OVERVIEW OF JUDICIAL PRACTICE ON APPLICATIONS TO SET ASIDE ARBITRAL AWARDS

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This study examines the legal framework for setting aside arbitral awards in the Republic of Armenia and reviews the relevant case law to identify developments and challenges in judicial practice over the past five years.

1. Review of International Practice on Setting Aside Arbitral Awards.

For an analysis of the case law on setting aside arbitral awards, and of the issues that arise in judicial practice, it is necessary to review international practice concerning the grounds and procedure for setting aside an arbitral award.

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (**"Convention"**)[1] is one of the principal legal instruments governing the recognition and enforcement of arbitral awards internationally. It sets out an exhaustive list of grounds for refusing recognition and enforcement. The Convention aims to promote international trade and facilitate the resolution of international commercial disputes through arbitration by encouraging the recognition and enforcement of international arbitral awards and the enforcement of arbitration agreements. In light of the purpose of the Convention, courts should interpret the Convention with a *pro-enforcement bias*. Accordingly, the grounds set out in Article V should be construed "narrowly", and enforcement should be refused only in serious cases.[2] the Convention has been interpreted to preclude courts from reviewing arbitral awards on the merits, even where, in their view, the facts were incorrectly established or the laws were misapplied in the arbitral award.

The UNCITRAL Model Law on International Commercial Arbitration (**"Model Law"**)[3], in addition to the grounds for refusing recognition and enforcement, sets out the grounds for setting aside an arbitral award.

That being said, Article 34 of the Model Law sets out an exhaustive list of grounds for setting aside arbitral awards. These grounds do not afford domestic courts broad discretion to review the arbitral tribunal's reasoning on the merits.[4]

2. The Grounds for Setting Aside Arbitral Awards.

Article 34 of the Law of the Republic of Armenia "On Commercial Arbitration" (**"Law"**) sets out two categories of grounds for setting aside an arbitral award. These correspond to the grounds set out in Article 34 of the Model Law.

The first category, set out in point 1, paragraph 2, of Article 34 of the Law, concerns primarily the invalidity of the arbitration agreement, lack of proper notice, the arbitral tribunal's exceeding

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[1] See *United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards* (1958). The Convention has 172 States Parties.

[2] See International Council for Commercial Arbitration (ICCA), *ICCA's Guide to the Interpretation of the 1958 New York Convention: A Handbook for Judges*, 2nd ed. (2024), pp. 14-15 and 77.

[3] See UN General Assembly Resolution 40/72, *Model Law on International Commercial Arbitration of the United Nations Commission on International Trade Law*, 112th plenary meeting, 11 December 1985, and *UNCITRAL Model Law on International Commercial Arbitration* (1985), with amendments as adopted in 2006. The arbitration laws of several countries, including the Republic of Armenia, are based on the Model Law.

[4] See Gary B. Born, *International Commercial Arbitration*, 3rd ed., vol. III (2021), p. 3646.

the scope of its authority, and failure to comply with procedures prescribed by law or agreed upon by the parties. The applicant must invoke and establish these grounds.

The second category, set out in point 2, paragraph 2, of Article 34 of the Law, concerns defects of such gravity that the award cannot stand. If the court finds that either of the two grounds in this category is present, it must set aside the award. The applicant therefore need not invoke or establish either ground.

In interpreting the grounds set out in Article 34 of the Law, the Civil Court of First Instance of General Jurisdiction took the following position:

"[...]The grounds for challenging arbitral awards are limited and exhaustive and are set out in Article 34 of the Law of the Republic of Armenia "On Commercial Arbitration". A challenge to an award is brought by filing an application to set it aside. The exhaustive nature of these grounds is consistent with Article 5 of the Law of the Republic of Armenia "On Commercial Arbitration", which prohibits court intervention in matters governed by the Law except where the Law so provides. This provision underscores the exhaustive nature of the grounds for challenging arbitral awards."[5]

The court's reasoning reflects the nature of arbitration and the applicable international standards. It serves to safeguard the independence of arbitration and may guide the development of case law.

Similarly, in another civil case, the court held that it could not consider grounds raised by the applicant that concerned the merits of the dispute.[6]

A different approach can be seen in the following decision:

"[...] Having the evidence in question before it, and given that the Applicant itself had not disputed that the service had been provided, the arbitral tribunal could conclude, and did conclude, that the claim advanced in the statement of claim was well founded, based on a comprehensive, thorough and objective assessment of the evidence submitted."[7]

This reasoning is difficult to reconcile with the principles of arbitral independence and party autonomy. The court, in essence, acted as an appellate court in this case by reviewing how the arbitral tribunal examined and assessed the evidence before it, as well as the conclusions the tribunal drew from that evidence.

[5] See the Court's decision of 18 November 2025 in civil case No. ԵԴ2/11068/02/25.
[6] See the Court's decision of 13 November 2023 in civil case No. ԵԴ2/29460/02/23.
[7] See the Court's decision of 27 November 2025 in civil case No. ԵԴ2/10934/02/25.

The discussion below examines the case law on setting aside arbitral awards in relation to each of the grounds provided for in the Law.

a) A party to the arbitration agreement was under some incapacity; or the said agreement is not valid under the law to which the parties have subjected it or, failing any indication thereon, under the Law of the Republic of Armenia.

The invalidity of the arbitration agreement is the ground most frequently invoked by applicants and applied by courts in proceedings to set aside arbitral awards in the Republic of Armenia.

The monitoring of judicial cases showed that courts generally apply this ground when the arbitration agreement fails to satisfy the written-form requirement under Article 7 of the Law. Examples include cases in which the agreement bears no signature, a party to the arbitral proceedings did not sign it, or that party's consent to arbitration is unclear.

The monitoring also identified decisions that departed from the prevailing approach, as well as inconsistencies in how courts interpreted this ground. In particular, courts have differed in their interpretation of what constitutes compliance with the written-form requirement under Article 7 of the Law.

In one such case, the Civil Court of First Instance of General Jurisdiction considered an application to set aside an arbitral award on the ground that no arbitration agreement existed. The court held as follows:

"[…] The reference in the application to subscribe to electronic communications and other related services to the general terms and conditions under which […] the company provides those services to subscribers constitutes an arbitration agreement. The contract/application is in writing, and the reference is such as to make the arbitration clause contained in those terms and conditions part of the contract."[8]

In another civil case, the court likewise held that an arbitration clause contained in the general terms and conditions of a contract of adhesion constituted an arbitration agreement duly concluded in writing.[9] The monitoring of proceedings to set aside arbitral awards also identified a contrary approach, under which an arbitration clause in a contract of adhesion was held to fall short of the requirements of Article 7 of the Law because the consumer had not given unconditional consent to arbitration.

Courts have also taken conflicting approaches to whether the so-called "notices offering to arbitrate" constitute arbitration agreements.

In one civil case examined during the monitoring, the court held that, although the notice had been sent to the respondent's email address, it could not be deemed duly received because there

[8] See the Court's decision of 27 May 2026 in civil case No. ԵԴ2/4148/02/26.
[9] See the Court's decision of 20 May 2026 in civil case No. ԵԴ2/3325/02/26.

was no evidence that the respondent had received or read it. The court also excluded the notice from evidence on the ground that it was in a foreign language.[10]

In another similar civil case, the court held as follows:

"[…] No arbitration agreement exists in this case, as there is no evidence that the respondent concluded or accepted such an agreement. Moreover, the arbitral award referred to an arbitration clause, which could only have been agreed upon in a written contract containing such a clause. Merely sending an offer to arbitrate is insufficient to establish that an arbitration agreement was concluded. The other party must accept the offer and clearly manifest its intention to do so."[11]

Read alongside decisions in other cases, this ruling suggests that courts often treat an arbitration agreement as satisfying the requirements of Article 7 of the Law only if it is recorded in a single document signed by both parties.

Courts sometimes treat the factual circumstances underlying the ground discussed above as falling within subpoint a, point 2, paragraph 2 of Article 34 of the Law. In two cases involving similar facts, the same arbitral tribunal heard the disputes and rendered awards on the basis of arbitration clauses contained in contracts that defendants in the same criminal case had entered into in the names of other persons. In one case, the court set aside the award on the ground that the arbitration agreement was invalid because it did not bear the respondent's signature.[12] In the other, the court set aside the award on the ground that no arbitration agreement existed, finding that the arbitration case contained no agreement concluded between the parties in any manner permitted by law.[13]

The ground discussed above concerns the invalidity of an arbitration agreement and contains no express provision for setting aside an award on the basis that no arbitration agreement exists. The monitoring of judicial cases showed that, where no arbitration agreement existed, courts set aside awards either on the ground of invalidity or on the ground that the subject matter of the dispute was not capable of settlement by arbitration.

In our view, a court may set aside an arbitral award under subpoint a, point 2, paragraph 2 of Article 34 of the Law if the subject matter of the dispute is not capable of settlement by arbitration under the laws of the Republic of Armenia. Neither the Convention nor the Model Law expressly identifies the absence of an arbitration agreement as a separate ground for setting aside an arbitral award. This is because, in the absence of such an agreement, there is no basis for commencing arbitral proceedings or rendering an award. Cases of this kind nevertheless arise in Armenian arbitral practice. Where no arbitration agreement exists, the court should set

[10] See the Court's decision of 18 November 2025 in civil case No. ԵԴ2/11068/02/25. The Armenian text in this case was most likely written in Latin script.
[11] See the Court's decision of 30 January 2023 in civil case No. ԵԴ/55127/02/22.
[12] See the Court's decision of 5 June 2026 in civil case No. ԵԴ2/3511/02/26.
[13] See the Court's decision of 22 June 2026 in civil case No. ԵԴ2/3492/02/26.

aside the award under subpoint a, point 1, paragraph 2 of Article 34 of the Law on the basis that the requirement for an arbitration agreement in writing has not been met.

The study of case law on the invalidity of arbitration agreements showed that courts have set aside arbitral awards after finding that the arbitration agreements on which they were based were pathological. In one civil case, the court stated as follows:

"[...] In arbitral practice, there are so-called pathological arbitration agreements. Gary Born discusses the problems posed by such agreements in detail in his book *International Commercial Arbitration*, excerpts from which are quoted below. Pathological arbitration agreements are those that (a) fail to address essential terms, (b) are ambiguous, (c) refer to non-existent arbitral institutions, (d) are contradictory, or (e) provide for alternative means of dispute resolution. Agreements that fail to address essential terms include those that do not identify the specific arbitral institution that is to hear any dispute that may arise. International practice and the approach adopted by virtually all leading arbitral institutions treat the omission of the institution's name as insufficient, on its own, to invalidate an arbitration agreement. If submitting the dispute to arbitration was the parties' sole or predominant intention, ambiguities, errors and details concerning the arbitral procedure, including the name of the arbitral institution, are immaterial.

Incomplete, ambiguous or contradictory terms do not in themselves render an arbitration agreement pathological. Such defects do not invalidate the agreement so long as they do not affect the essential requirement that the parties intend to submit their dispute to arbitration. The agreement should be interpreted or supplemented by applying general principles of contract law in a manner that gives effect to the parties' intention to submit the dispute to an arbitral tribunal."[14]

Applying this reasoning, the court held that the arbitration agreement containing the wording "by arbitration in a country of the claimant's choice" was invalid and set aside the award on that basis. The court found that the contractual provision stating that "disagreements shall be heard by arbitration in a country of the claimant's choice" was ambiguous and did not permit an unequivocal conclusion that the parties had intended all disputes arising out of the contract to be resolved exclusively by arbitration.

The monitoring of proceedings concerning the setting aside of arbitral awards on the ground of invalidity of the arbitration agreement revealed an approach that, in our view, may undermine the nature of arbitration. In two civil cases involving the same applicant, the court held that the invalidity of an arbitration agreement had to be established by a judicial decision that had entered into legal force. On that basis, it concluded that it could not set aside the arbitral award on the ground that the arbitration agreement was invalid.[15] In another similar case, the court of first

[14] See the Court's decision of 13 November 2023 in civil case No. ԵԴ2/29460/02/23.
[15] See the Court's decisions of 26 October 2023 in civil cases Nos. ԵԴ2/25351/02/23 and ԵԴ2/25602/02/23.

instance reiterated that the invalidity of a transaction, including an arbitration agreement, had to be established by a separate judgment that was final and binding.[16]

In substance, the courts in the cases discussed above treated arbitration agreements in the same way as ordinary civil contracts. Under that interpretation, applicants seeking to set aside an award on this ground bore the burden of establishing the invalidity of the arbitration agreement, while also being required to produce a final judicial decision that had entered into legal force and established the agreement's invalidity.

This approach is difficult to reconcile with the statutory framework governing arbitral jurisdiction and judicial review of arbitral awards. Requiring a separate judicial decision establishing the invalidity of the arbitration agreement as a precondition to setting aside an award does not derive from the interpretations of the Convention. Such a requirement unduly restricts the rights of the party challenging the award.

Moreover, Article 16 of the Law empowers the arbitral tribunal to rule on its own jurisdiction, including any question concerning the existence or validity of the arbitration agreement. Where the arbitration agreement is challenged, the tribunal must address that challenge and rule on its jurisdiction as a matter of priority. Two procedures are available for obtaining judicial review of the tribunal's jurisdiction.

First, if the arbitral tribunal rules on its jurisdiction as a preliminary question, either party may, within 30 days after receiving notice of that ruling, request the court to decide the matter. Chapter 48 of the Code of Civil Procedure governs the procedure of the examination of that application.

Second, if the arbitral tribunal does not address the existence or validity of the arbitration agreement, or if it finds in its award that it has jurisdiction to hear the dispute, a party challenging the existence or validity of the agreement may seek relief by applying to set aside the award on the ground discussed above. Chapter 45 of the Code of Civil Procedure governs the procedure of the examination of that application.

Therefore, read in light of the Model Law, these provisions entrust the arbitral tribunal with determining in the first instance whether the arbitration agreement exists and is valid. A party contesting the tribunal's jurisdiction may seek a judicial determination through either of the two procedures described above, as applicable. Neither procedure requires a separate judgment that has entered into legal force and declares the arbitration agreement invalid in ordinary civil proceedings as a precondition to setting aside the award on that ground.

The foregoing does not limit a party's right, before the commencement of arbitral proceedings, to bring a claim in court under the rules governing ordinary civil proceedings for

[16] See the Court's decision of 15 March 2023 in civil case No. ԵԴ/52031/02/22.

a declaration that the arbitration agreement is invalid. Moreover, a review of recent case law shows that parties have brought such claims.[17]

b) The party making the application was not given proper notice of the appointment of an arbitrator or of the arbitral proceedings or was otherwise unable to present his case.

The monitoring of judicial cases concerning the setting aside of arbitral awards showed that this ground was also frequently invoked. In many cases, courts granted applications to set aside awards because a party had not been given proper notice of the arbitral proceedings or was otherwise unable to present its case. At the same time, courts rarely set aside awards on the ground that a party had not been given proper notice of the appointment of an arbitrator.

Overall, the courts' approach to setting aside arbitral awards on this ground is consistent with interpretations of the Convention.

In one civil case concerning proper notice to participants in arbitral proceedings, the court interpreted Article 3 of the Law as meaning that an attempt to deliver a written communication to the address specified in the contract was sufficient for the notice to be deemed duly given to the party.[18]

Similarly, in another civil case, the court interpreted paragraph 1 of Article 3 and Article 19 of the Law and found that the respondent had been given proper notice because the arbitrator had taken all the steps prescribed by those provisions. The court also stated as follows:

"[...]In determining which procedural rules of the Code of Civil Procedure of the Republic of Armenia are to be applied in arbitral proceedings, one must also be guided by the Law of the Republic of Armenia "On Commercial Arbitration", that is, by selecting the rules governing matters for which the Law of the Republic of Armenia "On Commercial Arbitration" makes no provision of its own. The Court bases this conclusion both on the fact that, in referring to the Code of Civil Procedure of the Republic of Armenia in Article 19 of the Law of the Republic of Armenia "On Commercial Arbitration", the legislature uses the words "relevant procedural rules," thereby expressly indicating that the reference does not extend to all procedural rules prescribed by that Code, and on the fact that the parties, by voluntarily waiving their right to submit their dispute to a court of general jurisdiction and entrusting the resolution of the dispute that has arisen between them to an arbitral tribunal, in effect voluntarily waive certain procedures prescribed by the Code of Civil Procedure of the Republic of Armenia in favour of procedures arising from the provisions of the Law of the Republic of Armenia "On Commercial Arbitration" that are consistent with the aims and principles of arbitration."[19]

[17] See the Court's decision of 30 April 2025 in civil case No. ԵԴ2/4382/02/24 and the Court's decision of 9 March 2026 in civil case No. ԵԴ2/10129/02/25.
[18] See the Court's decision of 20 May 2026 in civil case No. ԵԴ2/3325/02/26.
[19] See the Court's decision of 6 March 2024 in civil case No. ԵԴ2/44503/02/23.

In another civil case, the applicant argued that the award should be set aside because notice had not been given through *azdarar.am*, the official online platform for public notices. Applying Article 3 of the Law, the court found that neither that provision nor the applicable rules of the arbitral institution provided for notice by that method. The court further held that giving notice through the official website for public notices would conflict with the principle of confidentiality of arbitral proceedings under the Law and the applicable arbitration rules.[20]

The monitoring also identified decisions that took a different approach to the applicable notice procedure. In one case, the court considering an application to set aside an arbitral award found that the arbitral tribunal had failed to discharge its duties concerning notice under Article 95 of the Code of Civil Procedure. The court held that this failure deprived the applicant of the opportunity to present its case on an equal footing, in accordance with the principles of adversarial proceedings.[21] The court appears to have treated the arbitral tribunal as subject to the same duties as a court in ensuring the right to a fair trial under the Convention for the Protection of Human Rights and Fundamental Freedoms and the Constitution, including the duty to give notice in accordance with the Code of Civil Procedure.

In applying this ground, courts have also considered cases in which an arbitral award was rendered without consideration of a party's response to the request for arbitration. In civil case No. ԵԴ2/0936/02/24, the court found that the applicant had received the request for arbitration on 20 November 2023 and had lodged its response with the postal service on 25 November 2023, within the five-day time limit. The arbitral tribunal received the response on 29 November 2023, two days after it had rendered the award on 27 November 2023. In interpreting the case law of the Court of Cassation, the court stated that "[…] compliance with procedural rules must not and cannot restrict or defeat a person's constitutional right to a fair trial […]"[22]. The court set aside the award because the respondent in the arbitration had been unable to present its case.

Summarizing the aforementioned, in our view, these judicial interpretations are generally consistent with the requirements of the Convention and the Law. Parties must be given proper notice of the arbitral proceedings and the appointment of the arbitrator, and must have an opportunity to present their case before the arbitral tribunal. In determining whether notice was properly given in arbitral proceedings, courts should give effect to the method of notice or the applicable notice rules agreed upon by the parties in their arbitration agreement. The notice procedure under the Code of Civil Procedure should therefore not be applied automatically to

[20] See the Court's decision of 17 February 2025 in civil case No. ԵԴ2/10281/02/24.
[21] See the Court's decision of 8 January 2024 in civil case No. ԵԴ/64757/02/22.
[22] See the Court's decision of 12 April 2024 in civil case No. ԵԴ2/0936/02/24.

arbitral proceedings. Given the confidentiality of those proceedings, public notice is generally unavailable unless the parties agree otherwise.

c) The award deals with a dispute not contemplated by or not falling within the terms of the submission to arbitration, or contains decisions on matters beyond the scope of the submission to arbitration, provided that, if the decisions on matters submitted to arbitration can be separated from those not so submitted, only that part of the award which contains decisions on matters not submitted to arbitration may be set aside.

The provision set out above identifies three distinct and independent grounds for setting aside an arbitral award:

1) The award was rendered in respect of a dispute not contemplated by the arbitration agreement,

2) The award does not fall within the terms of the arbitration agreement,

3) The award contains decisions on matters beyond the scope of the arbitration agreement. Where this sub-ground applies, only the part of the award containing decisions on matters beyond the scope of the arbitration agreement may be set aside, provided that it can be separated from the remainder of the award.

Applications to set aside arbitral awards on this ground are very rare in judicial practice. Most such applications are dismissed as unsubstantiated.

In one of the judicial cases, the court set aside an interim arbitral award. It found that the arbitration agreement was so ambiguous that it was unclear whether the parties had intended all disputes arising out of the contract to be resolved exclusively by arbitration. The court concluded that the interim award granting interim measures had been rendered in respect of a matter not contemplated by the arbitration agreement.[23]

In that case, the court set aside an interim arbitral award on a ground provided for in Article 34 of the Law for the first time.[24]

d) The composition of the arbitral tribunal or the arbitral procedure was not in accordance with the agreement of the parties, unless such agreement was in conflict with a provision of this Law from which the parties cannot derogate, or, failing such agreement, was not in accordance with this Law.

An analysis of this ground leads to the conclusion that an arbitral award is subject to being set aside where the composition of the arbitral tribunal or the arbitral procedure:

[23] See the Court's decision of 3 May 2023 in civil case No. ԵԴ/10040/02/23.
[24] The monitoring also identified another case in which the Court dismissed an application to set aside an interim award. See the Court's decision of 13 December 2024 in civil case No. ԵԴ2/8457/02/24.

1) was not in accordance with the parties' arbitration agreement, provided that the agreement does not conflict with any mandatory provision of the Law, or

2) was not in accordance with the Law, in the absence of any terms in the arbitration agreement governing the composition of the arbitral tribunal or the arbitral procedure.

Objections on these matters may be raised during the arbitral proceedings. Where a party proceeds with the arbitration without challenging the arbitral tribunal or objecting to its composition or to any other aspect of the procedure, that failure should be treated as a waiver of the right to object. The party should therefore be precluded from invoking this ground in proceedings to set aside the award.

A further question is what consequences a procedural irregularity must have to warrant setting aside an arbitral award on this ground. In our view, courts should apply the *de minimis* principle and set aside awards only for sufficiently serious procedural irregularities, particularly where the party could have brought the irregularity to the arbitral tribunal's attention during the proceedings.[25]

e) The subject-matter of the dispute is not capable of settlement by arbitration under the laws of the Republic of Armenia.

The ground discussed above is the first in the second category of grounds for setting aside arbitral awards. Section (a) of this study has already addressed certain aspects of its application. This subsection examines selected civil cases concerning its application.

In civil case No. ԵԴ2/12083/02/25, the court set aside the arbitral award on the ground that the subject matter of the dispute was not capable of settlement by arbitration under Armenian law. The court based its conclusion on the following findings: the arbitral tribunal was required to adjourn the proceedings at the request of a party; the applicable arbitration rules did not confer upon the tribunal the authority to reject the request for adjournment; and, in rejecting the request, the tribunal misinterpreted the law and failed to apply Armenian law, particularly Article 157 of the Code of Civil Procedure.[26]

In another civil case, the court set aside the arbitral award on the ground that the subject matter of the dispute was not capable of settlement by arbitration. The court reasoned that, before the award was rendered, a final judicial decision involving the same parties, the same factual circumstances and the same subject matter had already entered into legal force.[27]

The monitoring identified a noteworthy judicial interpretation, in which the court set aside the award only insofar as it concerned a respondent in the arbitral proceedings who had been

[25] See International Council for Commercial Arbitration (ICCA), *ICCA's Guide to the Interpretation of the 1958 New York Convention: A Handbook for Judges*, 2nd ed. (2024), p. 95.
[26] See the Court's decision of 23 December 2025 in civil case No. ԵԴ2/12083/02/25.
[27] See the Court's decision of 18 November 2025 in civil case No. ԵԴ2/11068/02/25.

declared bankrupt.[28] The decision does not expressly identify the ground on which the award was set aside. We infer that the court relied on subpoint a, point 2, paragraph 2 of Article 34 of the Law, on the basis that the subject matter of the dispute was not capable of settlement by arbitration.

f) The award is in conflict with the public policy of the Republic of Armenia.

The monitoring revealed that there is no uniform definition of "public policy". We now turn to selected judicial interpretations of this ground for setting aside arbitral awards.

Beginning with the Court of Cassation's interpretation of the concept of "fundamentals of the legal order" or "public policy" in an administrative case. In its decision, the Court stated as follows:

"Under paragraph 1 of Article 1258 of the Civil Code of the Republic of Armenia, the concept of "fundamentals of the legal order" (public policy) has the following meaning. The fundamentals of the legal order (public policy) encompass fundamental legal principles that are universal in character, are of particular social significance, and underpin the State's economic, political and legal systems. These include, in particular, the principles of freedom of contract, equality and good faith of the parties to a legal relationship, civil liability proportionate to the violation, restoration of violated rights, and judicial protection of violated rights."[29]

In considering applications to set aside arbitral awards, the court has addressed the concept of "public policy" on several occasions. In one civil case, the court stated as follows:

"Turning to the meaning of "public policy" (the fundamentals of the legal order), the Court notes that it essentially encompasses fundamental legal principles that are universal in character, are of particular social significance, and underpin the State's economic, political and legal systems. In the Court's view, where a conflict with the fundamentals of the legal order arises, public policy operates as a special legal "shield" by precluding the application of what conflicts with it. This requires an assessment of whether public policy, or any provision forming part of it, has been violated. Any such violation must also be manifest. Accordingly, a finding that an arbitral award conflicts with public policy requires that its effects grossly violate the constitutional values of the Republic of Armenia and the fundamental principles of the administration of justice.

The Court therefore concludes that an arbitral award may be found to conflict with the fundamentals of the legal order (public policy) of the Republic of Armenia, and may accordingly be set aside, only where it manifestly conflicts with the fundamental principles underpinning the State's economic, political and legal systems, or where it may harm the State's sovereignty or security, affect the interests of large social groups, or violate the constitutional rights and freedoms of legal or natural persons.

[28] See the Court's decision of 13 June 2022 in civil case No. ԵԴ/47893/02/21.
[29] See the Court of Cassation's decision of 31 October 2023 in administrative case No. ՎԴ/3882/05/22.

In the Court's view, when determining whether an arbitral award conflicts with the public policy of the Republic of Armenia, the term "public policy" should be construed within the limits set out above."[30]

In another case, the court stated as follows:

"Turning to the application to set aside the arbitral award under subpoint b, point 2, paragraph 2 of Article 34 of the Law, the Court notes that an award may be challenged as contrary to the public policy of the Republic of Armenia in cases including those in which the arbitral tribunal, in its award, has required the parties to take actions that are contrary to the domestic legislation of the Republic of Armenia."[31]

In another case, it was established that the arbitral tribunal had rendered two awards in arbitral proceedings administered by an arbitral institution. The first award was rendered four working days after the case was admitted to the proceedings, and the second approximately three months after that date. The court found as follows:

"[...]The two awards submitted by the applicant are identical in form and substance (as decisions resolving the case). This renders unsubstantiated the arbitral tribunal's explanation that the document issued on 9 April 2025 was a draft award that the tribunal had annulled. The tribunal failed to provide sufficient and reliable evidence in support of that explanation and described a process (the annulment of the draft award) without citing the requisite legal and factual grounds for it."[32]

The court set aside the award as contrary to the public policy of the Republic of Armenia because two awards had been rendered on the merits in the same case (*res judicata*).

In another civil case, the court set aside the arbitral award on public policy grounds, finding that "the award was unsigned. Its operative part bore stamps reproducing signatures (facsimiles) next to the names of the presiding arbitrator and the two other arbitrators."[33]

The monitoring of judicial cases concerning the setting aside of arbitral awards identified the following approach, which represents the most extensive interpretation of public policy found to date. Relying on the International Council for Commercial Arbitration's (ICCA) interpretations of public policy, the court stated as follows:

"[...] "Public policy" encompasses the fundamental principles enshrined in the Constitution and laws of the State concerned. An arbitral award may be found to violate fundamental principles of law if its enforcement would result in acts that are expressly prohibited by law, harm the State's sovereignty or security while affecting the interests of large social groups in a manner incompatible with the principles underpinning the State's economic, political and legal systems,

[30] See the Court's decision of 23 September 2026 in civil case No. ԵԴ2/0537/02/24.
[31] See the Court's decision of 15 April 2024 in civil case No. ԵԴ2/44318/02/23.
[32] See the Court's decision of 15 October 2025 in civil case No. ԵԴ2/8248/02/25.
[33] See the Court's decision of 10 January 2025 in civil case No. ԵԴ2/3463/02/24.

violate the constitutional rights and freedoms of private persons, or run counter to fundamental principles of civil law, such as the equality of participants in civil-law relations, the inviolability of property and freedom of contract. The fundamental legal principles that constitute public policy have the highest mandatory force, are universal in character, have particular social and public significance, and underpin the State's economic, political and legal systems.

In this context, under Article 305 of the Civil Code of the Republic of Armenia, a transaction that fails to comply with the requirements of a law or other legal act may be declared invalid, unless the law provides that the transaction is void or prescribes other consequences for the violation. It does not follow, however, that every transaction concluded wholly or in part in breach of a law or other legal act must be regarded as a violation of public policy."[34]

Summarizing the aforementioned, although the decisions do not articulate a uniform definition of public policy, they are generally consistent with the approach reflected in the Convention and the Model Law. The concept of public policy should not be construed broadly, so that a breach of a substantive or procedural rule does not, by itself, provide a basis for setting aside an arbitral award.

3. Conclusion.

The monitoring of judicial cases concerning applications to set aside arbitral awards shows that Armenian courts generally take an approach consistent with international standards. In individual cases, however, courts have interpreted the grounds for setting aside arbitral awards under Article 34 of the Law inconsistently and, at times, too broadly. These differences are particularly evident in how courts assess the validity of arbitration agreements, determine whether procedural requirements were met in arbitral proceedings, distinguish between the various grounds for setting aside awards, and interpret the concept of public policy. Such approaches may undermine the independence of arbitration and create a risk that courts will review arbitral awards on the merits. These concerns are particularly significant because, under Armenian law, decisions on applications to set aside arbitral awards are not subject to appeal.

[34] See the Court's decision of 19 November 2025 in civil case No. ԵԴ2/2121/02/25.