

The Role of A Lawyer in The Conclusion of A Settlement Agreement in Economic Courts

Tolibayeva Malika Ulmasjon Kizi¹

¹Independent Researcher at the Academy of Justice of the Republic, Uzbekistan



DOI : <https://doi.org/10.61796/ijblps.v2i12.425>



Sections Info

Article history:

Submitted: August 31, 2025
Final Revised: September 15, 2025
Accepted: September 30, 2025
Published: November 14, 2025

Keywords:

Lawyer
Economic Court
Settlement Agreement
Dispute Resolution
Legal Protection
Economic Disputes
Bar Association
Alternative Resolution
Legal Culture
Business Entities

ABSTRACT

Objective: This study examines the status, obligations, and practical roles of lawyers in preparing settlement agreements in economic courts, with a focus on how they protect party interests and contribute to efficient dispute resolution. **Method:** Using a qualitative legal analysis that integrates national legislation, international practices, and documented case examples, the study evaluates the legal authority of lawyers and their involvement in alternative dispute resolution mechanisms. **Results:** The findings show that lawyer-led settlement agreements promote economic stability, increase trust among business entities, reduce the workload of courts, and enhance the efficiency of economic dispute resolution. The analysis also indicates that strengthening the legal powers and ethical responsibilities of lawyers can further improve the quality and enforceability of settlements. **Novelty:** This research offers evidence-based recommendations that emphasize the strategic role of lawyers not merely as representatives but as proactive facilitators of settlement, highlighting the institutional value of bar associations in shaping modern dispute resolution practices.

INTRODUCTION

In judicial practice, the role of a lawyer in resolving disputes is not limited to the development of a lawsuit or defense strategy. The lawyer must also consider the possibilities of reaching a settlement agreement - a solution that best serves the interests of the principal. This norm sees the lawyer not only as a participant in the legal process, but also as an initiator of peaceful resolution of disputes. A settlement agreement is a written agreement of the parties to resolve the dispute, based on mutual consent [1]. The main task of a lawyer is to protect the interests of the principal to the highest degree. This protection may not always be expressed in continuing the process or winning, but in proposing an agreement that provides the most favorable outcome for the principal. In many cases, economic litigation, if it lasts a long time, can have a negative impact not only on the court, but also on business entities, as follows:

- a) the longer the legal proceedings last, the more financial losses the business entity will incur,
- b) the lower its business reputation,
- c) the severance of ties with contractual partners.

Therefore, the lawyer's initiative to propose a settlement agreement is not only a legal but also **an economically sound decision**. For example, reducing court costs,

maintaining cooperation in the goods and services market, strengthening investor confidence - these are the positive aspects of a settlement proposed by a lawyer.

In court practice, the lawyer's role as the initiator of a settlement agreement is based on the following principles:

1. **Procedural economy** - a settlement agreement provides a more convenient solution for the parties in terms of time and cost.
2. **Realistic balance of interests** - the lawyer seeks to reach a reasonable agreement with the opposing party, while protecting the interests of the principal.
3. **Pursuit of a fair solution** - the final decision of the court may sometimes not fully satisfy the parties, but a settlement agreement is based on the mutual consent of the parties, which provides a result closer to the principle of justice.

The Rules of Professional Ethics of Lawyers, approved by the Chamber of Advocates of the Republic of Uzbekistan, state that a lawyer has an obligation to "seek the most favorable solutions" in protecting the interests of his client. This means that if there is a possibility of a quick and reasonable settlement of a protracted dispute in court through a settlement, the lawyer must propose this in consultation with the client.

According to the University of Chicago Law School, there are three main roles of a lawyer in the relationship with a principal: **advisor, negotiator, and settlement guide** [2]. They argue that the lawyer should be "a person who guides the principal in his decision-making process, especially in providing complete information about the settlement agreement." According to this approach, the lawyer's professional skills are manifested not only in procedural actions, but also in the art of compromise. Moreover, in arbitration practice, the lawyer's initiative for settlement is even more important. In the journal *Arbitration International*, R. G. Allemann emphasizes that "lawyers should promote settlement mechanisms that serve to restore trust between the parties, rather than escalating disputes" [3]. In his opinion, the biggest problem in international arbitration is the slowness of the **settlement process**. Therefore, it is necessary for lawyers to develop a culture of preparing the parties for negotiations, directing them towards a "fair settlement". A 2024 year analysis by the international law firm **Dentons** concluded that "while arbitrators play an active role in facilitating settlement in arbitration, lawyers should act as strategic managers of the process." According to this view, the lawyer's role is not simply to make a proposal, but to develop an effective settlement strategy, that is, to create a legal model that ensures the client's economic stability [4]. Statistically, **68% of the 123 cases** listed for full consideration at the **London Commercial Court between October 2022 and September 2023** were resolved before trial. This figure is even higher at the **London County Commercial Court and the Admiralty Court (78%)** [5]. At the same time, when proposing a settlement, the lawyer must strictly adhere to the following criteria: the settlement agreement must not be contrary to the interests of the client; there must be no secret or informal negotiations with the other party; the agreement submitted to the court must comply with the law and

ethical standards. Otherwise, such a settlement initiative may be considered a violation of the ethics of the lawyer.

The Code of Conduct for European Lawyers dates back to 28 October 1988. It has been revised three times; the most recent revision occurred during the plenary session in Oporto on 19 May 2006. This text is obligatory for all Member States: all attorneys who are part of the legal associations of these nations (regardless of whether these associations are full, associate, or observer members of the CCBE) must adhere to the Code during their cross-border operations in the European Union, the European Economic Area, and the Swiss Confederation, as well as in associate and observer nations [6]. In both the US and UK legal practices, lawyers are required to recommend a settlement agreement before or during the litigation process. These experiences show that a lawyer's initiative to reach a settlement is an integral part of his professionalism and ethics.

RESEARCH METHOD

In this regard, we will analyze the court decision of the Tashkent City Court of the appellate instance of the Economic Cases Board in case No. 4-1001-2204/11702 involving the participation of lawyer A. Umirzakov, representing "Gentle Comfort" LLC, and lawyer B. Yigitaliyev, representing "UFHH-biznes" LLC. Given that both the plaintiff and the defendant are lawyers, it can be assumed that the dispute between the parties is complex [7]. However, a prudent lawyer should seek a way to effectively use alternative dispute resolution methods and inform the confidant about this. The court decision states that the representatives of the plaintiff and defendant filed a petition requesting the submission and approval of the settlement agreement in connection with the signing of a mutual agreement on the dispute between the parties, and in this regard, the cancellation of the ruling of the court of first instance dated December 20, 2022 on taking measures to secure the claim related to the dispute. The judicial panel, after reviewing the presented settlement agreement along with the case files, deemed it essential to approve the settlement agreement reached by the parties for the following reasons. In line with Article 130 of the Code of Civil Procedure of the Republic of Uzbekistan, the court is obligated to facilitate the parties' agreement and aid them in settling the dispute throughout all phases of economic court proceedings. In cases where both parties are represented by lawyers, the disagreement was settled through a mutual agreement while the appeal was being reviewed. In paragraph 12 of the Resolution of the Plenum of the Supreme Economic Court of the Republic of Uzbekistan No. 204, dated December 18, 2009, it is mentioned that while reviewing the terms of a settlement agreement, the court must ascertain the genuine intent of the parties to reach a settlement and conclude the proceedings, verify their adherence to legal requirements in forming the settlement agreement, and ensure that the agreement is later enforced on the same basis as judicial documents. According to Part 1 of Article 132 of the Code of Civil Procedure, a settlement agreement must be written and signed by the parties or their

representatives, provided there is a power of attorney issued as per the stipulations of Article 63 of the Code of Civil Procedure, which explicitly grants the authority to finalize a settlement agreement. This power of attorney will be appended to the settlement agreement and incorporated in the case files. A settlement agreement plays an important role in the activities of a lawyer, as it allows protecting the interests of the principal, saving time and money, and resolving disputes peacefully. The settlement agreement, which was signed with the initiative and assistance of attorney A. Umirzakov, representative of "Gentle Comfort" LLC, attorney B. Yigitaliyev, representative of "UFHH-biznes" LLC, and with the support of the court, was beneficial to both business entities, lawyers, and the court. The reason is that if the entrepreneurs had not signed this agreement, the case would have continued to be considered in cassation, re-cassation or audit instances, at the expense of material resources and time. Thanks to the lawyers' intelligent approach to this situation, their deliberate avoidance of prolonging the trial, and their far-sighted strategy, the trial was a success for both parties. Most importantly, the Tashkent City Court, with the support of the Economic Affairs Panel, and the conditions created by it, led to the effective resolution of the case. We can say that this is an achievement of both the court and the judge. Importantly, the settlement agreement approved by the court has the force of an executive document. Thus, the lawyer participates as the initiator, mediator and legal guarantor of the settlement agreement.

In insolvency cases, the parties may also resolve the dispute by concluding a settlement agreement. Article 161 of the Law of the Republic of Uzbekistan "On Insolvency" stipulates that the debtor and creditors have the right to conclude a settlement agreement at any stage of the court's consideration of the insolvency case [8]. The creditors' meeting makes the decision to finalize a settlement agreement on behalf of the creditors. The settlement agreement is finalized on behalf of the debtor by the debtor's sole proprietor or the debtor's manager, external administrator, liquidator, or financial manager, as appropriate. The finalization of a settlement agreement in an insolvency case varies from that in other legal disputes in several ways. Specifically, the court may approve the conclusion of a settlement agreement in an insolvency case once it has met the criteria for court costs, expenses tied to paying court administrators' fees, ongoing utility and operational costs, insurance expenses for the debtor's property, as well as claims for current payment duties of the debtor that emerged after the insolvency proceeding began, along with claims for damages to a citizen's life or health and payment documents that ensure funds for wage payments.

The current Law "On Insolvency" establishes all the legal bases for restoring the solvency of a debtor enterprise. If, as a result of the implementation of a correctly selected business plan and targeted plans for the restoration of activities, obligations to creditors are fully fulfilled, the law serves as a comprehensive legal guarantee for the resolution of the dispute by concluding a settlement agreement in such a case.

The results of the study show that the participation of a lawyer in the process of concluding a settlement agreement is an important institutional factor in ensuring the

stability and legitimacy of legal relations. A lawyer plays an important role not only as a representative representing the legal interests of the parties, but also as a subject that enhances legal culture and improves mechanisms for pre-trial resolution of disputes.

RESULTS AND DISCUSSION

Results

Turning to our national legislation, according to statistics on applications for the enforcement of judicial documents considered in economic courts of the Republic of Uzbekistan, the number of settlements concluded by lawyers in the **first half of 2025 amounted to 717** [9]. It is clear from this that cases related to the conclusion of settlements by lawyers are becoming increasingly common in judicial practice.

According to Article 63 of the Economic Procedural Code of the Republic of Uzbekistan, a lawyer's authority, referred to as a representative, includes the ability to finalize a settlement agreement, an agreement for the mediation process, or a mediative agreement [10]. Furthermore, as stated in Chapter 16 of this Code, titled Conciliation Procedures, and Article 131, the parties have the option to settle a disagreement by reaching a settlement agreement or a mediation agreement. A settlement agreement or a mediation agreement can be reached in any circumstance during the litigation process. The parties can reach a settlement agreement at any point during economic litigation and while executing a judicial document, and they can finalize a mediative agreement in the court of first instance before the court adjourns to a separate room (deliberation room) for issuing a judicial document. A settlement agreement is regarded as finalized once it receives court approval.

In paragraph 4 of the Resolution of the Plenum of the Supreme Economic Court of the Republic of Uzbekistan No. 204 dated December 18, 2009 "On certain issues related to the application of procedural law norms in the approval of a settlement agreement by economic courts", it is specified that the execution phase of a judicial act is recognized as the phase following the delivery of a writ of execution resulting from a judicial act [11]. Authorization of a settlement agreement reached by individuals involved in the case before the judicial decision takes legal effect is prohibited. The court denies the approval of a settlement agreement submitted before the judicial act takes effect. The Plenum's Resolution establishes that the approval of a conditionally concluded settlement agreement is impossible.

In accordance with Part 1 of Article 132 of the Economic Procedural Code of the Republic of Uzbekistan, a settlement agreement shall be drawn up in writing and signed by the parties or their representatives, provided that they have a power of attorney issued in accordance with the requirements of Article 63 of the Code, which specifically provides for the authority to conclude a settlement agreement. Such a power of attorney shall be attached to the settlement agreement and included in the case documents.

The court handling the case will address the matter of approving the settlement agreement in a court session. The individuals involved in the case will be informed of the

date and location of the court session as outlined in Article 127 of this Code. The inability of individuals properly informed of the time and location of the court session to attend shall not hinder the evaluation of the settlement agreement's approval. The court will render a decision on the approval of the settlement agreement, which will signify the end of the proceedings. If the settlement agreement is reached during the execution of a judicial act, it must be presented to the court of first instance that handled the case for approval. The matter of approving the settlement agreement reached during the execution phase shall be addressed within fifteen days from the submission date of the settlement agreement to the court, following the procedures set out in Parts One and Two of this Article.

Discussion

The conclusion of the ruling on approval of the settlement agreement must indicate the following: 1) the terms of the settlement agreement; 2) the conclusion on approval of the settlement agreement; 3) the distribution of court costs; 4) information on the termination of the proceedings.

The conclusion of the decision of the court of appeal or cassation or review instance on approval of the settlement agreement, in addition to the information provided for in Part Six of this Article, must contain an instruction on the cancellation of all previously adopted judicial acts on the case. The persons who concluded the settlement agreement shall voluntarily execute it in the manner and within the time limits provided for in this agreement.

In this context, F. Anorov, the judge of the Samarkand Regional Court, states that not adhering to the obligations outlined in the settlement agreement between the parties results in legal ramifications [12]. If the settlement agreement lacks a clause regarding the allocation of court costs, the court will address this matter through the standard procedure upon approving the settlement agreement. In Article 133, it must be stated in the conclusion of the ruling concerning the approval of the Settlement Agreement: 3) allocation of court expenses. In this instance, it must be noted that a lack of consensus between the parties regarding the allocation of court expenses does not serve as grounds for rejecting the settlement agreement. In this instance, the court will address the matter of allocating court costs according to the stipulations of Article 118 of the Economic Procedure Code.

Logically continuing the opinion of a practicing lawyer, the chairman of the Chimboy Interdistrict Economic Court B. Bekmurodov believes that failure to fulfill obligations stipulated by the settlement agreement between the parties entails legal consequences [13]. Therefore, the settlement agreement must specify the terms and conditions for the fulfillment of obligations, and the settlement agreement may also contain provisions on the defendant's delayed or partial fulfillment of obligations, waiver of the right to claim in favor of another person, full or partial waiver of debt (non-payment) or recognition of debt, distribution of court costs, and other conditions that do not contradict the law [14][15].

CONCLUSION

Fundamental Finding : This study establishes that settlement agreements facilitated by lawyers generally comply with legal standards and effectively minimize future disputes, with lawyers' expertise in legal analysis and risk identification serving as a foundation for the validity and enforceability of such agreements. **Implication :** Strengthening the normative and professional role of lawyers in the settlement process can enhance the credibility of the advocacy profession, reinforce legal culture, and expand protections for citizens' rights within economic dispute resolution. **Limitation :** However, the study is limited by its reliance on doctrinal analysis and case-based interpretation, without empirical measurement of settlement outcomes or comparative cross-jurisdictional data. **Future Research :** Subsequent studies should incorporate empirical evaluations, practitioner interviews, and comparative legal analysis to better understand how lawyer involvement shapes settlement efficiency and to develop more robust models for optimizing lawyer-led dispute resolution.

REFERENCES

- [1] "Legal advice portal of NGO 'Madad'," *Advice.uz*. [Online]. Available: <https://advice.uz/oz/documents/1254>
- [2] "Official website of the University of Chicago Law School," *The University of Chicago Law School*. [Online]. Available: <https://www.law.uchicago.edu/>
- [3] T. Stipanowich, "Arbitration, settlement, and the art of dispute resolution," *Arbitration International*, vol. 38, no. 4, pp. 231–248, Dec. 2022. [Online]. Available: <https://academic.oup.com/arbitration/article-abstract/38/4/231/7005204>
- [4] "Settlement in arbitration: Should arbitrators play a greater role," *Dentons International Law Firm*, July 16, 2024. [Online]. Available: <https://www.dentons.com/en/insights/articles/2024/july/16/settlement-in-arbitration-should-arbitrators-play-a-greater-role>
- [5] *Business and Property Courts: The Commercial Court Report 2022–2023*, Feb. 2024, pp. 24, 29, 34. [Online]. Available: <https://www.judiciary.uk/wp>
- [6] *Charter of Core Principles of the European Legal Profession and Code of Conduct for European Lawyers*, Council of Bars and Law Societies of Europe (CCBE). [Online]. Available: https://www.ccbe.eu/NTCdocument/EN_CCBE_CoCpdf1_1382973057.pdf
- [7] *Law on Mediation*, Republic of Uzbekistan. [Online]. Available: <https://lex.uz/docs/-5957612>
- [8] *Economic Procedural Code of the Republic of Uzbekistan*, National Database of Legislative Documents, 25 Jan. 2018, No. 02/18/IPK/0623. [Online]. Available: <https://lex.uz/ru/docs/-3523891>
- [9] *Statistical Indicators on the Activities of Courts*, 2025. [Online]. Available: <https://stat.sud.uz/assets/uploads/economical/pdf/eco-2025-6.pdf>
- [10] *Law of the Republic of Uzbekistan on Advocacy*, [Online]. Available: <https://lex.uz/docs/-2026218>

- [11] “Kelishuv bitimi va mediativ kelishuv bir-biridan nimasi bilan farq qiladi,” *Zarnews.uz*. [Online]. Available: <https://zarnews.uz/uz/post/kelishuv-bitimi-va-mediativ-kelishuv-bir-biridan-nimasi-bilan-farq-qiladi>
- [12] “Economic dispute settlement practices,” *Qaraqalpaqstan Economic Court*. [Online]. Available: <https://qaraqalpaqstan.sud.uz/uz/archives/8247>
- [13] “Economic courts issued online decision-making service,” *Public.sud.uz*. [Online]. Available: <https://public.sud.uz/report/choose-economic>
- [14] S. Menkel-Meadow, “The lawyer’s role(s) in dispute resolution: Contemplating multiple roles and professional responsibilities,” *Fordham Law Review*, vol. 84, no. 5, pp. 1963–1987, 2016. [Online]. Available: <https://ir.lawnet.fordham.edu/flr/vol84/iss5/6>
- [15] C. Hodges, “Encouraging settlement of disputes: The role of lawyers and courts,” *Oxford Legal Studies Research Paper*, no. 45/2021. [Online]. Available: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3905671

***Tolibbayeva Malika Ulmasjon Kizi**

Independent Researcher at The Academy of Justice of the Republic, Uzbekistan

Email: malikatolibbayeva@gmail.com
