

Insights

DIFC COURT CONFIRMS ITS SUPERVISORY ROLE IN ARBITRATION SEATED IN THE DIFC

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SUMMARY

A recent decision by the Dubai International Financial Centre (DIFC) Court in [Oswin v \(1\) Otila \(2\) Ondray \[2025\] DIFC ARB 032 \(16 September 2025\)](#) has provided welcome clarity on the supervisory jurisdiction of the DIFC Court over arbitrations seated in the DIFC.

BACKGROUND

The case concerned the scope of the DIFC Court's authority to grant interim measures in support of arbitrations seated in the DIFC where the underlying contract is governed by UAE law and refers to the exclusive jurisdiction of the Courts of Abu Dhabi.

The dispute arose from a Joint Venture Agreement containing a multi-tiered dispute resolution clause which provided as follows:

"21 GOVERNING LAW AND DISPUTE RESOLUTION

21.1. This JVA and any dispute or claim arising out of or in connection with it or its subject matter or formation of JV Co. shall be governed and construed in accordance with the laws of the United Arab Emirates.

21.2. In the event of any dispute between the Parties arising out of or relating to this JVA, representatives of the Parties shall, within 15 working days of a written notice from one party to the other ("Dispute Notice"), hold a meeting between the Parties ("Dispute Meeting") to resolve the dispute amicably. Each Party's representative shall have the authority to settle the dispute.

21.3. Any dispute which is not resolved within thirty (30) days after the service of a Dispute Notice, whether or not a Dispute Meeting has been held, shall be referred to and finally resolved by arbitration under the Arbitration Rules of the DIFC-LCIA Arbitration Centre, which

Rules are deemed to be incorporated by reference into this clause. The number of arbitrators shall be one. The seat, or legal place of arbitration shall be DIFC. The language to be used in the arbitration shall be English.

21.4. Subject to Clause 21.2 and clause 21.3, the Courts of Emirate of Abu Dhabi shall have exclusive jurisdiction.”

The Claimant sought interim measures in support of the arbitration from the DIFC Court. The Defendant challenged the DIFC Court's jurisdiction to grant interim relief in support of the arbitration on the grounds that clause 21.4 gave exclusive jurisdiction to the Abu Dhabi Courts. In that context, it argued that the arbitration clause covered all matters falling within clause 21.1 but that all other matters (including the granting of interim measures in support of arbitration) were subject to the jurisdiction of the Abu Dhabi Courts.

DECISION

The DIFC Court rejected the challenge. In doing so it reaffirmed that an arbitration clause operates as an independent agreement, separate from the underlying main contract. In this case, the arbitration agreement was governed by DIFC law, not UAE law, due to the choice of the DIFC as the seat of arbitration.

The Court held that, where the seat of arbitration is the DIFC, the DIFC Court has supervisory jurisdiction over the arbitration. This includes the power to grant interim and precautionary measures in support of the arbitration, as provided under DIFC Law No. 2 of 2025 and the DIFC Arbitration Law.

The Court also highlighted the fact that the exclusive jurisdiction of the Abu Dhabi Courts in clause 21.4 of the JVA was expressed as being subject to the arbitration provisions. As such, the DIFC Court's powers in relation to DIFC-seated arbitrations were not displaced by the Abu Dhabi jurisdiction clause.

BCLP INSIGHT

The decision aligns the DIFC's approach with international standards regarding the supervisory jurisdiction of the courts of the seat of arbitration. It provides welcome clarity for parties that, where they have agreed to a DIFC seat for arbitration, the DIFC Court will have the authority to support the arbitration process, including by granting urgent interim relief.

The case also highlights some practical points to consider when drafting dispute resolution clauses. When drafting arbitration clauses, it is advisable to state both the seat of arbitration (for example, the DIFC) and the law that will govern the arbitration agreement. This clarity helps prevent confusion or disputes about which court has authority if a disagreement arises. Additionally, businesses should regularly review their standard contract templates to ensure that arbitration and

jurisdiction clauses are consistent and reflect the latest legal developments in the DIFC. Seeking legal advice when drafting or updating these clauses can further reduce the risk of costly jurisdictional challenges and ensure that the business can fully benefit from the supportive legal environment provided by the DIFC Court.

RELATED CAPABILITIES

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- Construction Disputes
- Business & Commercial Disputes

MEET THE TEAM



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