

## Litigation Alert

### New York Courts to Allow for Speedy and Efficient Resolution of Commercial Disputes

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Recently adopted Rule 9, which is scheduled to take effect on June 2 and apply only in the state court commercial divisions, offers a prompt and efficient alternative to arbitration while still providing parties with important procedural protections. Under the rule, contracting parties may adopt the accelerated adjudication procedures expressly in the contract or file a stipulation adopting the procedures.

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New York announced a new rule allowing its courts to resolve commercial disputes more expeditiously and cost effectively. The recently adopted Rule 9, which is scheduled to take effect on June 2, 2014, allows the parties to a commercial dispute exceeding \$500,000 to select “Accelerated Adjudication” procedures. Unless otherwise modified by the parties, the procedures provide for:

- The case to be ready for trial within nine months of a request for judicial intervention.
- Trial by judge and not a jury.
- Waiver of punitive and exemplary damages.
- Significant limitations on discovery.

“The rule also provides for the waiver of interlocutory appeals, which often can add significant delays and costs,” noted Hon. James M. Catterson, Special Counsel to Kaye Scholer and former Justice of the Appellate Division, First Department. Judge Catterson added that “the rule is designed to provide parties with a prompt and efficient alternative to arbitration, while still

providing important procedural protections to the parties,” including the right to appeal the final judgment.

The rule is only applicable in the state court commercial divisions and only if the parties provide written consent. “The rule allows for contracting parties to adopt the accelerated adjudication procedures expressly in the contracts, but parties may also file a stipulation adopting the procedures,” explained James D. Herschlein, co-chair of Kaye Scholer’s Complex Commercial Litigation Department. “This new Rule 9 provides real benefits and should be considered for inclusion in any commercial contract,” he concluded. “It provides real benefits to New York and international entities looking to obtain resolution while avoiding protracted litigation.”

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