decision on the cross-claim. This should be reflected in the terms upon which the money is ordered to be paid. The arbitrator is not bound to exercise this power and would normally encourage the parties to seek agreement.

Rule 13

45. The general principles to be adopted in regard to the apportionment of costs are set out in Rules 13.1 to 13.3, while preserving the widest discretion to the arbitrator. Rule 13.1 adopts the more direct wording of the UNCITRAL Rules, rather than of Section 61 (costs to follow the event).
46. The power to impose a limit on recoverable costs of the arbitration (Section 65) is dealt with the Rules 13.4 to 13.8. “Recoverable Costs” includes the arbitrator’s fees (Section 59). An order under Section 65 limits what may be recovered from the other party and has no effect on liability to pay fees incurred.
47. Earlier drafts of CIMAR incorporated fixed limits on recoverable costs of 25% of the amount in dispute, and 10% in the case of an arbitration adopting the Short Hearing or Documents Only procedures. While these limits were not in themselves contentious, the general view was that they were insufficiently flexible for the wide range of disputes which might be covered by CIMAR. The Rules, accordingly, empower the arbitrator to fix any limit, having regard to any model procedure issued under the relevant contract (see also notes to Rule 6 above).
48. The effect of an “offer of settlement” is expressly provided for under Rule 13.9, in accordance with established practice. The determinations of recoverable costs by the arbitrator himself is dealt with in Rule 13.10.

Rule 14

49. This Rule incorporates provisions dealing with representation (Section 36), notifications (Section 76) and reckoning of time (Section 78). The parties are required promptly to inform the arbitrator of any settlement or application to the Court.