



The Asia-Pacific Arbitration Review

2019

Singapore

The Asia-Pacific Arbitration Review

2019

Global Arbitration Review is delighted to publish The Asia-Pacific Arbitration Review 2019, one of a series of special reports that deliver business-focused intelligence and analysis designed to help general counsel, arbitrators and private practitioners to avoid the pitfalls and seize the opportunities of international arbitration.

Generated: February 8, 2024

The information contained in this report is indicative only. Law Business Research is not responsible for any actions (or lack thereof) taken as a result of relying on or in any way using information contained in this report and in no event shall be liable for any damages resulting from reliance on or use of this information. Copyright 2006 - 2024 Law Business Research

Singapore

Alvin Yeo SC, Chou Sean Yu and Lim Wei Lee

WongPartnership LLP

Summary

THIRD-PARTY FUNDING FOR INTERNATIONAL ARBITRATIONS AND RELATED PROCEEDINGS

SIAC PROPOSAL ON CROSS-INSTITUTION CONSOLIDATION PROTOCOL

SINGAPORE INTERNATIONAL COMMERCIAL COURT TO HEAR ARBITRATION-RELATED CASES

CASE LAW

'SPECIAL CIRCUMSTANCES' REQUIRED FOR STAY ARBITRATION PROCEEDINGS PENDING CURIAL REVIEW OF A TRIBUNAL'S RULING ON JURISDICTION

ASYMMETRIC ARBITRATION AGREEMENT HELD TO BE VALID AND ENFORCEABLE

STATE IMMUNITY ACT APPLIES TO SERVICE OF ORDER GRANTING LEAVE TO ENFORCE ARBITRAL AWARD

ARBITRATION AGREEMENT OPERATIVE DESPITE EARLIER LITIGATION

ARBITRAL AWARD PARTIALLY SET ASIDE ON GROUNDS THAT TRIBUNAL HAD ACTED IN EXCESS OF JURISDICTION AND BREACHED AGREED PROCEDURE AND RULES OF NATURAL JUSTICE

COURT PROCEEDINGS STAYED IN FAVOUR OF ARBITRATION ALTHOUGH APPLICANT NOT PARTY TO ARBITRATION AGREEMENT

TRIBUNAL FOUND TO NOT HAVE EXCEEDED JURISDICTION EVEN IF IT HAD COME TO AN ERRONEOUS DECISION AS TO THE GOVERNING LAW OF THE CONTRACT

INVESTOR-STATE ARBITRAL AWARD SET ASIDE FOR DEALING WITH DISPUTE NOT CONTEMPLATED BY AND NOT FALLING WITHIN TERMS OF SUBMISSION TO ARBITRATION

RULE AGAINST HEARSAY EVIDENCE AS CONTAINED IN SECTION 62 OF THE EVIDENCE ACT HELD NOT TO APPLY IN ARBITRATION

In Singapore, 2017 was yet another significant year for international arbitration.

The Singapore International Arbitration Centre (the SIAC) reported a record number of new case filings (452) from 58 jurisdictions and cases administered (421); involving a total sum in dispute of about US\$4.07 billion. The number of new case filings represented a 32 per cent increase from the 343 new cases filed in 2016 and a 67 per cent increase from the 271 new cases filed in 2015.

THIRD-PARTY FUNDING FOR INTERNATIONAL ARBITRATIONS AND RELATED PROCEEDINGS

On 1 March 2017, the Civil Law (Amendment) Act 2017 came into force, introducing, among other things, a framework to permit third-party funding for Singapore-seated international arbitrations and related proceedings.

Third-party funders are subject to the criteria and other requirements set out in the Civil Law (Third-Party Funding) Regulations 2017 (primarily, the funder must carry on the principal business of funding dispute resolution proceedings, and have a paid-up share capital or managed assets of not less than S\$5 million).

Legislative amendments were also introduced to permit Singapore-qualified practitioners to introduce or refer a third-party funder to clients, so long as the practitioner does not receive any financial benefit from such referral. Legal practitioners will be required to disclose to the court or tribunal and every party to the proceedings the existence of any third-party funding.

This puts Singapore on par with other jurisdictions that have permitted third-party funding. The first Singapore arbitration financed through third-party funding was reported in July 2017, and numerous third-party funders have set up operations in Singapore.

SIAC PROPOSAL ON CROSS-INSTITUTION CONSOLIDATION PROTOCOL

In December 2017, the SIAC announced its proposal on cross-institution cooperation for the consolidation of international arbitral proceedings. The proposal is set out in letters sent to other international arbitral institutions with a memorandum outlining a protocol, the adoption of which by arbitral institutions would permit the cross-institution consolidation of arbitral proceedings, subject to different institutional arbitration rules.

SINGAPORE INTERNATIONAL COMMERCIAL COURT TO HEAR ARBITRATION-RELATED CASES

Legislative amendments were also introduced in January 2018 to clarify that the SICC has the same jurisdiction as the Singapore High Court to hear matters under the Singapore International Arbitration Act (IAA). This is aimed at enhancing Singapore's attractiveness as an arbitration seat, as the SICC includes international judges who hear disputes governed by foreign law. It has nevertheless also been clarified that only Singapore qualified lawyers may appear before the SICC for IAA-related matters; as the IAA is Singapore legislation and hence, Singapore (not international) law.

CASE LAW

We summarise below some of the significant judgments released since our last report (from March 2017 to February 2018).

.

In *BLY v BLZ and another* [2017] 4 SLR 410, the High Court clarified the test to be applied in determining whether a stay of arbitration proceedings should be granted pending the court's determination of a challenge to the tribunal's ruling on its jurisdiction.

- In *Wilson Taylor Asia Pacific Pte Ltd v Dyna-Jet Pte Ltd* [2017] 2 SLR 362, the Court of Appeal upheld the validity of an asymmetric arbitration agreement which gave only one party the right to elect whether to refer disputes to arbitration.
- In *Josias Van Zyl and others v Kingdom of Lesotho* [2017] SGHC 104, the High Court held that the State Immunity Act (Cap 313, 2014 Rev Ed) applies to the service of an order granting leave to enforce an arbitral award.
- In *BMO v BMP* [2017] SGHC 127, the High Court held that an arbitration agreement remained binding and operative, even though the respondent had previously referred the dispute to litigation in court (which court proceedings were subsequently abandoned in favour of arbitration).
- In *GD Midea Air Conditioning Equipment Co Ltd v Tornado Consumer Goods Ltd and another matter* [2017] SGHC 193, the High Court set aside an arbitral award in part on the grounds that the tribunal had acted in excess of its jurisdiction and breached agreed procedure and the rules of natural justice.
- In *Gulf Hibiscus Ltd v Rex International Holding Ltd and another* [2017] SGHC 210, the High Court exercised its inherent case management jurisdiction to conditionally stay court proceedings in favour of arbitration, even though the applicant was not a party to the arbitration agreement.
- In *Quanzhou Sanhong Trading Limited Liability Co Ltd v ADM Asia-Pacific Trading Pte Ltd* [2017] SGHC 199, the High Court found that the tribunal would not have exceeded its jurisdiction even if it had made an error as to the governing law of the contract.
- In *Kingdom of Lesotho v Swissbrough Diamond Mines (Pty) Ltd and others* [2017] SGHC 195, the High Court set aside in its entirety an investor-state arbitral award for dealing with a dispute not contemplated by and not falling within the terms of the submission to arbitration.
- In *BNX v BOE and another matter* [2017] SGHC 289, the High Court made clear that the rule against hearsay evidence as contained in section 62 of the Evidence Act (Cap 97, 1997 Rev Ed) (the Evidence Act) did apply to arbitration proceedings.

'SPECIAL CIRCUMSTANCES' REQUIRED FOR STAY ARBITRATION PROCEEDINGS PENDING CURIAL REVIEW OF A TRIBUNAL'S RULING ON JURISDICTION

In *BLY v BLZ and another* [2017] 4 SLR 410, the High Court dismissed an application under section 10(9)(a) of the IAA to stay an ICC arbitration, pending determination of an application made under section 10(3) of the IAA to review the tribunal's ruling on jurisdiction. The stay application was filed as the tribunal had issued a document production order, and the plaintiff did not want to produce the documents ordered.

Section 10(3) of the IAA, read with article 16(3) of the Model Law, allows parties to appeal to the High Court against a tribunal's ruling on its jurisdiction. However, section 10(9) of the IAA provides that an application to the court pursuant to section 10 of the IAA or article 16(3) of the Model Law does not operate as a stay of the arbitral proceedings, or of the execution of any award or order made in the arbitral proceedings, unless the court orders otherwise.

The High Court noted the paucity of legal authorities setting out the appropriate test to be applied for stay of arbitrations under section 10(9) of the IAA, but ultimately took the view that a stay ought to be granted only where there are 'special circumstances' to do so given the particular facts of the case. The High Court held that this would accord with the default position under article 16(3) of the Model Law, which expressly gives the tribunal the discretion to continue with the arbitral proceedings while the court review is pending, as one of the measures to balance between the countervailing considerations of allowing curial review of a tribunal's ruling on jurisdiction and the need to guard against the abuse of such recourse as a dilatory tactic.

Whilst acknowledging that, ultimately, the determination of each application would depend on the unique facts and circumstances in that case, the High Court identified the following non-exhaustive guidelines to determine what might or might not constitute 'special circumstances':

- 'Special circumstances' can include the conduct of the other party the tribunal in arbitration, which must be sufficiently grave to justify the court's exercise of its discretion to stay the arbitration;
- the possibility of wasted time and costs (if the court ultimately determines that the tribunal had no jurisdiction) would not constitute 'special circumstances'. Implicit in the default position under article 16(3) Model Law (permitting the tribunal to continue with the arbitration) is the recognition that an award on the merits could be rendered before the court's review of the tribunal's finding on jurisdiction is finally determined;
- in the same vein, inconvenience and uncertainty associated with the need to set aside the award or resist the enforcement of the award does not constitute 'special circumstances'; and
- the strength of the objection to the tribunal's jurisdiction would not, in and of itself, be a reason to stay arbitration proceedings.

ASYMMETRIC ARBITRATION AGREEMENT HELD TO BE VALID AND ENFORCEABLE

In *Wilson Taylor Asia Pacific Pte Ltd v Dyna-Jet Pte Ltd* [2017] 2 SLR 362, the Court of Appeal upheld the validity of an asymmetric arbitration agreement.

The contract between the appellant and the respondent contained a dispute resolution clause which provided that disputes 'may' be referred to arbitration, at the election of the respondent; the appellant had no corresponding right.

When a dispute arose under the contract, the respondent chose to commence Singapore court proceedings against the appellant. The appellant applied for a stay of the court proceedings under section 6 of the IAA.

The Court of Appeal held that for the purpose of determining the existence of a valid arbitration agreement, it did not matter that the clause entitled only the respondent to compel its counterparty to arbitrate a dispute (ie, that the 'lack of mutuality' was immaterial), nor did it matter that the clause made arbitration of a future dispute entirely optional (because the dispute 'may', not 'shall', be referred to arbitration) instead of mandating parties to arbitrate (ie, that 'optionality' was immaterial). In so doing, the Court of Appeal recognised the weight of modern Commonwealth authority which supports the proposition that neither feature (ie,

lack of mutuality and optionality) prevented the court from finding that there was a valid arbitration agreement.

In any event, since the respondent had chosen to refer the dispute to litigation by commencing the Singapore court proceedings, the Court of Appeal held that the dispute did not fall within the scope of the arbitration agreement, and dismissed the stay application.

STATE IMMUNITY ACT APPLIES TO SERVICE OF ORDER GRANTING LEAVE TO ENFORCE ARBITRAL AWARD

Josias Van Zyl and others v Kingdom of Lesotho [2017] 4 SLR 849 was concerned with the issue of service of a leave order on a foreign state.

The plaintiffs had applied for and obtained an order granting leave to enforce an arbitral award obtained against the Kingdom of Lesotho. The plaintiffs made several attempts to serve the order through various methods on the foreign state, which were unsuccessful. In the circumstances, the plaintiffs sought leave to effect substituted service on the foreign state's Singapore solicitors.

The High Court dismissed the plaintiffs' application for substituted service on the foreign state's Singapore solicitors.

The High Court took the view that the leave order fell within section 14(1) of the State Immunity Act which requires all documents for instituting proceedings against a state to be transmitted through the Ministry of Foreign Affairs to the ministry of foreign affairs of that state, and that there was no basis for distinguishing between adjudicative and enforcement proceedings, or between originating and non-originating processes.

The High Court therefore held that the leave order had to be served through diplomatic channels via the Ministry of Foreign Affairs.

ARBITRATION AGREEMENT OPERATIVE DESPITE EARLIER LITIGATION

In BMO v BMP [2017] SGHC 127, the High Court held that an arbitration agreement remained binding and operative, even though the respondent had previously referred the dispute to litigation in court (which court proceedings were subsequently abandoned in favour of arbitration).

Prior to commencing the arbitration, the respondent (through its receivers) sued the applicant in the British Virgin Islands (BVI) courts. At some stage during the BVI litigation, the respondent gave notice of its intention to terminate the BVI litigation in order to move to arbitration instead. According to the respondent's receivers, they only became aware of the applicable arbitration agreement after having commenced the BVI litigation.

In the arbitration, the tribunal issued a preliminary award, finding that it had jurisdiction over the dispute. The applicant then applied under section 10(3) of the IAA to challenge the tribunal's decision on jurisdiction, contending that the arbitration agreement was inoperative as the respondent had, by commencing the BVI litigation, waived and repudiated the agreement to arbitrate.

The Court dismissed the application, finding that the following.

- The defendant had not waived its right to arbitrate by commencing the BVI court proceedings. Whether the matter had previously been referred to litigation is not in and of itself sufficient to indicate a waived, election or waiver by election.

- Significantly, the party who initially breached the agreement to arbitrate is now reasserting the right to compel the counterparty to arbitrate. The correct focus is on the conduct of the applicant, since the inconsistent rights (affirmation or termination after the breach) resides with the innocent party, which was the applicant in this case. It is therefore incorrect to say that the respondent had waived the right to arbitrate by commencing the BVI litigation.
- The act of issuing the BVI litigation does not per se constitute a repudiatory breach of the agreement to arbitrate. As the receivers had explained that the BVI litigation was commenced because they were not aware of the arbitration agreement, the applicant failed to establish that the commencement of the BVI litigation was consistent with an intention on the part of the respondent to renounce its obligation to arbitrate. On the contrary, the respondent's conduct subsequent to the commencement of the BVI litigation was consistent with an intention to arbitrate.

ARBITRAL AWARD PARTIALLY SET ASIDE ON GROUNDS THAT TRIBUNAL HAD ACTED IN EXCESS OF JURISDICTION AND BREACHED AGREED PROCEDURE AND RULES OF NATURAL JUSTICE

In *GD Midea Air Conditioning Equipment Co Ltd v Tornado Consumer Goods Ltd* and another matter [2017] SGHC 193, the High Court set aside, in part, both an arbitral award and the order for enforcement of the award on the grounds that the tribunal had acted in excess of its jurisdiction and breached agreed procedure and the rules of natural justice.

In the arbitration, the notice of arbitration, pleadings, submissions and the parties' 'Agreed List of Issues' (ALOI) did not raise any issue concerning an allegation of breach by the plaintiff of a certain clause of the contract (the Clause). However, the tribunal eventually found in the merits award that the plaintiff breached the Clause and made certain consequential findings. The plaintiff applied to the High Court to set aside those parts of the award.

The High Court took the view that the tribunal had, by making its findings on the plaintiff's breach of the Clause:

- exceeded its jurisdiction by addressing matters beyond the scope of submission to arbitration, and that those findings were unrelated to and not reasonably required for the determination of the issues set out in the ALOI. The High Court also found that there was no further requirement for the plaintiff to show that it had suffered 'real or actual prejudice' where the tribunal had exceeded its jurisdiction;
- breached the agreed procedure when it departed from the ALOI, as it was clearly envisaged that the dispute would be decided within the framework of the ALOI; and
- breached the fair hearing rule because the plaintiff was denied a full opportunity to present its case on the issue of a breach of the Clause. In the High Court's opinion, this breach was clearly connected to the making of the award, as the tribunal's findings on the Clause formed the basis on which the impugned findings in the award were made. The High Court was satisfied that the plaintiff had suffered real or actual prejudice as it could not be said that the tribunal could not reasonably have arrived at a different result.

The High Court declined to remit those parts of the award to the tribunal under article 34(4) of the Model Law, finding that it was not appropriate to do so where the tribunal had exceeded its jurisdiction by deciding on an issue that had not been submitted for its determination (as

opposed to the case where the tribunal had failed to make a determination on an issue that had been submitted to it).

COURT PROCEEDINGS STAYED IN FAVOUR OF ARBITRATION ALTHOUGH APPLICANT NOT PARTY TO ARBITRATION AGREEMENT

In *Gulf Hibiscus Ltd v Rex International Holding Ltd and another* [2017] SGHC 210, the High Court exercised its inherent case management jurisdiction to stay (albeit conditionally) court proceedings in favour of arbitration, even though the party applying for the stay was not a party to the arbitration agreement.

The plaintiff was one of three shareholders in a company. The company and its three shareholders entered into a shareholders' agreement which contained an arbitration clause.

The defendants were the ultimate and intermediate holding companies of one of the other shareholders. They were not parties to the shareholders' agreement.

The plaintiff commenced court proceedings in Singapore against the defendants, alleging, among other things, unlawful and lawful means conspiracy in relation to the company's subsidiaries, unjust enrichment and wrongful interference in the company's affairs.

The defendants applied to have the Singapore court proceedings stayed on the basis of the arbitration clause in the shareholders' agreement.

The High Court granted a conditional stay of the Singapore court proceedings, holding that a stay can be granted even if the applicant is not a party to the arbitration agreement. The absence of an arbitration agreement between the parties to the court proceedings is irrelevant because the court's power to order a case management stay does not arise from an arbitration agreement, but is instead predicated on the court's wider need to control and manage proceedings between parties for the fair and efficient administration of justice.

Taking into account the three principles identified by the Court of Appeal in *Tomolugen Holdings Ltd v Silica Investors Ltd* [2016] 1 SLR 373, the High Court considered that the key issue before it was whether the Singapore court proceedings were so connected with the shareholders' agreement that a stay should be granted; in other words, whether the dispute was within the scope of the arbitration clause. On the particular facts, the High Court concluded that it was, as the arbitration clause was very broad and not restricted to disputes concerning the parties to the shareholders' agreement. Indeed, the shareholders' agreement itself dealt with matters such as the control exerted by the company's shareholders over the company's subsidiaries.

After considering each of the plaintiff's claims, the High Court found that the ends of justice would be better served by upholding the arbitration agreement to which the plaintiff was a party and eliminating the procedural complexities that accompany parallel proceedings. It therefore granted a conditional stay of the Singapore court proceedings.

TRIBUNAL FOUND TO NOT HAVE EXCEEDED JURISDICTION EVEN IF IT HAD COME TO AN ERRONEOUS DECISION AS TO THE GOVERNING LAW OF THE CONTRACT

In *Quanzhou Sanhong Trading Limited Liability Co Ltd v ADM Asia-Pacific Trading Pte Ltd* [2017] SGHC 199, the High Court found that the tribunal would not have exceeded its jurisdiction even if it had come to a wrong decision on the law governing the contract in question.

Following an arbitration in Beijing under the auspices of the China International Economic and Trade Arbitration Commission Arbitration Rules, the plaintiff obtained an award in its favour. The plaintiff subsequently applied for an order for leave to enforce the award against the defendant in Singapore.

The defendant applied to the High Court to set aside the order for enforcement on the grounds that the award contained a decision on a matter beyond the scope of the submission to arbitration (section 31(2)(d) of the IAA) and that enforcing the award would be contrary to the public policy of Singapore (section 31(4)(b) of the IAA). The defendant argued that an error by an arbitral tribunal on the governing law would cause it to exceed its jurisdiction because it would have disregarded the parties' express agreement as to the governing law.

The High Court rejected the defendant's contention, finding that there was no reason why an issue as to governing law should be treated differently from other issues submitted to arbitration, citing *Quarella SpA v Scelta Marble Australia Pty Ltd* [2012] 4 SLR 1057; if an issue is properly within the scope of submission to arbitration, it cannot be taken outside the scope of submission simply because the tribunal came to a wrong, or even manifestly wrong, conclusion.

It pointed out that the defendant was, in substance, arguing an appeal against the tribunal's decision on the governing law of the contract, and that this did not engage section 31(2)(d) of the IAA.

In light of the High Court's finding that the tribunal had not exceeded its jurisdiction, the defendant's alternative case that enforcement of the award would be contrary to the public policy of Singapore because the tribunal had exceeded its jurisdiction also failed.

In the circumstances, the High Court refused the application to set aside the order for enforcement.

INVESTOR-STATE ARBITRAL AWARD SET ASIDE FOR DEALING WITH DISPUTE NOT CONTEMPLATED BY AND NOT FALLING WITHIN TERMS OF SUBMISSION TO ARBITRATION

In *Kingdom of Lesotho v Swissbourn Diamond Mines (Pty) Ltd and others* [2017] SGHC 195, the High Court, in the exercise of its power under article 34(2)(a)(iii) of the Model Law, set aside in its entirety an investor-state arbitral award for dealing with a dispute not contemplated by and not falling within the terms of the submission to arbitration.

The application before the High Court was the first in which a party requested the Singapore courts to set aside an investor-state arbitral award on the merits. This decision is now the subject of a pending appeal to the Court of Appeal.

The defendants in the setting-aside application were investors who alleged that their investments (ie, mining leases) in the Kingdom of Lesotho (the Kingdom) had been unlawfully expropriated by the Kingdom (the Expropriation Dispute). The investors had sought relief from the Southern African Development Community (SADC) tribunal. However, the SADC tribunal was shut down before the Expropriation Dispute was resolved. The Kingdom was among the parties which had approved the resolutions that led to the dissolution of the SADC tribunal.

The investors then brought a claim before an investment treaty tribunal administered by the Permanent Court of Arbitration (the PCA) that the Kingdom had breached its obligations

under the SADC Treaty and Annex 1 of the SADC Protocol on Finance and Investment (Annex 1) by participating in the shutting down of the SADC tribunal.

The PCA tribunal found in favour of the investors and issued an award directing, among other things, that the parties constitute a new tribunal to hear the expropriation claim.

The Kingdom sought to have the award set aside on the basis that the PCA tribunal lacked jurisdiction or that the award exceeded the scope of the submission to arbitration.

A significant portion of the High Court's decision to grant the Kingdom's application turned on the court's interpretation of article 28(1) of Annex 1 (article 28(1)), which provided for disputes 'between an investor and a state party concerning an obligation of the latter in relation to an admitted investment of the former, which have not been amicably settled, and after exhausting local remedies' to be submitted to international arbitration.

Applying a de novo standard of review, the High Court found that:

- the true dispute before the tribunal was the dispute over the termination without recourse of the pending SADC claim arising from the shuttering of the SADC tribunal (the 'Shuttering Dispute'). The High Court found that the Shuttering Dispute was distinct and separate from the Expropriation Dispute as the two disputes did not involve the same legal conflict;
- as the dispute for the purposes of article 28(1) was the Shuttering Dispute, the High Court found that the corresponding investment for the purposes of article 28(1) was the right to refer the Expropriation Dispute to the SADC tribunal rather than the mining leases themselves. The High Court disagreed with the PCA tribunal's finding that this right to refer disputes to the SADC tribunal was an 'investment' within the meaning of article 28(1). The High Court further held that the Shuttering Dispute did not concern any obligation of the Kingdom 'in relation to' the investors' purported investment;
- the investors had failed to exhaust local remedies as required by article 28(1). The High Court held that the investors should have pursued a local remedy described as an 'Aquilian action' which could give rise to compensation for pure economic loss caused by the Kingdom's participation in the shuttering of the SADC tribunal. The investors' failure to do so meant that they had not exhausted local remedies. The High Court also found that the investors had not discharged their burden to show that the 'Aquilian action' was unavailable or did not suit the facts of the present case. Nor had the investors adduced evidence to show that this remedy was ineffective, or that they would not have succeeded in an 'Aquilian action' before the Kingdom's courts; and
- in any event, Swissbourgh and the fifth to ninth defendants were not 'investors' for the purposes of article 28(1). In light of the context, object and purpose of Annex 1, the High Court also rejected the investors' submission that the term 'investors' in article 28(1) extended to domestic investors.

RULE AGAINST HEARSAY EVIDENCE AS CONTAINED IN SECTION 62 OF THE EVIDENCE ACT HELD NOT TO APPLY IN ARBITRATION

In *BNX v BOE* and another matter [2017] SGHC 289, the plaintiff sought to set aside an arbitral award under section 48 of the Singapore Arbitration Act (Cap 10, 2002 Rev Ed) on a number of grounds (that the tribunal allegedly exceeded its jurisdiction; that there was an alleged breach of the rules of natural justice; that the award was contrary to public policy).

In particular, the plaintiff contended that the tribunal breached the rules of natural justice by admitting and giving weight to hearsay evidence, and as the tribunal violated 'basic notions of justice' in admitting and relying on hearsay evidence, the award was contrary to public policy.

The High Court held that the hearsay rule does not apply in arbitration. It observed that what is commonly referred to as the hearsay rule in Singapore is the requirement in section 62 of the Evidence Act that oral evidence in all cases must be direct evidence, ie, evidence from a witness who is able to say from his own personal knowledge that the factual content of his evidence is true.

However, Part II of the Evidence Act, including the hearsay rule in section 62, does not apply to proceedings before an arbitrator (as prescribed in section 2(1) of the Evidence Act). The High Court also noted that there is an 'almost insurmountable argument' to be made that in all arbitrations seated in Singapore, the tribunal is empowered to receive all relevant evidence, with the concerns which underlie the exclusionary rules at common law going only to weight and not to admissibility. That principle of free admissibility would be subject only to the parties' agreement and to principles of public policy, which includes the rules of natural justice.

The High Court also rejected the contention that admitting and relying on hearsay evidence amounts to a breach of public policy; there is nothing in the public policy of Singapore which requires a tribunal to exclude hearsay evidence. Further, Parliament has specifically legislated that Singapore's domestic rules of evidence (which are in any event not public policy) shall not apply to arbitral proceedings.



Alvin Yeo SC
Chou Sean Yu
Lim Wei Lee

alvin.yeo@wongpartnership.com
seanyu.chou@wongpartnership.com
weilee.lim@wongpartnership.com

12 Marina Boulevard Level 28, Marina Bay Financial Centre Tower 3, 018982, Singapore

<https://www.wongpartnership.com/>

Read more from this firm on GAR