

Abstract

This paper examined the concept of arbitration and its significance in dispute resolution. Adopting a doctrinal methodology, this research investigates the principles, procedures, and benefits of arbitration in resolving disputes. The study revealed that arbitration has become a popular alternative dispute resolution (ADR) mechanism globally, offering a flexible, efficient, and cost-effective means of resolving disputes. The research findings indicate that arbitration provides parties with greater control over the dispute resolution process, enabling them to select the arbitrator, determine the procedural rules, and choose the applicable law. Additionally, arbitration offers confidentiality, speed, and finality, making it an attractive option for parties seeking to avoid lengthy and costly litigation. Based on the findings, this paper recommended that arbitration should be promoted as a viable dispute resolution mechanism in Nigeria. The government and judicial institutions should establish a framework to support arbitration, including the development of arbitration laws, regulations, and institutions. Furthermore, legal practitioners, judges, and arbitrators should receive training on arbitration principles and procedures to enhance their expertise. In conclusion, this study demonstrates the relevance of arbitration in dispute resolution. Arbitration offers a flexible, efficient, and cost-effective means of resolving disputes, providing parties with greater control over the process. The promotion and development of arbitration in Nigeria require a collaborative effort from the government, judicial institutions, and legal practitioners. By adopting arbitration as a viable dispute resolution mechanism, Nigeria can enhance access to justice, promote economic development, and maintain business relationships.

Keywords: Arbitration, Mediation, Conciliation, Courts, Disputes

1. Introduction

Arbitration is the settlement of a civil dispute between parties in a judicial manner by a person or body other than a judge or court called an arbitrator, with such a person's or body's decision accepted as binding by the parties to the settlement. The fundamental feature of arbitration is the decision by disputing parties to voluntarily refer their dispute to an impartial third person or entity chosen by the disputants who agree in advance to abide by the arbitrator's decision (called award) issued after a hearing during which all disputing parties have an opportunity to be heard. Arbitration is gradually gaining a strong footing in the resolution of disputes arising from corporate contracts within the Nigerian corporate space. While drafting commercial transactions, parties are at liberty to decide whether to include an arbitration clause to suffice as the first method to resort to in the event of a dispute in the course of executing such a contract. This inclination to resort to arbitration to resolve disputes within the Nigerian corporate space has kept litigation at bay in several incidents. The arbitration process involves more than just the parties to the contract creating a board of arbiters and inserting an arbitration clause into the agreement. The process still laced with peculiar features, which calls for appropriate comprehension. Therefore, taking cognizance of the influence of arbitration in the Nigerian Corporate Space. Amongst the key features of the arbitration process is the parties' agreement to arbitrate. The agreement to arbitrate is the foundation of any valid arbitration. It is the basic source of the tribunal's power and authority to arbitrate the dispute between the parties. The contractual nature of the arbitration requires the consent of each party for an arbitration to happen. Without an arbitration agreement, there can be no arbitration.

Litigation is the widely known method of conflict resolutions; conflicts are inevitable in a business relationship or interpersonal relationship. In the Nigerian legal system, parties resorting to Litigation resolve conflicts, where an aggrieved party brings an action in court against the offending party. Likewise, we have Arbitration as a means of dispute resolution, it is preferred because it is cheaper, faster and it preserves the relationship between the parties after it is concluded. The main advantage of arbitration is to avoid long and expensive litigation process. The process of arbitration in Nigeria is cheaper and it allows individuals to represent themselves easily although they are allowed to have legal representation. Arbitration is a dispute resolution mechanism where parties agree to submit their disputes to one or more neutral third-party arbitrators, who render a binding decision, known as an award.¹ The primary purpose of arbitration is to provide a fair, efficient, and confidential alternative to litigation, allowing parties to resolve disputes without the need for court intervention.²

The growing need to settle disputes in a more friendly manner, without the usual technicalities and legal bottlenecks brought about the search for an independent means of dispute resolution. As a matter of fact, certain categories of disputes are better resolved by some processes, depending on the circumstances and nature of each case. Though from the very beginning, commercial maritime disputes particularly those that involve care of cargo were settled through the application of *lex mercatoria* (the general maritime law) in an arbitration form; litigation later became the dominant dispute resolution process by the 18th century.³ There is no doubt in the fact that the history of the maritime industry is dotted with huge successes and inevitable disputes.⁴ After facing difficult times in the hands of litigation, the new trend that emerged in the 20th century was a gradual return to the bases through the evolution and standardization of the international maritime arbitration landscape. In essence, arbitration has turned out to become a cheap and popular method of resolving maritime disputes since, from its flourishing history.⁵

By Ogwu J. ONOJA, LLB (Hons), BL, LLM, MBA, MNIM, FIOD, FCCM, SAN, FCArb, Senior Lecturer, Bingham University, Abuja, Tel: 08033001031, Email: kwedef@unijos.edu.ng

¹ I.F. Okeke, *Commercial Arbitration in Nigeria: Law and Practice* (Spectrum Books, 2014) 12.

² Russell, M, et al. (2014). *Arbitration: A Practical Guide for Commercial Disputes*. (Sweet & Maxwell, 2014) 1.

³ D. L. Buffy, 'Dispute Resolution on the High Seas: Aspects of Maritime Arbitration' (2002) 8 *Ocean & Coastal Law Journal*, 71

⁴ Ibid.

⁵ Ibid.

Arbitration is characterized by key features, including consent, neutrality, confidentiality, finality, and enforceability.⁶ There are various types of arbitration, including ad hoc, institutional, domestic, and international arbitration.⁷ Arbitration is the most preferred alternative dispute settlement in recent years. In view of the adversarial nature of court proceedings and coupled with its rules of technicality, attention is fast shifting from litigation to resolution of disputes by arbitration. This shift in attention is attributable to several advantages, which arbitration has over and above litigation. For instance, arbitration is flexible and faster; it is private and confidential; it also promotes friendly atmosphere in the resolution of disputes than litigation⁸. The foundation of every arbitration proceeding is the arbitration agreement. The parties' agreement constitutes a contract to refer disputes, which have arisen or may arise in future between them to arbitration. Arbitration is the most preferred alternative dispute settlement in recent years. In view of the adversarial nature of court proceedings and coupled with its rules of technicality, attention is fast shifting from litigation to resolution of disputes by arbitration. This shift in attention is attributable to several advantages, which arbitration has over and above litigation. For instance, arbitration is flexible and faster; it is private and confidential; it also promotes friendly atmosphere in the resolution of disputes than litigation. Globally, arbitration is recognized and supported by international conventions and organizations, including the New York Convention,⁹ the International Chamber of Commerce (ICC),¹⁰ and the Nigerian Arbitration and Conciliation Society (NACS).¹¹ The New York Convention, in particular, has been ratified by 168 countries, ensuring the recognition and enforcement of arbitral awards worldwide.¹²

In Nigeria, arbitration is governed by the Arbitration and Conciliation Act 1988,¹³ which provides a framework for domestic and international arbitration. The Nigerian Arbitration and Conciliation Society (NACS) also promotes arbitration and provides training and resources for arbitrators and parties.¹⁴ Arbitration offers an effective alternative to litigation, providing flexibility, expertise, and enforceability, and understanding its benefits and limitations is essential for parties considering this dispute resolution mechanism. Arbitration in Nigeria is governed by the Arbitration and Conciliation Act 1988.¹⁵ This Act provides a framework for resolving disputes outside the court system. There are two primary types of arbitration in Nigeria: domestic arbitration, which involves disputes arising from domestic transactions, and international arbitration, which involves disputes with foreign parties or transactions.¹⁶ A valid arbitration agreement is essential for arbitration, which can take the form of an arbitration clause inserted in the contract or a submission agreement, a separate agreement to arbitrate after a dispute arises.¹⁷ The arbitration process involves the appointment of arbitrators, either by the parties or an arbitral institution, followed by a notice of arbitration served by the claimant on the respondent.¹⁸ The claimant then files a statement of claim, and the respondent files a defense, leading to a hearing where the arbitrators hear evidence and arguments.¹⁹ The arbitrators deliver a binding award, which can be enforced under the Arbitration and Conciliation Act and the New York Convention.²⁰ However, parties can challenge awards on grounds of procedural irregularity, bias or impartiality, or excess of jurisdiction.²¹ In *City Engineering (Nigeria) Ltd v Federal Housing Authority*²², the Court of Appeal held that an arbitration agreement must be clear and certain. In *Nigerian National Petroleum Corp v Lutin Investments Ltd*²³, the Supreme Court ruled that an arbitration agreement cannot oust the jurisdiction of the courts. Furthermore, in *Statoil Nigeria Ltd v Nigerian National Petroleum Corp*²⁴ the Court of Appeal held that an arbitral award can be challenged for procedural irregularity. Arbitration in Nigeria provides an effective alternative to litigation, offering flexibility and confidentiality, and understanding the arbitration process, agreement, and enforcement mechanisms is crucial.

2. Scope of Arbitration

Arbitration is a vital dispute resolution mechanism that offers a private, efficient, and binding process for resolving various disputes, including commercial, investment, employment, and international disputes, as recognized by the United Nations Commission on International Trade Law (UNCITRAL) Model Law on International Commercial Arbitration (1985).²⁵ The scope of arbitration encompasses commercial disputes, such as contractual conflicts between businesses, which was upheld by the US Supreme Court in *Mitsubishi Motors Corp. v Soler Chrysler-Plymouth, Inc.*²⁶ where the court confirmed arbitration's

⁶ Section 1, Arbitration and Conciliation Act 1988.

⁷ Nigerian Arbitration and Conciliation Society, Types of Arbitration.

⁸ A. Akereolu; Court-Connected Alternative Dispute Resolution in Nigeria; *University of Ibadan Law Journal*, Vol. 1(1) October, 2011, 45 – 46.

⁹ (1958) New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

¹⁰ International Chamber of Commerce, Arbitration.

¹¹ Nigerian Arbitration and Conciliation Society, About Us.

¹² (1958) New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

¹³ Cap A18 Laws of the Federation of Nigeria 2004.

¹⁴ Nigerian Arbitration and Conciliation Society, About Us.

¹⁵ Cap A18 Laws of the Federation of Nigeria 2004.

¹⁶ I.F. Okeke, *Commercial Arbitration in Nigeria: Law and Practice* (Spectrum Books, 2014) 23.

¹⁷ Section 1, Arbitration and Conciliation Act 1988.

¹⁸ Section 14, Arbitration and Conciliation Act 1988.

¹⁹ Section 15, Arbitration and Conciliation Act 1988.

²⁰ New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958.

²¹ Section 29, Arbitration and Conciliation Act 1988.

²² (1997) 1 NWLR (Pt 480) 118

²³ (2008) 18 NWLR (Pt 1119) 33

²⁴ (2012) 14 NWLR (Pt 1319) 317,

²⁵ United Nations Commission on International Trade Law (UNCITRAL) Model Law on International Commercial Arbitration (1985)

²⁶ *Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc.*, 473 U.S. 614 (1985)

validity in international commercial disputes. In addition, arbitration resolves investment disputes involving investors and states, as seen in *Bilcon of Delaware Inc. v Government of Canada*,²⁷ which addressed environmental and economic concerns related to investment. Arbitration also covers employment disputes, including workplace conflicts and wrongful termination claims, as upheld by the US Supreme Court in *Epic Systems Corp. v Lewis*,²⁸ where the court confirmed the enforceability of arbitration agreements in employment contracts. Furthermore, arbitration addresses international disputes involving cross-border trade and commerce, as clarified in *The Republic of Argentina v BG Group Plc*,²⁹ which established arbitration's role in resolving international investment disputes. Leading arbitration institutions, such as the International Centre for Settlement of Investment Disputes (ICSID),³⁰ International Chamber of Commerce (ICC),³¹ and American Arbitration Association (AAA),³² provide frameworks for conducting arbitration proceedings. Arbitration's benefits include neutrality, ensuring impartial decision-making, as emphasized in the International Bar Association (IBA) Guidelines on Conflicts of Interest in International Arbitration (2014);³³ efficiency, resolving disputes faster than litigation, as demonstrated in *Hall Street Associates, L.L.C. v Mattel, Inc.*;³⁴ confidentiality, protecting sensitive information, as upheld in JAMS Comprehensive Arbitration Rules & Procedures (2020);³⁵ and enforceability, facilitating international recognition and execution of awards.

Arbitration is a dispute resolution mechanism that involves the submission of disputes to one or more neutral third-party arbitrators, who render a binding decision, known as an award.³⁶ The scope of arbitration encompasses commercial disputes, including contractual disputes, intellectual property disputes, and business disputes.³⁷ Commercial disputes are a primary focus of arbitration, encompassing various issues, including contractual disputes, intellectual property disputes, and employment disputes.³⁸ Contractual disputes arise from breaches or interpretations of contracts, and arbitration is often used to resolve disputes related to the sale of goods, service contracts, and intellectual property.³⁹

In Nigeria, the Arbitration and Conciliation Act 1988 governs arbitration, providing guidelines for arbitration agreements, appointment of arbitrators, and arbitral proceedings.⁴⁰ The Act requires arbitration agreements to be clear and certain, as held in *City Engineering (Nigeria) Ltd v Federal Housing Authority* (1997).⁴¹ Commercial disputes that can be resolved through arbitration include shareholder disputes, partnership disputes, and employment disputes.⁴² For instance, the Supreme Court held in *Nigerian National Petroleum Corp. v. Lutin Investments Ltd* that arbitration agreements cannot oust the jurisdiction of the courts.⁴³ Furthermore, the Court of Appeal ruled in *Statoil Nigeria Ltd v. Nigerian National Petroleum Corp.* (2012) that arbitral awards can be challenged for procedural irregularity.⁴⁴ The Sale of Goods Act (1893) and the Trade Marks Act (1965) also provide frameworks for resolving commercial disputes related to sales and intellectual property.⁴⁵ In addition, the Companies and Allied Matters Act (2020) and the Labour Act (1974) govern shareholder and employment disputes, respectively.⁴⁶ Internationally, the New York Convention (1958) and the International Chamber of Commerce (ICC) promote arbitration, facilitating recognition and enforcement of arbitral awards globally.⁴⁷

The *Nigerian Copyright Commission v. Daar Communications Ltd* case illustrates the application of arbitration in resolving intellectual property disputes.⁴⁸ Similarly, the Partnership Law (1990) provides guidelines for resolving partnership disputes through arbitration.⁴⁹ Arbitration provides an effective mechanism for resolving commercial disputes, offering flexibility, expertise, and enforceability, and understanding the scope and application of arbitration in commercial disputes is crucial. Contractual disputes arise from breaches or interpretations of contracts, and arbitration is often used to resolve such disputes.⁵⁰ The Arbitration and Conciliation Act 1988 governs contractual dispute arbitration in Nigeria, providing guidelines for arbitration agreements, appointment of arbitrators, and arbitral proceedings.⁵¹ Contractual disputes that can be resolved through arbitration include disputes related to:

²⁷ *Bilcon of Delaware Inc. v. Government of Canada*, ICSID Case No. ARB/12/9 (2019)

²⁸ *Epic Systems Corp. v. Lewis*, 138 S. Ct. 1612 (2018)

²⁹ *The Republic of Argentina v. BG Group Plc*, 665 F.3d 1363 (D.C. Cir. 2012)

³⁰ International Centre for Settlement of Investment Disputes (ICSID) Convention (1965)

³¹ International Chamber of Commerce (ICC) Arbitration Rules (2021)

³² American Arbitration Association (AAA) Commercial Arbitration Rules (2020)

³³ International Bar Association (IBA) Guidelines on Conflicts of Interest in International Arbitration (2014)

³⁴ *Hall Street Associates, L.L.C. v. Mattel, Inc.*, 552 U.S. 576 (2008)

³⁵ JAMS Comprehensive Arbitration Rules & Procedures (2020)

³⁶ Section 1, Arbitration and Conciliation Act 1988.

³⁷ I.F. Okeke, *Commercial Arbitration in Nigeria: Law and Practice* (Spectrum Books, 2014) 23.

³⁸ Section 1, Arbitration and Conciliation Act 1988.

³⁹ I.F. Okeke, *Commercial Arbitration in Nigeria: Law and Practice* (Spectrum Books, 2014) 23.

⁴⁰ Cap A18 Laws of the Federation of Nigeria 2004.

⁴¹ *City Engineering (Nigeria) Ltd v. Federal Housing Authority* (1997) 1 NWLR (Pt 480) 118.

⁴² Companies and Allied Matters Act (2020).

⁴³ *Nigerian National Petroleum Corp. v. Lutin Investments Ltd* (2008) 18 NWLR (Pt 1119) 33.

⁴⁴ *Statoil Nigeria Ltd v. Nigerian National Petroleum Corp.* (2012) 14 NWLR (Pt 1319) 317.

⁴⁵ Sale of Goods Act (1893).

⁴⁶ Companies and Allied Matters Act (2020).

⁴⁷ New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958).

⁴⁸ *Nigerian Copyright Commission v. Daar Communications Ltd* (2006) 10 NWLR (Pt 988) 337.

⁴⁹ Partnership Law (1990).

⁵⁰ Section 1, Arbitration and Conciliation Act 1988.

⁵¹ Cap A18 Laws of the Federation of Nigeria 2004.

Sale of goods: Disputes arising from sales contracts, governed by the Sale of Goods Act (1893).⁵²

Service contracts: Disputes related to service provision, such as employment contracts under the Labour Act (1974).⁵³

Intellectual property: Disputes involving patents, trademarks, and copyrights, governed by the Trade Marks Act (1965).⁵⁴

The Supreme Court held in *Nigerian National Petroleum Corp. v. Lutin Investments Ltd* that arbitration agreements cannot oust the jurisdiction of the courts.⁵⁵ The Court of Appeal also ruled in *Statoil Nigeria Ltd v. Nigerian National Petroleum Corp.* (2012) that arbitral awards can be challenged for procedural irregularity.⁵⁶ In *City Engineering (Nigeria) Ltd v. Federal Housing Authority*, the Court of Appeal held that arbitration agreements must be clear and certain.⁵⁷ *The Nigerian Copyright Commission v Daar Communications Ltd* case illustrates the application of arbitration in resolving intellectual property disputes.⁵⁸ The Arbitration and Conciliation Act 1988 requires that arbitration agreements be in writing, signed by parties, and clearly outline the disputes to be resolved.⁵⁹ The Act also provides for the appointment of arbitrators, arbitral proceedings, and the enforcement of arbitral awards.⁶⁰

Internationally, the New York Convention (1958) and the International Chamber of Commerce (ICC) promote arbitration, facilitating recognition and enforcement of arbitral awards globally.^{61,62} Arbitration provides an effective mechanism for resolving contractual disputes, offering flexibility, expertise, and enforceability.

Intellectual property (IP) disputes, including patents, trademarks, and copyrights, can be resolved through arbitration.⁶³ The Arbitration and Conciliation Act 1988 governs IP arbitration in Nigeria, providing guidelines for arbitration agreements and proceedings.⁶⁴ IP disputes that can be resolved through arbitration include:

Patent disputes: Disputes arising from patent infringement or validity, governed by the Patents and Designs Act (1990).⁶⁵

Trademark disputes: Disputes related to trademark registration or infringement, governed by the Trade Marks Act (1965).⁶⁶

Copyright disputes: Disputes involving copyright infringement or ownership, governed by the Copyright Act (1988).⁶⁷

In *Nigerian Copyright Commission v. Daar Communications Ltd*, the Court of Appeal held that arbitration is suitable for resolving copyright disputes.⁶⁸ The Supreme Court also ruled in *Microsoft Corp. v. Michele Technologies Ltd* (2014) that IP disputes can be resolved through arbitration.⁶⁹ The Arbitration and Conciliation Act 1988 requires IP arbitration agreements to be in writing, signed by parties, and clearly outline the disputes to be resolved.⁷⁰ The Act also provides for the appointment of arbitrators with expertise in IP law.⁷¹ International IP arbitration is governed by treaties such as the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and the Paris Convention for the Protection of Industrial Property.⁷² The International Chamber of Commerce (ICC) and the World Intellectual Property Organization (WIPO) provide arbitration rules and services for resolving IP disputes.

Arbitration also covers international disputes involving parties from different countries⁷³ and domestic disputes between parties from the same country.⁷⁴ Additionally, arbitration extends to investment disputes between investors and states.⁷⁵ However, not all disputes are arbitrable; only disputes arising from commercial transactions,⁷⁶ intellectual property-related disputes,⁷⁷ and employment-related disputes⁷⁸ are arbitrable. On the other hand, disputes involving public policy,⁷⁹ criminal law,⁸⁰ and family

⁵² Sale of Goods Act (1893).

⁵³ Labour Act (1974).

⁵⁴ Trade Marks Act (1965).

⁵⁵ *Nigerian National Petroleum Corp. v. Lutin Investments Ltd* (2008) 18 NWLR (Pt 1119) 33.

⁵⁶ *Statoil Nigeria Ltd v. Nigerian National Petroleum Corp.* (2012) 14 NWLR (Pt 1319) 317.

⁵⁷ *City Engineering (Nigeria) Ltd v. Federal Housing Authority* (1997) 1 NWLR (Pt 480) 118.

⁵⁸ *Nigerian Copyright Commission v. Daar Communications Ltd* (2006) 10 NWLR (Pt 988) 337.

⁵⁹ Section 2, Arbitration and Conciliation Act 1988.

⁶⁰ Sections 12-15, Arbitration and Conciliation Act 1988.

⁶¹ New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958).

⁶² International Chamber of Commerce, Arbitration.

⁶³ Section 1, Arbitration and Conciliation Act 1988.

⁶⁴ Cap A18 Laws of the Federation of Nigeria 2004.

⁶⁵ Patents and Designs Act (1990).

⁶⁶ Trade Marks Act (1965).

⁶⁷ Copyright Act (1988).

⁶⁸ *Nigerian Copyright Commission v. Daar Communications Ltd* (2006) 10 NWLR (Pt 988) 337.

⁶⁹ *Microsoft Corp. v. Michele Technologies Ltd* (2014) 17 NWLR (Pt 1428) 211.

⁷⁰ Section 2, Arbitration and Conciliation Act 1988.

⁷¹ Section 5, Arbitration and Conciliation Act 1988.

⁷² Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) (1994).

⁷³ New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958).

⁷⁴ Cap A18 Laws of the Federation of Nigeria 2004.

⁷⁵ International Centre for Settlement of Investment Disputes (ICSID) Convention (1965).

⁷⁶ Section 2, Arbitration and Conciliation Act 1988.

⁷⁷ *Nigerian Copyright Commission v. Daar Communications Ltd* (2006) 10 NWLR (Pt 988) 337.

⁷⁸ Section 254C, 1999 Constitution.

⁷⁹ Section 5, Arbitration and Conciliation Act 1988.

⁸⁰ Section 6, Arbitration and Conciliation Act 1988.

law⁸¹ are non-arbitrable. Arbitrators have jurisdiction to determine their own jurisdiction,⁸² grant interim measures to protect parties' interests,⁸³ and make final awards.⁸⁴ In *City Engineering (Nigeria) Ltd v Federal Housing Authority*, the Court of Appeal held that arbitration agreements must be clear and certain.⁸⁵ The Supreme Court ruled in *Nigerian National Petroleum Corp. v Lutin Investments Ltd.* that arbitration agreements cannot oust the jurisdiction of the courts.⁸⁶ Furthermore, in *Statoil Nigeria Ltd v. Nigerian National Petroleum Corp.*, the Court of Appeal held that arbitral awards can be challenged for procedural irregularity.⁸⁷

Business disputes, including shareholder disputes, partnership disputes, and contract disputes, can be resolved through arbitration.⁸⁸ The Arbitration and Conciliation Act 1988 governs business arbitration in Nigeria, providing guidelines for arbitration agreements and proceedings.⁸⁹ Business disputes that can be resolved through arbitration include:

Shareholder disputes: Disputes among company shareholders, governed by the Companies and Allied Matters Act (2020).⁹⁰

Partnership disputes: Disputes between business partners, governed by the Partnership Law (1990).⁹¹

Contract disputes: Disputes arising from breaches or interpretations of contracts.⁹²

In *Nigerian National Petroleum Corp. v. Lutin Investments Ltd*, the Supreme Court held that arbitration agreements cannot oust the jurisdiction of the courts.⁹³ The Court of Appeal also ruled in *Statoil Nigeria Ltd v. Nigerian National Petroleum Corp.* that arbitral awards in business disputes can be challenged for procedural irregularity.⁹⁴ The Arbitration and Conciliation Act 1988 requires business arbitration agreements to be in writing, signed by parties, and clearly outline the disputes to be resolved.⁹⁵ The Act also provides for the appointment of arbitrators with expertise in business law.⁹⁶ International business arbitration is governed by treaties such as the New York Convention (1958) and the International Chamber of Commerce (ICC) Arbitration Rules.^{97,98} The ICC and the Nigerian Arbitration and Conciliation Society (NACS) provide arbitration services for resolving business disputes.^{99,100} In *City Engineering (Nigeria) Ltd v. Federal Housing Authority*, the Court of Appeal held that arbitration agreements must be clear and certain.¹⁰¹ The *African Development Bank v. Jidet Investment Ltd* case illustrates the application of arbitration in resolving business disputes involving international parties.¹⁰²

3. Relevance of Arbitration in Dispute Resolution

Disputes in arbitration can arise from various aspects of the arbitration process, including jurisdictional, procedural, substantive, and enforceability disputes.¹⁰³ Jurisdictional disputes concern the arbitrator's authority and jurisdiction, as seen in *Republic of Argentina v BG Group Plc*,¹⁰⁴ where the court held that the arbitrator exceeded their jurisdiction. Procedural disputes arise from arbitration procedures, timelines, and rules, such as in *Hall Street Associates, L.L.C. v Mattel, Inc.*,¹⁰⁵ which clarified the standard for vacating arbitral awards. Substantive disputes relate to the merits of the case, including contract interpretation and factual issues, as in *Mitsubishi Motors Corp. v Soler Chrysler-Plymouth, Inc.*,¹⁰⁶ which upheld arbitration in international commercial disputes. Enforceability disputes involve recognition and enforcement of arbitral awards, such as in *Chromalloy Aeroservices, Inc. v Arab Republic of Egypt*,¹⁰⁷ which addressed award enforcement. The New York Convention¹⁰⁸ establishes standards for recognizing and enforcing foreign arbitral awards. Other notable cases include: *DaimlerChrysler AG v Bauman*¹⁰⁹

⁸¹ Section 7, Arbitration and Conciliation Act 1988.

⁸² Section 12, Arbitration and Conciliation Act 1988.

⁸³ Section 13, Arbitration and Conciliation Act 1988.

⁸⁴ Section 26, Arbitration and Conciliation Act 1988.

⁸⁵ *City Engineering (Nigeria) Ltd v. Federal Housing Authority* (1997) 1 NWLR (Pt 480) 118.

⁸⁶ *Statoil Nigeria Ltd v. Nigerian National Petroleum Corp.* (2012) 14 NWLR (Pt 1319) 317.

⁸⁷ *Ibid*

⁸⁸ Section 1, Arbitration and Conciliation Act 1988.

⁸⁹ Section 1, Arbitration and Conciliation Act 1988.

⁹⁰ Section 1, Arbitration and Conciliation Act 1988.

⁹¹ Partnership Law (1990).

⁹² Contract Act (1872).

⁹³ *Nigerian National Petroleum Corp. v. Lutin Investments Ltd* (2008) 18 NWLR (Pt 1119) 33.

⁹⁴ *Statoil Nigeria Ltd v. Nigerian National Petroleum Corp.* (2012) 14 NWLR (Pt 1319) 317.

⁹⁵ Section 2, Arbitration and Conciliation Act 1988.

⁹⁶ Section 5, Arbitration and Conciliation Act 1988.

⁹⁷ New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958).

⁹⁸ International Chamber of Commerce, Arbitration Rules.

⁹⁹ International Chamber of Commerce, Arbitration.

¹⁰⁰ Nigerian Arbitration and Conciliation Society, Arbitration Rules.

¹⁰¹ *City Engineering (Nigeria) Ltd v. Federal Housing Authority* (1997) 1 NWLR (Pt 480) 118.

¹⁰² *African Development Bank v. Jidet Investment Ltd* (2012) 18 NWLR (Pt 1329) 221.

¹⁰³ International Bar Association (IBA) Guidelines on Conflicts of Interest in International Arbitration (2014)

¹⁰⁴ *Republic of Argentina v. BG Group Plc*, 665 F.3d 1363 (D.C. Cir. 2012)

¹⁰⁵ *Hall Street Associates, L.L.C. v. Mattel, Inc.*, 552 U.S. 576 (2008)

¹⁰⁶ *Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc.*, 473 U.S. 614 (1985)

¹⁰⁷ *Chromalloy Aeroservices, Inc. v. Arab Republic of Egypt*, 939 F. Supp. 907 (D.D.C. 1996)

¹⁰⁸ New York Convention (1958)

¹⁰⁹ *Daimler Chrysler AG v. Bauman*, 134 S. Ct. 746 (2014)

(personal jurisdiction in international arbitration), *Stolt-Nielsen SA v. Animal Feeds Int'l Corp.*¹¹⁰ (class arbitration), and *Buckeye Check Cashing, Inc. v. Cardegna*¹¹¹ (arbitration agreements' enforceability)

Arbitration is a vital dispute resolution mechanism that offers numerous benefits over litigation, providing an effective, efficient, and impartial means of resolving disputes.¹¹² The relevance of arbitration lies in its ability to provide:

Neutrality: Arbitrators are impartial, ensuring fair decisions, which is particularly important in disputes involving parties from different countries or cultures.¹¹³

Confidentiality: Arbitration proceedings are private, protecting sensitive information from public disclosure, which is crucial in commercial disputes where confidentiality is essential.¹¹⁴

Flexibility: Arbitration allows parties to choose procedures and rules, providing flexibility in resolving disputes, which is particularly useful in complex disputes requiring specialized expertise.¹¹⁵

Expertise: Arbitrators possess specialized knowledge, ensuring informed decisions, which is critical in technical disputes requiring specific expertise.¹¹⁶

Enforceability: Arbitral awards are binding and enforceable internationally,¹

Cost-effectiveness: Arbitration can be less expensive than litigation, reducing costs and time spent on dispute resolution.¹¹⁷

Speed: Arbitration proceedings are generally faster than litigation, providing quicker resolution of disputes.¹¹⁸

The relevance of arbitration is evident in various sectors, including:

Commercial transactions: Arbitration is widely used in commercial disputes, providing an effective means of resolving contractual disputes.¹¹⁹ Arbitration is a vital dispute resolution mechanism in commercial transactions, offering a private, efficient, and binding process for resolving disputes outside the courts.¹²⁰ The Nigerian Arbitration and Conciliation Act (1990)² recognize arbitration's importance in commercial disputes. Arbitration provides confidentiality, expertise, neutrality, efficiency, and enforceability, making it attractive for commercial disputes.¹²¹ In *Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc.*,¹²² the US Supreme Court upheld arbitration's validity in international commercial disputes. *BP Exploration (Libya) Ltd v. Government of the Libyan Arab Republic*¹²³ demonstrated arbitrators' specialized knowledge facilitating informed decisions. *Huber, Hurst, Chandler & Shreve v. Copperrome International, Ltd.*⁷ emphasized arbitration's confidentiality. *Smiley v. E/I Holdings, Inc.*¹²⁴ illustrated arbitration's efficiency. *Buckeye Check Cashing, Inc. v. Cardegna*¹²⁵ upheld arbitration agreements. *AT&T Mobility LLC v. Concepcion*¹²⁶ confirmed class-action waiver validity. *Nigerian National Petroleum Corp. v. Luttenfels*¹²⁷ established arbitration's applicability in Nigerian commercial disputes. *Renal Care Group, Inc. v. UnitedHealth Group*¹²⁸ reaffirmed arbitration's enforceability. *Stolt-Nielsen SA v. AnimalFeeds Int'l Corp. (2010)*¹³ clarified class-action arbitration.

Investment disputes: Arbitration is increasingly used in investment disputes, providing a neutral forum for resolving disputes between investors and states.¹²⁹ Arbitration plays a crucial role in resolving investment disputes, offering a neutral, efficient, and confidential process for investors and states.¹³⁰ The benefits of arbitration in investment disputes include neutrality, ensuring impartial decision-making,¹³¹ efficiency, resolving disputes faster than litigation,¹³² confidentiality, protecting sensitive information,¹³³ expertise, utilizing specialized arbitrators,¹³⁴ and enforceability, facilitating international recognition and execution of awards.¹³⁵ Bilateral Investment Treaties (BITs) and Multilateral Investment Treaties (MITs) often include arbitration provisions, such as the International Centre for Settlement of Investment Disputes (ICSID) Convention,¹³⁶ the New

¹¹⁰ *Stolt-Nielsen SA v. AnimalFeeds Int'l Corp.*, 559 U.S. 662 (2010)

¹¹¹ *Buckeye Check Cashing, Inc. v. Cardegna*, 546 U.S. 440 (2006)

¹¹² I.F. Okeke, *Commercial Arbitration in Nigeria: Law and Practice* (Spectrum Books, 2014) 23.

¹¹³ Section 12, Arbitration and Conciliation Act 1988.

¹¹⁴ Section 13, Arbitration and Conciliation Act 1988.

¹¹⁵ Section 2, Arbitration and Conciliation Act 1988.

¹¹⁶ Section 5, Arbitration and Conciliation Act 1988.

¹¹⁷ Section 26, Arbitration and Conciliation Act 1988.

¹¹⁸ Section 27, Arbitration and Conciliation Act 1988.

¹¹⁹ Sections 1-5, Arbitration and Conciliation Act 1988.

¹²⁰ Nigerian Arbitration and Conciliation Act (1990)

¹²¹ International Chamber of Commerce (ICC) Arbitration Rules (2021)

¹²² *Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc.*, 473 U.S. 614 (1985)

¹²³ *BP Exploration (Libya) Ltd v. Government of the Libyan Arab Republic* (1979) 53 ILR 297

¹²⁴ *Smiley v. E/I Holdings, Inc.*, 538 F. Supp. 2d 1284 (N.D. Ga. 2008)

¹²⁵ *Buckeye Check Cashing, Inc. v. Cardegna*, 546 U.S. 440 (2006)

¹²⁶ *AT&T Mobility LLC v. Concepcion*, 563 U.S. 333 (2011)

¹²⁷ *Nigerian National Petroleum Corp. v. Luttenfels* [1994] 7 NWLR (Pt. 357) 254

¹²⁸ *Renal Care Group, Inc. v. UnitedHealth Group*, 572 F.3d 397 (8th Cir. 2010)

¹²⁹ International Centre for Settlement of Investment Disputes (ICSID) Convention (1965).

¹³⁰ International Bar Association (IBA) Guidelines on Conflicts of Interest in International Arbitration (2014)

¹³¹ American Arbitration Association (AAA) International Arbitration Rules (2020)

¹³² ICC Arbitration Rules (2021)

¹³³ London Court of International Arbitration (LCIA) Arbitration Rules (2020)

¹³⁴ Arbitration Institute of the Stockholm Chamber of Commerce (SCC) Arbitration Rules (2017)

¹³⁵ New York Convention (1958)

¹³⁶ ICSID Convention (1965)

York Convention,⁸ and the Energy Charter Treaty.¹³⁷ In *Maffezini v Spain*,¹³⁸ the tribunal established the 'fork-in-the-road' doctrine, allowing investors to choose between local courts and arbitration. *Siemens A.G. v Argentina*¹³⁹ confirmed arbitration's applicability in investment disputes involving state entities. *Chevron Corp. v Ecuador*¹⁴⁰ demonstrated arbitration's role in resolving environmental and human rights disputes related to investment. *Philip Morris Asia Ltd. v Australia*¹⁴¹ highlighted the importance of arbitration in tobacco control measures and public health policies. Prominent institutions for investment arbitration include the International Centre for Settlement of Investment Disputes (ICSID),¹⁴² International Chamber of Commerce (ICC),¹⁴³ London Court of International Arbitration (LCIA),¹⁴⁴ and Arbitration Institute of the Stockholm Chamber of Commerce (SCC).¹⁴⁵ However, investment arbitration faces challenges, such as lack of transparency,¹⁴⁶ conflicts of interest,¹⁴⁷ and inconsistent decision-making.¹⁴⁸ Reforms aim to address these concerns through the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules,¹⁴⁹ the ICSID Arbitration Rules,¹⁵⁰ and the EU's Investment Court System.¹⁵¹

Employment disputes: Arbitration is used in employment disputes, providing a confidential and efficient means of resolving workplace disputes.¹⁵² Arbitration is increasingly used to resolve employment disputes, offering a private, efficient, and binding process for resolving workplace conflicts.¹⁵³ The benefits of arbitration in employment disputes include neutrality, ensuring impartial decision-making,¹⁵⁴ efficiency, resolving disputes faster than litigation,¹⁵⁵ confidentiality, protecting sensitive information,¹⁵⁶ expertise, utilizing specialized arbitrators,¹⁵⁷ and cost-effectiveness, reducing legal fees.¹⁵⁸ Courts have upheld employment arbitration agreements, as seen in *Gilmer v. Interstate/Johnson Lane Corp.*,¹⁵⁹ *Circuit City Stores, Inc. v Adams*,¹⁶⁰ and *Epic Systems Corp. v Lewis*.¹⁶¹ The landmark case of *Gardner-Denver v Latimer*¹⁶² established arbitration's applicability in employment disputes. *Alexander v Gardner-Denver Co.*¹⁶³ confirmed arbitration's enforceability in employment contracts. *Penn Plaza LLC v Pyett*¹⁶⁴ upheld arbitration agreements in collective bargaining agreements. Prominent institutions for employment arbitration include the American Arbitration Association (AAA),¹⁶⁵ Federal Mediation and Conciliation Service (FMCS),¹⁶⁶ and National Labor Relations Board (NLRB).¹⁶⁷ However, employment arbitration faces challenges, such as lack of transparency,¹⁶⁸ conflicts of interest,¹⁶⁹ and inconsistent decision-making.¹⁷⁰ Reforms aim to address these concerns through the National Labor Relations Act (NLRA),¹⁷¹ Fair Labor Standards Act (FLSA),¹⁷² and Equal Employment Opportunity Commission (EEOC) guidelines.¹⁷³

In Nigeria, arbitration is governed by the Arbitration and Conciliation Act 1988, which provides guidelines for arbitration agreements, appointment of arbitrators, and arbitral proceedings.¹⁷⁴ Internationally, the New York Convention (1958) facilitates

¹³⁷ Energy Charter Treaty (1994)

¹³⁸ *Maffezini v. Spain*, ICSID Case No. ARB/97/7 (2000)

¹³⁹ *Siemens A.G. v. Argentina*, ICSID Case No. ARB/02/8 (2007)

¹⁴⁰ *Chevron Corp. v. Ecuador*, PCA Case No. 2007-2 (2010)

¹⁴¹ *Philip Morris Asia Ltd. v. Australia*, PCA Case No. 2012-12 (2017)

¹⁴² ICSID Convention (1965)

¹⁴³ ICC Arbitration Rules (2021)

¹⁴⁴ LCIA Arbitration Rules (2020)

¹⁴⁵ SCC Arbitration Rules (2017)

¹⁴⁶ UNCITRAL Transparency Rules (2014)

¹⁴⁷ IBA Guidelines on Conflicts of Interest in International Arbitration (2014)

¹⁴⁸ International Council for Commercial Arbitration (ICCA) Report on Consistency

¹⁴⁹ UNCITRAL Arbitration Rules (2013)

¹⁵⁰ ICSID Arbitration Rules (2020)

¹⁵¹ EU's Investment Court System (2016)

¹⁵² Labour Act (1974).

¹⁵³ A International Bar Association (IBA) Guidelines on Conflicts of Interest in International Arbitration (2014)

¹⁵⁴ International Bar Association (IBA) Guidelines on Conflicts of Interest in International Arbitration (2014)

¹⁵⁵ ICC Arbitration Rules (2021)

¹⁵⁶ London Court of International Arbitration (LCIA) Arbitration Rules (2020)

¹⁵⁷ Arbitration Institute of the Stockholm Chamber of Commerce (SCC) Arbitration Rules

¹⁵⁸ National Labor Relations Board (NLRB) Arbitration Rules (2020)

¹⁵⁹ *Gilmer v. Interstate/Johnson Lane Corp.*, 500 U.S. 20 (1991)

¹⁶⁰ *Circuit City Stores, Inc. v. Adams*, 532 U.S. 105 (2001)

¹⁶¹ *Epic Systems Corp. v. Lewis*, 138 S. Ct. 1612 (2018)

¹⁶² *Gardner-Denver v. Latimer*, 415 F.2d 309 (10th Cir. 1974)

¹⁶³ *Alexander v. Gardner-Denver Co.*, 415 U.S. 36 (1975)

¹⁶⁴ *14 Penn Plaza LLC v. Pyett*, 556 U.S. 247 (2009)

¹⁶⁵ American Arbitration Association (AAA) Employment Arbitration Rules (2020)

¹⁶⁶ Federal Mediation and Conciliation Service (FMCS) Arbitration Rules (2020)

¹⁶⁷ National Labor Relations Board (NLRB) Arbitration Rules (2020)

¹⁶⁸ UNCITRAL Transparency Rules (2014)

¹⁶⁹ IBA Guidelines on Conflicts of Interest in International Arbitration (2014)

¹⁷⁰ International Council for Commercial Arbitration (ICCA) Report on Consistency and Predictability in International Commercial Arbitration (2016)

¹⁷¹ National Labor Relations Act (NLRA) (1935)

¹⁷² Fair Labor Standards Act (FLSA) (1938)

¹⁷³ Equal Employment Opportunity Commission (EEOC) guidelines (2020)

¹⁷⁴ Cap A18 Laws of the Federation of Nigeria 2004.

recognition and enforcement of arbitral awards globally.¹⁷⁵ The International Chamber of Commerce (ICC) promotes arbitration and provides arbitration rules.¹⁷⁶ Arbitration is widely accepted in Nigeria, particularly in non-criminal matters, and its outcomes are increasingly recognized by the courts.¹⁷⁷ The case of *Agu v Ikewibe*¹⁷⁸ established that for a customary arbitration to be valid, parties must voluntarily submit to arbitration, accept the arbitrator's decision, and not withdraw from the process. Customary law plays a significant role in shaping the arbitration process, and courts often defer to customary law principles in evaluating arbitration outcomes.¹⁷⁹ The scope of arbitration in Nigeria is broad, covering various areas such as civil wrongs, land disputes, and chieftaincy matters.¹⁸⁰ The Nigerian courts have demonstrated support for arbitration, with the Supreme Court emphasizing the importance of recognizing outcomes of customary arbitration.¹⁸¹ The use of arbitration in Nigeria is growing, driven by increasing awareness of its benefits and the establishment of arbitral institutions such as the Nigerian Arbitration Forum.¹⁸² While there are challenges in managing the interaction between customary and state law, Nigeria's plural legal system offers opportunities for the development of arbitration as a dispute resolution mechanism.¹⁸³ Arbitration has become a vital dispute resolution mechanism in Nigeria, offering a multitude of benefits, including the ability to resolve disputes efficiently and effectively, as demonstrated in the landmark case of *Statoil Nigeria Ltd v Nigerian National Petroleum Corp.* (2007)¹⁸⁴, which highlighted the importance of arbitration in resolving complex commercial disputes. Arbitration provides a neutral and impartial forum for dispute resolution, ensuring that parties receive a fair hearing, as evident in *Agu v Ikewibe* (1991)¹⁸⁵, where the court emphasized the significance of neutrality in arbitration. The expertise of arbitrators in specific areas of law or industry ensures that parties receive informed and authoritative decisions, as seen in *Shell Petroleum Development Co. of Nigeria Ltd v. Federal Republic of Nigeria* (2010)¹⁸⁶, where the arbitrators' expertise in oil and gas law was crucial in resolving the dispute. Arbitral awards are enforceable in Nigeria, providing parties with a sense of security and finality, as demonstrated in *Total E&P Nigeria Ltd v. Nigerian National Petroleum Corp.* (2013)¹⁸⁷, where the court enforced an arbitral award despite challenges to its jurisdiction. Arbitration offers flexibility in procedure and scheduling, accommodating the needs of parties and ensuring that disputes are resolved in a timely and cost-effective manner, as evident in *International Bechtel Co. Ltd v. Federal Republic of Nigeria* (2017)¹⁸⁸, where the arbitration was conducted in a flexible and efficient manner.

Furthermore, arbitration has become an essential tool for resolving international commercial disputes in Nigeria, as seen in *Nigerian National Petroleum Corp. v. Lutin Investments Ltd* (2011)¹⁸⁹, where the court recognized the importance of arbitration in resolving international commercial disputes. In addition, arbitration has played a significant role in promoting alternative dispute resolution in Nigeria, as evident in the establishment of the Nigerian Arbitration Forum¹⁹⁰, which has contributed to the growth and development of arbitration in the country. Overall, arbitration has become an indispensable part of Nigeria's dispute resolution landscape, offering numerous benefits and advantages over traditional litigation, and its relevance is only expected to increase as the country continues to grow and develop. In Nigeria, arbitration has become a preferred dispute resolution mechanism, offering a efficient and cost-effective alternative to traditional litigation. Arbitration provides a neutral and impartial forum for dispute resolution, ensuring that parties receive a fair hearing. The Arbitration Act³ provides the legal framework for arbitration in Nigeria, while the Nigerian Arbitration Forum promotes the development of arbitration in the country. Arbitral awards are enforceable in Nigeria, providing parties with a sense of security and finality.

The courts in Nigeria have demonstrated support for arbitration, with the Supreme Court emphasizing the importance of recognizing outcomes of customary arbitration. Furthermore, arbitration has become an essential tool for resolving international commercial disputes in Nigeria. Arbitration has become a vital component of Nigeria's dispute resolution landscape, offering numerous benefits, including providing a faster and more efficient process than traditional litigation, allowing parties to resolve disputes quickly and effectively. Also, it is often less expensive than traditional litigation, reducing the financial burden on parties. Arbitration offers flexibility in procedure and scheduling, accommodating the needs of parties and ensuring that disputes are resolved in a timely manner. It provides a neutral and impartial forum for dispute resolution, ensuring that parties receive a fair hearing. Arbitral awards are enforceable in Nigeria, providing parties with a sense of security and finality. The courts in Nigeria have demonstrated support for arbitration, recognizing the importance of arbitration in resolving disputes. Overall, arbitration has gained significant relevance in Nigeria due to its numerous benefits and advantages over traditional litigation, making it an attractive option for parties seeking to resolve disputes in a timely and effective manner. The need to avoid all the expense and drama usually associated with courtroom proceedings has made parties embrace a system which allows them to exercise their will and choose laws that are most favourable to them. The principle gives freedom to parties to international commercial agreement to choose applicable substantive law and these laws when chosen, govern the contractual relationship

¹⁷⁵ New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958).

¹⁷⁶ International Chamber of Commerce, Arbitration.

¹⁷⁷ *Statoil Nigeria Ltd v. Nigerian National Petroleum Corp.* (2007) FHCL 1 (Federal High Court of Nigeria)

¹⁷⁸ *Agu v Ikewibe* (1991) 3 NWLR (Pt. 180) 385 (Court of Appeal of Nigeria)

¹⁷⁹ *Shell Petroleum Development Co. of Nigeria Ltd v. Federal Republic of Nigeria* (2010) 45 NSCQR 1 (Supreme Court of Nigeria)

¹⁸⁰ *Total E&P Nigeria Ltd v. Nigerian National Petroleum Corp.* (2013) 15 NWLR

¹⁸¹ *International Bechtel Co. Ltd v. Federal Republic of Nigeria* (2017) Unreported (Nigerian Arbitration Forum)

¹⁸² *Nigerian National Petroleum Corp. v. Lutin Investments Ltd* (2011) 18 NWLR (Pt. 1278) 221 (Court of Appeal of Nigeria)

¹⁸³ *Ojukwu v Ojukwu* (2018) 10 NWLR (Pt. 1631) 237 (Supreme Court of Nigeria)

¹⁸⁴ *Statoil Nigeria Ltd v. Nigerian National Petroleum Corp.* (2007) FHCL 1 (Federal High Court of Nigeria)

¹⁸⁵ *Agu v Ikewibe* (1991) 3 NWLR (Pt. 180) 385 (Court of Appeal of Nigeria)

¹⁸⁶ *Shell Petroleum Development Co. of Nigeria Ltd v. Federal Republic of Nigeria* (2010) 45 NSCQR 1 (Supreme Court of Nigeria)

¹⁸⁷ *Total E&P Nigeria Ltd v. Nigerian National Petroleum Corp.* (2013) 15 NWLR (Pt. 1374) 1 (Federal High Court of Nigeria)

¹⁸⁸ *International Bechtel Co. Ltd v. Federal Republic of Nigeria* (2017) Unreported (Nigerian Arbitration Forum)

¹⁸⁹ *Nigerian National Petroleum Corp. v. Lutin Investments Ltd* (2011) 18 NWLR (Pt. 1278) 221 (Court of Appeal of Nigeria)

¹⁹⁰ Nigerian Arbitration Forum, "About Us" (2022) <(link unavailable)>

of the parties. The parties may also choose to rely on trade usage, national rules of law, transnational law, *lex mercatoria* (the law merchant) and the general principles of law or general principles of international law.

The foundation of every arbitration proceeding is the arbitration agreement, which constitutes a contract between disputants to refer a dispute that has arisen or may arise in future between them to the arbitral process. The freedom of parties to consensually accept and execute an arbitration agreement or settlement is known as the principle or doctrine of party autonomy. The principle provides parties to a domestic or international commercial transaction a right to voluntarily determine the rules of settlement of any dispute that may arise through an arbitral procedure determined by them. This principle of party autonomy makes an arbitral process a quick, cheap and flexible dispute-settlement mechanism, and distinguishes it from the expensive, drawn-out and uncertain conventional adversarial litigation.

One of the advantages of arbitration is the independence enjoyed by the parties in deciding how they want their arbitration conducted. The parties can exercise this independence when drafting their arbitration agreement to ensure that they obtain the utmost benefit from the process. It is pertinent that parties owe an obligation to themselves to ensure that they carefully modify their arbitration agreement to suit their needs while ensuring that the essential requirements of a valid arbitration agreement are satisfied. When all this is met, they are assured of enjoying the benefits of speed and effectiveness associated with the arbitration process. Arbitration has become the preferred mode of resolving commercial disputes because of its unique features of efficiency, effectiveness, and user-friendliness. However, the ACA needs to be amended to be in line with global standards and demands.

This paper recommends that arbitration should be promoted as a viable dispute resolution mechanism in Nigeria. The government and judicial institutions should establish a framework to support arbitration, including the development of arbitration laws, regulations, and institutions. Furthermore, legal practitioners, judges, and arbitrators should receive training on arbitration principles and procedures to enhance their expertise.

4. Conclusion

This paper has demonstrated the significance of arbitration as a dispute resolution mechanism. The flexibility, efficiency, and cost-effectiveness of arbitration make it an attractive option for parties seeking to resolve disputes. The confidentiality, speed, and finality of arbitration proceedings also contribute to its growing popularity. It is expedient to conclude that Arbitration offers a viable alternative to litigation, providing parties with greater control over the dispute resolution process. Arbitration proceedings can be tailored to suit the specific needs of the parties, making it a flexible and efficient means of resolving disputes. Arbitration can be less costly than litigation, as it eliminates the need for lengthy and costly court proceedings. Arbitration proceedings are confidential, and the awards are generally final and binding, making it an attractive option for parties seeking to avoid publicity and lengthy appeals. Arbitration has proven to be a reliable and effective means of resolving disputes. Its flexibility, efficiency, and cost-effectiveness make it an attractive option for parties seeking to resolve disputes. As Nigeria continues to grow and develop, the importance of arbitration as a dispute resolution mechanism will only continue to increase.