

2010 INDEX
OF COMMERCIAL AND ADMINISTRATIVE
LITIGATION



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The America for Bulgaria Foundation (ABF) supports the growth and strengthening of a vibrant market economy and democratic society in Bulgaria, helping the country to achieve its full potential as a successful modern European nation. Established in 2008, the ABF is a successor to the Bulgarian American Enterprise Fund, an investment initiative created by the U.S. government acting through the U.S. Agency for International Development. The grants provided by the ABF build on the legacy of goodwill and friendship that exists between the American and the Bulgarian people.

The 2010 Index of Commercial and Administrative Litigation was conducted with the support of America for Bulgaria Foundation. All statements, conclusions and recommendations are solely those of the BILI team and are in no way binding on the ABF.



AMERICA FOR BULGARIA
F O U N D A T I O N
Фондация Америка за България

1. Characteristics of the study

The study has been conducted by Alpha Research, a polling agency, on a commission from the Bulgarian Institute for Legal Initiatives (BILI) and was implemented with financing from the America for Bulgaria Foundation.

The goal of the project is to measure court client satisfaction with the progress of trial proceedings in civil and administrative lawsuits. In addition to an analysis of the different factors and reasons for client satisfaction/dissatisfaction, the study aimed to create an index of commercial and administrative litigation that sets out the findings in respect of the work of courts and essentially represents a summary evaluation of the level of client satisfaction, which allows comparisons to be made over time.

The study entailed conducting interviews with company representatives. Several predefined criteria were applied, notably that respondents hold senior positions and have familiarity with the lawsuits in which their companies were engaged. Both standard and online interviews based on the AROS (*Alpha Research Online Survey*) system were used.

The company sample included:

- a. 160 companies that did not encounter any legal problems;
- b. 200 companies that encountered legal problems but refrained from litigation
- c. 300 companies that encountered legal problems and pursued litigation.

The study of the groups concerned was important so that a clear profile of the companies in each group, their arguments for refraining from/pursuing litigation, and the overall progress of trial proceedings could be established.

The interviews were conducted between 1 and 31 July 2010.

2. Profile of the studies groups

2.1. Companies that did not encounter any legal problems

Typically, these are small, even micro companies, in the retail or services sectors, including small manufacturing companies, with a staff of less than 9 employees (64%) or between 10 to 49 employees (24%). Their representatives tend to rely on legal advice obtained from friends and acquaintances (25%) or seek the services of legal firms only when a need to do so arises. Nevertheless, it should be noted that half of the companies in this group have engaged the services of a legal professional or have concluded service agreements with lawyers or legal firms to whom they can address any queries and rely on for legal advice.

2.2. Companies that encountered legal problems but refrained from litigation

These are typically small and medium-sized enterprises. They also operate primarily in the retail and services sectors but comprise a significant share of industrial companies (18%). As compared to the first group, they have more staff and higher turnovers. Frequently, the stated rationale for refraining from litigation was that it was better to write off any sustained loss than pursue protracted, laborious and expensive lawsuits. Their attitude to legal services is substantially similar to the companies in the first group, except for a higher share of companies, which have concluded service contracts with law firms.

2.3. Companies that encountered legal problems and pursued litigation

This category comprises mostly large companies with higher turnovers that employ more staff as compared to the companies in the first two groups whose client and partner relations are more complex. They typically operate in the sectors of industry and construction. Their turnover is also higher as compared to that of the companies in the first two groups and their legal and organisational structure is more complex with the equity owner and the management of the company not being the same person in more than two-thirds of the cases. Typically, the companies in this group have hired a full-time in-house lawyer or rely on external legal service providers engaged under the terms of dedicated contracts. These companies do not rely on chance advice from acquaintances or queries posted online.

Type of company depending on the form of incorporation	Refrained from litigation	Pursued litigation (%)	Not encountered legal issues (%)	TOTAL (%)	
Sole trader/proprietor (ET)		30.8	14.4	29.2	23.6
Sole owner limited liability company (EOD)		25.6	25.6	27.3	26.1
Limited liability company (OOD)		29.5	34.9	24.7	30.3
Joint-stock company (AD)		6.4	14.4	6.5	9.7
Unlimited liability partnership		3.2	0.9	3.2	2.3
Other		4.5	9.8	9.1	8.0

Annual turnover in 2009	Refrained from litigation	Pursued litigation (%)	Not encountered legal issues (%)	TOTAL (%)
Less than 250 000 BGN.	57.8	30.0	68.2	47.4
Between 250 001 and 500 000 BGN	21.6	17.9	17.8	18.8
Between 500 001 and 1 000 000 BGN.	8.8	20.5	5.6	13.5
More than 1 000 000 BGN	11.8	31.6	8.4	20.3

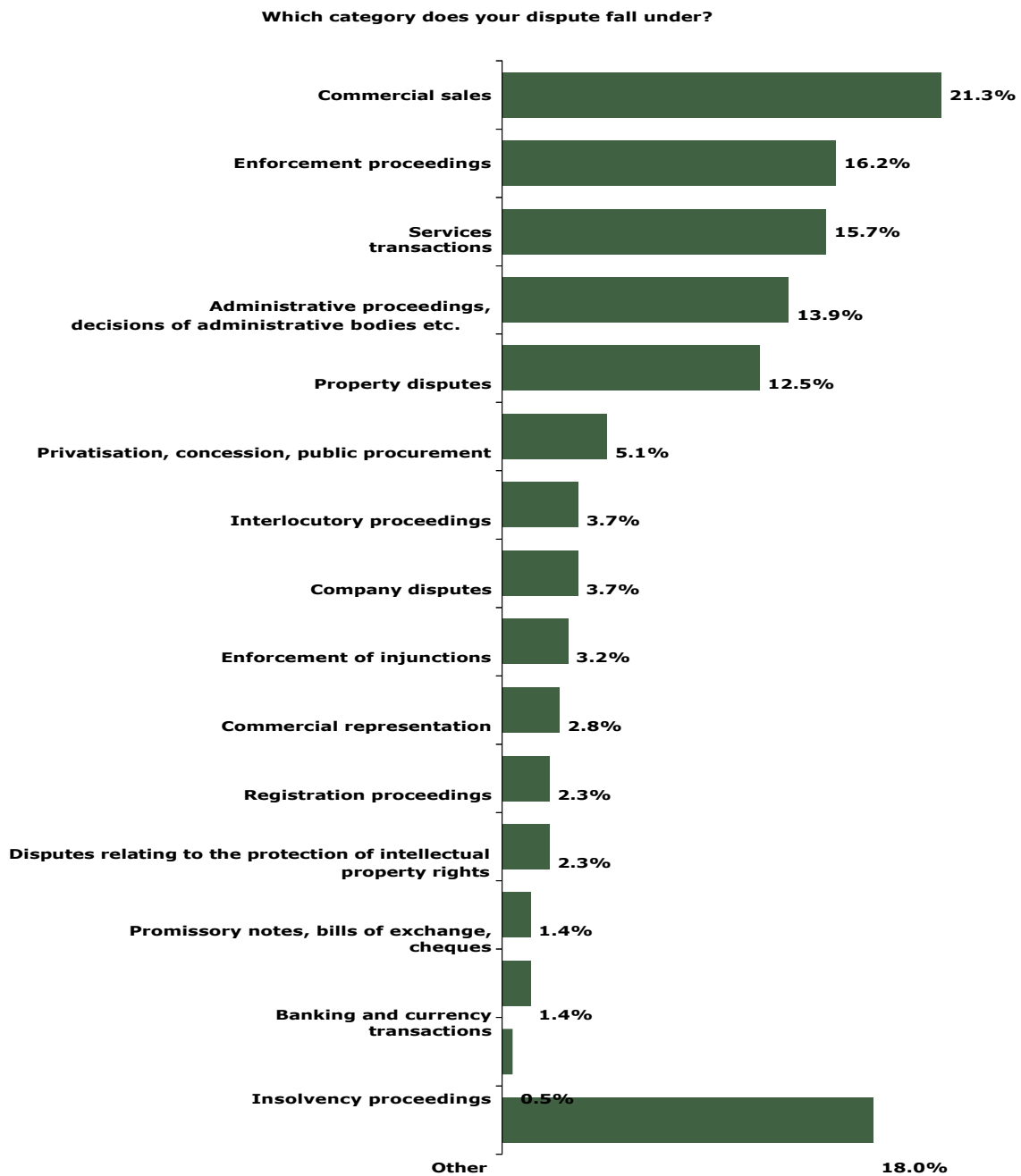
Company size per number of employees	Refrained from litigation	Pursued litigation (%)	Not encountered legal issues (%)	TOTAL (%)
From 1 to 9 employees	48.7	25.8	64.1	43.8
From 10 to 49 employees	37.5	45.6	22.4	36.4
From 50 to 249 employees	11.8	21.2	11.5	15.6
More than 250 employees	2.0	7.4	1.9	4.2

Sector	Refrained from litigation	Pursued litigation (%)	Not encountered legal issues (%)	TOTAL (%)
Not specified	3.1	0.5		1.1
Industry	17.6	13.3	10.3	13.7
Construction	8.2	17.0	7.1	11.4
Wholesale/retail	29.6	24.8	25.6	26.5
Hotel and restaurant management	3.1	5.0	5.8	4.7
Transport	3.1	4.6	4.5	4.1
Services	25.8	19.7	32.1	25.1
Information technologies and telecommunications	3.1	3.2	0,6	2.4
Farming	0.6	2.8	1.3	1.7
Healthcare	1.9	2.3	3.8	2.6
Other	3.8	6.9	9.0	6.6

Approximately one-third of the companies that pursued litigation encountered more than one legal problem and consequently engaged in several lawsuits. On the one hand, this is due to the larger scale on which these companies operate, which entails a greater likelihood for disputes. On the other hand, the pursuit of litigation on one occasion most likely precipitates taking the same action on other occasions. At the same time, no significant differences were observed in the appraisal of companies that were engaged in multiple lawsuits as compared to that of the remaining companies. In other words, this means a higher level of satisfaction with the work of courts or that litigants are more likely to actively resort to litigation in the future.

3. Types of legal problems encountered by businesses

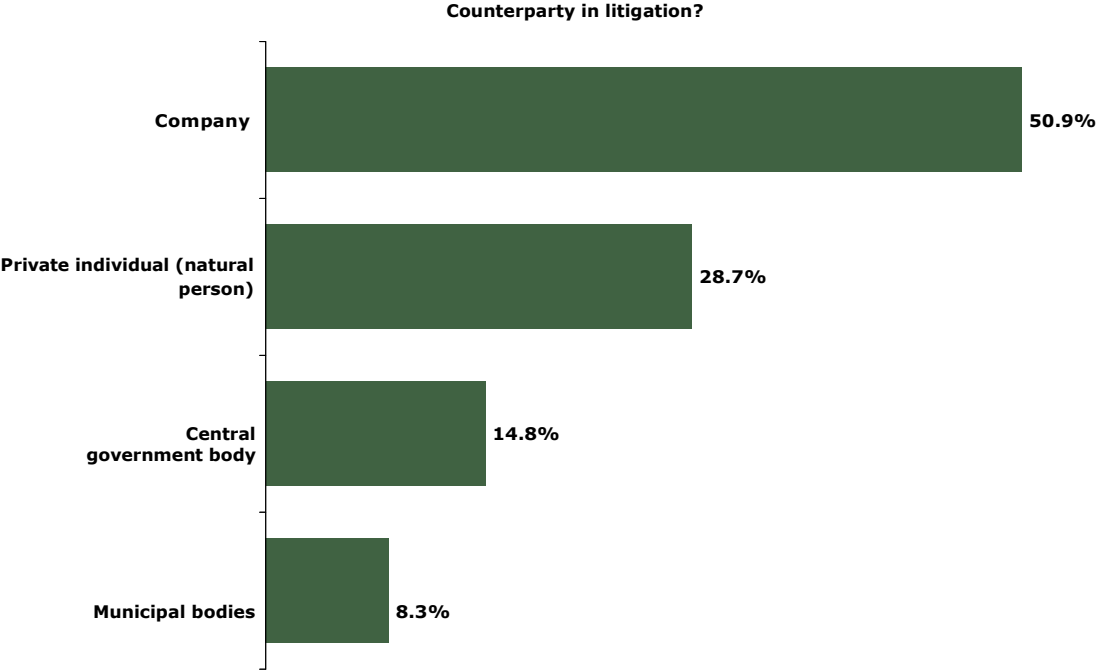
The most frequently encountered legal problems for Bulgarian businesses over which they are willing to go to court are commercial sales. This was the reason for taking legal action in 21% of the cases. These are followed by enforcement proceedings, services transactions, proceedings in administrative cases and property disputes. The share of the companies that pursued litigation over such disputes ranges between 16 and 12 percent. The respective share of other reasons for pursuing litigation is less than 5% for each category.



* for the companies that pursued litigation

As regards any significant differences and dependencies between the different types of companies and disputes in respect of which litigation was pursued, these stem from the size, specific nature of business and legal form of incorporation of each company. Joint-stock companies operating in the construction sector make up the greatest share of companies engaged in enforcement proceedings. The involvement in lawsuits in respect of administrative disputes is almost equally spread across all sectors of the economy, with a greater share of companies operating in the sectors of transport, healthcare, construction and wholesale/retail. Property disputes are more frequently encountered among industrial enterprises.

In more than half of all lawsuits the opposing party was a company (51%) and relatively rarely a natural person (29%) or a body of the central or local government (15% and 8%, respectively).

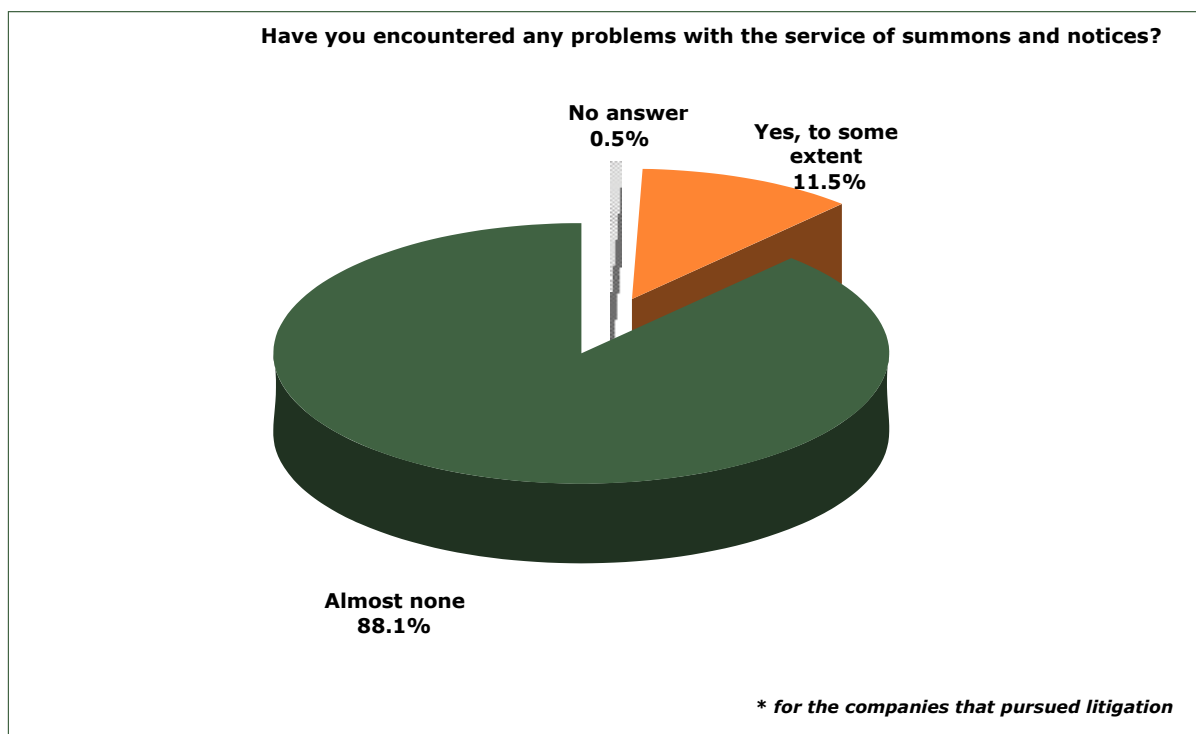


** for the companies that pursued litigation*

4. Progress of trial proceedings

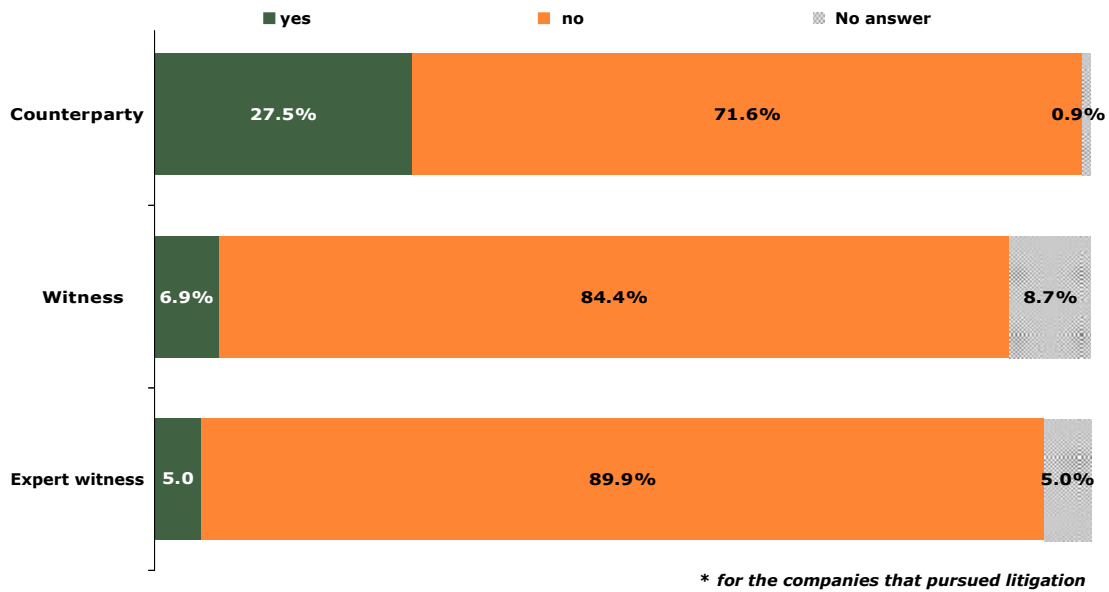
4.1. Service of process

Nine out of ten interviewed companies did not encounter any problems relating to the receipt of subpoenas or notices. This share is lower for the group of companies engaged in multiple lawsuits (down to 87%), but only marginally so. In the group of companies engaged in lawsuits in the capacity as respondents this percentage is perceptibly lower (27%).



Overall, disputes concerning commercial representation and banking and currency transactions, followed by company disputes and registration proceedings when the opposing party in the lawsuit was a government body presented the greatest number of problems. The greater part of problems with implications for service of process occurred in the judicial district of the Sofia City Court. This is readily understandable, given that the jurisdiction of the SCC covers the capital city Sofia in which a vast number of companies have their registered offices and serving court summons and notices presents a distinct challenge.

Did you encounter any problems relating to the summoning of the parties to the proceedings?



The study has revealed that the more frequently occurring problems have implications for the service of process *vis-à-vis* the respondents to trial proceeding, which was identified by 27.5% of respondents – a share that is significantly higher for large companies possibly owing to the greater complexity of the lawsuits they are engaged in. A repetition pattern has also been observed in respect of the critical issues described above – most of the problems have implications for the Sofia City Court and provincial courts, and for disputes in respect of commercial representation, along with proceedings in respect of promissory notes, bills of exchange, cheques, registration and interlocutory proceedings and property disputes.

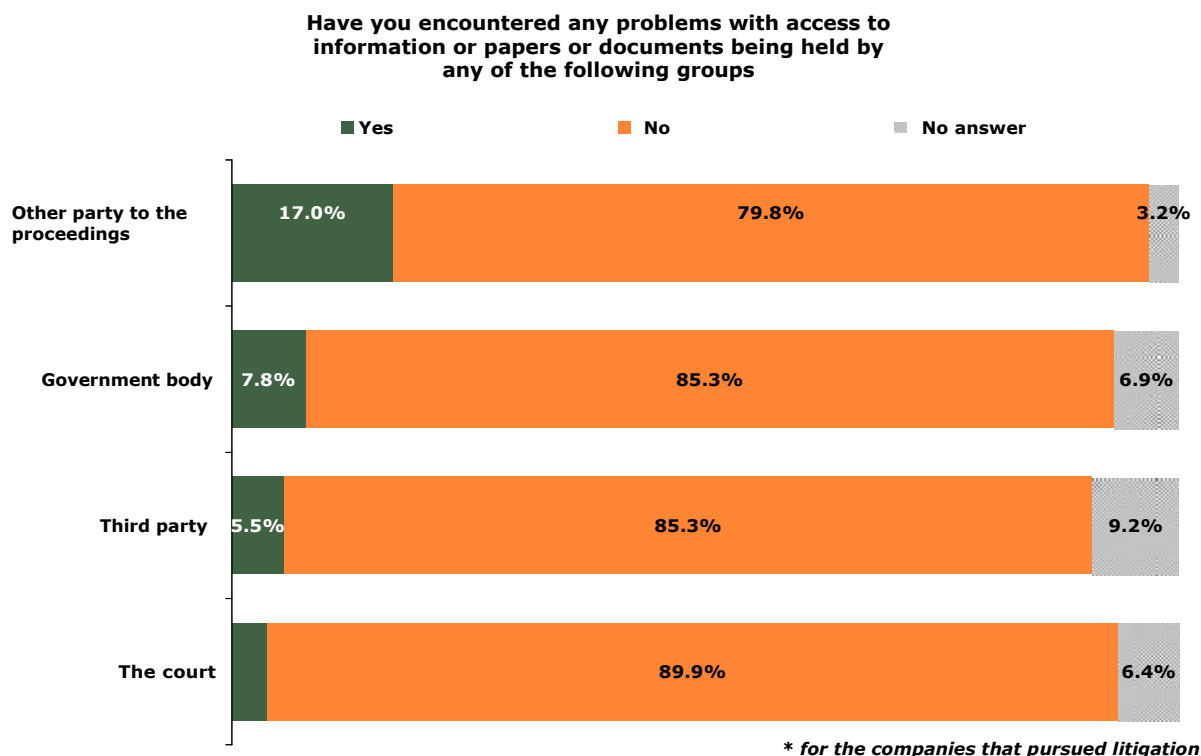
Only 7% of the companies that pursued litigation encountered problems with the service of process *vis-à-vis* witnesses. More problems occurred in the cases tried on appeal (14.3%) of which proceedings in respect of commercial representation have the greatest share.

The problems relating to the summoning of expert witnesses and other experts are lower by 5 percent. However, this appears to be a rather more serious issue for companies engaged in interlocutory proceedings or proceedings involving promissory notes and commercial representation, followed by registration proceedings and disputes relating to intellectual property rights. There is a significant difference between the companies that were only engaged in one lawsuit (1%) and those engaged in multiple lawsuits (7.8%).

4.2. Exchange of papers and information

In terms of access to information, the most frequently encountered problem was papers or documents being held by the other party in the proceedings (17%); less frequently, the papers or documents being held by a government body (7.8%); by third parties (5.5%) and by the court (3.7%).

- The majority of problems occurred when papers or documents were being held by the other party to the proceedings, typically cases concerning intellectual property rights disputes and registration proceedings, followed by commercial representation and sales disputes, respectively. The greatest number of problems had implications for the Sofia City Court and for trials in which the other party to the proceedings was a municipal body (22.2%);
- When papers or documents were being held by a government body, an increase was registered when the other party to the proceedings was a government body (21.9%), but a substantial increase was also registered in lawsuits concerning the protection of intellectual property rights, registration proceedings, promissory notes, bills of exchange and cheques;
- When papers or documents were being held by a third party – the problems outlined above were less frequently encountered and most complaints concern registration proceedings, commercial representation or company disputes;
- The least frequently encountered problems concerned cases when papers or documents were being held by the court, with most cases having implications for the Sofia City Court (10.7%).



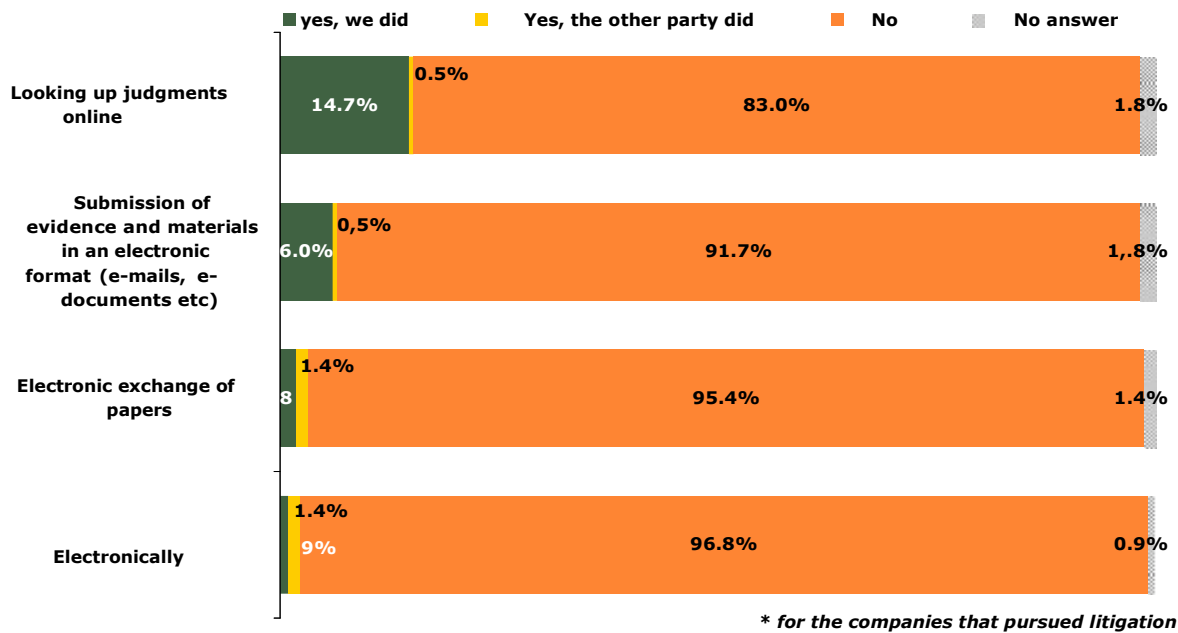
4.3. E-services

E-services in trials are still rarely used by a handful of companies, mostly operating in the sector of Information and Communication Technologies (ICT).

The Internet is most frequently used to look up judgements but in only 14.7 percent of the cases. The electronic submission of evidence and materials was used in only 6% of cases and papers were exchanged in a mere 1.8% of all cases. Lawsuits were filed electronically in only 1.4% of the cases.

The checks of the outcome of trials is four times more widespread amongst companies engaged in multiple lawsuits (21.1%) as compared to those engaged in a single lawsuit (5.7%). It is often used when the other party to the proceedings is a body of the central or local government (one-third of the cases).

During the trial did you use any of the following?

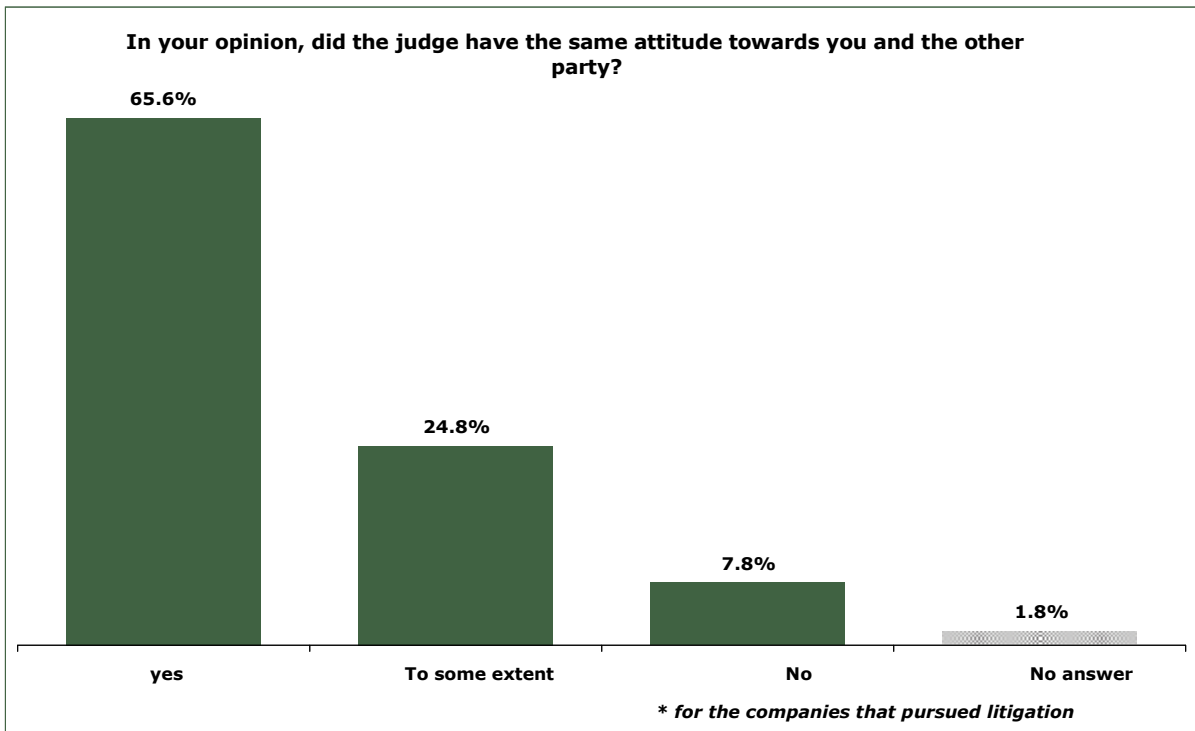
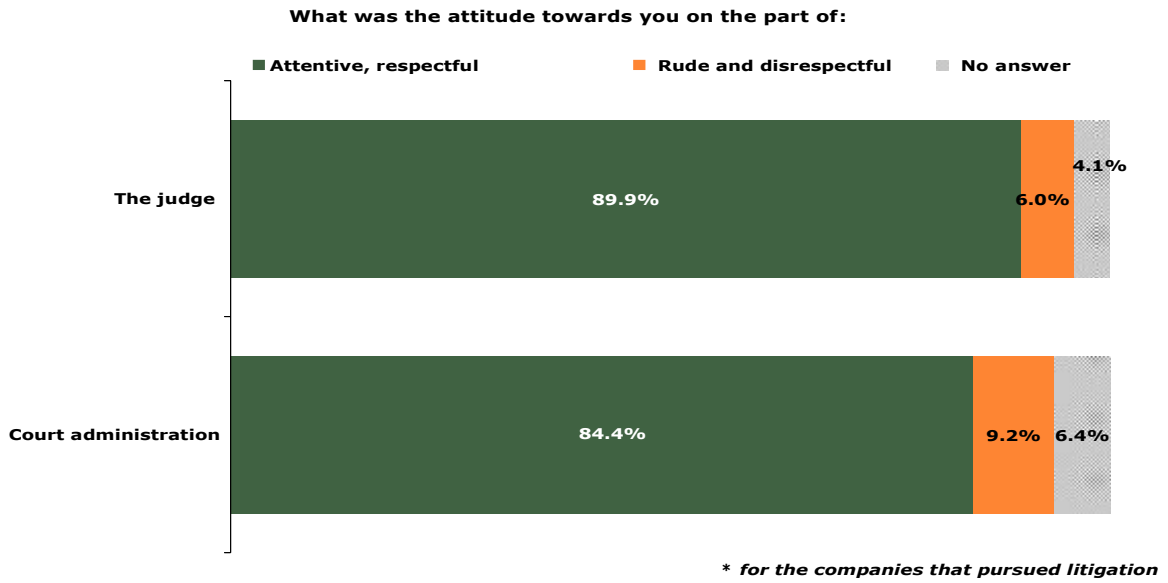


4.4. Attitude on the part of magistrates and court officials

Very few cases in which the parties were treated rudely or disrespectfully to the parties to a lawsuit were reported. A mere 6% of respondents noted this as a problem. Despite the low share, the issue should not be underestimated. No distinct trend could be ascertained as to the types of proceedings or any specific courts in which judges fail to treat the parties in a considerate and respectful manner.

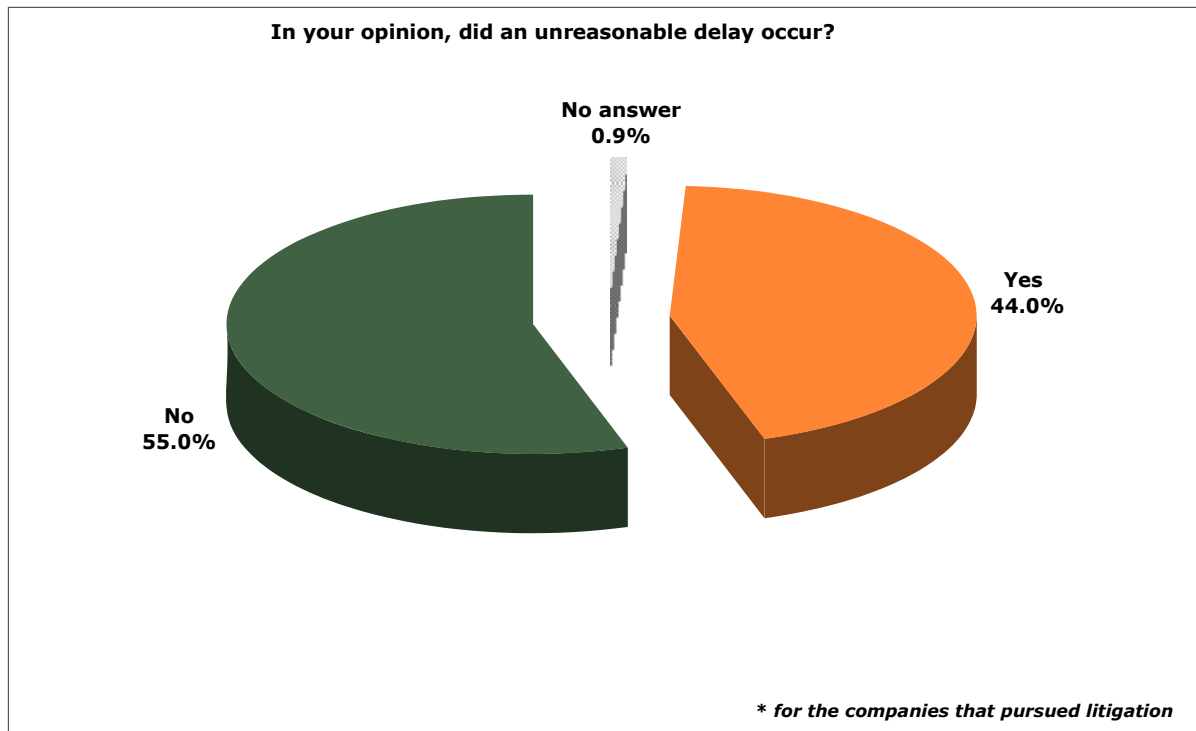
The share of those who report a rude and disrespectful attitude on the part of court clerks is slightly higher (9%). The percentage is significantly higher for the cases tried by the Sofia City Court (21%).

A similar situation emerges in terms of the perception of the parties of having been treated equally during the lawsuit. Although the share of the companies that report a failure on the part of the court to treat the parties equally is low (8%), it should be noted that approximately a quarter of the companies have responded that they have to an extent perceived the court to have had a different attitude towards the parties. This indicates that efforts are needed to reduce to a minimum the cases in which the parties perceive an even minimal difference in their treatment by the court.



4.5. Pace of proceedings

The pace of trial proceedings continues to be one of the most heavily criticised areas in the work of courts. This is particularly true in the case of companies engaged in lengthy lawsuits in respect of services contracts, property disputes and interlocutory proceedings.



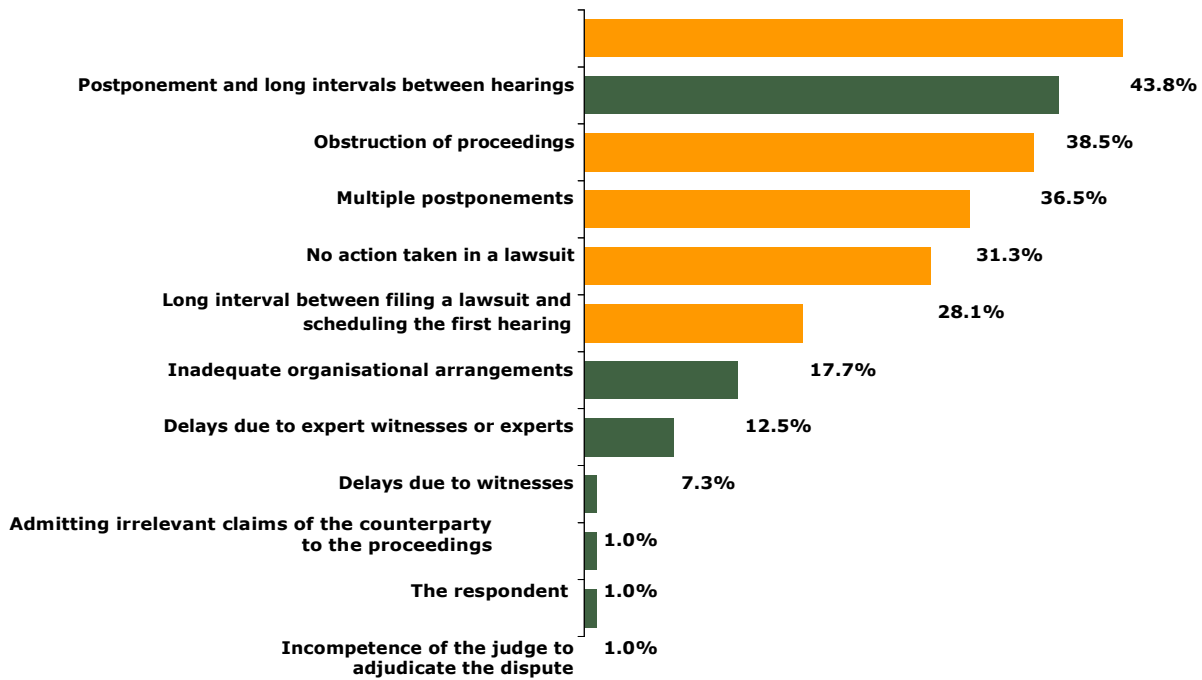
The courts are responsible for most of the cases in which delays occur in trial proceedings, with a relatively small number of cases of proceedings being obstructed by the parties. According to the respondents delays in proceedings are due to the following:

- 32% reported that proceedings were delayed both because of the court and the conduct of one of the parties to the proceedings;
- 52% report that the court was responsible for the delays that occurred;
- 7% single out the conduct of the parties to the proceedings;
- 9% state other reasons.

Thus, despite a widespread belief that delays occur due to the conduct of the parties to lawsuits, most respondents state that in fact in most cases delays occurred due to the court. However, in one-third of the cases, the interviewees mentioned both the parties to the proceedings and the court.

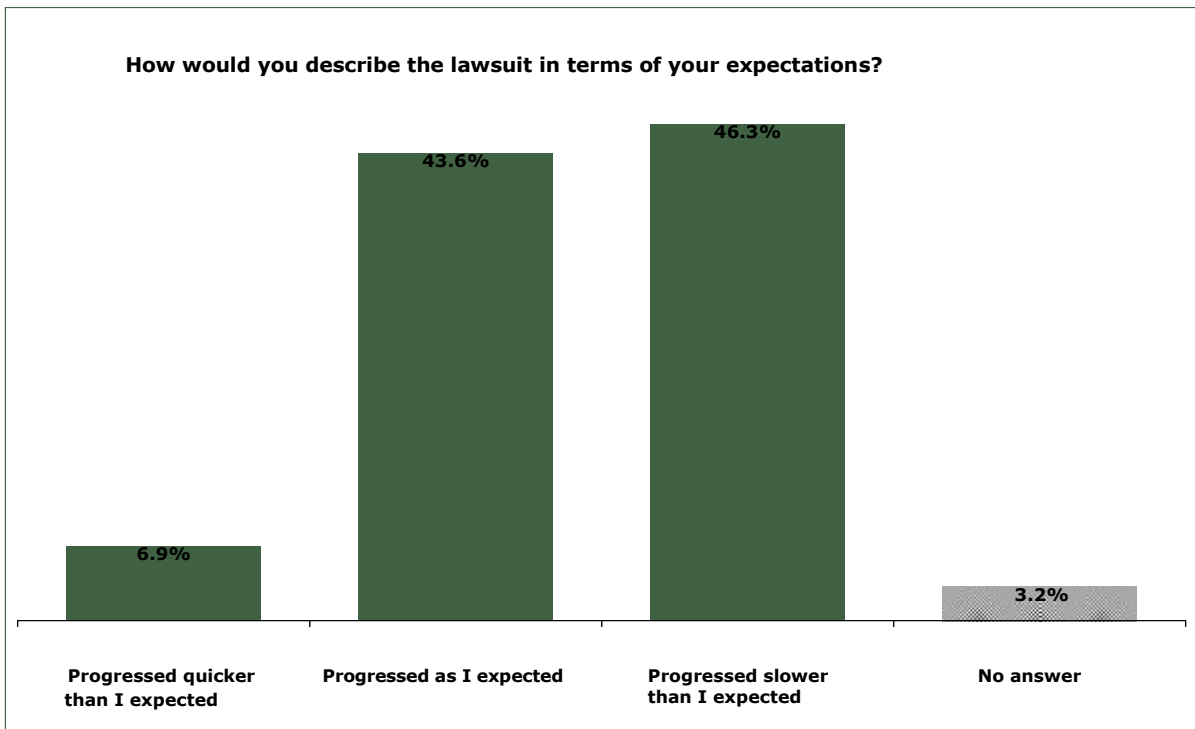
According to the respondents the most frequent reason for the delays due to the court was the postponement of hearings and the long intervals between scheduled hearings (44%). These are followed by hearings being postponed on multiple occasions (37%), no action being taken in lawsuits for a very long time (31%) and the long intervals between filing a claims and the scheduling of the first hearing (28%). This shows that as regards courts no single reason for the delays that occur can be pinpointed and that reasons vary, each having an almost identical weight as the rest.

In your opinion, why did a delay occur?



** for the companies that stated that a delay had occurred*

Due to multiple delays in proceedings almost half of the respondents perceived progress in their cases as slower than expected (46%). This percentage is higher for the parties engaged in lawsuits concerning commercial representation, banking and currency transactions, property disputes, interlocutory and enforcement proceedings.

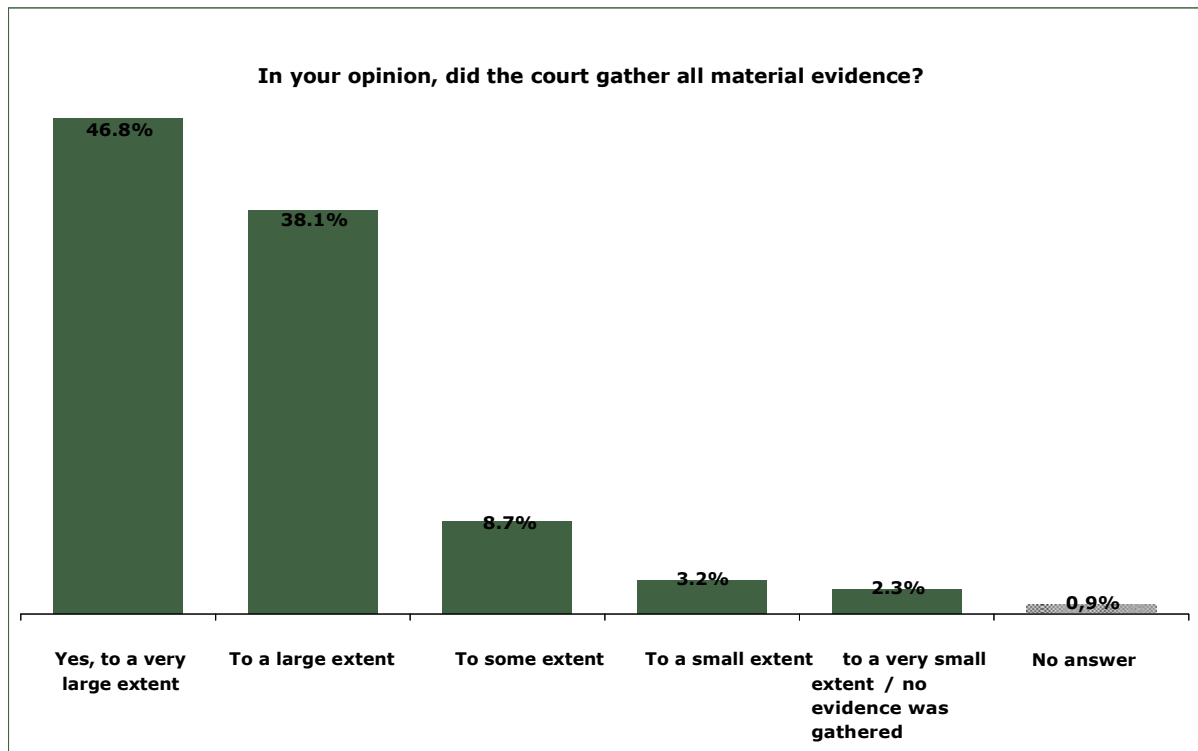


** for the companies that pursued litigation*

4.6. Evidence, expert reports

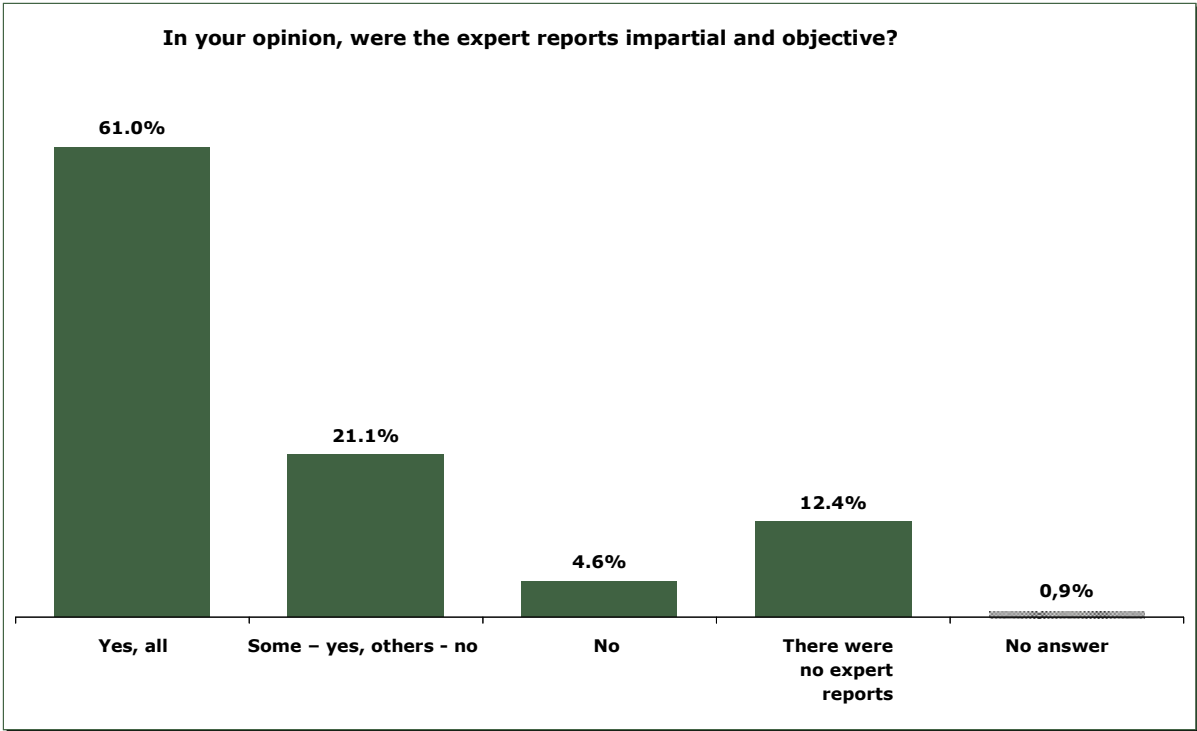
The companies that pursued litigation demonstrated an entirely positive attitude towards gathered evidence and the expert reports drawn up. Between 3 and 5 percent of respondents express a critical attitude. This is most likely due to the adversarial nature of proceedings in civil law cases, which favours the submission of evidence and the requirement for expert reports.

The companies engaged in lawsuits in respect of commercial representation, banking and currency transactions, property and company disputes report a higher share of problems encountered in relation to expert reports.



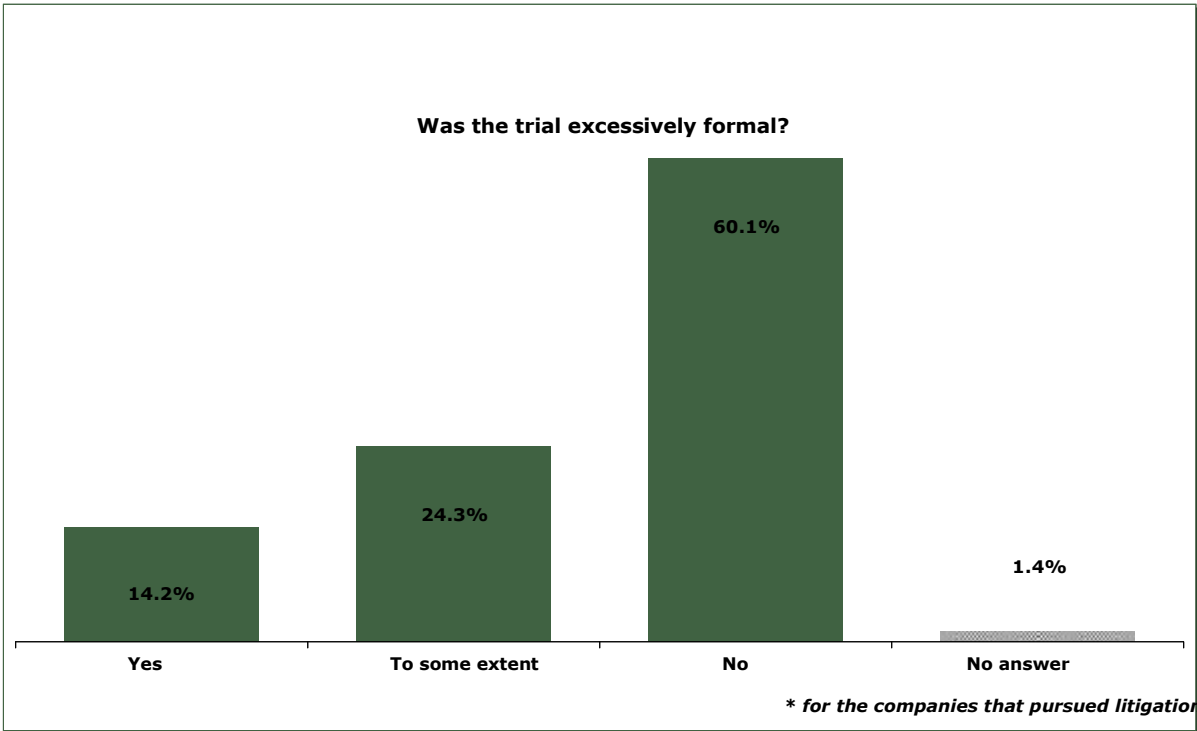
** for the companies that pursued litigation*

Relatively few respondents expressed criticism towards expert reports compiled in lawsuits. Where such criticism was expressed it tended to be partial (“some reports were objective, others – not”). This opinion is shared by one-fifth of respondents, with 5% expressing highly critical opinions.



** for the companies that pursued litigation*

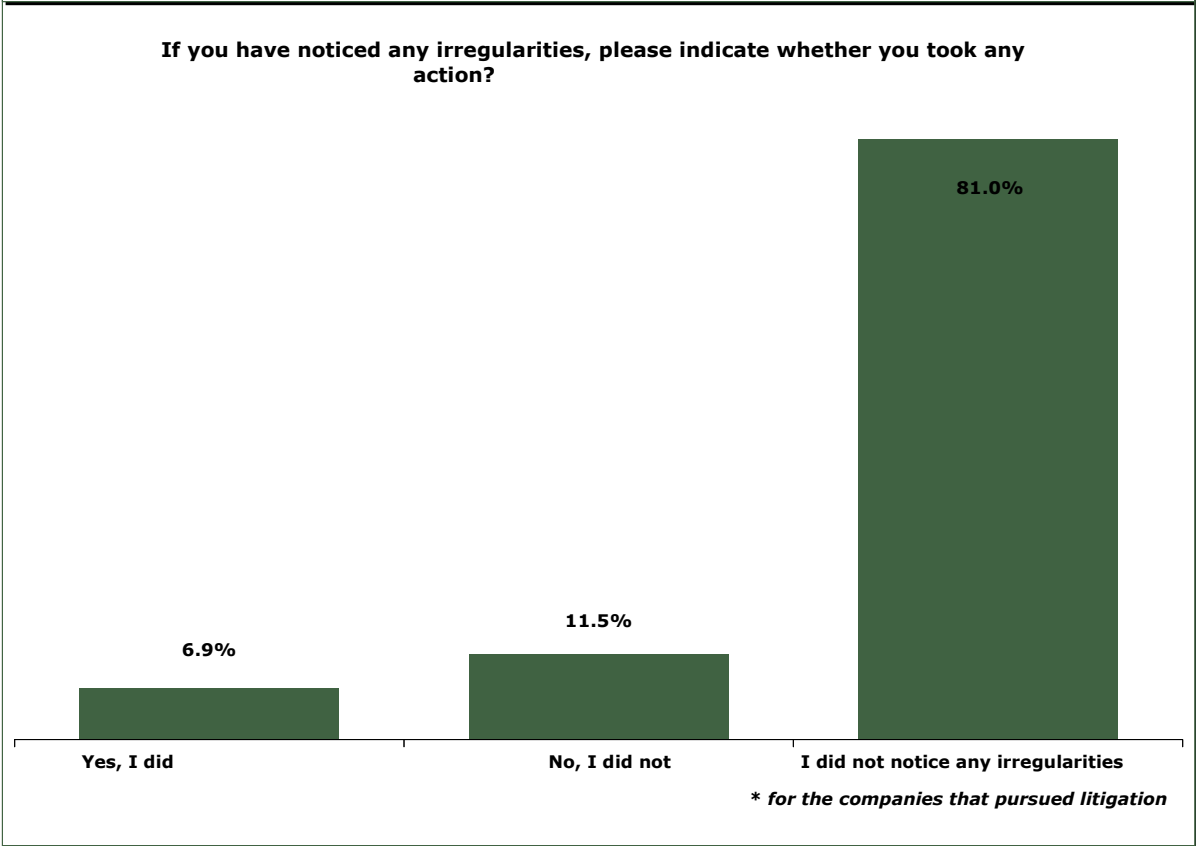
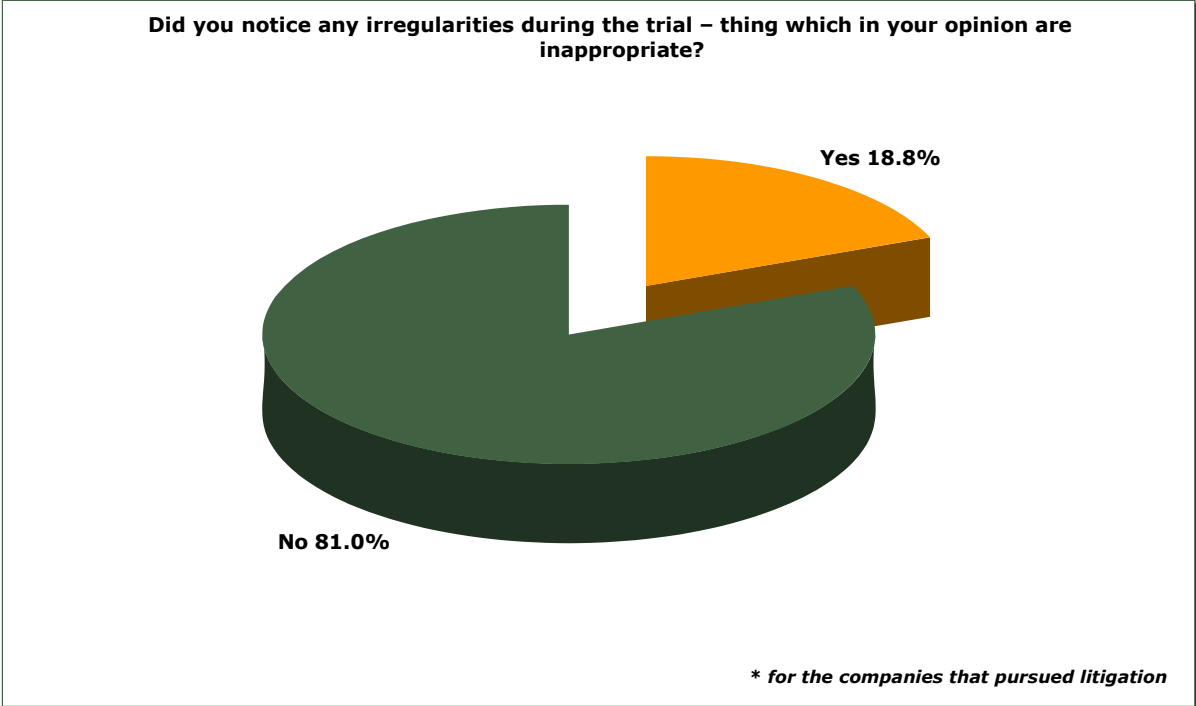
4.7. Formality, irregularities, unforeseen requirements



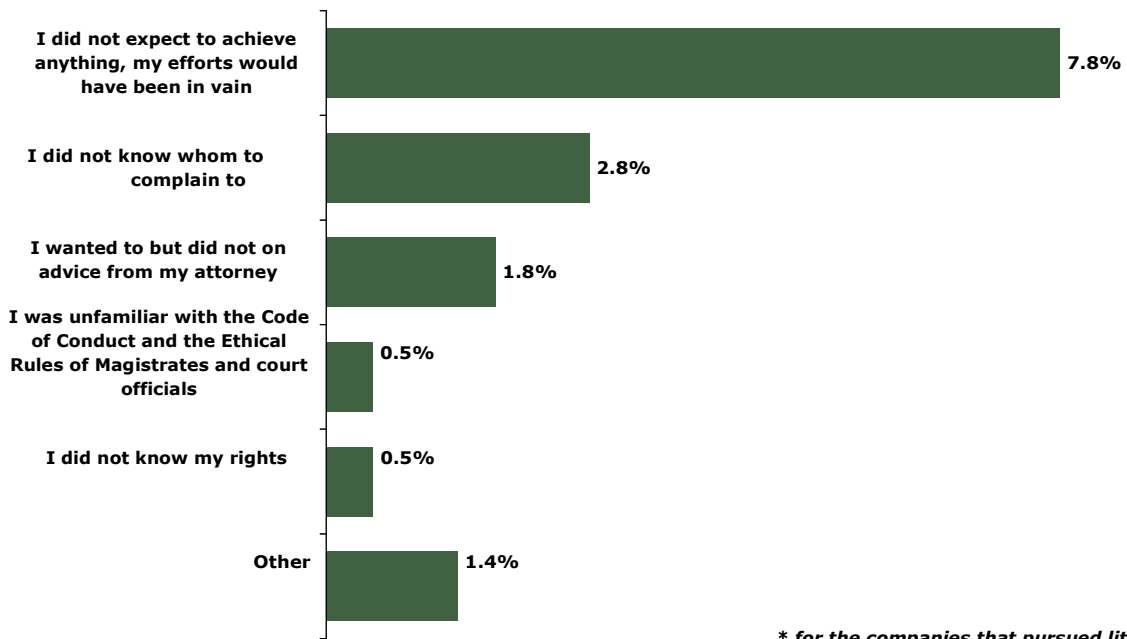
** for the companies that pursued litigation*

Although in terms of formalism companies tend to describe proceedings in a favourable light overall, one-third of companies that pursued litigation encountered formalism to varying degrees. There is a very strong correlation between the lawsuits in which companies reported delays and those, which were compounded by formalism.

Less than one-fifth of all companies report having noted irregularities during proceedings. At the same time, the inclination to report detected irregularities is very weak. The main reason is the skepticism of the companies and the expectation filing a complaint or taking another action will fail to produce any result.



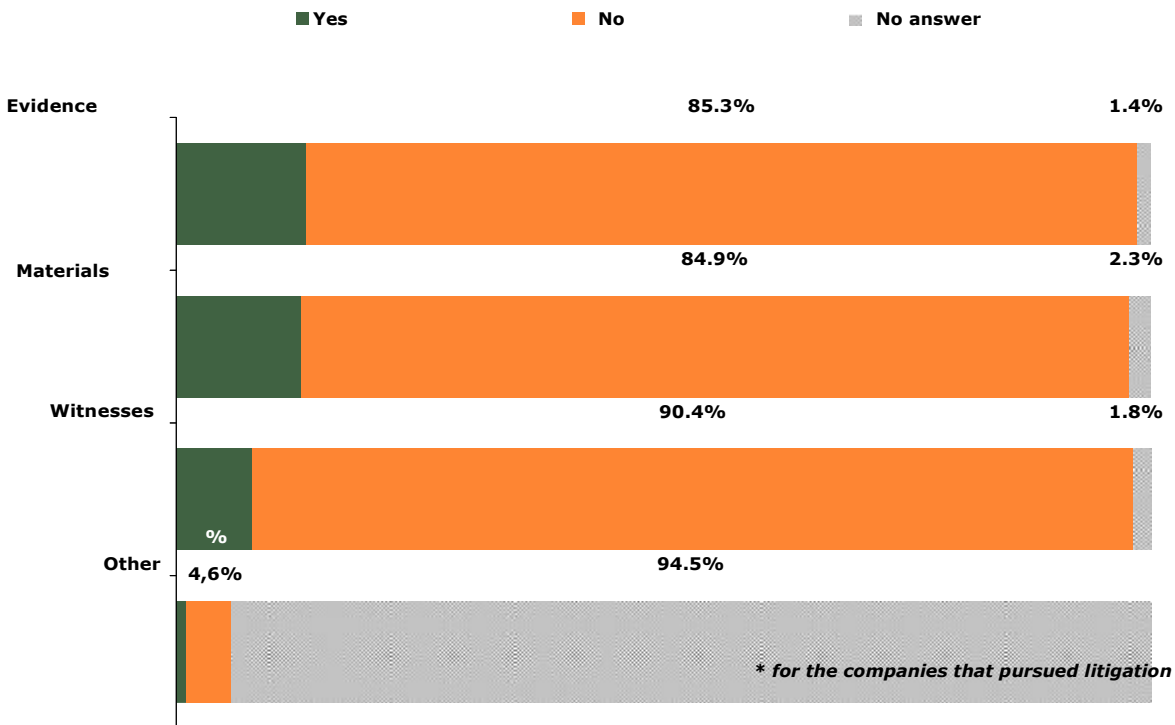
If you detected an irregularity and did not report it, what were the reasons why you did not take action?



** for the companies that pursued litigation*

According to nearly one-fifth (19%) of respondents the court has requested unforeseen demands for evidence, expert reports and witnesses. Most frequently these occurred in property disputes and commercial sales. A strong correspondence was noted between the respondents who asserted that proceedings were highly formalistic and the ones that made the above assertion. These in turn also contributed to the delays in proceedings that occurred. Conversely, the respondents that did not report any formalism also report that the court did not have any unforeseen requirements and that no delays in proceedings occurred.

Did the court have any unforeseen requirements in respect of:



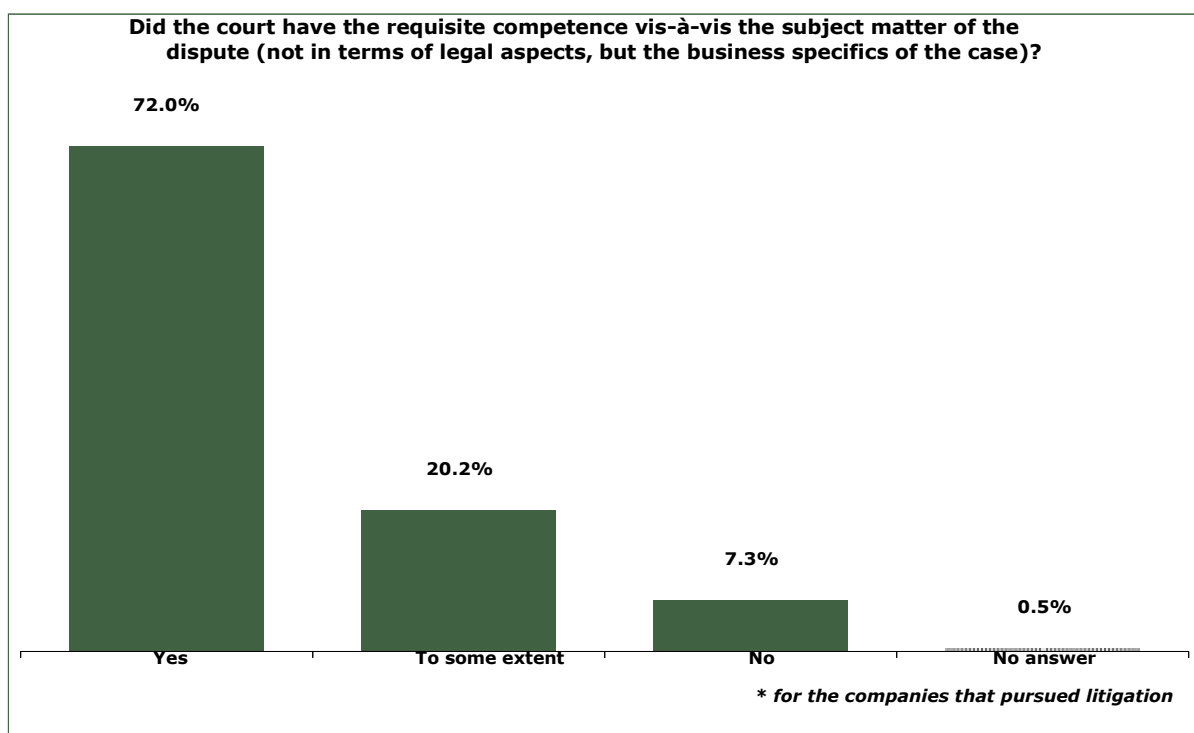
** for the companies that pursued litigation*

		Did an unreasonable delay occur in proceedings?		
		Yes	No	TOTAL
		Col %	Col %	Col %
Were proceedings excessively formalistic	Yes	30.2%	1.7%	14.2%
	To some extent	33.3%	16.7%	24.3%
	No	34.4%	80.8%	60.1%
Did the court have any unforeseen requirements in terms of witnesses, expert reports and evidence	Yes	33.3%	7.5%	18.8%
	No	66.7%	92.5%	81.2%

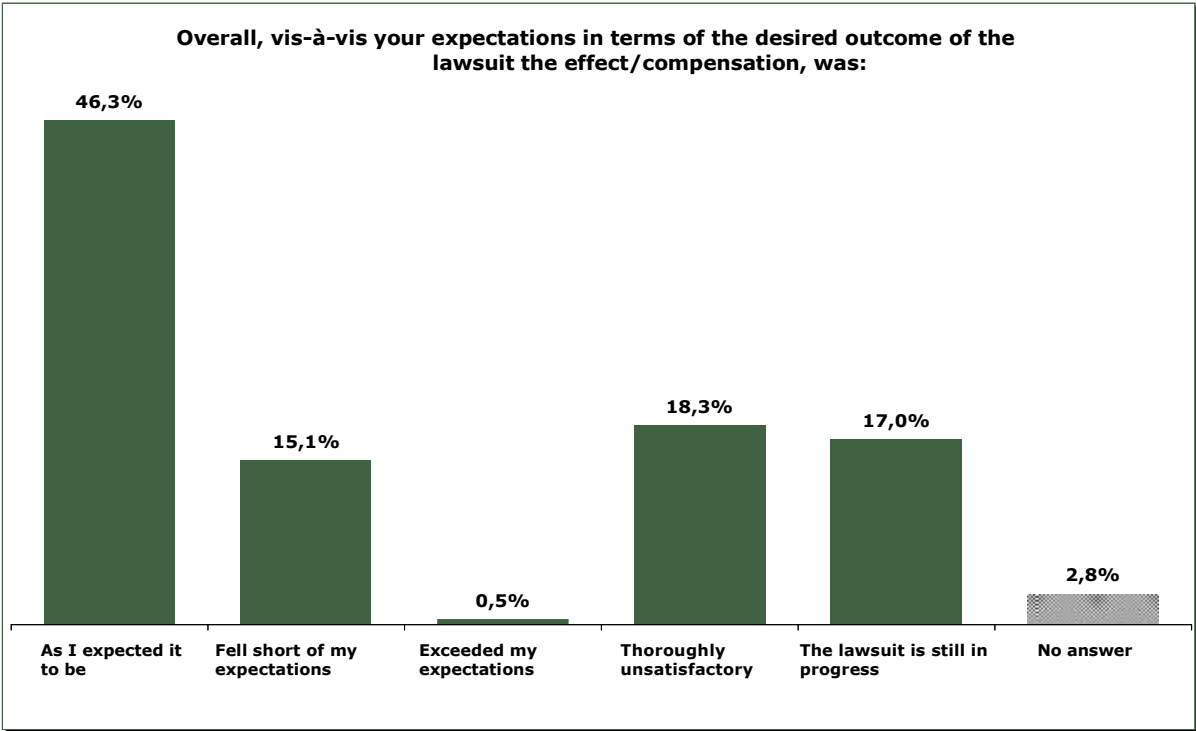
		Were proceedings excessively formalistic?			TOTAL
		Yes	To some extent	No	
		Col %	Col %	Col %	
Did an unreasonable delay occur in proceedings?	Yes	93.5%	60.4%	25.2%	44.0%
	No	6.5%	37.7%	74.0%	55.0%
Did the court have any unforeseen requirements in terms of witnesses, expert reports and evidence	Yes	41.9%	30.2%	9.2%	18.8%
	No	58.1%	69.8%	90.8%	81.2%

4.8. Appraisal of court competence and of the outcomes of the lawsuit

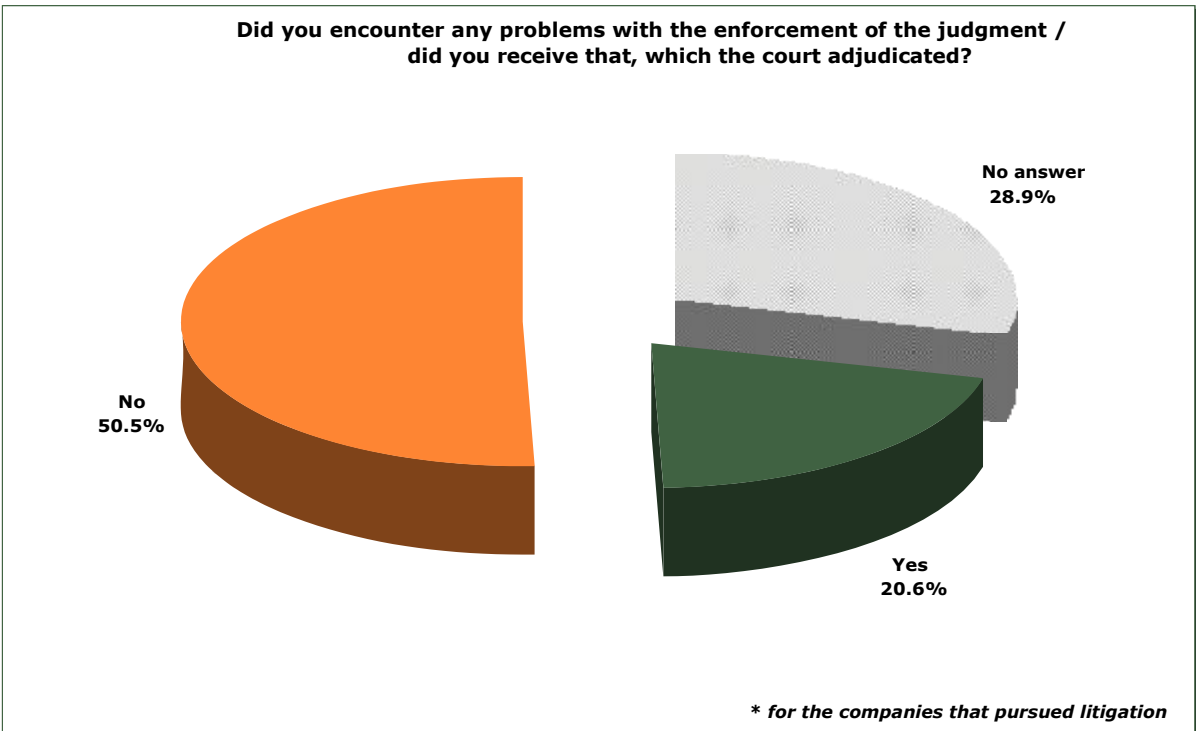
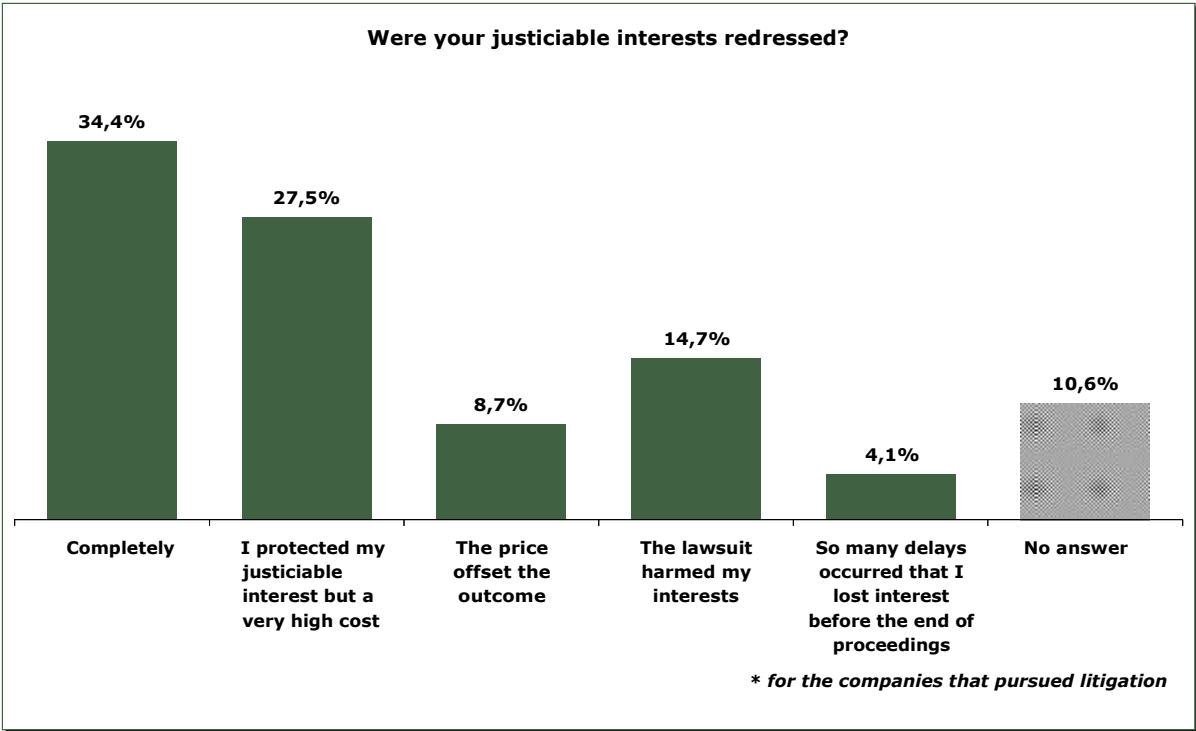
In nearly a third of the cases the companies were not convinced of the competence of the court in specific business matters, including the subject matter of the lawsuit. This perception was particularly strong in disputes concerning the protection of intellectual property rights, company and property disputes.



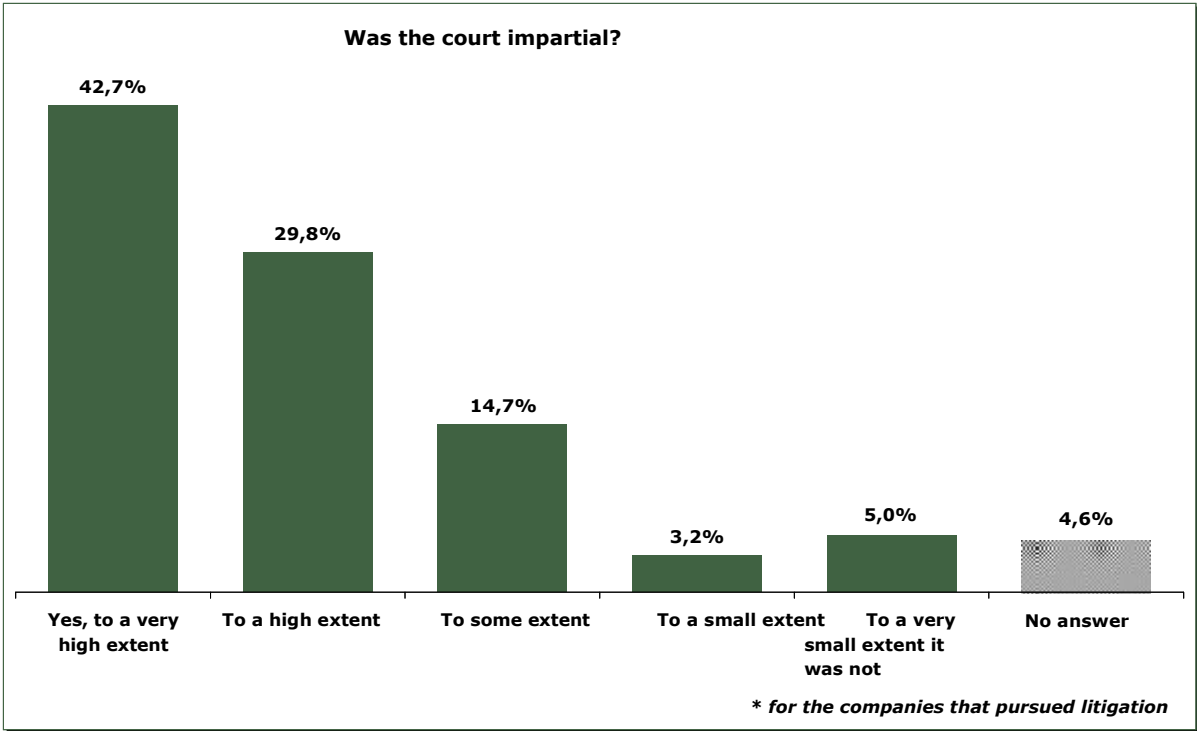
More than half of the respondents have achieved an outcome that is commensurate with their expectations. At the same time, approximately one-third believe that the outcome of the lawsuit fell short of their expectations (15%) or was totally unsatisfactory (18%). Although according to the majority of respondents in a lawsuit the ration between those satisfied and dissatisfied with its outcome should be 50:50 because it is reasonable to assume that one of the parties ‘wins’ and the other ‘loses’, in a civil lawsuit both parties can be expected to perceive the outcome of a case as a fair one. In the case in hand, if only the opinions of the parties for which lawsuits had ended were taken into account, 59% of respondents reported that the outcome achieved corresponded or even slightly exceeded their expectations. For the remaining companies the outcome, albeit to varying degrees, did not tally with their expectations. Although the extent to which such expectations are realistic is debatable, it can nevertheless be assumed that the second group of respondents were dissatisfied with the outcome of the lawsuits, which may be due to a failure on the part of the court to properly justify its judgment or a failure on the part of the litigants to understand the reasons for the outcome concerned. Regardless of whether the reasons are justifiable or not, it is the responsibility of the court to reduce such negative perceptions to a minimum.



** for the companies that pursued litigation*

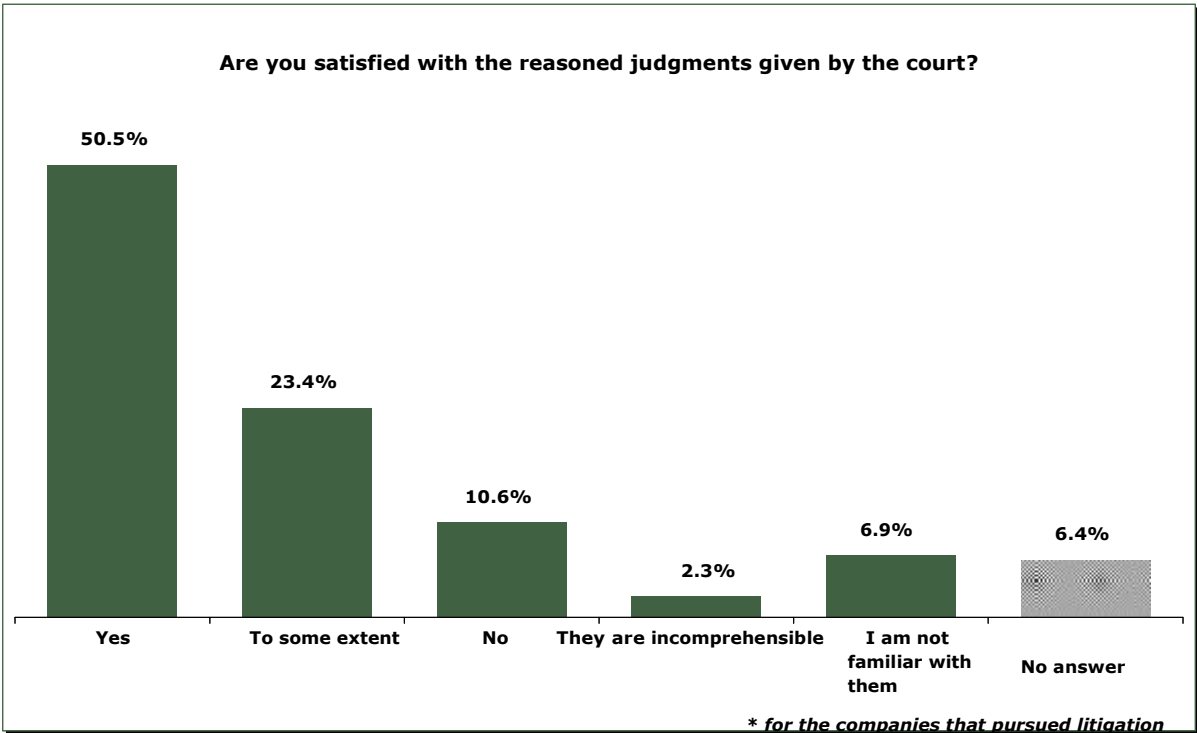


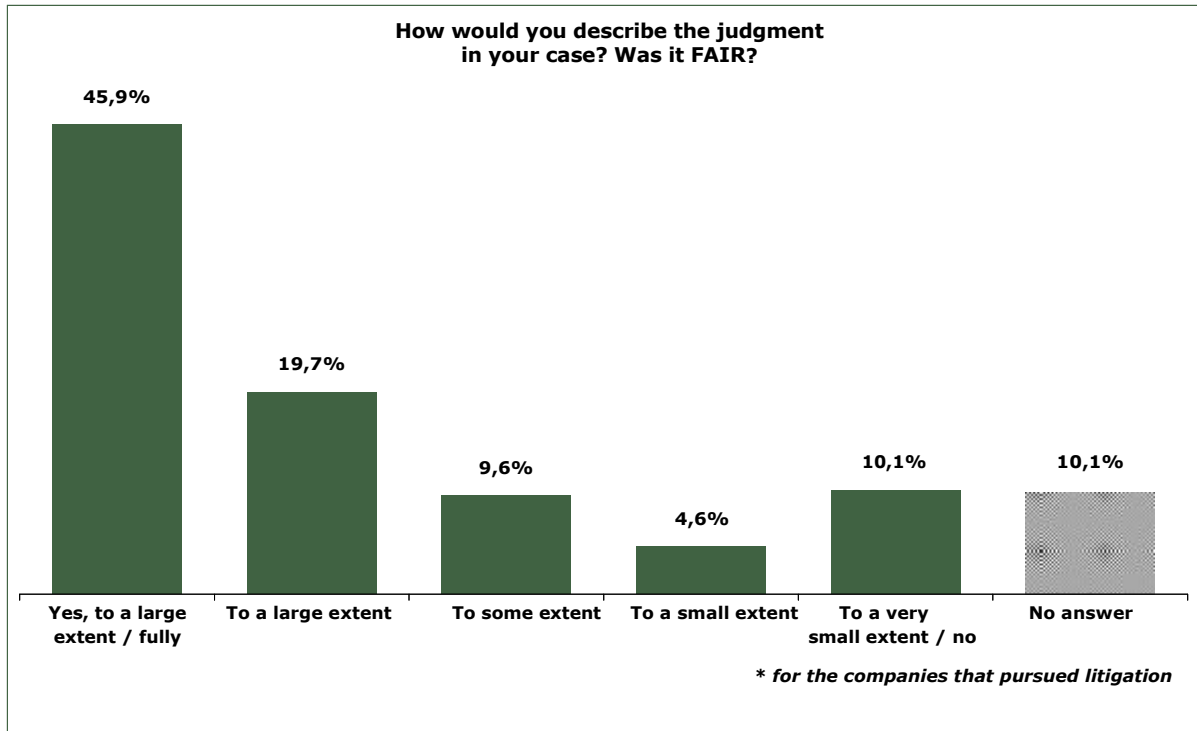
The enforcement of court judgments is also a problem for some companies. Approximately one-fifth of them report that they encountered enforcement problems. These are typically cases involving commercial sales, banking transactions, injunction proceedings etc.



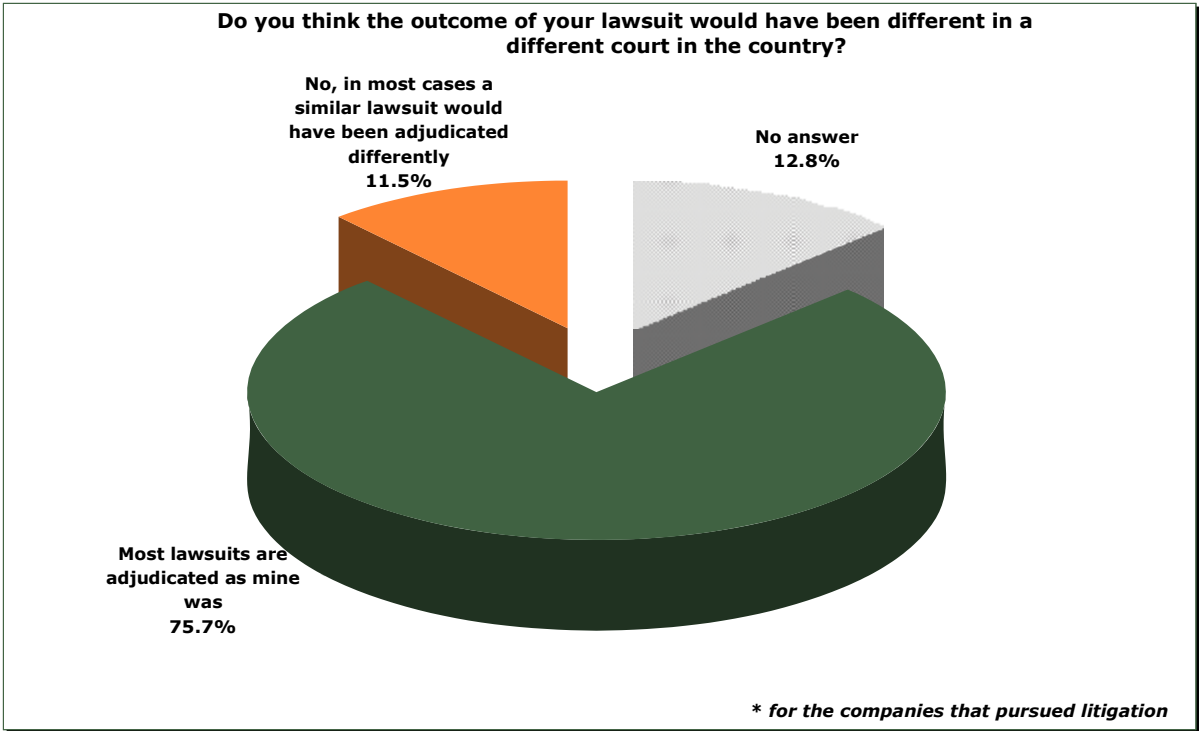
Overall, the litigants engaged in lawsuits under civil and administrative law perceive the proceedings as highly impartial. Those who express any reservations and criticism are expressed account for 8% of those interviewed and a further 15% have “some reservations”, which shows that despite the positive outcome a significant part of the cases fail to create an impression of unreserved impartiality.

These results also apply to the reasoned judgments. Despite the overwhelming number of respondents in senior managerial positions who are satisfied with the reasoned judgments, one in ten expresses dissatisfaction.

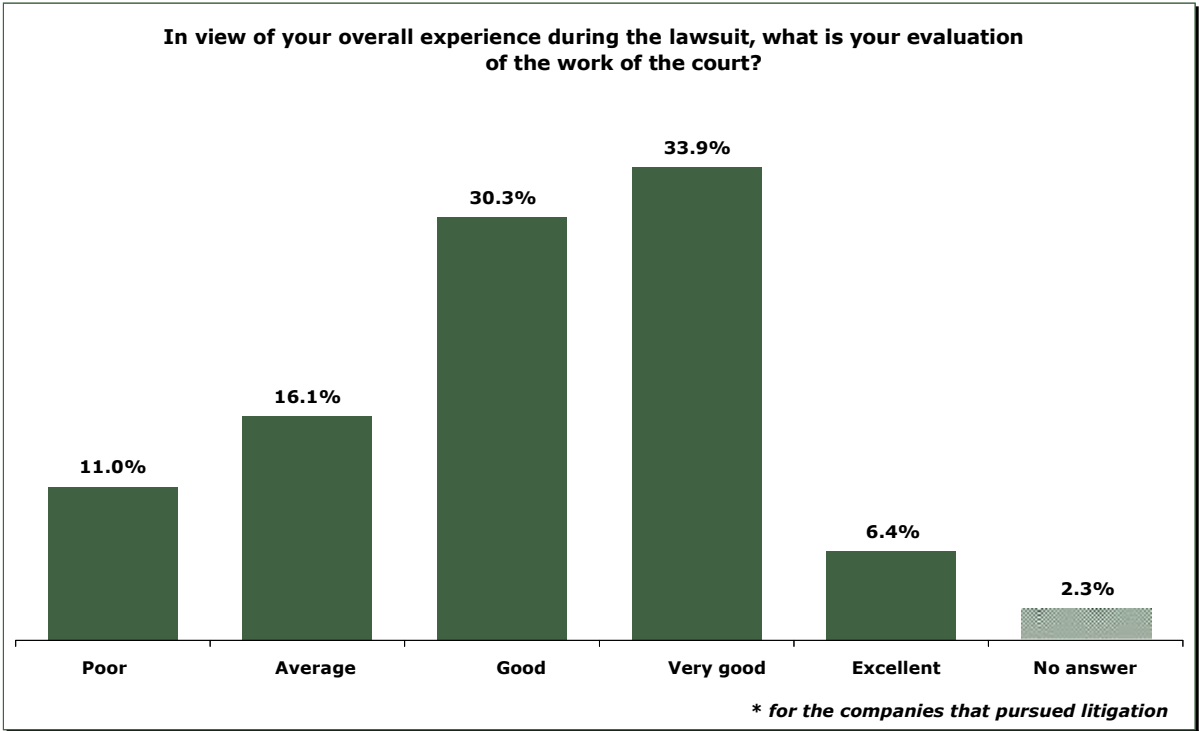




Company representatives are more critical towards the fairness of judgments. Fifteen (15) percent of respondents perceive a lack of justice and a further 10% are in an interim category, which also indicates some form or degree of dissatisfaction. However, it should be noted that the perception that justice has failed to be done is expressed mostly by those who did not successfully defend their justiciable interest in court. They are highly prone to believing that the court did not act fairly and impartially. These parties most frequently voice doubts of corruption and are left with the impression that their cases are adjudicated differently in other courts in the country. The cases concerned are the ones, which create a perception of intentional delays and links between the attorney representing the opposing party and the court. The companies also often assert that the judgment goes against common sense. The perception some lawsuits create in the litigants engaged in lawsuits is an issue that should be addressed.



The overall assessment of the work of courts is “good”. On a six-point scale, the average score for the study is 4.09. Most of the scores assigned by companies are either “very good” or “good”. The highest score “excellent” is rare.

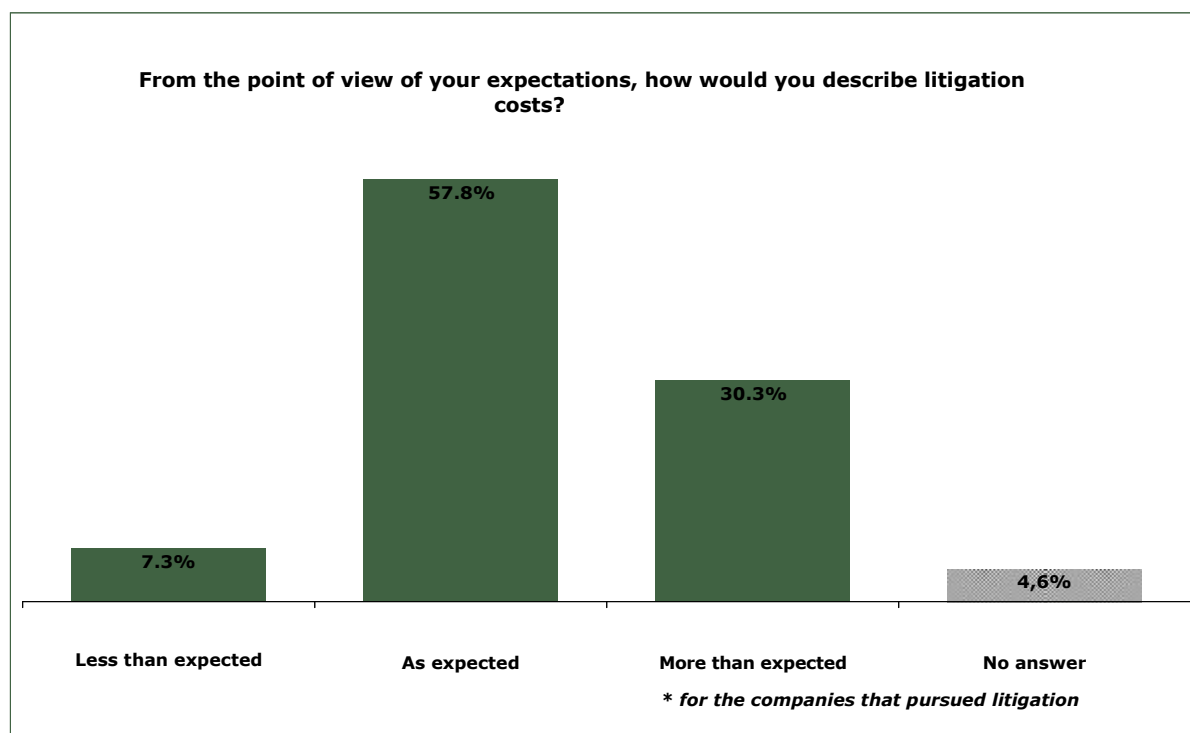


4.9. Litigation costs

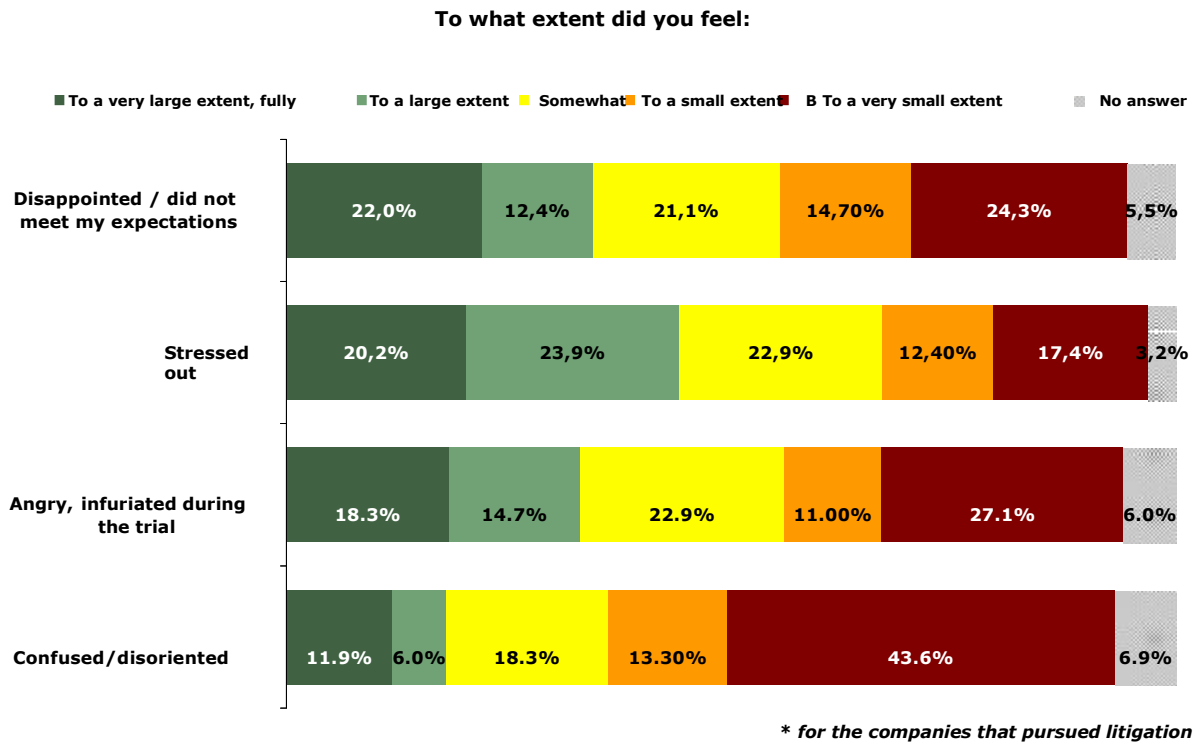
One of the problems attending lawsuits is the unexpected expenditure that may arise for companies. Every third company notes that litigation costs were higher than planned. On the one hand, the lack of possibility to plan litigation expenses creates a sense of additional discomfort in businesses. On the other hand, on average the cost borne by businesses, which on average amounts to 3 731 BGN, is significant. Attorney fees account for the highest share, followed by the cost of hours spent on the lawsuit and stamp duty.

Type of expense*	BGN
Attorney fees	2531.13
Stamp duty	989.93
Travel expenses	552.08
Working hours dedicated to the lawsuit	1301.46
Cos of presents and other incentives for the court/ experts	433.50
Miscellaneous	1343.86

**The average expenditure per company does not correspond to the average expenditure per heading because some expenses were incurred by only some of the companies. For example, only 23% of interviewed companies had travel expenses whilst only 3% of the companies report expenses on presents, incentives etc.*



4.10. Psychological aspects of litigation



Typically underestimated, the psychological aspects of a lawsuit are underrated and not sufficiently taken into account when assessing the work of courts and the efficiency of the administration of justice. The study of civil and administrative litigation shows that in more than half of the companies litigation has a negative psychological impact (many answers “to a very large extent” and “to a large extent”) were received. Besides disappointment, the most frequently reported psychological problems were stress and frustration.

5. Legal service delivery to companies

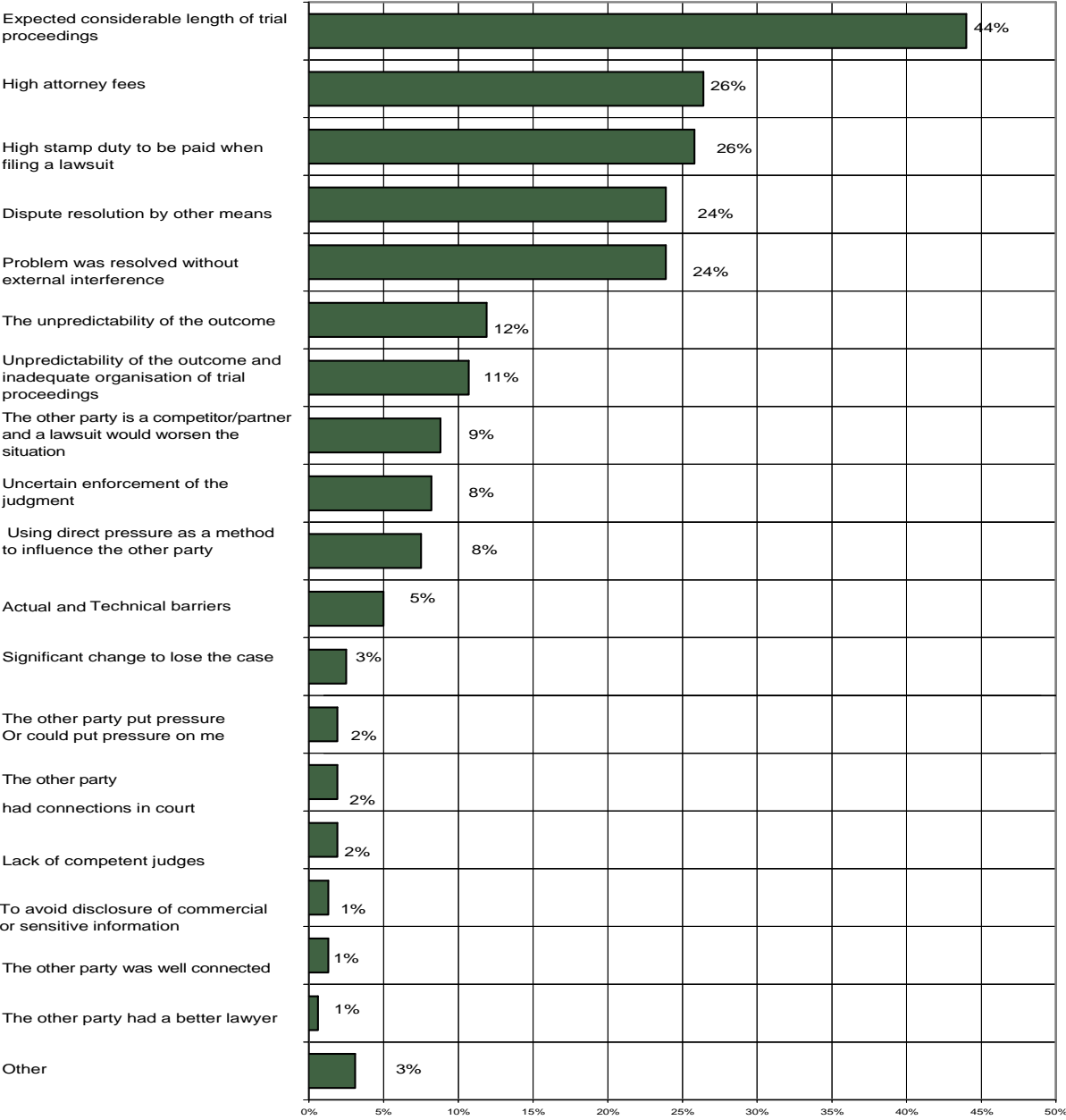
Bulgarian businesses refer legal issues to a law firm they have contacts with on an ad hoc basis 40 percent of all cases; in 23% of cases they do so only when a legal issue arises. Hiring legal professionals and concluding service agreements with law firms is not widespread (13% of companies use these methods). In Bulgaria, the informal approach is relatively widespread (18% of companies seek legal advice from friends/acquaintances with legal background) and 4% attempt to solve the legal issues they encounter on their own, using the Internet. Such informal practices are more typical for small companies that have not encountered any legal problems or when confronted with a legal problem refrained from litigation.

		In what capacity were you involved?			
		Not involved in litigation	Involved in litigation	Not encountered legal disputes	Sample average
How do you proceed when you need legal advice?	I use the services of a lawyer/law firm who/which I consult as necessary	42.2%	39.6%	36.5%	39.8%
	We seek a lawyer/law firm if a need arises to do so	17.4%	24.5%	28.8%	22.9%
	We consult friends/acquaintances with a background in law	7.8%	25.2%	25.0%	18.0%
	I have appointed a legal adviser and consult the,	19.3%	6.9%	10.9%	13.1%
	I have signed a service agreement with a lawyer/law firm	21.1%	10.7%	3.8%	12.9%
	I find the relevant legal information myself on the Internet	2.3%	5.7%	5.8%	4.3%

In all cases when a lawsuit is filed the decision to do so was strongly influenced by the advice received from a lawyer. Conversely, in the case of companies that refrained from litigation the decision was taken by the management team and not by a lawyer.

6. Reasons for litigation restraint

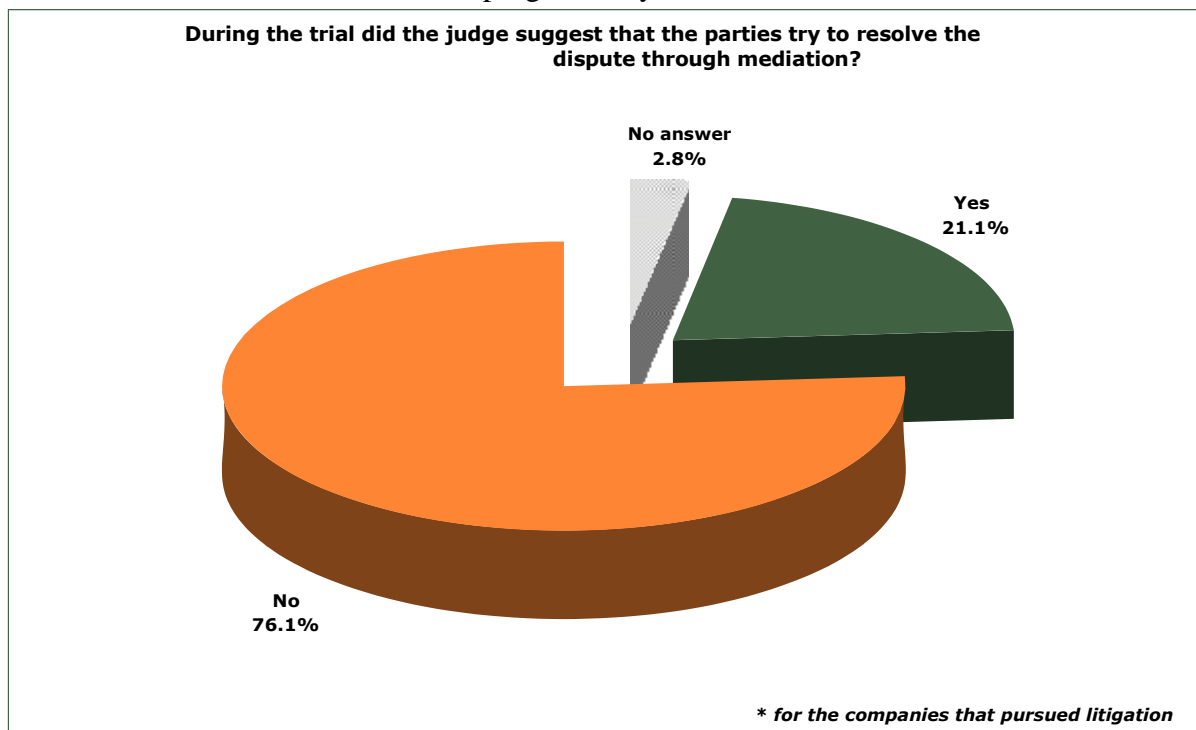
The study has outlined two distinct problems that are the contributing reasons for litigation restraint – the expected significant length of proceedings and expense associated with filing a lawsuit, such as attorney fees and stamp duty. Albeit rarely (in 11-12% of cases) respondents mention the unpredictability and inadequate organisation of trial proceedings.



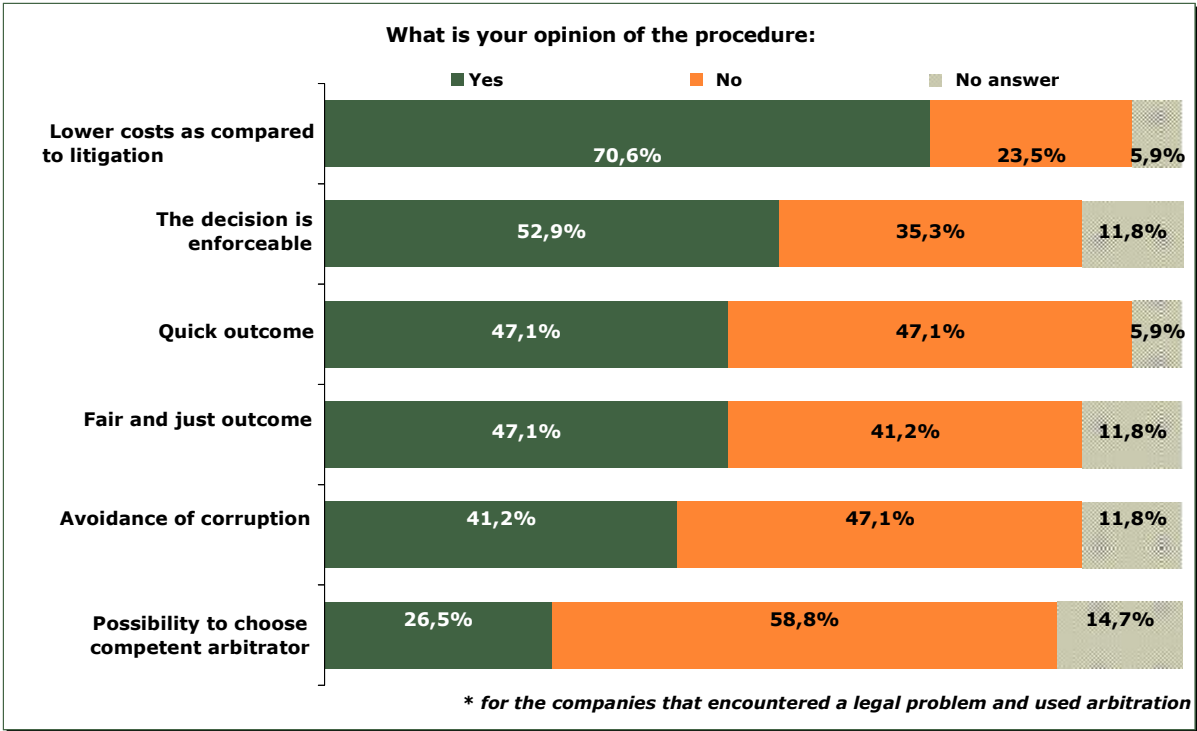
7. Popularity of the means of out of court settlement of disputes

7.1. Mediation

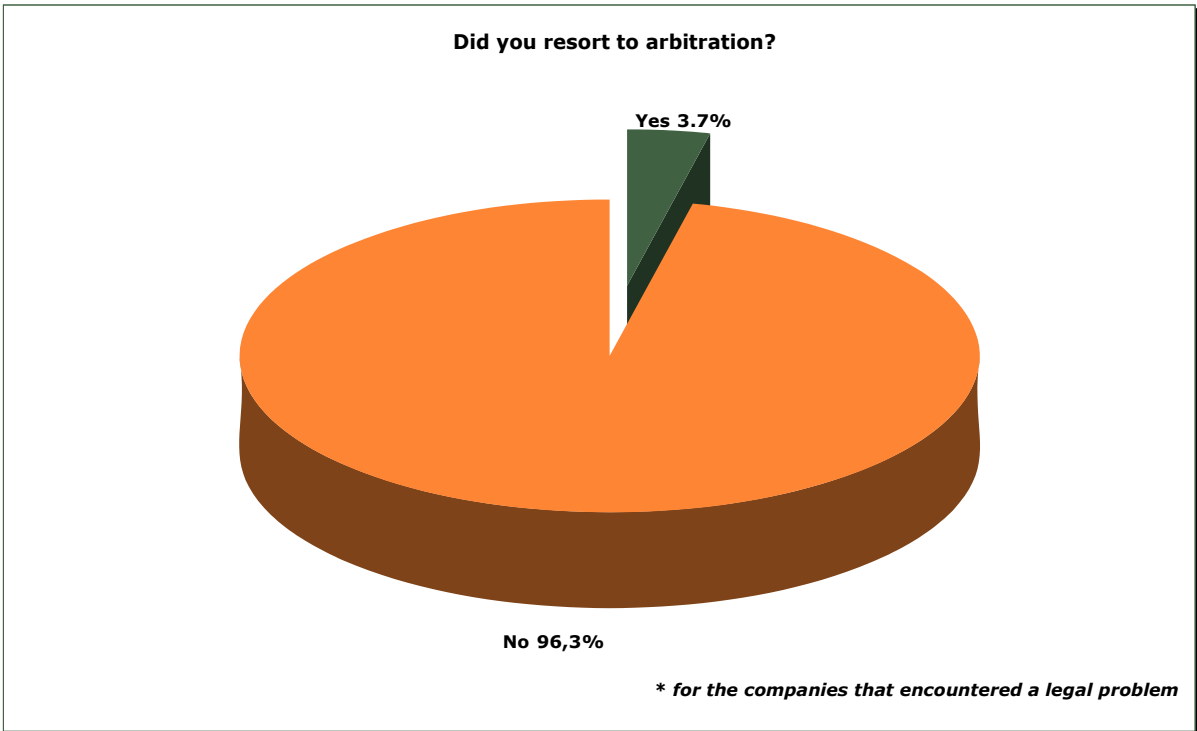
Mediation is an instrument for out of court settlement of disputes that is still underused by Bulgarian companies. Only 9% of them have resorted to mediation. Despite the low share of companies that have resorted to the possibilities to settle their disputes through mediation, their level of satisfaction is high. At the same time, the awareness of businesses of this instrument is low. The court suggested that the parties attempt to resolve their dispute through mediation in only 20 percent of all cases. Low awareness and familiarity is the main reason why companies refrain from resorting to mediation. The resistance stemming from lack of trust in mediation as an instrument is progressively lower but still exists.



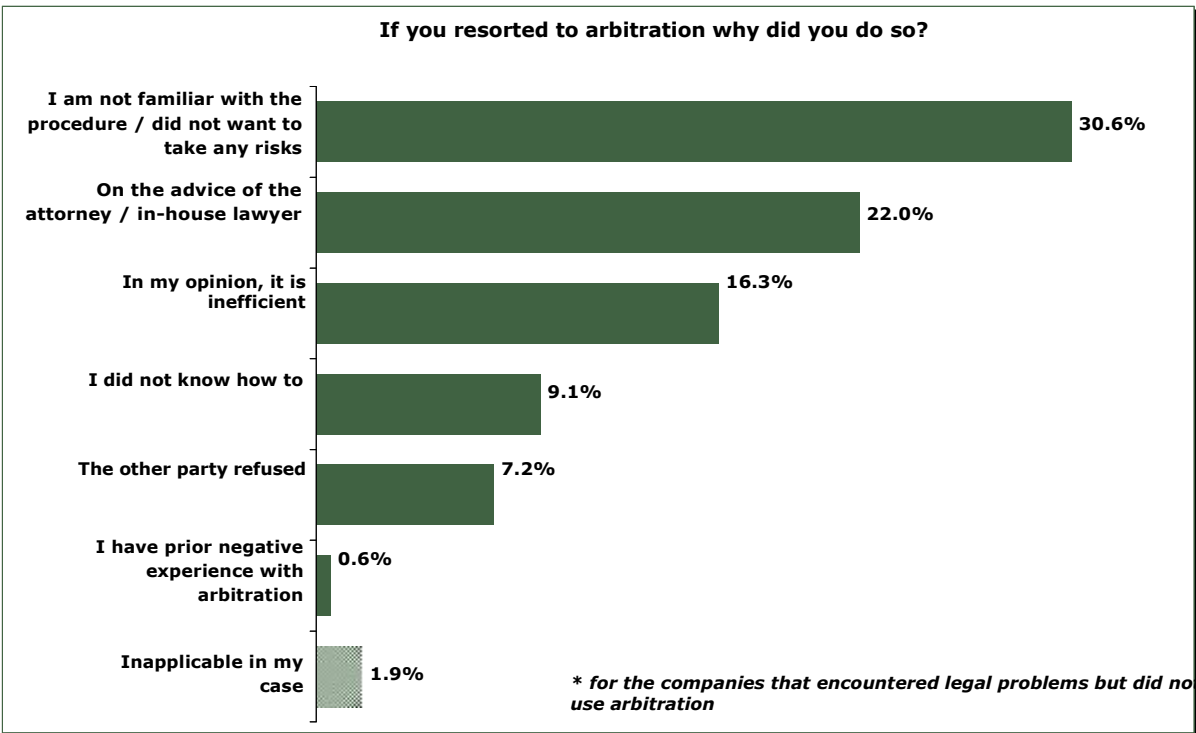
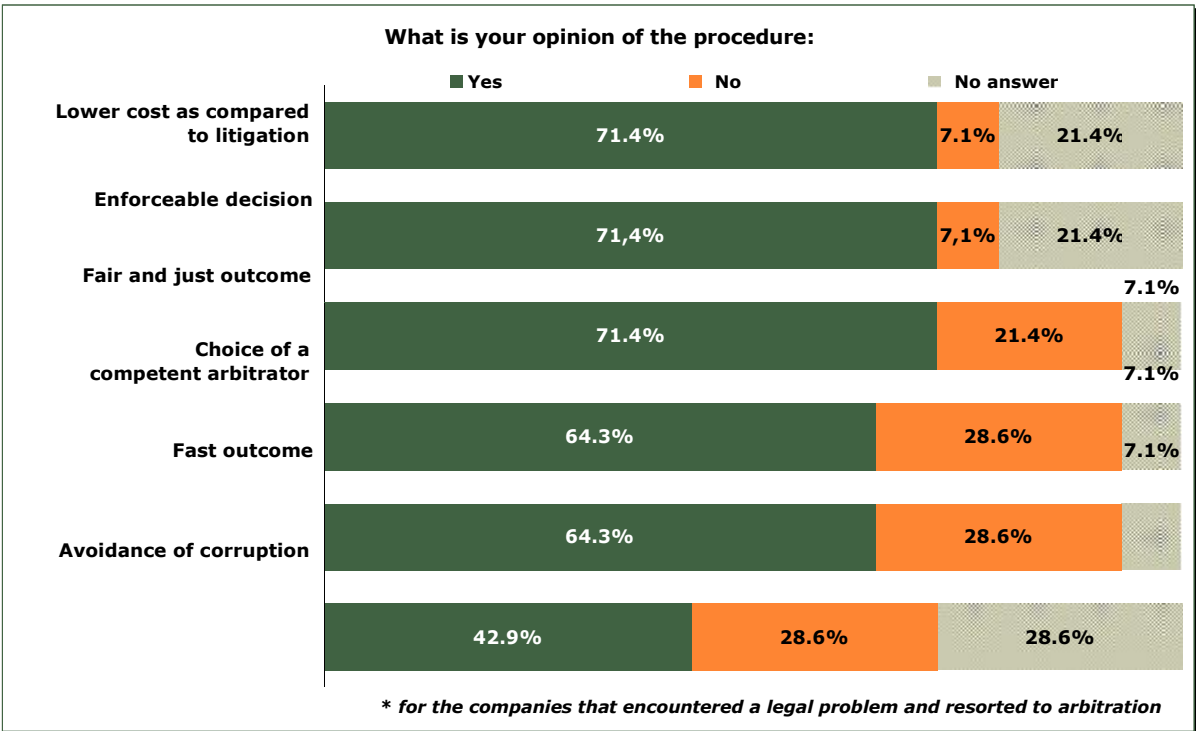
Conversely, satisfaction with mediation is very high. The procedure is perceived as less costly, speedier and producing a fair outcome, coupled with decisions that are easier to enforce.



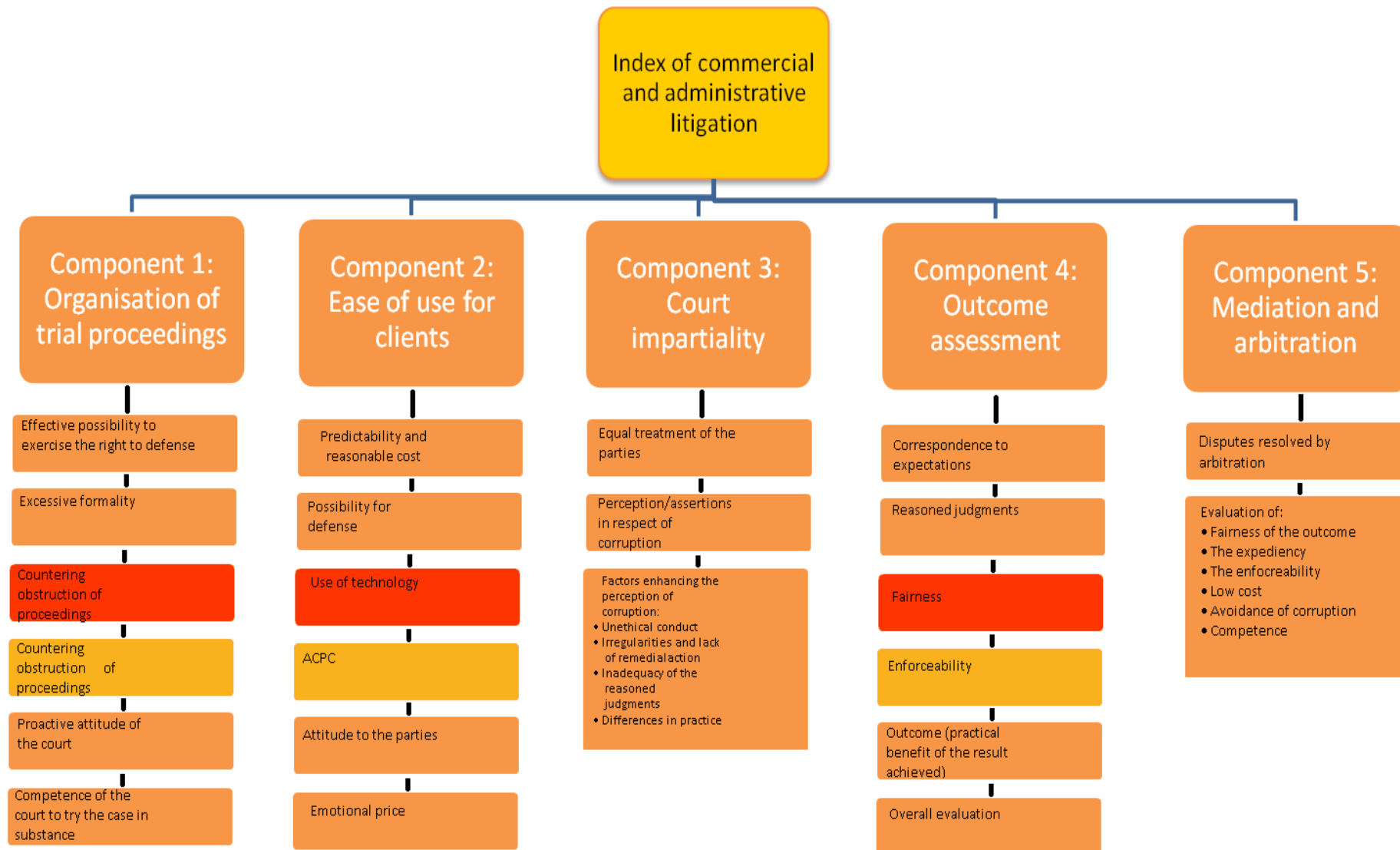
7.2. Arbitration



At present arbitration remains a less popular instrument than mediation. Only 4% of the companies have resorted to arbitration. The evaluation of arbitration as a procedure is better than that of mediation. Arbitration is perceived as a procedure that entails lower costs but greater possibilities to achieve a speedy and fair outcome and to ensure that the decision is enforced. Similarly to mediation, one of the main reasons why companies do not rely on mediation more extensively is the low awareness and familiarity with the procedure.



8. Index of commercial and administrative litigation



8.1. What does the index measure?

The index measures the evaluation of litigants engaged in civil and administrative lawsuits of the progress in trial proceedings overall and on the basis of a number of subcomponents. In general, it outlines the intensity of the problems that may arise during the course of a trial. It comprises summary values and indicates the level of satisfaction of users, allowing comparisons to be made over time. Higher values would indicate improvement in trial proceedings in civil and administrative lawsuits. Conversely, lower values would indicate deterioration. The index allows both overall values and the values obtained for the different subcomponents to be compared over time.

8.2. Mathematical boundaries

From 0 – the lowest value indicates dissatisfaction with trial proceedings in civil and administrative lawsuits;

From 10 – the highest value indicates full satisfaction with all aspects of civil and administrative proceedings.

The closer to ten the values of the index and its inherent subcomponents are, the better the proceedings in civil and administrative lawsuits.

8.3. How are measurements made?

According to the methodology underlying the index the most favourable value of an indicator is 10. For example, if all interviewed respondents are satisfied with the outcome of a lawsuit, the value of this inherent indicator of the subcomponent and the general index will be 10. In other words, the larger the share of respondents who give the highest score under the greatest possible number of indicators is, the higher the value of the general index and sub-index.

A sub-index comprises several indicators (expressed as the average value of the indices obtained from the indicators) and the general index is average value of all sub-indices.

TOTAL INDEX	6.33
Component 1- Organisation and quality of lawsuits	6.20
Component 2 – Ease of use for client	5.61
Component 3 – Impartiality of the court	7.76
Component 4 – Outcome assessment	7.20
Component 5 – Mediation and arbitration	4.88

The current general index of commercial and administrative litigation shows that on the basis of the evaluations of litigants the work of courts can be described as “good” (to the right from the mid-point of the scale). The values of mediation and arbitration are lower than average. The main problem with implications for the two mechanisms is the low level of general awareness and the reluctance of courts and litigants to use them. Improvement is also necessary in respect of the organisational arrangements and the standard of trial proceedings and the facilities available to users. The perception of court impartiality and the approval of the outcome of litigation are significantly higher than average. Despite the good performance under the relevant inherent indicators, there is still room for improvement in this regard as the values remain far below the highest ones possible.

The organisational arrangements and the standard of quality of trial proceedings are slightly above average. In this regard, the greatest problem does not appear to be the attitude of magistrates and court officials to litigants but the stress and disappointment and the affectation of litigants that have emerged as side-effects of trial proceedings.

