

VIAC CAN Newsletter for the CEE region

CASE LAW FROM THE CEE REGION

Estonia

*Author: VIAC Ambassador for Estonia, **Eveli Lume**, Partner at Squire Patton Boggs*

1. **Decision of the Tallinn Circuit Court dated 16 February 2024 (case no. 2 21 17871)¹.** Claimant sought a declaration that no valid arbitration agreement existed between itself and the defendant, Saaremaa municipality. The general terms of their contract, based on FIDIC rules, included an arbitration clause. However, the claimant argued that an annex to the contract specified the application of Estonian substantive and procedural law, which it interpreted as conferring jurisdiction on Estonian courts. The court disagreed, holding that the reference to Estonian law did not invalidate or override the arbitration clause. The dispute resolution clause in the general terms remained applicable and binding. The court also rejected the claimant's argument that the arbitration clause was invalid simply because it was included in the general terms, noting that a professional contractor in a public procurement process is expected to understand the implications of standard contract terms.
2. **Decision of the Tartu Circuit Court dated 28 June 2024 (case no. 2 22 8672)².** The case concerned a loan agreement that had been terminated by the creditor, who then demanded payment of the outstanding balance from one of the sureties (the claimant) before Estonian courts. The claimant voluntarily paid the amount to the creditor and subsequently sought reimbursement of half of the sum from the co-surety (the defendant), arguing that both sureties were jointly liable. The defendant contested the court's jurisdiction, relying on arbitration clauses in both the loan agreement and the suretyship agreements, which provided for disputes to be resolved by arbitration. The court rejected this argument, holding that no valid arbitration agreement existed between the claimant and the defendant. The court reasoned that the arbitration clauses were part of the agreements between the creditor and the debtor, and between the creditor and each surety individually. However, as the two sureties had not concluded any agreement with each other, those arbitration clauses did not extend to disputes between them.

¹ Decision of the Tallinn Circuit Court dated 16 February 2024 (case no. 2-21-17871): <https://www.riigiteataja.ee/kohtulahendid/fail.html?fid=364060788>

² Decision of the Tartu Circuit Court dated 28 June 2024 (case no. 2-22-8672): <https://www.riigiteataja.ee/kohtulahendid/fail.html?fid=385647474>