FIBA Arbitral Tribunal (FAT)

ARBITRAL AWARD

(0078/10 FAT)

rendered by

FIBA ARBITRAL TRIBUNAL (FAT)

Mr. Stephan Netzle

in the arbitration proceedings between

Mr. Daniel Douša, Akatova 1173, 182 00 Prague 8, Czech Republic

- Claimant -

represented by Mr. Phillip Parun, PP Group, Na Dionysce 8, 160 00 Prague 6, Czech Republic

vs.

Apollon Limassol, 1 Mesolongiou Str., 3301 Limassol, Cyprus

- Respondent -
1. The Parties

1.1. The Claimant

1. Mr. Daniel Douša (hereinafter “Mr. Douša” or “Claimant”) is a professional basketball player of Czech nationality. Claimant is represented by Mr. Phillip Parun of PP Group, a sports management company located in Prague, Czech Republic.

1.2. The Respondent

2. Apollon Limassol (hereinafter "the Club" or "Respondent") is a professional basketball club with its seat in Limassol, Cyprus. Respondent is not represented by counsel.

2. The Arbitrator

3. On 10 March 2010, the President of the FIBA Arbitral Tribunal (the "FAT") appointed Dr. Stephan Netzle as arbitrator (hereinafter the “Arbitrator”) pursuant to Article 8.1 of the Rules of the FIBA Arbitral Tribunal (hereinafter the "FAT Rules").

4. On the same day, the Arbitrator accepted his appointment and signed a declaration of acceptance and independence.

5. None of the Parties has raised objections to the appointment of the Arbitrator or to the declaration of independence rendered by him.
3. Facts and Proceedings

3.1. Background Facts

6. On 14 July 2008, Claimant and Respondent signed an employment agreement (hereinafter referred to as the “Agreement”) based on a template pursuant to FIBA’s Internal Regulations governing Players’ Agents, according to which Claimant was employed by Respondent for the basketball season 2008/2009. According to the Agreement, Respondent undertook to pay to Claimant a total salary of EUR 36,000.00, payable in monthly installments as follows (para. 3 of the Agreement):

“The club agrees to pay the player for rendering services EUR 36,000 (thirty six thousand Euro) for the 2008/2009 season as follows:

- September 1st (upon passing the physical test) EUR 2,000
- September 30th                      EUR 2,500
- October 30th                        EUR 4,500
- November 30th                      EUR 4,500
- December 31st                      EUR 4,500
- January 31st                        EUR 4,500
- February 28th                      EUR 4,500
- March 31st                          EUR 4,500
- April 30th                          EUR 4,500”

7. The Parties also agreed on different bonuses if the Club’s team would meet the following sporting goals (para. 3 of the Agreement):

“a-If the team ends 1, 2, or 3 in the Cyprus Championship after the regular season (prior to the play offs) EUR 2,000
b-If the team wins the Cyprus championship EUR 4,000

Bonuses a) and b) are NON-cumulative. The bonuses have to be paid within 30 days of earning them.”

8. In addition, Respondent agreed to cover certain costs related to transportation, housing
and medical matters of the Player (para. 4 of the Agreement).

9. After the signing of the Agreement, Respondent paid the installments due on 1 and 30 September, 30 October, 30 November, 31 December 2008 and 31 January and 28 February 2009 in the total amount of EUR 27,000.00 but failed to pay the two remaining installments payable on 31 March and 30 April 2009 in the total amount of EUR 9,000.00.

10. On 10 April 2009, Respondent, then represented by Mr. George Ipsarides, signed a certificate of debt (referred to by Claimant as “IOU” ["I Owe You"]) confirming that the Club owed Claimant the amount of EUR 4,500.00.

11. Furthermore, Respondent has failed to pay the bonus of EUR 2,000.00 further to the Club achieving the 3rd place in the Cyprus Championship 2008/2009.

12. To date, Respondent has not made any of the payments claimed in this arbitration.

3.2. The Proceedings before the FAT

13. On 5 March 2010, Claimant filed a Request for Arbitration together with two exhibits in accordance with the FAT Rules.

14. By letter dated 12 March 2010, the FAT Secretariat acknowledged receipt of the Request for Arbitration. In the said letter, the FAT Secretariat also confirmed the payment of the non-reimbursable handling fee of EUR 3,000.00 by Claimant and informed the Parties about the appointment of the Arbitrator. Furthermore, a time limit was fixed for Respondent to file its Answer to the Request for Arbitration in accordance with Article 11.2 of the FAT Rules until 12 April 2010 (hereinafter the “Answer”). The
letter also requested the Parties to pay the following amounts as an Advance on Costs by no later than 1 April 2010:

“Claimant (Mr. Douša) EUR 3,000
Respondent (Apollon Limassol) EUR 3,000”

Claimant paid his share of the Advance on Costs on 24 March 2010.

15. Respondent failed to submit an Answer. This fact as well as Respondent’s failure to pay the Advance on Costs was conveyed to the Parties by the FAT Secretariat in a letter dated 14 April 2010. In the same letter, the FAT Secretariat informed the Parties of the Arbitrator’s order that according to Article 9.3 of the FAT Rules, Claimant had the right to pay Respondent’s share of the Advance on Costs in order to ensure the continuation of the arbitration proceedings. The time limit for such payment was fixed until 27 April 2010.

16. On 19 April 2010, Claimant paid Respondent’s share of the Advance on Costs in the amount of EUR 3,000.00.

17. By letter dated 5 May 2010, the Arbitrator declared the exchange of documents completed and invited the Parties to submit their accounts of costs until 17 May 2010.

18. By email dated 17 May 2010, Claimant’s counsel submitted the following account of costs:

“The immediate costs incurred by our client are:

- 3000 FAT non-reimbursable fee
- 3000 advance on costs claimant
- 3000 advance on costs on behalf of respondent
- 3600 legal advice

All costs are in EUROS. Pls advise, whether this relay is sufficient.”
19. Respondent failed to submit an account of costs.

20. By email to FAT dated 18 May 2010, Mr. Pavlos Pavlides, attorney-at-law in Limassol, Cyprus, inquired whether Respondent was still entitled to file an Answer.

21. By letter dated 25 May 2010, the FAT Secretariat acknowledged receipt of the aforementioned email and informed Mr. Pavlides about the Arbitrator’s decision that Respondent was no longer allowed to file an Answer because a) it had repeatedly failed to comply with the time limits fixed by the FAT, b) the Arbitrator had already declared the exchange of documents completed in this matter, and c) in application of Article 7.2 of the FAT Rules, no exceptional circumstances had been brought forward by Respondent which would justify an extension of this time limit by the Arbitrator.

22. Considering that Claimant did not request for a hearing to be held and that Respondent failed to engage in the proceedings, the Arbitrator decided in accordance with Article 13.1 of the FAT Rules not to hold a hearing and to deliver the award on the basis of the written submissions on file.

4. The Parties' Submissions

4.1. Summary of Claimant’s Submissions

23. Claimant claims the payment of EUR 11,000.00 as outstanding salaries and bonuses for the 2008/2009 season. This amount corresponds to the non-paid salaries for the months of March 2009 and April 2009 (EUR 4,500.00 each) and the bonus for achieving the 3rd place in the Cyprus Championship 2008/2009 (EUR 2,000.00).
24. Claimant also claims interest of 5% per annum on the monies due. Claimant states that the bonus in the amount of EUR 2,000.00 was payable on 27 March 2009 the latest.

25. Furthermore, Claimant requests the reimbursement of his expenses and costs incurred in connection with the arbitration proceedings.

26. In addition, Claimant requests a “tax statement” demonstrating that Respondent has paid all taxes and social security premiums on behalf of Claimant.

4.2. Claimant’s Request for Relief

27. Claimant requests the FAT to award him the following relief:

   “2.000 EUR ... achievement bonus, payable on March 27, 2009

   4.500 EUR ... monthly salary, payable on March 31, 2009

   4.500 EUR ... monthly salary, payable on April 30, 2009

   5% interest

   FAT non-reimbursable handling fee, plus all FAT costs plus any legal and/or advisory costs

   Tax statement which proves that the club has paid all taxes and social security premiums on behalf of the player, according to paragraph 3a. of the aforementioned contract.”

4.3. Summary of Respondent’s Submissions

28. As mentioned above (see supra para. 21), despite several invitations, Respondent failed to make any submissions within the time limits set by the Arbitrator in accordance with the FAT Rules.
5. Jurisdiction and other Procedural Issues

5.1. Review ex officio

29. As a preliminary matter, the Arbitrator wishes to emphasize that, since the Respondent did not participate in the arbitration, he will examine his jurisdiction *ex officio*, on the basis of the record as it stands.¹

30. Pursuant to Article 2.1 of the FAT Rules, “[t]he seat of the FAT and of each arbitral proceeding before the Arbitrator shall be Geneva, Switzerland (…)”. Hence, this FAT arbitration is governed by Chapter 12 of the Swiss Act on Private International Law (PILA).

31. The jurisdiction of the FAT presupposes the arbitrability of the dispute as well as the existence of a valid arbitration agreement between the parties.

5.1.1 Arbitrability

32. The Arbitrator notes that the dispute referred to him is clearly of a financial nature and is thus arbitrable within the meaning of Article 177 (1) PILA.²

¹ ATF 120 II 155, 162.
5.1.2 Formal and substantive validity of the arbitration agreement

33. The existence of a valid arbitration agreement will be examined in light of Article 178 PILA, which reads as follows:

"1 The arbitration agreement must be concluded in writing, by telegram, telex, telefax or any other means of communication which allow proof of the agreement by text.

2 Furthermore, the arbitration agreement shall be valid if it conforms to the law chosen by the parties, to the law governing the dispute, in particular the principal contract, or to Swiss law."

34. The Arbitrator finds that the jurisdiction of the FAT over the dispute between Claimant and Respondent results from the section of the Agreement entitled “Arbitration”, which reads as follows:

“Any dispute arising out of, or in connection with, this Agreement shall be submitted to the FIBA Arbitral Tribunal (FAT) in Geneva, Switzerland and shall be resolved definitively in accordance with the FAT Arbitration Rules. The arbitrator shall decide the dispute ex aequo et bono. Awards of the FAT can be appealed to the Court of Arbitration for Sport (CAS) in Lausanne, Switzerland. To the extent legally possible under Swiss law recourse to the Swiss Federal Tribunal against awards of the FAT and against decisions of the Court of Arbitration for Sport (CAS) upon appeal shall be excluded.”

35. The Agreement is in written form and thus the arbitration agreement fulfills the formal requirements of Article 178 (1) PILA.

36. With respect to substantive validity, the Arbitrator considers that there is no indication in the file which could cast doubt on the validity of the arbitration agreement under Swiss law (cf. Article 178 (2) PILA).

37. The jurisdiction of FAT over Claimant’s claim arises from the Agreement. The wording “[a]ny dispute arising out of, or in connection with, this Agreement (…)” in the section of
the Agreement titled “Arbitration” clearly covers the present dispute.³

38. Lastly, the Arbitrator notes that para. 19 (2
nd sentence) of the Agreement reads:

“Disputes shall be presented to the competent jurisdiction of the city of Limassol.”

39. There is no indication that a claim is pending before the courts of Limassol. On 5 March 2010, Claimant filed his Request for Arbitration with the FAT and therefore elected to submit the dispute to the FAT⁴.

40. The Arbitrator thus finds that he has jurisdiction to decide the dispute at hand.

5.2. Other Procedural Issues

41. Article 14.2 of the FAT Rules, which the Parties have declared to be applicable in the Agreement, specifies that “the Arbitrator may nevertheless proceed with the arbitration and deliver an award” if “the Respondent fails to submit an Answer”. The Arbitrator’s authority to proceed with the arbitration in case of default of one of the parties is in accordance with Swiss arbitration law⁵ and the practice of the FAT.⁶ However, the

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⁴ See also FAT Decision 0020/08 dated 19 March 2009, Dimitropoulos vs. Athlitiki Enosis Konstantinoupoleos; FAT Decision 0027/08 dated 2 June 2009, Dalmat, Paris vs. Ural Great BC.

Arbitrator must make every effort to allow the defaulting party to assert its rights.

42. This requirement is met in the current case. Respondent was informed of the initiation of the proceedings and of the appointment of the Arbitrator in line with the relevant rules. It was also given ample opportunity to respond to Claimant's Request for Arbitration. However, Respondent has chosen not to respond within the time limit set by FAT according to the FAT Rules.

43. Only on 18 May 2010 (i.e. more than 5 weeks after the expiration of the time limit set by FAT’s letter of 12 March 2010), Respondent asked for an extension of the time limit to provide its Answer. However, since the exchange of documents had been declared completed and Respondent did not adduce any extraordinary circumstances which would have explained this delay, the Arbitrator had no option but to reject Respondent’s request. In light of these circumstances, the Arbitrator considers himself fit to proceed with the arbitration proceedings and to deliver the award based on the documents submitted by Claimant.

6. Discussion

6.1. Applicable Law – *ex aequo et bono*

44. With respect to the law governing the merits of the dispute, Article 187 (1) PILA provides that the arbitral tribunal must decide the case according to the rules of law chosen by the parties or, in the absence of a choice, according to the rules of law with which the case has the closest connection. Article 187 (2) PILA adds that the parties may authorize the arbitrators to decide “*en équité*”, as opposed to a decision according to the rules of law referred to in Article 187 (1). Article 187 (2) PILA is generally translated into English as follows:

“the parties may authorize the arbitral tribunal to decide *ex aequo et bono*”.

45. Under the heading “Applicable Law”, Article 15.1 of the FAT Rules reads as follows:

“Unless the parties have agreed otherwise the Arbitrator shall decide the dispute *ex aequo et bono*, applying general considerations of justice and fairness without reference to any particular national or international law.”

46. Para. 19 (1st sentence) of the Agreement reads:

“This contract will be executed under the official rules of the law in Cyprus”

47. However, the Arbitrator finds that the second sentence of the paragraph entitled “Arbitration” in the Agreement makes it clear\(^7\) that, should the Parties elect to submit their dispute to the FAT (as opposed to the "competent jurisdiction of the city of Limassol" provided for in para. 19)

“The arbitrator shall decide the dispute *ex aequo et bono*.”

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\(^7\) See also FAT Decision 0041/09 dated 12 November 2009, Panellinos BC vs Kelley; FAT Decision 0063/09 dated 19 February 2010, Fisher, Entersport vs Vojvodina.
48. Bearing also in mind that the Claimant did not make any reference in his Request for Arbitration to the law of Cyprus, the Arbitrator finds that the authorization to decide the dispute *ex aequo et bono* prevails over the vague reference to Cypriot legislation. Therefore, the Arbitrator will decide the present matter *ex aequo et bono*.

49. The concept of *équité* (or *ex aequo et bono*) used in Article 187 (2) PILA originates from Article 31 (3) of the *Concordat intercantonal sur l’arbitrage* (Concordat), under which Swiss courts have held that arbitration *en équité* is fundamentally different from arbitration *en droit*:

> "When deciding *ex aequo et bono*, the arbitrators pursue a conception of justice which is not inspired by the rules of law which are in force and which might even be contrary to those rules."  

50. In substance, it is generally considered that the arbitrator deciding *ex aequo et bono* receives

> "the mandate to give a decision based exclusively on equity, without regard to legal rules. Instead of applying general and abstract rules, he must stick to the circumstances of the case at hand."

51. This is confirmed by Article 15.1 of the FAT Rules *in fine* according to which the arbitrator applies "general considerations of justice and fairness without reference to any particular national or international law".

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9 That is, the Swiss statute that governed international and domestic arbitration before the enactment of the PILA. Today, the Concordat governs exclusively domestic arbitration.


52. In light of the foregoing developments, the Arbitrator makes the following findings:

6.2. Findings

6.2.1 Claim in the amount of EUR 11,000.00

53. Claimant requests the FAT to condemn Respondent to pay the amount of EUR 11,000.00 in his favour.

54. Firstly, para. 3 of the Agreement stipulates that Respondent had to pay the amount of EUR 4,500.00 on 31 March 2009 as an installment of the total salary for the 2008/2009 season. Claimant states that this sum was not paid to date.

55. The signed certificate of debt (or “IOU”) dated 10 April 2009 shows that Respondent must have been aware of its payment obligation at least for the installment to be paid on 31 March 2009, but did not fulfill it. The certificate of debt is written under the Club’s letterhead. Although Greek characters appear in the headline of the letter, the Arbitrator has no indication that this document is not attributable to Respondent.

56. Furthermore, there are no circumstances which would create any doubts as to the validity and enforceability of the Agreement. Since Claimant was a regular player with Respondent’s team during the season 2008/2009 (as ascertained through publicly available sources\(^\text{13}\)), there can be no doubt that Claimant successfully passed the

physical examinations and that the condition under which his salaries would become due was met.

57. Secondly, according to para. 3 of the Agreement Respondent had to pay the final installment of the total salary for the 2008/2009 season in the amount of EUR 4,500.00 on 30 April 2009. Claimant states that Respondent also failed to pay this sum to date. In addition, there is no indication that the certificate of debt dated 10 April 2009 was meant to replace Respondent’s payment duties according to para. 3 of the Agreement.

58. Thirdly, para. 3 of the Agreement contains a condition regarding the payment of EUR 2,000.00 as a bonus to Claimant, to the effect that the Club’s team should achieve the 3rd place in the Cyprus Championship 2008/2009 prior to the play offs. It is a fact that Respondent’s basketball team including Claimant ended 3rd in the 2008/2009 Cyprus Championships. 14 No circumstances are known to the Arbitrator which would create any doubts about Respondent’s obligation to pay that bonus of EUR 2,000.00 to Claimant.

59. The Arbitrator finds therefore that Respondent is obliged to pay the outstanding amount of EUR 11,000.00 in total to Claimant. The Arbitrator’s conclusion rests on the record as it stands and not on the mere fact that Respondent has defaulted. Under these circumstances, the Arbitrator does not deem it necessary to call for further evidence.

6.2.2 Interest

60. On the claimed amounts, Claimant requests interest of 5% per annum.

61. Payment of interest is a customary and necessary compensation for late payment and there is no reason why Claimant should not be awarded interest. In line with the constant jurisprudence of the FAT, the Arbitrator holds that an interest rate at 5% p.a. is reasonable and equitable in the present case.

62. According to para. 3 of the Agreement the claimed bonus of EUR 2,000.00 had to be paid "within 30 days of earning [it]". The last match of Respondent's basketball team in the regular 2008/2009 season was played on 27 February 2009 (as found out by publicly available information\(^\text{15}\)). The bonus thus became due on 27 March 2009 at the latest.

63. According to para. 3 of the Agreement the salary installments for March and April 2009 became due on 31 March 2009 and 30 April 2009 respectively. The certificate of debt dated 10 April 2009 does not modify this clause. It only stipulates that Respondent owes Claimant the named amount, but does not postpone the payment dates.

64. The Arbitrator therefore finds that 28 March 2009 (concerning the claim for the bonus payment of EUR 2,000.00), 01 April 2009 (concerning the claim for the March salary installment of EUR 4,500.00) and 01 May 2009 (concerning the claim for the April salary installment of EUR 4,500.00) respectively are the dates on which interest has

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become payable on the amounts due to Claimant.

6.2.3 Tax statement

65. Claimant requests the FAT to hold Respondent responsible for providing Claimant with a tax statement which proves that Respondent has paid all taxes and social security premiums on behalf of Claimant.

66. Para. 3 (a) of the Agreement reads in relevant part as follows:

“… The club will provide the player with a tax statement which proves that the club has paid all taxes and social security premiums on behalf of the player.”

67. Claimant states that to date, Respondent failed to submit such a statement.

68. According to para. 3 (a) of the Agreement the Arbitrator finds that Respondent must indeed provide Claimant with a tax statement which proves that Respondent paid all taxes and social security premiums on behalf of Claimant.

7. Costs

69. Article 19.2 of the FAT Rules provides that the final amount of the costs of the arbitration shall be determined by the FAT President and may either be included in the award or communicated to the parties separately. Furthermore, article 19.3 of the FAT Rules states that the award shall grant the prevailing party a contribution towards its reasonable legal fees and expenses incurred in connection with the proceedings.

70. The Claimant’s arbitration costs include the non-reimbursable handling fee of
EUR 3,000.00, counsel fees (EUR 3,600.00), the Advance on Costs paid by Claimant (EUR 3,000.00) as well as Respondent's share of the Advance on Costs, also paid by Claimant (EUR 3,000.00). Such costs amount to EUR 12,600.00 in total.

71. On 3 June 2010, considering that pursuant to Article 19.2 of the FAT Rules “the FAT President shall determine the final amount of the costs of the arbitration which shall include the administrative and other costs of FAT and the fees and costs of the FAT President and the Arbitrator”, and that “the fees of the Arbitrator shall be calculated on the basis of time spent at a rate to be determined by the FAT President from time to time”, taking into account all the circumstances of the case, including the time spent by the Arbitrator, the complexity of the case and the procedural questions raised, the FAT President determined the arbitration costs in the present matter at EUR 5,650.00.

72. In the present case, the costs shall be borne by Respondent alone in line with Article 19.3 of the FAT Rules, as Claimant has been awarded his claims in their entirety and there is no indication that either the financial resources of the Parties or any other circumstances would compel otherwise.

73. Given that Claimant has paid the totality of the Advance on Costs of EUR 6,000.00, the Arbitrator decides that:

(i) The FAT shall reimburse EUR 350.00 to Claimant and

(ii) Respondent shall pay the difference between the costs advanced by Claimant and the amount which is going to be reimbursed to him by the FAT, i.e. EUR 5,650.00 (EUR 6,000.00 – EUR 350.00).

(iii) Furthermore, the Arbitrator considers it adequate that Claimant is entitled to the payment of a contribution towards his legal fees and other expenses (Article
19.3 of the FAT Rules). The Arbitrator holds it adequate to take into account the non-reimbursable fee when assessing the expenses incurred by Claimant in connection with these proceedings. After having reviewed and assessed all the circumstances of the case at hand, the Arbitrator fixes the contribution towards Claimant’s legal fees and expenses at EUR 6,600.00.
8. **AWARD**

For the reasons set forth above, the Arbitrator decides as follows:

1. **Apollon Limassol** is ordered to pay to Mr. Daniel Douša the amount of EUR 11,000.00 together with:
   
   (a) interest of 5% p.a. on EUR 2,000.00 from 28 March 2009; 
   
   (b) interest of 5% p.a. on EUR 4,500.00 from 01 April 2009; 
   
   (c) interest of 5% p.a. on EUR 4,500.00 from 01 May 2009.

2. **Apollon Limassol** is ordered to provide Mr. Daniel Douša with a statement which proves that Apollon Limassol has paid all taxes and social security premiums on behalf of Mr. Daniel Douša.

3. **Apollon Limassol** is ordered to pay to Mr. Daniel Douša the amount of EUR 5,650.00 as a reimbursement of the advance of arbitration costs.

4. **Apollon Limassol** is ordered to pay to Mr. Daniel Douša the amount of EUR 6,600.00 as a contribution towards his legal fees and expenses.

5. Any other or further-reaching claims for relief are dismissed.

Geneva, seat of the arbitration, 7 June 2010

Stephan Netzle
(Arbitrator)
Notice about Appeals Procedure

cf. Article 17 of the FAT Rules

which reads as follows:

"17. Appeal

Awards of the FAT can only be appealed to the Court of Arbitration for Sport (CAS), Lausanne, Switzerland and any such appeal must be lodged with CAS within 21 days from the communication of the award. The CAS shall decide the appeal ex aequo et bono and in accordance with the Code of Sports-related Arbitration, in particular the Special Provisions Applicable to the Appeal Arbitration Procedure."