



MANUAL - Cyprus

for legal practitioners dealing with cross-border enforcement of civil claims



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This Manual is intended to help practitioners (primarily authorities in the field of civil enforcement) facing a foreign enforcement title. It offers answers to the most pressing issues faced in cross-border enforcement proceedings in a step-by-step manner, starting with the visual inspection and identification of the elements of the enforcement title. However, the Manual should only be used as an assisting tool in an unofficial capacity and cannot replace the scrutiny of regular inspection. The materials for this Manual have been sourced from national reports and other deliverables obtained within the EU-En4s project.

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1. Judgement

1.1 Headlines that form part of the judgement

The use of headings in first instance judgments is not regulated by law or the Civil Procedure Rules (henceforth – CPR) and does not follow a formal structure. The template of a judgment will vary depending on the formatting tools and personal writing style of the individual judge. Several judgments incorporate headings/subtitles while others include none. Headings tend to be left-indented but they may also be centre-aligned and are sometimes numbered. Lastly, on rare occasions, the judgment will also include a table of content which refers to the headings used in the main part of the judgment.

In the general structure of the judgment the following headings are frequently encountered:

- Introduction/History of the case
- Claims of both sides
- Testimony
- Assessment of Testimony
- Legal Aspect
- Conclusion/Outcome

The different parts of the judgment are sometimes sub-divided with the inclusion of sub-headings/sub-titles. For example, when examining the legal issues raised by the case at hand, the court may choose to divide the examination of these issues into distinctive sections (depending on the number of legal issues which need determination) in order to provide clarity and structure to its reasoning. Alternatively, the court may resort to the use of sub-titles in its assessment of evidence, in order to indicate clearly the type(s) of evidence adduced, including any witness testimony.

1.2 Structural and substantive division/sequence of the Reasoning

The Reasoning in Cyprus judgements is structured into paragraphs, which do not have to be numbered, unless the judge wishes to do so. There is flexibility in the structure, in terms of substantive sequence, to be followed when drafting the reasoning, with the only requirement being that the court presents the reasons for its decision by reference to the law and evidence. There are no specific rules or principles regarding drafting the reasoning of a judgment, thus the common practice can only be presented. The court will often refer to the claims of the parties at the beginning of the judgment. As a matter of practice, the court will first set out the claimant's side as provided firstly in the claim. Subsequently, the court will discuss the defence put forward by the defendant and any counterclaims. At this point, the judgment may refer to specific extracts from the claim and the defence and counterclaim, the closing speeches of the lawyers etc. The court will proceed to assess the evidence referred to by the parties and any witness testimony (including testimony of the parties themselves). Subsequently, the court will consider the legal issues at play to reach its findings. A duly reasoned decision is expected to distinguish between the positions of the parties and the court's assessment. If necessary, the reasoning of a court judgment will also address procedural prerequisites and applications relating to the proceedings, including those raised after the filing of the claim.

1.3 Textual identification of the elements comprising the judgement

- "the introduction of the judgement": Εισαγωγή

- "the operating part": διατακτικό

- "the reasoning of the judgment": αιτιολόγηση της απόφασης
- "legal instruction": οδηγίες

1.4 Short description of the elements of the judgement

While the precise structure of the judgment may vary depending on the circumstances of the case and the legal issues arising therein, a civil court judgment is comprised of the following elements:

- Title: the title includes the case number, specific court hearing the case, the name of the judge, the names of the parties and the lawyers of the parties. Any amendments to the parties and the party names will be indicated in the title. Also, when the defendant(s) files a counterclaim, the party names will appear for a second time in reverse, to indicate that the defendant is a claimant on the basis of a counterclaim (and that the claimant is a defendant in this respect).
- Introduction/History of the case on occasions the court will provide a brief introduction to the case.
- Claims of both sides: the court will refer to the claims of the parties at the beginning of the judgment (frequently this forms part of the introductory part of the judgment). Reference to the claims of the party will also be made throughout the judgment to the extent that these are relevant and necessary. As a matter of practice, the court will first set out the claimant's side as provided foremostly in the claim. Subsequently, the court will discuss the defence put forward by the defendant (and any counterclaims, if relevant). In this respect, the court may refer to specific extracts from the claim and the defence (and counterclaim if relevant), the closing speeches of the lawyers etc.
- Testimony: the court will present, to the extent necessary, the testimony brought forward by each side.
- Assessment of testimony: the court will assess the admissibility and probative value of testimony. If specific issues arise from the testimony, the court may choose to discuss them separately.
- Legal aspect: at a later part of the judgment, the court will elaborate on the legal issues arising in the case at hand. Firstly, the court will set out the relevant law(s), and case-law. Subsequently, in the same section, or different section(s) (depending on the number of legal issues which need determination), the court will reach its final conclusions of the issues at hand, by reference to the law and evidence.
- Interest: where relevant, the court will discuss the issue of interest.
- Conclusion/outcome: this last section in the judgment encapsulates the findings of the court with respect to the liability of the parties and the operative part of the judgment (including legal costs).

1.5 Graphical separation of the elements of the judgement

The way the different elements of the judgment are presented and separated from one another largely depends on the personal writing style of the individual judge and the formatting tools she/he may employ in drafting the judgment

1.6 Specification of time-period in which the judgement must be performed

As a matter of practice, it is clearly understood that the obligation in the operative part is to be fulfilled by the defendant immediately, unless the operative part specifies otherwise. This practice is also supported by Order 40 Rule 7 of the Civil Procedure Rules which provide as follows:

'Every person to whom any sum or money or any costs shall be payable under a judgment or order shall, so soon as the money or costs shall be payable, be entitled to apply for the issue of writs to enforce payment thereof'

This provision is subject to two exceptions. Firstly, if the judgment or order specify a period within which payment is to be made, no writ can be issued by the court until the period expires. Secondly, the court or judge may stay execution, at the time of giving judgment or at a later stage, 'until such time as they or he shall think fit.' For example, the operative part may stipulate that the defendant has a limited period within which to perform or that payments will be made at regular intervals (e.g. monthly or annually) or that the defendant would start fulfilling his/her obligations from a specified date onwards etc. In Stelios Panayiotou and Sons Limited v Nicolaou, the defendants were ordered to hand over within 30 days the property in the possession of the claimants. On the other hand, in Bank of Cyprus Public Company Limited v Perikenti and others, one of the defendants was ordered to repay the debt on an annual basis (plus interest). The wording of the court specified the amount to be payed each year and the interest rate. Furthermore, the judgment stipulated the date on which repayment of the debt would start, this being six months after the issuance of the judgment. Failure on the part of the debtor to perform the obligations in the operative part may render a judgment immediately enforceable. For example, in Tsiamezi v Construction Company CHPTH Alexandrou Ltd, the court issued an eviction order against the defendants which was suspended for a limited period of time. As specified in the operative part, failure on the part of the defendants to make the monthly interim payments, would result 'in the automatic termination of suspended enforcement, and as a consequence, the eviction order would become immediately enforceable.'

The time-period during which a judgment remains enforceable is regulated by the Civil Procedure Rules. Hence, the judgment itself does not specify a time-period. On 24 March 2020, the enforcement period of judgments was extended from ten to twelve years. If no enforcement takes place within this period, the party alleging to be entitled to enforcement, must request the leave of the court. The process is stipulated by Rule 40 Order 8 of the Civil Procedure Rules as follows:

'Where twelve years have elapsed since the judgment or date of the order, or where any change has taken place by death or otherwise in the parties entitled or liable to execution, the party alleging himself to be entitled to execution may apply to the Court or a Judge for leave to issue execution accordingly. And such Court or Judge may, if satisfied that the party so applying is entitled to issue execution, make an order to that effect, or may order that any issue or question necessary to determine the rights of the parties shall be tried in any of the ways in which any question in an action may be tried. And in either case the Court or Judge may impose such terms as to costs or otherwise as shall be just.'

1.7 Identification of Parties

Unless other provision is made, all actions before a District Court begin with a writ of summons (Forms 1 and 2). When the writ of summons is presented in court for sealing it must contain the following personal information of the Parties:

'the name in full of the plaintiff and the defendant, the address in full and occupation of the plaintiff and, so far as they can be ascertained, of the defendant, and the plaintiff's address for service within the municipal limits of the town or village in which is situated the registry in which the writ is being filed.'

The title of the action consists of the name of the court in which the writ is filed, the names of the parties, the number of the action and the year in which the action is instituted. The title of the action

may be amended when necessary. For example, parties may be added or struck out. Also, party names may be amended to correct a mistake or error. For the purposes of identifying the parties in a judgment, every judgment 'shall be entitled with the full title and amended title (if any) of the action in which it is given.' Furthermore, the judgment will indicate which parties were presented or represented during the proceedings.

1.8 Indication of the amount in dispute

The courts indicate the amount in dispute with reference to the claim. If there is an assertion of a counterclaim on the part of the defendant, the court judgment will also indicate the counterclaimed amount as specified in the counterclaim. Any amendments to the pleadings (including the amount in dispute) are regulated by Order 25 of the Civil Procedure Rules. Depending on the circumstances, leave of the court may be required by means of an application under Order 48 of the Civil Procedure Rules. The outcome of such an application will be determined in an interim judgment. The final judgment will refer to any changes made to the amount in dispute.

1.9 Indication of the underlying legal relationship

A court judgment provides a legal assessment of the dispute following an elaboration of the claims/counterclaims of the parties, the evidence referred to and a discussion on the legal aspects of the case. Ultimately, the court's legal assessment of the dispute will also determine the content of the operative part and the court's decision on the relief sought. This is the structure followed by civil law judgments irrespective of whether the judgment and/or orders included therein may be subject to further enforcement proceedings. As a matter of law and practice, it is clearly understood that the obligation in the operative part is to be fulfilled by the defendant immediately, unless the operative part specifies otherwise. Enforcement proceedings may be pursued against any party who fails to abide by the judgment and the order(s) issued against them.

1.10 Information contained in the operative part

The operative part in the judgment encapsulates the outcome of the case and the resulting liability of the parties (if any) based on the claim and the counterclaim (if applicable). Where the relief sought is partially accepted/rejected, the operative part will specify which parts were accepted by the court and which parts were ultimately rejected and issue the relevant order(s) and/or award damages. Lastly, the operative part provides on the matter of the legal costs and which side(s) will pay for them.

1.11 Existence of a threat of enforcement

Pursuant to section 47 of the Courts of Justice Law of 1960, court judgments are binding on all the parties as soon as they are issued (unless there is an order to the contrary in the judgment itself). Generally, judgments do not contain a threat of enforcement as such in the operative part. Significantly, a successful party who obtains a judgment in their favour does not automatically obtain the relief sought. As a matter of both law and practice, it is clearly understood that the obligation in the operative part is to be fulfilled by the defendant immediately, unless the operative part specifies otherwise. As provided by the Civil Procedure Law and the relevant rules of procedure, the courts have an array of powers to enforce compliance by parties who fail to obey the judgment and the orders issued against them, including but not limited to the seizure and sale of the defendant's movable property, the sale of the defendant's immovable property and the registration of a charging order over the immovable property.

At the same time, the court has the power to compel compliance of its orders (whether such orders direct the doing of an act or prohibit it) by means of a fine, imprisonment or sequestration. Notably, where the court issues an order which directs an act to be done (mandatory) or prohibits the doing of an act (prohibitory), the copy of the order which is to be served to the person required to obey it, shall incorporate an endorsement to the following effect:

'If you, the within-named A.B., neglect to obey this order, by the time therein limited, you will be liable to be arrested and to have your property sequestered.'

1.12 Final specification of debt

A judgment which orders the payment of money is called 'judgment debt'. The person against whom the judgment ordering the payment of money is made is the 'judgment debtor'. The operative part of the judgment finalises the debtor's obligation. The judgment specifies the debtor's obligation, the annual interest carried by the judgment debt until full repayment, and which side(s) will pay for the costs. Furthermore, the Court Registrar is instructed to calculate the legal costs, which will ultimately be approved by the Court. In specifying the debtor's obligation, the operative part may indicate whether it concerns a loan agreement, current account, payment of invoices etc.

1.13 Partial rejection of a claim

Pursuant to Order 27 of the Civil Procedure Rules, any party is entitled to raise any point of law by the pleadings. Such point of law 'shall be disposed of by the Court at any stage that may appear to it convenient.' If the Court is of the opinion that its decision on the point of law so raised 'substantially disposes of the whole action, or of any distinct cause of action, ground of defence, counter-claim, or reply therein, the Court may thereupon dismiss the action or make such other order therein as may be just.' Furthermore, the court may strike out any pleading for disclosing no reasonable cause of action. In such a case, or when the action or defence is deemed to be 'frivolous or vexatious', the Court 'may order the action to be stayed or dismissed, or judgment to be entered accordingly as may be just.'

Where the claim is partially or wholly dismissed on substantive grounds, the operative part will indicate so succinctly but clearly, with reference to the relief sought in the claim (and where relevant the counterclaim). If the relief sought is partially rejected, the operative part will specify which parts were accepted by the court and which parts were ultimately rejected, issue the relevant order(s) and decide on the legal costs. However, the operative part will not elaborate on the substantive grounds themselves, on the basis of which the claim was wholly or partially rejected. The substantive grounds will be discussed earlier in the main body of the judgment. As seen from the examples below, the operative part will incorporate very little to no reference to the substantive grounds at play which determined the conclusions of the court.

Example 1: total rejection of claim (and counterclaim):

'From what I have tried to explain above during the analysis and evaluation of the testimony presented before me, and the rejection of the testimony of both parties as unreliable and without making any findings, my conclusion is to reject both the claim and the counterclaim. I consider that under the circumstances the more just order with respect to the costs is for each side to be burdened with its costs.'

Example 2: total rejection of claim (acceptance of counterclaim):

'Following the above, I conclude that this action should be dismissed and is dismissed with costs in favor of Defendant 1 and 2 and against the Claimant.

With regard to the Counterclaim, a decision is issued in favor of Defendant 1 (Counterclaim Claimant) and against the Claimant (Counterclaim Defendant 1) for the amount of ... EUR plus legal interest with costs in favor of Defendant 1 (Counterclaim Claimant) and against the Claimant (Counterclaim Defendant 1).

Costs will be calculated by the Registrar and approved by the Court.'

Example 3: partial rejection of claim:

'Based on all the above, the action is partially successful, and an order is issued stating that when calculating the inheritance share of Defendant 3, the amount of ...£ is to be taken into account, as indicated above, at an interest of ...% per annum from ... until distribution.

The said amount shall be deducted from her inheritance share for the benefit of the claimants.

As far as costs are concerned, a matter at the discretion of the Court, give then nature of the case and the fact that the action is partially successful, I consider that it is fair not to award any costs in favour of any party. Each side shall bear its own costs.'

1.14 Set-off of a claim

In civil proceedings in Cyprus, it is not possible for the debtor to invoke set-off whereby the claim and the counterclaim may be extinguished (completely or to an extent). Consequently, the operative part makes no reference to this. The operative part may specify the debt of the defendant pursuant to the successful claim (wholly or partially) of the claimant. At the same time, if applicable, the operative part will specify separately the debt of the claimant based on a successful counterclaim (wholly or partially) raised by the defendant. In instances, the court may reject completely both the claim and the counterclaim. Alternatively, the court may reject the claim in its entirety and accept the counterclaim. Notably, a set off may take place with respect to the costs: 'A set-off for damages or costs between parties may be allowed.'

1.15 References to the Reasoning found within the operative part

As a matter of practice, the operative part will present very succinctly the decision of the court with reference to the relief sought in the claim (and where relevant the counterclaim) and issue the relevant order(s) and/or award compensation. On most occasions, the operative part will start as follows: 'Based on the above...', 'Following the above...' etc.

Any reference to the reasoning of the court (if made), will be very brief. For example:

'From what I have tried to explain above during the analysis and evaluation of the testimony presented before me, and the rejection of the testimony of both parties as unreliable and without making any findings, my conclusion is to reject both the claim and the counterclaim. I consider that under the circumstances the more just order with respect to the costs is for each side to be burdened with its costs.'

1.16 Wording used to mandate performance

Pursuant to section 47 of the Courts of Justice Law of 1960, court judgments are binding on all the parties as soon as they are issued (unless there is an order to the contrary in the judgment itself). In Cyprus, the debtor is not specifically 'ordered' to perform by the wording of the operative part. The operative part only finds the debtor 'liable to pay' a certain amount (plus interest and legal costs). In practice, it is clearly understood that the orders in the operative part, including the ones for the

payment of debt, are to be performed by the debtor immediately, unless the operative part specifies otherwise.

1.17 Reciprocal claims

In civil proceedings in Cyprus, it is not possible for the debtor to invoke set-off with respect to reciprocal but independent obligations. The Supreme Court distinguished between the banking right to a set-off and the issue of set-off arising from reciprocal but independent obligations. The latter does not apply to civil proceedings in Cyprus. Rather, it creates a cause for a separate action or counterclaim. The issue of bank off-setting is an accounting act to determine the customer's account balance and 'does not create an independent cause of action or claim.'

1.18 Indication of interest (rates)

Section 33 of the Court of Justice Law of 1960 regulates interest rates in the context of any court proceedings for the collection of any debt for which an interest is payable. According to section 33(1), the court will award an interest either on the basis of an agreement between the parties or otherwise as provided by law, starting from the period the interest started accruing due until final repayment. The interest shall not exceed the maximum statutory rate. Moreover, section 33(2) provides that every court judgment (including the part relating to the legal costs) shall bear a legal interest per annum, from the date of filing the action until the final repayment of the debt. This legal interest is reviewed every December by the Minister of Finance.

The court has discretion to vary the award of interest as follows: a) on the entire amount awarded by the judgment, for a period between the date of filing the action until the date on which the judgment is issued; b) on part of the amount awarded by the judgment, for the whole or only part of the period between the date of filing the action until the date on which the judgment is issued. In cases of fraud, the interest accrues from the date the actionable right was created, regardless of whether an action is pending.

The wording used in the operative part reflects, but does not explicitly refer, to the above legal basis on the award of interest in judgments ordering payment. The operative part will specify: 1) the amount of money awarded by the judgment; 2) the interest (specifying when this is the legal interest instead of the interest agreed between the parties); 3) whether the interest applies to the entire amount or part of it; and 4) the period of time (unless the court decides otherwise, it covers the period between the filing of the claim until full repayment of the debt).]

Example of a typical wording:

The Court found in favor of the defendant and decided that the claimants would pay the defendant 'the total amount of ... EUR, plus legal interest on the total amount from the date of issuance of the decision.'

In this case, as the court explained in its reasoning, it would be legally incorrect and unfair to award the higher interest rate provided by the agreement between the parties. On the same basis, the court decided that the interest would accrue from the delivery of the judgment and not the filing of the claim.

1.19 Legal ramification for incomplete, undetermined, incomprehensible or inconsistent operative part

The Civil Procedure Rules give the power to the court to correct clerical mistakes in the pleadings, judgments or orders which arise from an accidental slip or omission, depending on the nature and extent of the mistake. The court may proceed to make the correction following an application by one of the parties. Significantly, no right to appeal arises on this basis. This is the so-called 'slip rule' and it reflects Order 28 Rule 11 of the old English Civil Procedure Rules.

According to The Annual Practice 1959, when applying this rule, any error or omission 'must be an error in expressing the manifest intention of the Court; the Court cannot correct a mistake of its own in law or otherwise, even though apparent on the face of the order'. Similarly, the Supreme Court of Cyprus has stated that the slip rule is 'intended to harmonize the text of the decision with the obvious intention of the court'. Such a power may be exercised pursuant to Order 25 Rule 6 of the Civil Procedure Rules and the Court's inherent powers to correct errors or omissions in the order or judgement. Such a power is not absolute; it is 'limited to errors owing to failure to give expression in the order or judgment to the manifest intention of the Court.' The case of Lazarou v Nemesis Construction Company and another clearly encapsulates the legal ramifications when the operative part is incomplete, undermined, incomprehensible or inconsistent:

'in order for the «slip rule» to apply, it must be established that some parts of the decision are correct and some are wrong and in need of correction, but the finality of court judgments, including those at the level of the Court of Appeal, leaves no room for the correction of judgments, with the inclusion of orders which concern substantive arrangements and which cannot be classified as errors.'

1.20 Legal effects of the Reasoning of the judgement

The reasoning encompasses the court's reasons for deciding the case, including the rule of law (*ratio decidendi*) on which the decision is based. The Supreme Court has distinguished between the *ratio decidendi* of the case and the result of the case as follows:

'The ratio of the judicial decision (*ratio decidendi*) is the rule of law on which the result of the decision is based, in contrast to its result for which a *res judicata* is created (see Chanvery Lane Safe Deposit eta v IRC [1966] 1 ALL ER 1 (HL); Eleftheriou-Kaga v Democracy (Case No. 494/87 13.2.1989). Binding is the rule of law that directly supports the decisions and is inextricably linked to the outcome, as opposed to the part of the reasoning, the development of which is not objectively necessary for the decision.'

1.21 Obtaining the res judicata effect

Order 34 of Civil Procedure Rules regulates the entry of a judgment. Unless the Court has directed that a judgment be not drawn up until a certain date or until a certain event has happened, every judgment shall, on the application of any party to the Registrar, be entered in a book to be kept for the purpose. Every judgment when entered shall be dated as of the day on which it was pronounced, and shall, save where it otherwise directs, take effect from that date, and a note shall be made in the book in which it is entered of the date of entry. In other words, a judgment becomes *res judicata* at the day on which it was pronounced, thus the doctrine has immediate effect in Cyprus. Where any judgment is given subject to the filing of any affidavit or production of any document, the Registrar shall examine the

affidavit or document produced, and if the same shall be regular and contain all that is by law required, the judgment shall be entered accordingly.

1.22 Res judicata of negative declaratory relief

The negative declaratory relief is *res judicata* itself, which means that parties cannot bring new claims asking for negative declaratory relief. However, the dismissal of a negative declaratory action is not an immediate equivalent of a declaration of the opposite, so the judgment does not become enforceable for the creditor. For example, when party A initiates an action against B for a declaration that he does not have to pay B an amount of money, and the court dismisses the claim, this does not mean that A has to pay B the amount of money. B should start new proceedings asking for A to pay him the money, but in this case, the court will not have to examine again whether A owns money to B or not, as this was *res judicata* from the previous decision. The court in the second proceedings will only examine, for example, the exact amount of money, the method of payment etc.

1.23 Suspensive periods barring the enforcement of a judgement

Every person to whom any sum or money or any costs shall be payable under a judgment or order shall, so soon as the money or costs shall be payable, be entitled to apply for the issue of writs to enforce payment thereof, subject nevertheless as follows:

- (a) If the judgment or order is for payment within a period therein mentioned, no writ shall be issued until after the expiration of such period;
- (b) The Court or Judge may, at or after the time of giving judgment or making an order, stay execution until such time as they or he shall think fit.

When ten years have elapsed since issuing of the judgment or order, or when any change has been made to the parties who are entitled or subject to enforcement, the party claiming to be entitled to enforcement may apply to the Court for permission to perform accordingly. And the Court or the Judge, if satisfied that the party to the application is entitled to do so, may issue a decree to that effect, or may order, as in any other matter necessary, the rights of the parties.

2. Court settlements

2.1 Elements of a court settlement

A Rule of Court declared in court must incorporate the terms of the agreement reached between the parties. As a simple contract it must be interpreted as such. Its construction 'must be as near to the minds and apparent intention of the parties as is possible and as the law permits.' According to the Supreme Court, the cardinal presumption is that 'the parties have intended what they have in fact said. So their words must be construed as they stand'.

Where a party accepts a judgment by consent, this is done with reference to the relief sought by the claimant in the claim. For example, a defendant can accept a judgment with respect to an amount of money claimed by the party bringing the action. Alternatively, a defendant can accept a judgment against them for a part of the claim (while court proceedings continue for the remainder of the claim).

2.2 Formal requirements

The parties (and/or their representatives) must appear before the court and 'declare' the settlement reached between them. The conclusion of the settlement agreement and its terms are recorded by

the court and become a Rule of Court. The Rule of Court is a simple contract; it is not transformed into a judgment. Thus, it is subject to the provisions of Contract Law (CAP 149). Alternatively, a valid court settlement requires that one or more of the defendants(s) (and/or their representatives) appear before the court and accept a judgment against them. Such acceptance constitutes a judgment which becomes binding as soon as it is issued (unless there is an order to the contrary in the judgment itself).

2.3 Identification of Parties

The parties in a settlement are identified in the same manner as in all other cases (discussed in detail in the Section 1.7 Identification of Parties in the court judgment). They are identified based on the information contained in the title of the action, which, ultimately, becomes part of the title of the judgment upon entry of judgment.