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The New Law on Alternative Dispute Resolution

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The new legislative framework introduced by Law 5344/2026 seeks to substantially reform alternative dispute resolution mechanisms. Its primary objective is to facilitate the faster, more cost-effective and efficient resolution of disputes, while reducing the burden on the parties and alleviating pressure on the courts. Rather than replacing judicial protection, alternative dispute resolution is intended to complement it, giving parties a broader range of options for resolving their disputes effectively.

Mediation, arbitration and judicial mediation are now incorporated into a more coherent framework that is functionally linked to civil proceedings. For businesses, this development is of direct practical importance, as recourse to alternative dispute resolution mechanisms may significantly reduce the costs and duration of ongoing disputes, while also safeguarding confidentiality and helping preserve commercial relationships.

1. Strengthening Judicial Mediation

A key feature of the new law is the reform of judicial mediation, a consensual process in which a judge assists the parties in resolving a private dispute. Judicial mediation may take place either before court proceedings have commenced or while proceedings are pending.

Judge-mediators are members of the judiciary appointed for this purpose by the Plenary Session of the competent court. To safeguard the impartiality of the process, if the same dispute is subsequently brought before the court, the judge-mediator may not participate in the adjudication of the case.

The involvement of judges may strengthen parties' confidence in the process and encourage greater use of judicial mediation, supporting the law's broader objective of reducing court caseloads.

2. Reforming Mediation

The law also seeks to strengthen mediation, which, to date, has largely been treated as a formal preliminary step before litigation. Mediation and judicial mediation are now brought within a common framework, offering alternative routes to settlement and the possibility of avoiding lengthy civil proceedings.

A particularly significant development is the introduction of the Unified Digital Mediation Portal. Where the parties reach a settlement through mediation, the settlement record may become enforceable through electronic filing on the platform. Electronic filing does not, however, automatically replace physical filing with the registry of the competent court. Digitalisation is expected to improve speed and legal certainty, although its practical effectiveness will depend on the system's full implementation and operation.

The framework is further supplemented by financial incentives. Exemptions are provided from fees and charges payable to the Greek State or third parties, including the Digital

Transaction Duty under the Code of Indirect Taxes in respect of transactions falling within the scope of the Code of Tax Procedure, as well as from other indirect taxes. In addition, no filing fee, court duty or fee calculated proportionately to the value of the dispute is payable when a mediation settlement record is filed with the competent court registry to become an enforceable title.

3. Mandatory Pre-Litigation Recourse to Alternative Dispute Resolution: Mediation or Judicial Mediation

Subject to the specific exceptions set out in the law, mandatory pre-litigation recourse to an alternative dispute resolution mechanism applies to certain family, property and inheritance disputes, as well as disputes heard under the ordinary civil procedure falling within the jurisdiction of the Single-Member Court of First Instance, where the value of the subject matter exceeds €20,000 (in comparison to the €30,000 threshold that existed previously), or within the jurisdiction of the Multi-Member Court of First Instance. The new regime also covers certain corporate disputes, including disputes concerning the dissolution of a company and the rights and obligations of a withdrawing or excluded partner.

For the above disputes, participation in an introductory session under an alternative dispute resolution procedure, either through mediation or judicial mediation, constitutes a prerequisite for the admissibility of the hearing of the action before the civil court. Failure to comply with this requirement renders the hearing inadmissible. The parties may agree whether to proceed through mediation or judicial mediation. In the absence of such agreement, mediation applies.

The initiating party must invite the other party in writing to attend the introductory session. The recipient must respond within 15 days, or 30 days if resident abroad. Unjustified non-attendance or refusal to participate may result in a court-imposed sanction of €100 to €1,000, payable to the Judicial Buildings Financing Fund, considering factors including the value of the dispute and the party's conduct.

If the parties decide not to proceed with mediation after the introductory session, a record confirms completion of the procedure for the admissibility of the subsequent court hearing. While participation in the introductory session is mandatory, settlement remains voluntary.

The referral of a dispute to mediation or judicial mediation does not prevent the parties from seeking interim judicial protection, including interim measures or a provisional order under the Greek Code of Civil Procedure.

Likewise, recourse to mediation does not operate to the detriment of the parties' right to judicial protection. During voluntary mediation, the limitation periods applicable to claims and the relevant time bars are suspended, allowing the parties to engage in meaningful negotiations without risking the loss of their right to judicial protection.

3.1. Settlement Proposal

One of the most significant features of the new framework is the ability of the judge-mediator or the mediator, following a joint written request by the parties, to submit a clear, written and non-binding proposal for the resolution of the dispute.

Before doing so, the judge-mediator or mediator must inform the parties of the legal consequences of accepting or rejecting the proposal. Once the proposal has been communicated, the parties are invited to confirm in writing whether they accept it. Failure to respond within the applicable deadline is treated as rejection.

If the proposal is rejected, its contents are not submitted to the court. A record is, however, made of which party rejected it. This may have consequences for legal costs: if the subsequent judgment is substantially consistent with the proposal, the court may order the rejecting party to pay up to twice the amount of legal costs, irrespective of the ultimate outcome of the proceedings. This mechanism gives parties a stronger incentive to assess settlement proposals carefully before continuing with litigation.

Where an agreement is reached, a settlement record is drawn up. If it contains enforceable obligations, it may, subject to the applicable statutory requirements, become an enforceable title under Article 904 of the Greek Code of Civil Procedure.

4. Arbitration

As regards arbitration, the most significant reform is the incorporation of domestic and international arbitration into a single legislative framework aligned with the UNCITRAL Model Law. This approach promotes consistency and a more uniform structure, which is particularly important for complex and cross-border transactions.

At the same time, safeguards remain in place for employment and consumer disputes, while the express requirement to disclose third-party funding enhances scrutiny of potential conflicts of interest and contributes to the integrity and credibility of the arbitral process.

5. Entry into Force of the New Law

The new provisions will enter into force gradually. The general provisions and the new arbitration framework will apply from 1 January 2027, while the main provisions governing mediation and the mandatory pre-litigation recourse to alternative dispute resolution will take effect from 1 March 2027. The provisions on judicial mediation will apply from 16 September 2027.

Key Takeaways

The provisions introduced by the recently enacted law appear to establish a stronger framework for the effective use of alternative dispute resolution in Greece, particularly through the combination of mandatory introductory procedures, monetary sanctions, financial incentives and digitalisation. Their practical impact, however, remains to be seen. In particular, it will be important to assess whether businesses and other parties actively embrace these mechanisms as genuine alternatives to litigation or whether, in practice, they ultimately become another formal preliminary step before civil court proceedings.

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