The Dispute Resolution Review

Seventh Edition

Editor
Jonathan Cotton

Law Business Research

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For further information please email
Nick.Barette@lbresearch.com

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EDITOR'S PREFACE

The Dispute Resolution Review covers 48 countries and territories. Disputes have never respected national boundaries and the continued globalisation of business in the 21st century means that it is more important than ever before that clients and lawyers look beyond the horizon of their home jurisdiction.

The Dispute Resolution Review is an excellent resource, written by leading practitioners across the globe. It provides an easily accessible guide to the key aspects of each jurisdiction's dispute resolution rules and practice, and developments over the past 12 months. It is written with both in-house and private legal practitioners in mind, as well as the large number of other professionals and businesspeople whose working lives bring them into contact with disputes in jurisdictions around the world.

This Review is testament to the fact that jurisdictions face common problems. Whether the issue is how to control the costs of litigation, which documents litigants are entitled to demand from their opponents, or whether a court should enforce a judgment from another jurisdiction, it is fascinating to see the different ways in which different jurisdictions have grappled with these issues and, in some cases, worked together to produce a harmonised solution to international challenges. We can all learn something from the approaches taken by the 48 jurisdictions set out in this book.

A feature of some of the prefaces to previous editions has been the impact that the turbulent economic times were having in the world of dispute resolution. Although at the time of writing the worst of the global recession that gripped many of the world's economies has largely passed, it is has left its mark. Old and new challenges and risks remain in many parts of the world such as renewed speculation on the future of the eurozone, the sanctions imposed on Russia, and falls in the price of oil. In some regions, the 'green shoots' of recovery have blossomed while in others they continue to need careful nurturing. Both situations bring their different challenges for those involved in disputes and, while the boom in insolvency-related disputes and frauds unearthed in the recession remain, the coming year could see an increase in investment and acquisitions with a subsequent focus on disputes concerning the contracts governing those investments.

I would like to express my gratitude to all of the contributors from all of the jurisdictions represented in *The Dispute Resolution Review*. Their biographies start at p. 739 and highlight the wealth of experience and learning from which we are fortunate enough to benefit. I would also like to thank the whole team at Law Business Research, in particular Nick Barette, Eve Ryle-Hodges and Shani Bans, who have impressed once again in managing a project of this size and scope, and in adding a professional look and finish to the contributions.

Jonathan Cotton
Slaughter and May
London
February 2015

Chapter 36

PORTUGAL

Francisco Proença de Carvalho and Tatiana Lisboa Padrão[1]

I INTRODUCTION TO DISPUTE RESOLUTION FRAMEWORK

In Portugal the state is the uncontested leader in dispute resolution. In fact, the majority of conflicts is resolved through the legal system, supported by a large network of courts with specific and complex procedural rules; however, with the lack of efficiency of the public system, the importance of arbitration and other alternative dispute resolution methods is increasing.

There are three levels of jurisdiction in Portugal: first and second instance courts and the Supreme Court. Within the first instance there are specialised courts for specific matters, such as civil, criminal, commercial, labour, family, competition and intellectual property rights courts. On 1 September 2014[2] a major overhaul of Portuguese judicial structure entered into force, which saw the number of judicial districts reduced to 23, the closure of 47 courts and the creation of 27 local divisions.

In recent years, particularly during the past two years, the state has actively amended the legal system – not only implementing procedural rules but also improving infrastructure (new courts, new technologies) and modifying judicial structure to respond to the increase in litigation and to improve the effectiveness and the degree of specialisation of the courts and judges. In spite of these efforts, the main problem of the Portuguese state's dispute resolution is still the length of time proceedings usually take. Through new legislation in force since 1 September 2013 and 1 September 2014, the state is attempting to reduce the length of proceedings, although it is too soon to tell whether this attempt will be successful.

1 Francisco Proença de Carvalho is a partner and Tatiana Lisboa Padrão is a junior associate at Uría Menéndez – Proença de Carvalho.

2 Law No. 62/2013 of 26 August and Decree Law No. 49/2014 of 27 March.

II THE YEAR IN REVIEW

The past three years have been significant for Portugal. A memorandum of understanding on specific economic policy conditionality was entered into between the Portuguese state and the European Commission, the European Central Bank and the IMF (or the Troika) on 3 May 2011, and it was agreed that the quarterly disbursement of financial assistance to Portugal (which ended this year) would depend on the implementation of a series of structural reforms by the Portuguese government. The judicial system is not an exception, since it is considered one of the main reasons for the country's lack of competitiveness. Thus, in September 2013, the new Civil Procedure Code entered into force, implementing significant changes to Portugal's civil law framework. This law reduced the types of legal processes available, while simultaneously simplifying and expediting proceedings by eliminating red tape. The reorganisation of the Portuguese judicial system is ongoing: in September 2014 a new law carrying out such reorganisation entered into force, but has not yet been completely implemented.

As a result of the economic crisis, the rise in lawsuits and insolvency proceedings of heightened complexity and value has continued. The Insolvency Law was amended (and came into force on 20 May 2012) in order to introduce fast-track court approval procedures for restructuring plans, which has been successful. In particular, the Special Revitalisation Procedure seeks to provide borrowers with some leeway in negotiating recovery plans with their creditors in the event of imminent insolvency.

Although a new legal framework on inventory proceedings entered into force on 2 September 2013,[3] the measures are still not fully operational.

In terms of urban rehabilitation (concerning which provisions entered into force on 13 September 2012) with the main goal of reducing bureaucracy regarding this matter, an 'urban over-the-counter parcel service' was created to strengthen the special dumping procedure, and is now fully operational.

III COURT PROCEDURE

i Overview of court procedure

Both civil and criminal proceedings include different stages. Generally, proceedings are initiated by the parties submitting pleadings, followed by a stage in which evidence is provided. Subsequently, the trial takes place and the court issues its decision. Finally, the parties can appeal said judgment, provided that certain conditions are met.

Despite the foregoing, the new Civil Procedure Code (which entered into force on 1 September 2014) establishes that all witnesses must be offered with the submission of the complaint.

ii Proceedings and time frames

There are two kinds of civil proceedings: declarative and enforcement. Through the former, the court's decision has *res judicata* effect. According to the new Civil Procedure

3 Law No. 23/2013 of 5 March.

Code, the court may decide on issues raised by the parties as well as on instrumental, complementary or notorious facts that may not have been raised by the parties – and sentence the defendant to the extent required by the claimant bearing in mind said other facts.

Enforcement proceedings may serve three purposes:

a the payment of an amount;

b the delivery of a certain object; or

c forcing the counterparty to carry out a certain action.

Said enforcement proceedings are filed based on a previous court decision or on certain documents established at law (for instance, some contracts, mortgages or deeds provided that the documents are signed before a notary public[4] or certified by the same and cheques).

It may take from one to three years in ordinary declaratory proceedings for a final court decision to be issued, while enforcement proceedings may take from one to two years.

To avoid damages resulting from the delay in court decisions and to assure the effectiveness of the final decision, a claimant may request that the court issue an adequate preliminary injunction; this may take from three to six months in Portugal.

Please note that any of the referred time frames are indicative, as such proceedings may be longer or shorter, depending on the workload of the court before which the claim is filed and the particular circumstances of the case, as well as the arguments put forward.

This year, a pre-enforcement out-of-court proceeding[5] was introduced, allowing the claimant to verify whether the defendant has any attachable assets before filing a petition.

Unlike in civil proceedings, in which the parties play a major role (although courts play an increasingly important role under the new Civil Procedure Code), in criminal proceedings the court has total control of the case and the duty to seek the truth. In this respect, the court may order the execution of any proceedings to uncover the truth.

Generally, ordinary criminal proceedings in Portugal take two years, but in certain cases, such as white-collar crimes, proceedings may take longer. As for civil proceedings, the term provided here is also indicative.

iii Class actions

Class actions are allowed under Portuguese law using a specific procedure to deal with groups of related claims. This is based on the Portuguese Constitution and on specific regulations that grant all citizens, individually or through relevant organisations, the

4 Regarding this modification introduced by the new Civil Procedure Code, there are already two judgments stating that private documents executed before 1 September 2013 are valid to file a petition regarding an enforcement proceeding, even if they were not signed before a notary public (judgment of the *Évora* court of appeal in proceeding No. 374/13.3TUEVR.E1, and judgment of the Lisbon court of appeal in proceeding No. 766/13.8TTALM.L1-A).

5 Law No. 32/2014 of 30 May and Ministerial Order No. 233/2014 of 14 November.

right to initiate class actions, within the terms established therein. It includes the rights of injured parties to request compensation to:

a promote the prevention, termination or judicial persecution of infringements against public health, consumer rights, quality of life and the preservation of the environment and cultural heritage; and

b guarantee the defence of state property, the property of the autonomous regions or of the local authorities (e.g., municipalities).

Class or group proceedings can be brought by individuals, associations and foundations created for the defence of relevant interests (regardless of their direct interest in the case), and local authorities regarding the interests of their residents, within their respective area.

iv Representation in proceedings

In civil proceedings, parties must be represented by a lawyer whenever the economic value exceeds €5,000 or when the proceedings are taking place before higher courts.

In criminal proceedings, individuals considered formal suspects must be assisted and represented by a lawyer at several stages. Therefore, the assistance of lawyers is mandatory, *inter alia*, during interrogation, trial and appeal. As regards the representation of victims, certain acts must also be carried out together with the assistance of lawyers, such as filing personal claims or appeals. Conversely, witnesses may also be assisted by lawyers, but only to ensure that they know their rights.

v Service out of the jurisdiction

Pursuant to the Civil Procedure Code, when a defendant's domicile is outside Portuguese jurisdiction, the initial summons or other notices requesting attendance to court will be served by mail, by means of a registered letter with acknowledgement of receipt, unless international treaties or conventions set out otherwise.

Other notices will be served on the lawyer appointed by the party. Service of judicial and extrajudicial documents in civil and commercial matters within the European Union are governed by Council Regulation No. 1393/2007 of 13 November, in which the particular formalities are set out, especially concerning the obligation to serve notice through the public authorities of the addressed state and to comply with certain rules of the relevant jurisdiction.

In criminal proceedings, notices for parties whose domicile is outside Portuguese jurisdiction will be served according to the rules set out in international treaties and conventions. Portugal is a party to the Convention on Mutual Assistance in Criminal Matters between Member States of the European Union of 29 May 2000. Pursuant to this Convention, as general rule, each Member State sends procedural documents directly to the persons who are in the territory of another Member State, by mail.[6] In certain cases, however (e.g., if the procedural law of the state requires proof of service of the document on the addressee other than the proof that an ordinary letter can provide), the documents will be sent through the competent authorities of the

6 Article 5.

requested Member State. Portugal is also a party to the European Convention on Mutual Assistance in Criminal Matters of 20 April 1959, and other codes of practice. Pursuant to this Convention, documents will be served by means of letters rogatory sent to the competent entities of the state concerned.

vi Enforcement of foreign judgments

Within the EU, Council Regulation No. 44/2001, 22 December 2000[7] sets out the conditions under which a judgment (concerning civil and commercial matters) issued in a Member State can be enforceable in another.

Therefore, pursuant to this Regulation, a judgment issued in a Member State and enforceable in that Member State may be enforceable in Portugal when, upon application by the interested party, it has been declared enforceable. The application of enforceability is filed in the competent superior court.

Without prejudice to international conventions and treaties in force (for instance, the Lugano Convention), under Portuguese law, it is generally possible to enforce foreign court civil judgments provided that these are subject to a prior confirmation procedure before a Portuguese court. Said conformation will be granted whenever:

a there are no well-grounded doubts concerning either the authenticity of the submitted documents or the judiciousness of the decision;

b the decision is final according to the law of the country where the judgment was rendered;

c the object of the decision does not fall within the exclusive international jurisdiction of Portuguese courts and the jurisdiction of the foreign court has not been determined fraudulently;

d there are no other proceedings between the same parties, based on the same facts and having the same purpose, and no ruling on the same case has been issued by a Portuguese court;

e the defendant was duly notified of all the proceedings according to the law of the country where the judgment was rendered;

f the foreign court proceedings complied with the procedural law requirements and each party received an adequate opportunity to present their case fairly; and

g the acknowledgement of the decision is not patently incompatible with the public policy of the Portuguese state.

vii Assistance to foreign courts

Portuguese courts can provide assistance to foreign courts when it is required by means of letters rogatory, unless the execution of the requested proceedings violates Portuguese public policy, the letter rogatory is not duly legalised, the execution of the requested proceedings compromises national sovereignty or security, or the execution

7 As amended by Council Regulation No. 1496/2002, 21 August, Council Regulation No. 1937/2004, 9 November, Council Regulation No. 2245/2004, 27 December, Council Regulation No. 1791/2006, 20 November, Council Regulation No. 1103/2008, 22 October and Council Regulation No. 280/2009, 6 April.

of the requested proceeding leads to the execution of a foreign court decision subject to confirmation of the Portuguese courts.

viii Access to court files

The Civil Procedure Code sets out, as a general rule, that court files may be accessed by the parties, lawyers or any persons with a relevant interest in the proceedings; however, the examination of court records is more restricted when the disclosure of information may cause damage to a person's dignity or privacy, is contrary to public values (e.g., adoption or divorce proceedings) or may lead to the ineffectiveness of the decision to be issued by the court, as, for instance, in interim application proceedings.

In addition, the Criminal Procedure Code sets out, as a general rule, the possibility of parties and lawyers accessing court records. Nevertheless, the examination of court records at the investigation stage always requires the public prosecutor's or the judge's authorisation. Third parties who have relevant interests in the proceedings may also request authorisation to access court files, unless the proceedings are confidential, which occurs whenever the public prosecutor or judge forbids the parties and respective lawyers from accessing such records during the investigation stage when disclosure could interfere with the investigation or cause damage to any of the parties.

ix Litigation funding

In Portugal, disinterested third parties cannot fund litigation.

IV LEGAL PRACTICE

i Conflicts of interest and Chinese walls

The current legal system considers conflicts of interest a central issue, promoting the prevention or prohibition of any conduct that may create such conflict for a lawyer or firm.

The regime seeks both to protect and promote the dignity and independence of the lawyer in his or her role as a true participant in the administration of justice and to ensure the relationship of trust that must be established between a lawyer and client.

The main sources of law regarding conflicts of interests for lawyers are the Regulations of the Portuguese Bar Association (the Regulations), the regulations of law firms and the Criminal Code. These sources are complemented by the opinions and decisions of the Portuguese Bar Association. Finally, the provision of legal services in Portugal by lawyers from the European Economic Area is also subject to the Code of Conduct for Lawyers in the European Union, as approved by the Council of the Bars and Law Societies of Europe.

The Portuguese Bar Association is primarily responsible for ensuring compliance with and enforcement of the law, having disciplinary power over its members; however, the decisions of the Bar Association can be appealed before the administrative courts under Article 6 of the Regulations. Furthermore, the courts are responsible for the enforcement of the law in any proceedings other than disciplinary proceedings.

The Criminal Code establishes, in Article 370.2, that certain abuses of conflicts of interest by lawyers are criminal offences. Thus, a lawyer who acts in a situation where the

interests of his or her clients are conflicting, with the intention of benefiting or damaging either, will be penalised with up to three years of imprisonment or with a fine.

The Regulations establish the duties with which lawyers are obliged to comply in their relationships with clients. Article 94 deals specifically with possible causes of conflicts of interest, establishing several duties upon lawyers to prevent them.

The lawyer's wilful or negligent violation of the foregoing rules may give rise to disciplinary liability, which is independent of any eventual civil or criminal liability.

It is particularly worth noting that Portuguese law is moving towards the exclusion of Chinese walls or 'firewalls' as valid mechanisms to overcome limitations imposed upon law firms, but the practical application of the law has yet to be fleshed out by case law, opinions or decisions of the Portuguese Bar Association. While further new legislation is unlikely, we can expect decisions that will detail what is expected of lawyers.

ii Money laundering, proceeds of crime and funds related to terrorism

The European Parliament and the Council decided to create special rules to prevent and punish money laundering within EU territory. For that purpose, the relevant EU bodies passed two important directives: Directives Nos. 2005/60 and 2006/70.

Portugal transposed the aforementioned Directives in Law No. 25/2008 of 5 July, amended by Decree Law No. 18/2013 of 6 February in to Portuguese law. From this date, financial institutions and a large number of service providers, such as notaries and civil servants, are bound, *inter alia*, not to participate in any suspicious or criminal activities relating to money laundering and to report such activities to the public prosecutor and the Unit of Financial Information.

Obviously, confidentiality issues arise when legislators decide to extend such obligations to service providers such as lawyers bound by the rules of secrecy. To avoid conflicts, Portuguese law sets out that the disclosure of facts under the obligations of the Regulations must be made directly to the President of the Portuguese Bar Association, who must, under the terms established by law, report such facts to the public prosecutor.

V DOCUMENTS AND THE PROTECTION OF PRIVILEGE

i Privilege

The Portuguese legal system acknowledges that some professions of social importance cannot exist without confidentiality, as people only feel comfortable disclosing personal or troubling facts when they are certain that those facts will remain secret.

In light of the above, lawyers, priests, doctors, journalists, chartered accountants, civil servants, public officials and corporate bodies of financial institutions, *inter alia*, have, in broad terms and under the terms established by law, the right not to testify in court or not to comply with orders issued by any private or public entities to disclose or provide information or documentation, whenever said disclosure regards facts or documents relating to the professional activity.

In some cases, this prerogative also entails special protection against searches and seizure. For instance, searches inside law firms must be conducted by a judge, unlike in most other cases where the presence of the district attorney suffices. Evidence obtained

in criminal matters pursuant to illegal searches or seizures will be considered null and illegitimate in court.

Notwithstanding this, the scope of protection granted under Portuguese law differs according to the professional's particular practice. Priests and lawyers, for instance, benefit from a broader and stricter protection, while employees and corporate bodies of financial institutions do not. In fact, while financial secrecy can easily be waived with the consent of the interested client, the disclosure of facts by lawyers always depends on the intervention of the Portuguese Bar Association.

However, privilege is not an absolute right and, in most cases, excluding religious matters, it is possible to break it, albeit through a complex procedure. The key rule on this issue is found in Article 135 of the Portuguese Criminal Procedure Code, which stipulates that only superior courts may decide whether privilege should be broken and thus consequently force the disclosure of protected facts.

The existence of said rule does not jeopardise the general protection granted to professional privilege in Portugal as the superior court's decision must always be taken according to the principle of the most important prevailing interest, which binds the court to, *inter alia*, consider the seriousness of the crime and the interests pursued in the criminal procedure.

The application of this principle has driven courts to decide that, for instance, it is not permissible to break privilege to investigate minor offences.

Although Portuguese law widely respects this privilege, there have been some troubling recent court decisions limiting the scope of the privileged protection of lawyers.

Finally, under Portuguese law, the scope of rights and duties granted to Portuguese lawyers applies to any foreign lawyers as long as they comply with the Portuguese Bar Association procedures. Under these conditions, foreign lawyers are also subject to the rules of privilege.

ii Production of documents

When a party intends to gain access to a document held by the other party, it may request the court to order the production of said document within a particular term. If the order is ignored, the court may consider the party's refusal for probative value and impose the reversal of the burden of proof.

There are, however, some documents that parties do not have to produce in litigation, such as correspondence between the lawyer and the counterparty or between the parties' lawyers themselves. Furthermore, in relation to the latter, this cannot be considered evidence by the courts. In relation to correspondence between the lawyer and the counterparty, they are also considered to be privileged and protected professional secrets. In such cases the party can claim a lawful excuse. The court may only deny the lawful excuse if it decides that the document is indispensable for the statement of facts and if the importance of the case is higher than the protection of professional secrecy. This statutory regime is also applicable to state secrets and to civil servants.

When a relevant document is held by a third party (e.g., a parent company), a party may request that the court order such third party to produce it.

Foreign deeds have the same legal value as those executed in Portugal, provided that some legal conditions are duly complied with. We note that the public official's

signature of the official deed has to be recognised by a Portuguese diplomatic or consular agent in the respective state, and this signature has to be certified with the respective consular seal. In addition, in judicial acts, documents must be written in Portuguese. Therefore, when the document required is stored overseas it must be translated and duly certified.

The rules applicable to electronic documents are substantially the same as those applicable to any other document. In all cases, the law sets out several restrictions in the production of documents in relation to general correspondence, letters or any other type of mail, which are protected by law, based on the principles of protection of privacy. Furthermore, the Portuguese Constitution expressly forbids any intrusion in correspondence from the authorities. In conclusion, if a party is notified to produce correspondence in court that is not related to the case in question, it can claim this legal protection. There is, however, an exception in the Portuguese Constitution and in the Criminal Procedure Code related to authorised police searches.

If a party is asked to produce electronic documents that are no longer accessible, such party can argue that it is unable to do so. Nevertheless, in criminal proceedings the judges may order a search of the home or other premises of the defendant and in such cases evidence may be found through the reconstruction of or back-up of deleted documents.

VI ALTERNATIVES TO LITIGATION

i Overview of alternatives to litigation

The greatest criticism of the Portuguese legal system is the length of time that proceedings take. According to the latest data from the Portuguese National Institute of Statistics, the average duration of a civil action at trial is 37 months. Furthermore, during the past decade, the annual number of actions filed before court has risen dramatically.

In light of the foregoing, both the civil society and the government have been encouraging the promotion of ADR, namely, arbitration, mediation, conciliation and resolution by justices of the peace. In 2001, the government created the Cabinet for Alternative Dispute Resolution (GRAL), a department of the Ministry of Justice exclusively dedicated to ADR.

ii Arbitration

In recent years, arbitration has been flourishing in Portugal. Parties have progressively added arbitral agreements to contracts and there is a general sense that Portugal may become a privileged forum for arbitrations between companies based in Portuguese-speaking countries such as Brazil, Angola and Mozambique.

On 15 March 2012, a new Law on Arbitration entered into force,[8] replacing the former Portuguese Arbitration Act.[9]

8 Law No. 63/2011 of 14 December.

9 Law No. 31/86 of 29 August 1986.

The new Arbitration Law is rather innovative, drawing inspiration from the 2006 version of the UNCITRAL Model Law, introduces provisions intended to grant more flexibility with regard to the formal validity of an arbitration agreement, making it simpler to comply with the written form requirement.

After almost three years since its entry into force, it is reasonable to state that the law has increased flexibility in Portuguese arbitration and facilitated the increasing number of arbitral agreements included in contracts.

Thus, among its most important innovations, the Arbitration Law:

a contains a major change in the arbitrability analysis;

b expressly foresees that independence and impartiality are not only required for the appointment of arbitrators, but that the arbitrators must comply with those requirements throughout the proceedings;

c regulates the most important aspects of the application of interim measures, closely following the Model Law;

d includes the regulation of multiparty arbitration and third-party intervention; and

e foresees that an award will not be subject to appeal, unless otherwise expressly established by the parties in the arbitration agreement (without prejudice to the applicable procedures to set aside the award, which cannot be waived in advance).

The leading arbitral centre is the Arbitration Centre of the Portuguese Commercial Association. Law No. 74/2013 of 3 September created the Sports Arbitration Court, which should also be operational in 2015.

As regards foreign arbitration, Portugal is party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards; however – and although Portuguese jurisprudence is arbitration-friendly, narrowly interpreting the grounds for refusal of recognition or enforcement of foreign arbitral awards – the interested party may also appeal against the decision of the first instance court that recognises or declares the foreign arbitral award enforceable before the Supreme Court, provided that the aforementioned requirements as to the value of the action are met. Thus, parties should always seek adequate guarantees to secure fulfilment of the contracts they enter into, or to secure compensation for the breach of such contracts.

Tax arbitration is becoming increasingly common and some decisions have already been handed down.

iii Mediation

Law 29/2013 of 19 April establishes general principles applicable to mediation in Portugal, as well as measures on civil and commercial mediation, mediators and public mediation regimes. The law filled a lacuna where there was previously no specific law or act governing mediation and conciliation.

The law introduced important provisions establishing that any dispute regarding property issues or any rights that may be the object of transactions by the parties may be submitted to mediation.

Another important provision establishes that private mediation settlement agreements are, under specific circumstances, enforceable directly, without the need to

obtain homologation from a court or the obligation to execute extrajudicial settlements in mediation centres supervised by the Ministry of Justice.

The specific circumstances are as follows:

a the settlement's object must be able to be mediated and not subject to a mandatory court decision;

b parties must have capacity to execute the settlement;

c the settlement must have been reached through mediation and according to law;

d the content of the settlement must not violate Portuguese public policy; and

e the settlement must be reached with the intervention of a mediator included on the Ministry of Justice's public list of mediators.

The Mediation Law also includes provisions on the training, duties and rights of mediators, as well as the rules applicable to public mediation frameworks.

Despite the Mediation Law, in Portugal, mediation and conciliation, settlement agreements are traditionally negotiated between the parties' attorneys, in the majority of the cases, during pending lawsuits. Parties are usually very reluctant to use mediation and conciliation.

iv Other forms of alternative dispute resolution

Besides arbitration, mediation and conciliation, the most popular form of ADR is conducted by a justice of the peace, which is governed by Law No. 78/2001 of 13 July 2001 (as amended by Law 54/2013 of 31 July, which broadened the scope and jurisdiction of justices of the peace) and numerous centres have been created under the supervision of a special commission, justices of the peace are only available to settle disputes among individuals and have jurisdiction on civil matters concerning small claims (up to €15,000). Under the new legal framework on justices of the peace, legal persons may now resort to mediation (except in class actions), and preliminary injunctions are now available.

Between 2001 and 2013, approximately 71,000 claims were heard (with a success rate of 95 per cent). Justices of the peace must have a law degree, but need have no further legal education.

The Portuguese Supreme Court has held that the jurisdiction of the justices of the peace is concurrent with that of the courts.[10] While justices of the peace are proving useful in simple disputes, however, strong suspicion still remains about the quality of the decisions on the merits.

VII OUTLOOK AND CONCLUSIONS

The bailout of Portugal awakened the country to the need to undertake deep structural reforms of its economy. Changes to the judicial system, which are now almost complete, have been an important part of that change as they are fundamental to making the Portuguese economy more attractive and secure for investment. This year draws to

10 Decision No. 11/2007 of 24 May 2007.

a close with an ongoing comprehensive reform of the Portuguese judicial map and the introduction of a new pre-enforcement out-of-court proceeding. Thus, we expect 2015 to be a year in which these reforms are completed, and one of transition as the courts and lawyers alike adapt to the reforms.

Finally, we can look forward to analysing the performance of the Mediation Law and observing whether mediation becomes, in practice, a true dispute resolution alternative.

Evidently, the effective implementation of all these changes demands a strong commitment from those who work in the system, including lawyers and judges.

Appendix 1

ABOUT THE AUTHORS

FRANCISCO PROENÇA DE CARVALHO

Uría Menéndez – Proença de Carvalho

Francisco Proença de Carvalho joined Uría Menéndez – Proença de Carvalho in April 2010 following the merger of the firm Proença de Carvalho & Associados with Uría Menéndez. He is now a partner in the litigation and arbitration department of the Lisbon office. Before that, he was a partner at Proença de Carvalho & Associados, a prestigious litigation and business law boutique in the Portuguese market.

He focuses his practice on litigation, covering all areas of professional litigation and arbitration practice. He also has experience in mergers and acquisitions matters.

He has a postgraduate degree in law and business.

Mr Proença de Carvalho is a regular speaker at seminars and conferences on themes related to his field of expertise, and also is a frequent presence in the media as an opinion-maker in economic and legal issues.

TATIANA LISBOA PADRÃO

Uría Menéndez – Proença de Carvalho

Tatiana Lisboa Padrão joined Uría Menéndez – Proença de Carvalho in September 2011 as a trainee lawyer. She is now an associate in the litigation and arbitration department of the Lisbon office, where she focuses her practice on litigation and insolvency and restructuring. She has a master's degree in law and management.

URÍA MENÉNDEZ
Uría Menéndez – Proença de Carvalho
Edifício Rodrigo Uría
Rua Duque de Palmela 23
1250-097 Lisbon
Portugal
Tel: +351 21 030 86 00
Fax: +351 21 030 86 01
lisboa@uria.com

www.uria.com