

Winston & Strawn Obtains Victory for Kingdom of Jordan in International Arbitration

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A Winston & Strawn legal team led by partner Ricardo Ugarte, and assisted by Jordanian counsel, recently obtained a victory for the Kingdom of Jordan in a closely-watched international arbitration that vindicated the firm's client's termination of a disputed railway construction contract.

In May 2007, Jordan awarded a contractor a 30-year contract for the construction and operation of a modern railway system connecting Jordan's two most populous cities. Shortly thereafter, Jordan terminated the contract on the ground that the contractor had failed to satisfy certain conditions precedent. The contractor brought an action before an ICC Dispute Adjudication Board, which found that Jordan had terminated the contract unlawfully, holding Jordan liable for compensatory damages.

After suffering this well-publicized defeat, Jordan turned to Winston & Strawn to pursue an arbitration to overturn the decision of the Dispute Board.

Winston filed an ICC arbitration in 2009 seeking a de novo review of the contract claims. In retaliation, the contractor and its Kuwaiti shareholder filed a parallel ICSID arbitration in which they sought nearly \$1 billion in damages and lost profits against Jordan for breach of contract and violations of the Kuwait-Jordan bilateral investment treaty. In an unanimous decision, the ICC tribunal found in favor of Winston's client holding that the Kingdom was entitled to terminate the contract and cash-in the contractor's bid bond. The ICC tribunal also awarded our client the attorneys' fees and costs it incurred to defend itself in the parallel ICSID arbitration, which the tribunal found to have unnecessarily increased the overall cost of the dispute. Last year Winston had obtained a voluntary discontinuance of the ICSID arbitration on behalf of Jordan after the submission of jurisdictional objections.

In addition to Mr. Ugarte, Jordan's team included Maria Kostytska.

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