

# International Comparative Legal Guides



## Shipping Law 2021

A practical cross-border insight into shipping law

### Ninth Edition

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## Expert Analysis Chapters

- 1** **The Changing Face of Maritime Law and Risk – Cyber, E-Commerce, Automation of Vessels**  
Julian Clark, Ince
- 7** **EMAC and the Development of Maritime Arbitration in the UAE**  
Jyothi Mani, Emirates Maritime Arbitration Centre (EMAC)
- 11** **The Resilience of Shipping in Portugal in Spite of Global Pandemic Turmoil**  
Cátia Fernandes & Marina Pimenta, CF – Maritime Legal Services
- 15** **BIMCO on New Regulations to Curb Emissions**  
Mads Wachter Kjærgaard, BIMCO

## Q&A Chapters

- 20** **Angola**  
VdA, in association with ASP Advogados:  
José Miguel Oliveira & Marcelo Mendes Mateus
- 27** **Belgium**  
Kegels & Co: André Kegels
- 37** **Brazil**  
Mattos Filho, Veiga Filho, Marrey Jr. e Quiroga  
Advogados: Nilton Mattos & Flávio Spaccaquerche  
Barbosa
- 43** **Chile**  
Tomasello & Weitz: Leslie Tomasello Weitz
- 49** **China**  
Zhonglun W&D Law Firm: Gary Wu, Hector Fan,  
Forrest Zhu & Nick Yuan
- 57** **Cuba**  
Q.E.D INTERLEX CONSULTING SRL: Luis Lucas  
Rodríguez Pérez
- 64** **Cyprus**  
Ince: Marianna Lamari & Vasiliki Malta
- 74** **Denmark**  
IUNO Advokatpartnerselskab: Mads Poulsen
- 81** **Dominican Republic**  
Q.E.D INTERLEX CONSULTING SRL: Luis Lucas  
Rodríguez Pérez
- 88** **Egypt**  
Links & Gains Law Firm: Mohamed Mostafa Agamy &  
Omar Elzayat
- 95** **France**  
RICHEMONT DELVISO: Henri Najjar
- 102** **Germany**  
REMÉ Rechtsanwälte Partnerschaft mbB: Jobst von  
Werder & Dr. Martin Reußner
- 108** **Gibraltar**  
Ince: Anne Rose
- 115** **Greece**  
Hill Dickinson International: Maria Moisdou &  
Alexander Freeman
- 121** **Hong Kong**  
Tang & Co. (in association with Helmsman LLC,  
Singapore): Tang Chong Jun
- 128** **India**  
Ganesh & Co.: Shivkumar Iyer
- 135** **Indonesia**  
SSEK Legal Consultants: Dyah Soewito, Stephen I.  
Warokka & Revaldi N. Wirabuana
- 143** **Israel**  
Harris & Co. Maritime Law Office: Yoav Harris &  
John Harris
- 150** **Italy**  
Dardani Studio Legale: Marco Manzone & Lawrence  
Dardani
- 158** **Japan**  
Mori Hamada & Matsumoto: Hiroshi Oyama &  
Fumiko Hama
- 166** **Korea**  
Moon & Song: Kwang-Myeong Moon & Hun Song
- 172** **Malta**  
Dingli & Dingli: Dr. Tonio Grech & Dr. Fleur Delia
- 178** **Mozambique**  
VdA, in association with GDA Advogados: José  
Miguel Oliveira & Kenny Laisse
- 185** **Nigeria**  
Bloomfield LP: Adedoyin Afun & Ademide Peters
- 193** **Norway**  
Kvale Advokatfirma DA: Kristian Lindhartsen
- 199** **Panama**  
Arias, Fábrega & Fábrega: Jorge Loaiza III
- 214** **Poland**  
Rosicki, Grudziński & Co.: Maciej Grudziński & Piotr  
Rosicki
- 221** **Portugal**  
Ana Cristina Pimentel & Associados, Sociedade de  
Advogados, SP, RL: Ana Cristina Pimentel
- 227** **Russia**  
NAVICUS.LAW: Konstantin Krasnokutskiy
- 234** **Senegal**  
AF Legal Law Firm: Dr. Aboubacar Fall & Papa  
Bassirou Ndiaye

238

**Singapore**

Incisive Law LLC: Boaz Chan, Justin Seet, Kannan Balakrishnan & Thaddaeus Chan

245

**South Africa**

Shepstone & Wylie Attorneys: Pauline Helen Kumlehn

252

**Sweden**

Advokatfirman Vinge KB: Michele Fara, Ninos Aho, Paula Bäckdén & Anders Leissner

259

**Switzerland**

ThomannFischer: Stephan Erbe

265

**Taiwan**

Lee and Li, Attorneys-at-Law: Daniel T.H. Tsai

272

**Turkey**

TCG Fora Law Office: Sinan Güzel

279

**Ukraine**

Jurinter Law Firm: Oleg Fedotov

284

**United Arab Emirates**

Fichte & Co: Alessandro Tricoli, Moaz Forawi & Shehab Mamdouh

290

**United Kingdom**

Ince: Julian Clark & Reema Shour

298

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# Switzerland

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Stephan Erbe

## 1 Marine Casualty

**1.1 In the event of a collision, grounding or other major casualty, what are the key provisions that will impact upon the liability and response of interested parties? In particular, the relevant law / conventions in force in relation to:**

### (i) Collision

As a general remark regarding all the below conventions: with regard to international treaties, Switzerland applies the so-called monistic system. According to that system, any international treaty is automatically part of the Swiss legal system, i.e. without the need for introductory domestic legislation. Provided that an international treaty is self-executing, i.e. if the rules contained in such international treaty are detailed enough to be applied in a specific case and are applicable to individuals, then the specific clauses of the treaty will be applied directly. This is the case with all the below conventions and the references to these conventions in Arts 48, 49, 120 and 121 of the Swiss Shipping Act are therefore superfluous.

#### *Maritime Conventions:*

Switzerland has ratified the following maritime conventions:

- The International Convention for the Unification of Certain Rules of Law with respect to Collisions between Vessels of 23 September 1910.
- The International Convention on Certain Rules concerning Civil Jurisdiction in matters of Collision and the International Convention for the Unification of certain Rules relating to Penal Jurisdiction in matters of Collision or other Incidents of Navigation, both of 10 May 1952.
- The Convention on the International Regulations for Preventing Collisions at Sea of 20 October 1972.

#### *Inland Navigation Conventions:*

Switzerland has ratified the following conventions regarding inland navigation:

- The Convention Relating to the Unification of Certain Rules Concerning Collisions in Inland Navigation of 15 March 1960.
- The 1988 Strasbourg Convention on Limitation of Liability in Inland Navigation (CLNI 1988); Switzerland has also signed the CLNI 2012 and the CLNI 2012 is expected to be ratified in the course of 2021. Although the CLNI 1988 is not in force anymore as an international treaty, Switzerland still has a respective reference in its domestic legislation and the old version of the CLNI therefore theoretically still applies in Switzerland.

### (ii) Pollution

Switzerland has ratified the following conventions:

- The International Convention for the Prevention of Pollution of the Sea by Oil of 12 May 1954.
- The International Convention for the Prevention of Pollution from Ships of 2 November 1973, including its 1978 Protocol.
- The International Convention Relating to Intervention on the High Seas in Cases of Oil Pollution Casualties of 29 November 1969 including its 1973 Protocol.
- The International Convention on Civil Liability for Oil Pollution Damage of 29 November 1969 including its 1976 and 1992 Protocols.
- The International Convention on Civil Liability for Bunker Oil Pollution Damage of 23 March 2001.
- The International Convention on the Control of Harmful Anti-Fouling Systems on Ships of 5 October 2001.
- The International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage of 27 November 1992.

### (iii) Salvage/general average

Switzerland has ratified the following conventions:

- The Convention for the Unification of Certain Rules of Law respecting Assistance and Salvage at Sea of 23 September 1910.
- The International Convention on Salvage of 28 April 1989.  
There are no rules on who may carry out salvage operations and there is no mandatory form.

### (iv) Wreck removal

Switzerland has ratified the Nairobi International Convention on the Removal of Wrecks of 18 May 2007.

### (v) Limitation of liability

Switzerland has ratified the Convention on Limitation of Liability for Maritime Claims of 19 November 1976.

### (vi) The limitation fund

Arts 48 through 62 of the Ordinance on the Swiss Shipping Act provide for detailed rules regarding the establishment of a limitation fund, which apply in maritime and inland navigation matters.

### 1.2 Which authority investigates maritime casualties in your jurisdiction?

Under the Ordinance on the Safety Investigation of Transport Incidents (OSITI; SR 742.161), the Swiss Transport Safety

Investigation Board (STSB) will carry out an investigation on the technical, operational, human and systemic causes in the event of an incident involving a ship under the Swiss flag. Shipping incidents abroad will only be investigated if they take place in international waters. An incident is defined pursuant to Art. 94 par. 1 no. 7 of the United Nations Convention on the Law of the Sea. The goal of the investigation is to avoid similar incidents in the future, but the report will not opine on fault or the legal responsibility.

If a criminal act is committed on board a ship flying the Swiss flag, the authorities of the canton of Basel-Stadt, i.e. the prosecutor's office of Basel, shall be in charge of leading the criminal investigation (Art. 15 of the Swiss Shipping Act).

### 1.3 What are the authorities' powers of investigation / casualty response in the event of a collision, grounding or other major casualty?

The STSB has comprehensive powers and can take all measures necessary to conduct the investigation. This includes the hearing of witnesses, seizures, the mandating of experts, citations of witnesses and house searches.

The prosecutor's powers are laid out in the Swiss Criminal Procedure Code.

The STSB and the prosecutors coordinate their efforts and are under a duty to disclose their documents and findings respectively.

## 2 Cargo Claims

### 2.1 What are the international conventions and national laws relevant to marine cargo claims?

#### Maritime Conventions

Switzerland has ratified the Hague-Visby Rules. In Art. 101, the Swiss Shipping Act explicitly refers to the Hague-Visby Rules.

Switzerland has signed, but not ratified, the Rotterdam Rules. The Hamburg Rules have not been signed.

#### Inland Navigation Conventions

Switzerland has ratified the Budapest Convention on the Contract for the Carriage of Goods by Inland Waterways (CMNI).

### 2.2 What are the key principles applicable to cargo claims brought against the carrier?

#### Maritime Cargo Claims

All the principles as established in the Hague-Visby Rules apply, i.e. the presumed liability except for the excepted perils, the exclusion of liability for nautical error and fire and the limitation of liability. The limitations apply not only to contractual claims, but also if claims are based on tort (Art. 105 of the Swiss Shipping Act). The bill of lading determines the rights that any lawful holder of such bill of lading may assert against the carrier, whereas the charterparty remains decisive for the legal relation between the carrier and the shipper (Art. 115 of the Swiss Shipping Act).

#### Inland Navigation Cargo Claims

Some of the principles applicable to maritime cargo claims also apply under the CMNI, while other aspects are dealt with differently: There is also a presumed liability but there is no reference to excepted perils. The exclusion of liability for nautical

error and fire only applies if the parties agree so. The limitation of liability is similar to the rules regarding maritime claims. If a bill of lading is issued, which is not necessarily the case, then basically the same principles apply as for maritime cargo claims.

### 2.3 In what circumstances may the carrier establish claims against the shipper relating to misdeclaration of cargo?

The Swiss Shipping Act, just like German law, distinguishes between the shipper and the so-called *Ablader* (Art. 106 of the Swiss Shipping Act). The *Ablader* is the party who, on behalf of the shipper, actually delivers the goods to the ship. This can be the shipper himself or, e.g. a forwarder or an agent acting on behalf of the carrier. The *Ablader* is liable towards the carrier for any damages caused by misdeclaration of cargo, regardless of fault.

The *Ablader* or the contractual shipper, if he is the one delivering the cargo, will also be liable to other shippers who have cargo aboard and sustain damages. However, and contrary to the *Ablader's* liability toward the carrier, the *Ablader* will only become liable towards other shippers if they succeed in establishing the *Ablader's* fault.

The carrier will not be liable for shippers' damages in the event of misrepresentation (Art. 106 of the Swiss Shipping Act).

### 2.4 How do time limits operate in relation to maritime cargo claims in your jurisdiction?

Maritime cargo claims are time-barred after one year, commencing upon termination of the demise or time charter, or, in the event of a contract of carriage, on the date on which the goods were delivered or should have been delivered as per the contract.

Cargo claims in inland navigation are time-barred after one year, commencing on the date on which the goods were delivered or should have been delivered.

## 3 Passenger Claims

### 3.1 What are the key provisions applicable to the resolution of maritime passenger claims?

Switzerland has ratified the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea of 13 December 1974 including its 1976 Protocol, but not the 2002 Protocol. Art. 118 of the Swiss Shipping Act explicitly refers to the Athens Convention. Switzerland has also ratified the Convention on Limitation of Liability for Maritime Claims of 19 November 1976 (LLMC). The provisions of those two conventions, including the global limitation of liability as per the LLMC and the limitation per passenger as per the Athens Convention therefore govern maritime passenger claims.

### 3.2 What are the international conventions and national laws relevant to passenger claims?

Since Switzerland applies the monistic system and international conventions are therefore directly applicable (provided that they are self-executing), there is no need for domestic legislation. For the sake of transparency, Art. 118 of the Swiss Shipping Act refers to the relevant international conventions.



### 3.3 How do time limits operate in relation to passenger claims in your jurisdiction?

Swiss law has different time limits depending on whether a passenger bases his claim on a contractual basis (breach of passenger ticket contract) or on tort. Claims based on tort are subject to a limitation period of three years which begins as soon as the passenger has positive knowledge of the liable party and the extent of the damage. In any event, claims will be time-barred after 20 years. Contractual claims are time-barred after 10 years.

## 4 Arrest and Security

### 4.1 What are the options available to a party seeking to obtain security for a maritime claim against a vessel owner and the applicable procedure?

Switzerland has ratified the 1952 Arrest Convention but is not a signatory to the 1999 Arrest Convention.

Switzerland is a landlocked country and therefore seagoing vessels will, perhaps apart from yachts and similar small vessels on the Rhine, never be in the jurisdiction of Swiss courts/authorities. As a consequence, Swiss courts/authorities will never have the opportunity to arrest a seagoing vessel.

### 4.2 Is it possible for a bunker supplier (whether physical and/or contractual) to arrest a vessel for a claim relating to bunkers supplied by them to that vessel?

Due to Switzerland being a landlocked country, this point is moot. Please also see question 4.1 above.

### 4.3 Is it possible to arrest a vessel for claims arising from contracts for the sale and purchase of a ship?

Due to Switzerland being a landlocked country, this point is moot. Please also see question 4.1 above.

### 4.4 Where security is sought from a party other than the vessel owner (or demise charterer) for a maritime claim, including exercise of liens over cargo, what options are available?

Due to Switzerland being a landlocked country, this point is moot as far as ship arrests are concerned.

However, it is conceivable that cargo liens may be exercised based on, and under the conditions set out in the general provisions of Swiss national law on arrests.

### 4.5 In relation to maritime claims, what form of security is acceptable; for example, bank guarantee, P&I letter of undertaking.

As mentioned above, ship arrests will never be carried out in Switzerland. In the case of arrest on cargo (see above), courts would accept the following securities: a bank guarantee; a cash deposit with the competent court; or any other asset replacing the arrested goods, if such assets, in the view of the court, provide an adequate security to the creditor.

### 4.6 Is it standard procedure for the court to order the provision of counter security where an arrest is granted?

Yes; although the provision of security is not a mandatory rule under statutory law and rather lies within the court's discretion, it can be considered standard procedure.

### 4.7 How are maritime assets preserved during a period of arrest?

There are no specific rules for preservation of assets during an arrest.

### 4.8 What is the test for wrongful arrest of a vessel? What remedies are available to a vessel owner who suffers financial or other loss as a result of a wrongful arrest of his vessel?

Due to Switzerland being a landlocked country, this point is moot. Please also see question 4.1 above.

In the case of arrest of cargo, the owner or any third party who suffers a damage can claim compensation if the arrest turns out to be wrongful. An arrest is wrongful if either there is no claim or if the conditions for the granting of an arrest were not fulfilled.

## 5 Evidence

### 5.1 What steps can be taken (and when) to preserve or obtain access to evidence in relation to maritime claims including any available procedures for the preservation of physical evidence, examination of witnesses or pre-action disclosure?

Under Swiss civil procedural rules, the range of admissible means of evidence is limited to witness testimonies, documents, visual inspections, expert opinions, written testimony and parties' statements (Art. 168 of the Swiss Civil Procedure Code). All these means of evidence only qualify as evidence if they are given upon instruction by the court or at least in the course of a court proceeding. Pre-trial affidavits, prepared witness statements or expert opinions prepared by a party are therefore not admissible as evidence in court.

If a party is able to establish that evidence may be jeopardised, that party may apply to the competent court for provisional securing of evidence. The court may then, even if no procedure on the merits is pending, hear witnesses, get a preliminary expert opinion, or take other appropriate measures to secure physical evidence (Art. 158 of the Swiss Civil Procedure Code).

The Civil Court of Basel-Stadt is the competent court for all tort claims based on incidents that take place on a ship flying the Swiss flag. The same court is competent for any other civil claim which has its legal basis in the Swiss Shipping Act, i.e., among others, all claims relating to ownership, mortgages, liens, charterparties and crewing contracts (Art. 14 of the Swiss Shipping Act).

### 5.2 What are the general disclosure obligations in court proceedings? What are the disclosure obligations of parties to maritime disputes in court proceedings?

Under Swiss civil procedural law, there is no pre-trial discovery. Hence, with no proceeding pending and in the absence of a court order based on Art. 158 of the Swiss Civil Procedure Code (see

above), no party is obliged in any way to provide, disclose or secure evidence.

Once a matter is pending, every party to the proceeding, and also third parties who are not involved in the proceedings, are under a duty to cooperate which, *inter alia*, includes the duty to disclose documents and to give accurate witness statements.

A party to a proceeding is exempt from the described duty to cooperate, if this may give reason to a criminal investigation against that party (*nemo tenetur* rule) or reason to a civil liability against that party or if that party is subject to a professional secrecy as described in Art. 321 of the Swiss Criminal Code (e.g. attorneys, notaries, patent attorneys, auditors subject to a duty of confidentiality under the Code of Obligations, doctors, and others, including auxiliaries to any of the foregoing persons).

Third parties are exempt from the described duty to cooperate if there are certain family relationships to one of the parties as described in the Swiss Civil Procedure Code.

There are no special rules for maritime disputes, so the above would also apply to maritime disputes.

### 5.3 How is the electronic discovery and preservation of evidence dealt with?

Discovery rules as such are not known under Swiss civil procedural law.

According to Art. 160 of the Swiss Civil Procedure Code, any person holding documents which may serve as evidence is under an obligation to surrender such documents. There are, however, no strict rules regarding preservation of such evidence or regarding possible consequences of a wilful destruction of evidence. According to court practice, such misconduct can be considered when assessing the evidence and when allocating the burden of proof.

## 6 Procedure

### 6.1 Describe the typical procedure and timescale applicable to maritime claims conducted through: i) national courts (including any specialised maritime or commercial courts); ii) arbitration (including specialist arbitral bodies); and iii) mediation / alternative dispute resolution.

#### 6.1.1 Which national courts deal with maritime claims?

There are no courts in Switzerland that specialise in shipping or maritime issues. Any such issues will therefore be dealt with by the ordinary civil courts, or – if a specific canton provides for commercial courts – by the competent commercial court.

Procedure on the merits: any claimant wishing to enforce a claim on the merits will have to initiate, as a first step, a conciliation procedure, which technically makes the case pending (this does not apply to cantons who have a commercial court). If the conciliation is not successful, the claimant may then file his writ, together with all evidence, at the competent civil court. Usually, the court will give each party the possibility to file two writs and will then proceed to the taking and assessment of evidence. Judgment will be rendered after evidence has been considered and after the parties will have delivered their final statements, which usually takes place in a hearing.

Arrest: A claimant seeking an arrest will have to apply to the competent judge to issue an arrest deed. The judge will do so if the creditor credibly establishes that he has a claim against the owner of the goods, that there is good cause for issuing an arrest order and the goods to be arrested belong to the debtor. The judge will normally decide on the spot, without hearing the other party. The

arrest order will be issued with no delay (usually on the same day) and the Debt Enforcement Office will be instructed to secure the assets. Once this is done, the debtor will be informed about the arrest and the arrest deed will be issued.

Now the debtor has the possibility to object. If he does so, the parties will be summoned to court, where the court will decide, still based on *prima facie* evidence, whether the arrest will be upheld.

If the arrest is confirmed or if the debtor does not even object in the first place, the creditor is under an obligation to initiate the enforcement of his alleged claim within 10 days, either by commencing an enforcement procedure or by initiating a civil action on the merits against the debtor (as to the procedure on the merits, see above).

#### 6.1.2 Which specialist arbitral bodies deal with maritime disputes in your jurisdiction?

There are no specialist maritime arbitration bodies in Switzerland.

#### 6.1.3 Which specialist alternative dispute resolution bodies deal with maritime mediation in your jurisdiction?

There are no specialist maritime arbitration bodies in Switzerland.

### 6.2 What are the principal advantages of using the national courts, arbitral institutions and other ADR bodies in your jurisdiction?

National Courts are, generally speaking, of rather high quality and procedures are completed within reasonable timeframes. Since costs largely depend on the amount of the claim, costs can be rather high if the claim amount is significant.

The commonly cited advantages of arbitration, costs and timeframe, are therefore not always applicable in Switzerland. Whether or not arbitration should be considered therefore depends on the circumstances of the specific case. Furthermore, it has to be noted that arbitration bodies have no means to enforce injunctions or to arrest goods, which may also be considered as a disadvantage, depending on the circumstances.

Mediation plays no significant role in the enforcement of claims. In any case, a mediator has no power whatsoever to grant interim relief or to arrest goods.

### 6.3 Highlight any notable pros and cons related to your jurisdiction that any potential party should bear in mind.

Pro: Swiss courts are generally of rather high quality and the average amount of time necessary to obtain a judgment on the merits is, compared to an international standard, rather reasonable. As a very general rule it may be expected that a first-instance proceeding on the merits of a case will take approximately one year. Of course, this is just a very rough rule of thumb and the specifics of a case may shorten this period down or prolong it.

Con: procedural costs in Switzerland are high compared to other jurisdictions.

## 7 Foreign Judgments and Awards

### 7.1 Summarise the key provisions and applicable procedures affecting the recognition and enforcement of foreign judgments.

Switzerland is party to various international treaties governing the recognition and enforcement of foreign judgments, the most important one being the so-called Lugano Convention

(Convention on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters of 30 October 2007), which is basically the equivalent of the Brussels I Regulation of 2001 (Council Regulation (EC) No. 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters). Furthermore, several bilateral treaties are in place which deal with recognition and enforcement in civil and commercial matters.

If no international or bilateral treaty applies, the provisions of the Swiss Federal Act on Private International Law (PILA) would apply. Therefore, on a simpler note, it can be said that European judgments will be recognised according to the Lugano Convention, whereas most other judgments must meet the requirements as set out in the PILA. The main principles of these two systems are laid out below.

**Lugano Convention:** the Lugano Convention provides for a system of automatic recognition of foreign judgments, i.e. there will be no review on the merits, no review of jurisdictional issues and in general no decision by a Swiss judge is required to render the foreign judgment effective. However, if the enforceability is disputed, then any party may apply for a court order confirming the enforceability in Switzerland. To this end, a special form as defined in Art. 54 of the Lugano Convention has to be filed, by which the foreign court confirms enforceability of the judgment. The recognition and enforceability in Switzerland will only be denied in very exceptional circumstances as defined in Arts 34 and 35 of the Lugano Convention. The circumstances referred to in these articles mostly represent the material or procedural public order.

**PILA:** contrary to the system of the Lugano Convention, the PILA does not automatically recognise foreign judgments. In order to have a judgment recognised in Switzerland, a respective application has to be submitted with the competent court. The court will then examine whether the foreign court had sufficient jurisdiction to render a judgment on the merits. If jurisdiction of the foreign court is established, then the defendant may still argue that the judgment is incompatible with the Swiss public order or

that he did not receive proper notice on the foreign proceeding, that fundamental procedural rights had been violated or that the same dispute has already been decided upon. Apart from these points, the merits of the case will not be reviewed.

#### 7.2 Summarise the key provisions and applicable procedures affecting the recognition and enforcement of arbitration awards.

**Arbitration:** Switzerland is a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 10 June 1958. The provisions of the Convention therefore apply.

## 8 Updates and Developments

#### 8.1 Describe any other issues not considered above that may be worthy of note, together with any current trends or likely future developments that may be of interest.

As described above, foreign judgments are, in principle, recognised and enforceable in Switzerland. This does, however, not answer the question whether judicial sales of ships will also be recognised. Whilst this was a difficult issue in the past, the authorities have now signalled that a foreign judicial sale, generally speaking, will be recognised in Switzerland, and therefore constitutes a valid legal title to a ship and will enable the new owner to amend the ship registry.

Switzerland was planning to introduce the possibility for cantons to introduce tonnage tax systems. This tool was omitted from the current tax reform package, but the project is still being dealt with in the federal administration and may be re-introduced in the near future. If such a regime would indeed be introduced, this would make the Swiss flag more attractive for shipping companies.





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ThomannFischer is a commercial law firm based in Basel, Switzerland and was established in 1998. Stephan Erbe and Dr. Christian Hochstrasser deal with transport, logistic and maritime law matters, making ThomannFischer one of the leading firms in this field in Switzerland. Besides dealing with transport matters, ThomannFischer also has a strong IP practice and generally advises clients in all fields of commercial law, such as real estate and construction, tax, labour law for employers and others. ThomannFischer also offers all notarial services.

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Vertical Agreements and Dominant Firms