

# Table of Contents

Foreword	xix
Acknowledgments	xxi
List of Abbreviations	xxiii
CHAPTER 1	
Introduction	1
§1.01 Introductory Remarks	1
§1.02 Content of the Book	2
[A] Scope of the Book	2
[B] Objectives of the Book	3
[C] Structure of the Book	3
CHAPTER 2	
Background	5
§2.01 Policies Underlying International Arbitration	5
[A] The Contractual Theory	5
[B] The Jurisdictional Theory	6
[C] The Hybrid Theory	6
[D] Interim Summary	7
§2.02 Policies Underlying Insolvency Law	7
[A] Notion of Insolvency Law	7
[1] Terminology	7
[2] Content of National Insolvency Laws	8
[3] Common Principles of National Insolvency Laws	8
[B] Cross-Border Insolvency	10
[1] Universality versus Territoriality	10
[2] Classification of the Cross-Border Insolvency Laws Relevant to this Book	11

## Table of Contents

	[a]	UNCITRAL Model Law on Cross-Border Insolvency	12
	[b]	Council Regulation (EC) No 1346/2000 on Insolvency Proceedings	12
	[c]	Autonomous Cross-Border Insolvency Laws	13
		[i] Comparative Overview	13
		[ii] Switzerland	14
[C]		Interim Summary	14
CHAPTER 3			
		Recognition of Insolvencies by National Courts	17
§3.01		Terminology and Notions of Recognition	17
	[A]	Recognition in International Civil Procedural Law	18
	[B]	Recognition in International Private Law	18
	[C]	Recognition in Cross-Border Insolvency Law	18
		[1] Notion of Insolvency-Specific Recognition	18
		[a] Recognition of the Existence of a Foreign Insolvency Proceeding	19
		[b] Determination of the Effects of the Recognition of an Insolvency	20
		[2] Conclusion	20
	[D]	Interim Summary	21
§3.02		Recognition of an Insolvency in a Proceeding before National Courts	21
	[A]	Law Applicable to the Recognition of an Insolvency	22
	[B]	Types of Recognition Used by National Courts in Connection with Insolvency	22
		[1] Recognition According to Insolvency-Specific Recognition Rules	22
		[2] Recognition According to Substantive Recognition	23
		[3] Recognition According to Procedural Recognition	23
		[4] Acknowledgment as a Fact	24
	[C]	Incidental Recognition of a Foreign Insolvency	24
		[1] UN-InsModLaw Jurisdictions	25
		[2] EuInsReg	26
		[3] Autonomous Cross-Border Insolvency Laws	26
		[a] France	26
		[b] Germany	27
		[c] Switzerland	27
		[i] Case Law and Literature	27
		[ii] Analysis	28
	[D]	Criteria for an Insolvency-Specific Recognition of Foreign Insolvencies	30
		[1] Indirect Jurisdiction	30
		[2] Public Policy	31

	[3] Enforceability of Decision Commencing Insolvency in Country of Origin	32
	[4] Reciprocity	32
[E]	Determination of the Effects of a Recognition of Foreign Insolvencies	33
[F]	Interim Summary	33
CHAPTER 4		
	Recognition of Insolvencies by Arbitral Tribunals	35
§4.01	Case Law and Literature	35
	[A] Case Law	35
	[1] Insolvency Commenced at the Seat of the Arbitration	36
	[2] Insolvency Commenced outside the Seat of the Arbitration	37
	[a] Limited Territorial Effects of Insolvencies	37
	[b] Recognition According to Cross-Border Insolvency Law at Seat	38
	[i] Recognition by Reference to Decision of National Court	38
	[ii] Recognition by Autonomous Decision of Arbitral Tribunal	38
	[c] Recognition of Mandatory Rules of <i>lex fori concursus</i>	39
	[d] Principle of <i>pacta sunt servanda</i>	40
	[e] Recognition of Insolvency as Fact	41
	[3] Conclusion	41
[B]	Literature	42
	[1] Germany	42
	[2] France	43
	[3] Switzerland	43
[C]	Interim Summary	44
§4.02	Analysis	45
	[A] Importance of Recognition as Necessary Preliminary Step	45
	[B] Factors Requiring Recognition of Insolvency by an Arbitral Tribunal	46
	[1] Direct Applicability of Insolvency Regime of Seat Country to Arbitral Tribunal	47
	[a] Relation of International Arbitral Tribunals to National Territory of their Seat	47
	[b] Direct Applicability of the Insolvency Regime of the Seat	48
	[i] United States	48
	[ii] England	49
	[iii] France	49

## Table of Contents

---

	[iv] Germany	50
	[v] Switzerland	51
[2]	Recognition based on Principles of <i>Res Iudicata</i> , <i>Lis Pendens</i> or <i>Claim</i> and <i>Issue Preclusion</i>	52
	[a] Means to Coordinate Proceedings before National Courts	53
	[b] Relevance in International Arbitration	53
	[c] Applicability between Decisions Commencing an Insolvency and Arbitral Proceeding	54
	[d] Conclusion	55
[3]	Avoiding Subsequent Set-Aside of the Arbitral Award	55
[4]	Duty to Render an Enforceable Arbitral Award	57
[5]	Interim Summary	58
[C]	Objective Arbitrability of Recognition of Insolvencies	59
	[1] Objective Arbitrability in General	59
	[a] Terminology	59
	[b] Applicable Law	59
	[2] Forms of Recognition Arising in Connection with Arbitration	60
	[3] UN-InsModLaw Countries	61
	[a] United States	61
	[i] Arbitrability of Insolvency Law Actions	61
	[ii] Arbitrability of Recognition of an Insolvency	65
	[b] England	65
	[i] Arbitrability of Insolvency Law Actions	65
	[ii] Arbitrability of the Recognition of an Insolvency	66
	[4] EuInsReg Countries	67
	[a] Recognition of Insolvency Commenced in Non-EuInsReg Member State	67
	[i] Germany	67
	[ii] France	68
	[iii] England	68
	[b] Recognition of Insolvency Commenced in EuInsReg Member State	69
	[5] Switzerland	70
	[a] Arbitrability of Insolvency Law Actions	70
	[i] Insolvency Law Actions as Pecuniary Claims	70
	[ii] Concepts Limiting General Arbitrability of Insolvency Law Actions	70
	[b] Arbitrability of Swiss Insolvency Law Actions	73
	[c] Arbitrability of Recognition of an Insolvency	75

Table of Contents

[i]	Arbitrability of Formal Recognition of an Insolvency	75
[ii]	Arbitrability of Incidental Recognition of an Insolvency	75
[6]	Interim Summary	76
[D]	Applicable Law to the Recognition of an Insolvency	77
[1]	Possible Laws Applicable to the Recognition of Insolvency	77
[2]	Significance of the Seat Perspective of the Arbitral Tribunal	77
[3]	Conclusion for the Law Applicable to the Recognition	78
[4]	Criteria for Recognition of an Insolvency by Arbitral Tribunals	79
[a]	UN-InsModLaw	79
[b]	EuInsReg	79
[c]	Switzerland	79
[i]	Adaption of Recognition Rules of Cross-Border Insolvency Law	79
[ii]	Conditions for Recognition of an Insolvency	80
[5]	Interim Summary	81
CHAPTER 5		
	Determining the Law Applicable to the Effects of an Insolvency	83
§5.01	Mandate to Determine Applicable Law	84
[A]	National Courts	84
[B]	Arbitral Tribunals	84
[C]	Interim Summary	85
§5.02	Methods to Determine the Law Applicable	86
[A]	Choice of the Applicable <i>lex concursus</i> by the Parties	86
[B]	Conflict of Law Approaches in Connection with Insolvency Law	87
[1]	Insolvency-Specific Conflict-of-Law Approach	87
[2]	Traditional Conflict-of-Law Approach	88
[3]	<i>Lex fori concursus</i> as Mandatory Rules	89
[C]	Characterization as Starting Point	90
[1]	Significance of Characterization in Connection with Insolvency Issues	90
[2]	Standard of Characterization in Connection with Insolvency Law Issues	92
[a]	<i>Lex fori</i>	92
[b]	<i>Lex causae</i>	93
[c]	Comparative and Functional Approaches	94
[d]	Conclusion	95
[D]	Interim Summary	95

## Table of Contents

---

### CHAPTER 6

Specific Effects of a Commencement of an Insolvency on International Arbitration	97
§6.01 Effects of Insolvency on Arbitration Agreements	97
[A] Distinction between Validity and Scope of an Arbitration Agreement	98
[B] Validity of Arbitration Agreement	98
[1] Comparative View	99
[2] Switzerland	100
[3] Interim Summary	100
[C] Scope of Arbitration Agreement <i>ratione personae</i>	100
[1] Binding Effect of Arbitration Agreements Upon Commencement of Insolvency	100
[a] United States	100
[b] Germany	101
[c] England	102
[d] France	103
[e] Switzerland	103
[i] Case Law	103
[ii] Literature	105
[iii] Analysis	105
[f] Interim Summary	108
[2] Executory Contracts as Means to Opt Out of Arbitration Agreements	109
[a] Executory Contract Provisions	109
[i] Comparative View	109
[ii] Switzerland	110
[b] Effect of Rejection of Executory Contracts on Arbitration Agreements	111
[i] Comparative View	111
[ii] Switzerland	113
[c] Interim Summary	113
[D] Scope of Arbitration Agreement <i>ratione materiae</i>	114
[1] Difficulties in the Insolvency Law Context	114
[2] Determination of Scope <i>ratione materiae</i> in the Insolvency Context	115
[a] United States	115
[b] Germany	117
[c] England	117
[d] France	118
[e] Switzerland	119
[i] Case Law	119
[ii] Literature	120
[iii] Analysis	120

Table of Contents

	[3] Interim Summary	123
[E]	Applicable Law	124
	[1] Possible Conflict-of-Law Approaches in Connection with the Validity and Scope of an Arbitration Agreement	124
	[a] Traditional Conflict-of-Law Approach	124
	[b] Insolvency-Specific Conflict-of-Law Approach	125
	[c] <i>Lex fori concursus</i> as Mandatory Rules	127
	[2] Approaches Under Cross-Border Insolvency Regimes	127
	[a] EuInsReg	127
	[i] Pending Arbitration at the Time of Commencement of Insolvency	128
	[ii] No Pending Arbitration at the Time of Commencement of Insolvency	131
	[b] UN-InsModLaw	131
	[c] Switzerland	133
	[i] Conflict-of-Law Approach in Connection with Insolvency	133
	[ii] Arbitration Agreement Providing for Arbitration in Switzerland	134
	[iii] Arbitration Agreement Providing for Arbitration Outside of Switzerland	138
	[iv] Application of <i>lex fori concursus</i> as Mandatory Rule	139
	[3] Interim Summary	143
§6.02	Effects of the Insolvency on the Capacity of the Parties to Arbitration	144
	[A] Impact of Insolvency on Capacity of Parties	144
	[1] Notion of Capacity	144
	[2] Effect of Insolvency on Capacity	145
	[a] Effects of an Insolvency on the Substantive Notion of Capacity	145
	[b] Effects of an Insolvency on the Procedural Notion of Capacity	146
	[c] No Effects of the Insolvency on the Debtor's Capacity	148
	[d] Provisions Explicitly Depriving Capacity to be Party to Arbitration	148
	[e] Conclusion	150
	[3] Delimitations	151
	[a] Authority	151
	[i] In General	151
	[ii] Significance in Connection with Insolvency and Arbitration	152

## Table of Contents

---

	[b]	Standing to Sue or to Be Sued ( <i>Aktivlegitimation</i> / <i>Passivlegitimation</i> )	154
		[i] In General	154
		[ii] Significance in Connection with Insolvency and Arbitration	155
	[4]	Interim Summary	155
[B]		Effect of Issues of Incapacity on Arbitration	156
	[1]	Arbitration Agreements Concluded after the Commencement of an Insolvency	156
	[2]	Arbitration Agreements Concluded before the Commencement of an Insolvency	157
		[a] Effect of Incapacity on Arbitration Agreement	157
		[b] Effect of Incapacity on Arbitral Proceedings	158
		[c] Effect of Incapacity on Recognition and Enforcement of Arbitral Award	159
	[3]	Interim Summary	159
[C]		Applicable Law	159
	[1]	Possible Conflict-of-Law Approaches in Connection with Capacity of a Party Subject to Insolvency	160
		[a] Traditional Conflict-of-Law Approach	160
		[i] Application of the International Private Law Rules of the Seat of the Arbitral Tribunal	160
		[ii] Direct Application of a Substantive International Capacity Rule	161
		[iii] Application of Closest Connection Rule	162
		[iv] Application of Conflict Rules Applicable to the Substantive Validity of Arbitration Agreements	163
		[v] Application of a <i>in favorem validitatis</i> rule	163
		[vi] Principles Preventing the Application of Inadequate Capacity Provisions	163
		[b] Insolvency-Specific Conflict-of-Law Approach	167
		[c] <i>Lex fori concursus</i> as Mandatory Rules	167
	[2]	EuInsReg	167
	[3]	UN-InsModLaw	168
		[a] United States	168
		[b] England	170
	[4]	Switzerland	170
		[a] Literature	171
		[b] Case Law	172
		[c] Analysis	173

Table of Contents

	[i] Evolving Practice of the Swiss Federal Supreme Court	173
	[ii] Problems in Connection with the Reliance on General Incapacity Provisions in an Insolvency Context	175
	[iii] Suggested Conflict-of-Law Approach for Issues of Capacity in Connection with Insolvency	176
	[5] Interim Summary	179
§6.03	Suspension of Arbitral Proceedings Due to an Insolvency	180
	[A] Automatic Stay Provisions in Insolvency Laws	180
	[1] United States	181
	[2] Germany	183
	[3] England	184
	[4] France	185
	[5] Switzerland	186
	[a] Case Law and Literature	186
	[b] Analysis	188
	[i] Purpose of Article 207 SchKG	188
	[ii] Article 207 SchKG and Public Policy	188
	[iii] Application of Article 207 SchKG to International Arbitration	189
	[6] Interim Summary	190
	[B] Applicable Law	191
	[1] Possible Conflict-of-Law Approaches in Connection with the Stay of Arbitral Proceedings	192
	[a] Traditional Conflict-of-Law Approach	192
	[b] Insolvency-Specific Conflict-of-Law Approach	192
	[c] <i>Lex fori concursus</i> as Mandatory Rules	192
	[2] EUnInsReg	193
	[3] UN-InsModLaw	194
	[4] Switzerland	195
	[a] Case Law and Literature	195
	[b] Analysis	196
	[i] Insolvency-Specific Conflict-of-Law Approach	196
	[ii] Traditional Conflict-of-Law Approach	197
	[iii] Application of <i>lis pendens</i> Rules Requiring Suspension of Arbitration	197
	[iv] <i>Lex fori concursus</i> as Mandatory Provisions	197
	[5] Interim Summary	198

## Table of Contents

---

CHAPTER 7	
Effects of an Insolvency on the Recognition and Enforcement of International Arbitral Awards	201
§7.01 Significance of Enforcement Proceedings in Connection with Parties Subject to Insolvency	201
§7.02 Grounds Opposing the Recognition and Enforcement of Arbitral Awards	202
[A] Legal Framework	202
[1] Arbitral Awards Rendered in Country of Recognition and Enforcement	203
[2] Arbitral Awards Rendered outside the Country of Recognition and Enforcement	203
[3] Consequences for Arbitral Awards in the Insolvency Context	204
[4] Interim Summary	205
[B] Grounds for Non-recognition of Arbitral Awards in the Insolvency Context	205
[1] Validity and Scope of Arbitration Agreement (Article V(1)(a),(c) NYC)	205
[a] Delimitation between Article V(1)(a) NYC and Article V(1)(c) NYC	205
[b] Validity of Arbitration Agreement (Article V(1)(a) NYC)	206
[i] Applicable Law	206
[ii] Consequences for Arbitral Awards in the Insolvency Context	207
[c] Scope of the Arbitration Agreement (Article V(1)(c) NYC)	208
[i] Applicable Law	208
[ii] Consequences for Arbitral Awards in the Insolvency Context	208
[d] Interim Summary	209
[2] Capacity of the Parties (Article V(1)(a) NYC)	209
[a] Ambiguities in the Insolvency Context	209
[b] Unusual Legislative History of Article V(1)(a) NYC	210
[c] Scope of the Incapacity Defense under New York Convention	212
[i] In General	212
[ii] Application of Incapacity Defense to Cases of Insolvency	213
[d] Relevant Point in Time	214
[i] Article V(1)(a) NYC	214

Table of Contents

	[ii] Proper Representation under Article V(1)(b) NYC	214
	[e] Applicable Law	215
	[f] Interim Summary	216
[3]	Objective Arbitrability (Article V(2)(b) NYC)	216
	[a] Notion of Arbitrability under the New York Convention	216
	[b] Applicable Law	217
	[c] Objective Arbitrability of Insolvency Law Matters	217
	[d] Interim Summary	217
[4]	Public Policy (Article V(2)(b) NYC)	217
	[a] Significance of Public Policy in Connection with Arbitral Awards Involving a Party Subject to Insolvency	218
	[b] Public Policy under the New York Convention	218
	[i] Applicable Law	218
	[ii] Notion of Public Policy	219
	[iii] Delimitation between Public Policy and Objective Arbitrability	219
	[c] Insolvency Law and Public Policy	219
	[i] England	220
	[ii] France	220
	[iii] United States	221
	[iv] Germany	222
	[v] Switzerland	223
	[vi] Conclusion	224
	[d] Interim Summary	224
§7.03	Effects of Insolvency on Local Enforcement Procedure	225
	[A] Applicable Law	225
	[B] Significance of Territorial Effects of Insolvency in Country of Enforcement	226
	[1] Territorial Effects of Insolvency in Country of Enforcement	227
	[2] No Territorial Effects of Insolvency in Country of Enforcement	227
	[C] Effects of an Insolvency on Local Recognition and Enforcement Procedure of International Arbitral Awards	228
	[1] United States	228
	[2] England	228
	[3] Germany	228
	[4] France	229
	[5] Switzerland	230
	[a] Insolvency Not Recognized in Switzerland	230
	[i] Enforcement Proceedings by a Creditor	230

## Table of Contents

---

	[ii] Enforcement Proceedings by a Foreign Trustee	230
	[b] Insolvency Initially Commenced or Recognized in Switzerland	231
	[i] Preclusion of Individual Actions Seeking Enforcement of Arbitral Award	231
	[ii] Collective Enforcement of Arbitral Awards Issued after Commencement of Insolvency	233
	[iii] Collective Enforcement of Arbitral Award Issued before Commencement of Insolvency	240
	[D] Interim Summary	240
CHAPTER 8		
	Summary and Conclusion	243
	§8.01 Summary of the Results	243
	§8.02 Conclusory Remarks and Prospects	252
	Bibliography	255
	Materials and Other Sources	275
	Table of Cases	279
	Index	291