DEFENDANTS BEWARE: NEW LEGISLATION ON CLASS ACTIONS IN POLAND

A NEW LAW MAY UNLOCK CLASS ACTION LITIGATION IN POLAND

On June 1, 2017 new provisions on class actions will come into force in Poland. The incoming law should result in a major increase locally of this type of litigation.

The new set of rules will primarily affect entities which provide products and services to individuals or small businesses on a large scale. These include in particular: financial institutions (banks, insurance companies, etc.), IT service providers, product manufacturers (food, cars, electronics, etc.) and others.

IN THE PAST

Class actions were introduced into Polish law in 2010. However, the governing rules and procedures presented many challenges: the proceedings lasted too long, were easily obstructed, and were grossly ineffective. Furthermore, only a few types of claims could be subject to a class action.

WHAT IS NEW

The new regulations are designed to expedite the proceedings, to make them less formal and easier to conduct. They also allow for more types of claims to be pursued through a class action. These include, most importantly, claims:

- arising from a breach of contract;
- involving bodily harm or health disorders.

When these new regulations come into effect, we can expect a significant increase in the number of class action cases, including those conducted on a B2B basis.

RISKS ASSOCIATED WITH THE NEW REGULATIONS

In order to expedite the proceedings, the new law limits some of the procedural rights of a party being sued. For example, there are new limitations on the defendant's right to contest the court's decisions regarding the admissibility of a class action and the composition of a class. As a result of these limitations as well as the broader scope of claims that may now be pursued through this type of a lawsuit, entities conducting business in Poland should be prepared to face class actions more frequently.

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