



## **IATA Arbitration Rules**



**IATA Legal Department  
Montreal - Geneva**



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## INTERNATIONAL AIR TRANSPORT ASSOCIATION ARBITRATION RULES

### INTRODUCTION

#### **Article 1 - Scope**

The International Air Transport Association ("IATA") Arbitration Rules (the "Rules") are for use in arbitrations between parties who agree to settle their disputes under the IATA Arbitration Rules.

### COMMENCING THE ARBITRATION

#### **Article 2 - Contractually agreed arbitration**

Where parties have agreed by means of an arbitration clause in an agreement that any dispute arising between them concerning the agreement shall be settled under IATA Arbitration Rules, any party may initiate arbitration proceedings by submitting a Request in writing to the Director General of IATA.

#### **Article 3 - Other arbitration**

1. Other disputants wishing to have recourse to arbitration under these Rules, shall complete and sign the Standard Arbitration Agreement (Appendix 1) ("Arbitration Agreement"), agreeing that disputes between or among them shall be referred to arbitration under these Rules.
2. Subject to this Article, any party to the Arbitration Agreement may initiate proceedings by submitting a Request for arbitration to the Director General. The date when the Request is received by the Director General shall be deemed to be the date of commencement of the proceedings.

#### **Article 4 - Request for arbitration**

1. The Request shall contain:
  - a) full names, nationalities, description and addresses of the parties;
  - b) a request that the dispute between the parties be submitted to arbitration under the Rules;
  - c) if applicable, the Arbitration Agreement binding the parties; and
  - d) in the absence of an Arbitration Agreement:
    - the agreement wherein the parties have bound themselves to settle their disputes under the IATA Arbitration Rules;
    - a description of the nature and circumstances of the dispute;
    - steps taken by the initiating party to settle the dispute, including copies of relevant exchanges of correspondence;

- a statement of the relief sought and an indication of any amount claimed;
- any comment as to the seat of arbitration, the applicable law, the language(s) of the arbitration and the preferred number of arbitrators;
- where applicable, the name and address of an arbitrator the party has selected.

2. The Director General shall send a copy of the Request and the documents annexed to it to the other party or parties within thirty (30) days of receipt.

#### **Article 5 - Answer to the Request**

1. Within thirty (30) days of the receipt of the Request, the other party or parties shall submit an Answer to the Director General.

2. The Answer shall include:

- a) full names, nationalities, description and addresses of the parties;
- b) insofar as not sufficiently detailed in the Request or arbitration agreement:
  - comments on the nature and circumstances of the dispute;
  - comments on the relief sought and amounts claimed;
  - any comment as to the seat of arbitration, the applicable law, the language(s) of the arbitration and the number of arbitrators;
  - where applicable, the name and address of an arbitrator the answering party has selected..

3. A copy of the Answer and of any documents annexed thereto shall be communicated by the Director General to the party or parties initiating the arbitration within thirty (30) days.

#### **Article 6 - Written statements and documents**

All written statements and pleadings, as well as all documents submitted by the parties during the course of the proceedings, shall be supplied in a number of copies sufficient to provide one copy for each other party, plus one for each arbitrator and one for the Director General.

### **CONSTITUTION OF THE ARBITRAL TRIBUNAL (“TRIBUNAL”)**

#### **Article 7 - Number of arbitrators**

1. Any dispute may be settled by a sole arbitrator or by three arbitrators. In these Rules, the terms “arbitrator” and “arbitral tribunal” denote a single arbitrator or three arbitrators, as the case may be.

2. Failing agreement by the parties on the number of arbitrators, the Director General may appoint one or three arbitrators, as he considers appropriate in view of the nature and circumstances of the case.

**Article 8 - Appointment of a sole arbitrator**

Where the dispute is to be referred to a sole arbitrator, the parties must agree on such person, failing which within thirty (30) days from the date when the Request for arbitration has been received, the parties will be invited to select a three-person tribunal.

**Article 9 - Appointment of three arbitrators**

1. Where the dispute is to be referred to three arbitrators, each party shall appoint one arbitrator. The third, who will act as Chairman of the tribunal, shall be appointed by the Director General, unless the co-arbitrators agree on such person within thirty (30) days of the appointment of the second co-arbitrator.

2. The requesting party shall appoint an arbitrator in the Request for arbitration, or where the parties agree to refer the dispute to three arbitrators subsequent to the Request, within thirty (30) days of such agreement, failing which the arbitrator shall be appointed by the Director General.

3. The answering party shall appoint an arbitrator in the Answer, or within thirty (30) days of the notification of the appointment of the arbitrator appointed by the requesting party. Failing this, the arbitrator shall be appointed by the Director General.

4. Where there are multiple Claimants or Respondents, they shall respectively be considered as a single party for the purpose of the provisions of Articles 2 through 9, provided, however, that the Director General shall appoint all three arbitrators in the event that either the Claimants or the Respondents are unable to agree on the appointment of an arbitrator.

**Article 10 - Jurisdiction**

The tribunal shall have the power to rule on objections that it has no jurisdiction, including any objection with respect to the existence or validity of the Arbitration Agreement.

**CHALLENGE AND REPLACEMENT OF ARBITRATORS****Article 11 - Challenge of arbitrators**

1. An arbitrator may be challenged, subsequent to appointment, whether for a lack of independence or otherwise, by submission to the Director General of a written statement specifying the relevant facts and circumstances.

2. A challenge must be submitted to the Director General within fifteen (15) days from receipt of the notification of appointment of the arbitrator, or within fifteen (15) days from the date when the challenging party was informed of the facts and circumstances on which the challenge is based, if such a date is subsequent to receipt of the aforementioned notification.

3. The Director General shall decide on the admissibility, and if need be on the merits, of a challenge, after it has accorded the arbitrator concerned, the parties and any other member of the tribunal, an opportunity to comment on the challenge in writing. The Director General's decision shall be final.

#### **Article 12 - Replacement of arbitrators**

1. An arbitrator shall be replaced in the event of death or disability, the acceptance by the Director General of the arbitrator's resignation, the agreement of all parties that the said arbitrator be replaced, or the acceptance of a challenge under Article 11.

2. An arbitrator shall also be replaced when the Director General decides that such person is prevented *de jure* or *de facto* from acting as arbitrator, or is not fulfilling such functions in accordance with these Rules. In any such case, the Director General shall give the arbitrator concerned, the parties and other members of the tribunal, an opportunity to comment before making his decision final.

3. The Director General shall appoint any replacement arbitrator. Once reconstituted, and after having invited the parties to comment, the tribunal shall determine if and to what extent the tribunal's proceeding shall be recommenced.

In discharging his functions under this Article, the Director General may seek the assistance of any expert(s), as he deems fit. The Director General's decision shall be final.

### **ARBITRAL PROCEEDINGS**

#### **Article 13 - Seat of arbitration**

1. The tribunal shall agree upon the seat of arbitration.

2. The tribunal may deliberate wherever it considers appropriate and, after consultation with the parties, it may conduct hearings at any place that it considers appropriate.

#### **Article 14 - Language of the proceedings**

Failing agreement of the parties, the tribunal shall determine the language of the arbitration, due regard being paid to all relevant circumstances.

#### **Article 15 - Rules governing the proceedings**

1. Aside from these Rules, the parties, or the tribunal, may apply additional rules not inconsistent with them, and in any case, the arbitration shall be conducted in such manner as the tribunal considers appropriate.

**Article 16 - Provisional measures**

1. The tribunal may, at the request of a party, order any interim, conservatory or provisional measure which it deems appropriate in the circumstances and may require security for the costs of such measure from the requesting party. In particular, the tribunal may order one or more provisional payments in respect of urgent financial needs of a party. The measures ordered pursuant to this paragraph may, if appropriate, take the form of an interim award.

2. An application by a party to any competent judicial authority for interim or conservatory measures shall not be held to infringe the agreement to arbitrate or to affect the relevant powers reserved to the tribunal. The party having made such application shall notify the same and any such measure taken by the judicial authority, without delay, to the Director General. The Director General shall inform the tribunal and the parties thereof as soon as practicable.

**Article 17 - Hearings**

1. The tribunal shall proceed within as short a time as possible to establish the relevant facts of the case. The tribunal may fix time-limits.

2. After study of the written submissions and of all documents relied upon, the tribunal shall hear the parties if one of the parties so requests, or failing such request, on the tribunal's own initiative. In addition, the tribunal may decide to hear any other person in the presence or absence of the parties.

3. At the request of one of the parties, or if necessary, on the tribunal's own initiative, the tribunal, giving reasonable notice, shall summon the parties to appear at a hearing.

4. If one of the parties, although duly summoned, fails to appear, the tribunal, if satisfied that the summons was duly received and the party is absent without valid excuse, shall proceed with the arbitration. Such proceedings shall then be deemed to have been conducted in the presence of all parties.

5. Persons not involved in the proceedings shall not be admitted without the approval of the tribunal and of the parties.

6. The parties may appear in person or through duly appointed representatives and may be assisted by advisers.

7. The tribunal may appoint one or more experts, define their terms of reference, receive their reports and/or hear them in person in the presence or absence of the parties.

**Article 18 - Applicable Law**

The tribunal shall determine the law to be applied to the merits, unless this has been agreed between the parties.



## **THE AWARD**

### **Article 19 - Time-limit for the award**

The tribunal must render an award within six (6) months from the date the Director General notifies the tribunal that the advance on costs has been paid in full. The Director General may, if necessary, extend this time-limit for up to three (3) months.

### **Article 20 - Interim awards**

The tribunal may make interim, interlocutory, or partial awards.

### **Article 21 - Award by three arbitrators**

When the tribunal consists of three arbitrators, the award shall be given by a majority decision. If there is no majority, the award shall be made by the Chairman within the range of amounts proposed by the other two arbitrators.

### **Article 22 - Award by consent**

If the parties reach a settlement, the same may be recorded in the form of an award made by consent of the parties.

### **Article 23 - Making of an award**

1. The award shall be deemed to be made on the date stated therein and at the seat of the arbitration.
2. An award, other than an award by consent, shall state the reasons upon which the decision is based.

### **Article 24 - Notification of the award**

The Chairman, upon being satisfied that the costs of the arbitration have been fully paid, shall notify the parties and the Director General of the award. Except for notification to the Director General and to the parties, awards shall be kept confidential.

### **Article 25 - Finality and enforceability of award**

By submitting the dispute to arbitration pursuant to these Rules, the parties shall be deemed to have undertaken to comply with an award within thirty (30) days, subject to Article 26, and to have specifically waived their right to any form of judicial recourse against the same insofar as such waiver can validly be made.

**Article 26 - Correction and interpretation of awards, additional awards**

1. Within thirty (30) days of the receipt of an award, any party, giving notice to the other party, may make an application to the Director General for:
  - a) the correction by the tribunal of any error in computation, or any clerical or typographical error contained in the award;
  - b) the interpretation by the tribunal of a specific point or part of the award;
  - c) the issuance by the tribunal of an additional award as to claims presented in the arbitral proceedings but omitted from the award.
2. The Director General shall transmit a copy of the said application to the tribunal within fifteen (15) days. The tribunal shall, if such application is considered admissible and justified, make any appropriate correction, interpretation or any additional award.
3. The correction mentioned in paragraph 1 sub a) may also be made on the tribunal's own initiative and shall be notified immediately to the parties and to the Director General by the tribunal.
4. Such correction or interpretation shall be deemed to form part of the award.

**COSTS****Article 27 - Costs of Arbitration**

The costs of arbitration shall comprise the IATA Administrative fee and the tribunal's fees and expenses (including the expenses of any expert appointed by the tribunal). These are described in the Schedule of costs at Appendix 2. Once the tribunal has calculated these fees and expenses, it shall submit a breakdown to IATA for transmission to the parties and for processing the arbitration.

**Article 28 - Payment accompanying a Request for arbitration**

Each Request for arbitration under these Rules must be accompanied by the IATA Administrative fee provided in the Schedule of costs in force on the date of commencement of the proceedings. This payment is not refundable.

**Article 29 - Advance on costs**

1. The Director General shall fix the amount of the advance on costs in a sum likely to cover the costs of the arbitration. Such costs shall include the tribunal's fees and expenses, as described in Appendix 2.
2. Unless otherwise agreed by the parties and subject to the final determination of the tribunal, the advance on costs shall be payable in equal shares by each party.
3. The Director General may make the transmission of the file or documents to the tribunal conditional upon the payment by the parties or one of them of the whole or part of the advance on costs.

4. The tribunal shall only proceed in respect of those claims for which the Director General has confirmed that the advance on costs has been paid.

5. If the advance on costs is not paid within a reasonable time-limit to be specified by the Director General, he shall so inform the parties, in order that any party may make the required payment. If such payment is not made, the Director General may consider the case as withdrawn. This will not prevent the party or parties concerned from filing a new Request at a later date.

6. If the tribunal appoints an expert, it shall fix an advance on costs sufficient to cover the expected fees and expenses of the expert, and shall ensure that the parties, or one of them, pay the advance before commencement of the expertise.

#### **Article 30 - Final costs**

1. Within thirty (30) days of the award, the Director General shall determine the final costs of the arbitration, which shall include the tribunal's fees and expenses, the administrative expenses, and the fees and expenses of any expert appointed by the tribunal.

2. The tribunal shall decide and shall indicate in the award which of the parties shall bear the costs of the arbitration or in what proportions the costs shall be borne by the parties.

3. Each party shall bear its own legal costs.

#### **Appendix 1 - Standard Arbitration Agreement**

#### **Appendix 2 - Schedule of Costs**

Appendix 1

INTERNATIONAL AIR TRANSPORT ASSOCIATION

STANDARD ARBITRATION AGREEMENT

(Note: This Agreement is to be sent, together with the Request for arbitration, to:  
The Director General, International Air Transport Association, Route de  
l'Aéroport 33, P.O. Box 416, CH-1215 Geneva 15 Airport, Switzerland)

I. ESSENTIAL ELEMENTS

1. CLAIMANT(S):

- a. Full name.....  
Nationality.....  
Address.....  
.....Country.....  
Tel.....Fax.....
- b. Full name.....  
Nationality.....  
Address.....  
.....Country.....  
Tel.....Fax.....
- c. Full name.....  
Nationality.....  
Address.....  
.....Country.....  
Tel.....Fax.....

2. RESPONDENT(S):

- a. Full name.....  
Nationality.....  
Address.....  
.....Country.....  
Tel.....Fax.....
- b. Full name.....  
Nationality.....  
Address.....  
.....Country.....  
Tel.....Fax.....
- c. Full name.....  
Nationality.....  
Address.....  
.....Country.....  
Tel.....Fax.....

3. DISPUTE AND RELIEF SOUGHT

(Note: Only a general outline is required here. The parties may provide more details concerning their claims at a later stage.)

- The dispute has arisen in connection with the following:

.....  
.....  
.....  
.....  
.....  
.....  
.....

- Relief sought and amount claimed:

.....  
.....  
.....  
.....  
.....  
.....  
.....

4) ADVANCE ON COSTS

The advance on costs shall be payable by .....  
(party).

We, the parties to this Agreement, hereby agree to submit the above-mentioned dispute to arbitration under the International Air Transport Association Arbitration Rules (the "Rules"). We each have a copy of the current Rules. We agree to be bound by these Rules and by the award of the arbitrator(s) appointed in accordance with said Rules.

Signed by:

CLAIMANT(S):

RESPONDENT(S):

1. Name..... Date..... Signature.....	1. Name..... Date..... Signature.....
2. Name..... Date..... Signature.....	2. Name..... Date..... Signature.....
3. Name..... Date..... Signature.....	3. Name..... Date..... Signature.....

**II. OPTIONAL ELEMENTS**

1. *NUMBER OF ARBITRATORS*

The number of arbitrators shall be..... (*one or three*).

2. *APPOINTMENT OF ARBITRATORS*

a) *Where the parties have agreed on one arbitrator:*

The parties jointly appoint as sole arbitrator:

Full name.....

Nationality.....

Address.....

.....Country.....

Tel.....Fax.....

b) *Where the parties have agreed on three arbitrators:*

i) Arbitrator appointed by the Claimant(s):

Full name.....

Nationality.....

Address.....

.....Country.....

Tel.....Fax.....

ii) Arbitrator appointed by the Respondent(s):

Full name.....

Nationality.....

Address.....

.....Country.....

Tel.....Fax.....

iii) The Chairman of the tribunal shall be:

Full name.....

Nationality.....

Address.....

.....Country.....

Tel.....Fax.....

3. *LANGUAGE(S) OF ARBITRATION*

The language(s) of the arbitration shall be: .....

*Signed by:*

*CLAIMANT(S):*

1. Name.....  
Date.....  
Signature.....
2. Name.....  
Date.....  
Signature.....
3. Name.....  
Date.....  
Signature.....

*RESPONDENT(S):*

1. Name.....  
Date.....  
Signature.....
2. Name.....  
Date.....  
Signature.....
3. Name.....  
Date.....  
Signature.....

## Appendix 2

**COSTS**

1. Pursuant to Articles 27 and 28 of the Rules, the costs of arbitration shall comprise (a) a fee (the “Administrative fee”) levied by the IATA secretariat to administer all aspects of the arbitration; and (b) the tribunal’s fees and expenses, comprising (i) the professional fees agreed by the parties to be chargeable by the arbitrators; (ii) the reasonable personal expenses of the arbitrators; and (iii) other expenses of the arbitration tribunal.

**IATA ADMINISTRATIVE FEE**

2. IATA charges a non-refundable Administrative fee of US\$2,000 to provide secretariat services for the arbitration, including the following:

- Appointing suitable arbitrators, either at the request of a party or of the co-arbitrators, as provided in these Rules and in accordance with any specific local legal requirement, and issuing a certificate of appointment to arbitrators.
- Appointing replacement arbitrators.
- Providing IATA’s good offices to ensure agreement on fees, charges and expenses.
- Setting-up accounts for holding the advance on costs and administering the expenditure of such costs.

3. The administrative fee shall generally be payable by the party initiating the arbitration. IATA shall not process a request for arbitration unless this fee has been paid in full.

**TRIBUNAL’S FEES AND EXPENSES**

4. The tribunal’s fees and expenses shall comprise the elements described at paragraph 1 above. The arbitrators shall decide on the amount of their own professional fees and personal expenses, e.g. the travelling expenses they expect to incur during the arbitration; and on other administrative expenses of the tribunal, e.g. rental of meeting rooms to conduct hearings locally. Once these fees and expenses have been calculated, the tribunal shall submit a breakdown to IATA, pursuant to Article 27, for transmission to the parties and for processing the arbitration.



IATA Legal Department  
IATA Centre, P.O. Box 416  
33, route de l'Aéroport  
1215 Geneva 15 Airport, Switzerland  
Tel: +41 22 799 2955 – Fax: +41 22 799 2685  
Web site: <http://www.iata.org/legal/>