

Third-Party Litigation Funding: Overview (Ireland)

by [Julie Murphy-O'Connor](#) and [Emma Trainor](#), Matheson LLP

Practice note: overview | [Law stated as at 01-Jun-2026](#) | Ireland

A Practice Note that provides an overview of the law on third-party litigation funding in Ireland. This Practice Note examines the general prohibition on funding by unconnected third parties, which stems from the historic rules against maintenance and champerty under the Maintenance and Embracery Act 1634. It discusses how Irish courts have affirmed these principles in key cases such as *Persona Digital Telephony Ltd v The Minister for Public Enterprise & Others* and *SPV OSUS Limited v HSBC Institutional Trust Services (Ireland) Limited*. The Practice Note also explores permissible funding arrangements, including After the Event (ATE) insurance, "no foal, no fee" agreements, and funding by parties with a legitimate pre-existing interest. It further addresses the evolving legal landscape, highlighting recent developments that could influence the future of third-party funding, such as legislative changes permitting funding for international commercial arbitration, the introduction of consumer representative actions, and ongoing discussions surrounding law reform to improve access to justice.

Global legal counsel are often required to evaluate and assess their options for funding a civil case, particularly in jurisdictions where litigation is expensive and involves budgetary constraints, or where they would like to reduce the financial risk of pursuing a claim given the uncertainties associated with litigation outcomes.

Third-party litigation funding, also known as external dispute financing or third-party funding, is where a third party (with no prior connection to the litigation) agrees to finance all or part of the legal costs of the litigation, in return for a portion of any proceeds the funded litigant recovers by settlement or collection of a damages award. The use of third-party funding in international arbitration has been growing over the last several years in many jurisdictions, including the UK, US, continental Europe, Australia, Hong Kong, and Singapore. The mechanism is gaining more popularity and acceptance in civil and commercial litigation.

This Note provides an overview of the law on third-party litigation funding in Ireland, including:

- Who can seek funding.
- When to apply for funding.
- Whether it can be used with other funding arrangements.
- The legal and ethical constraints that might have an impact on funding agreements.
- The issues related to disclosure, confidentiality, and attorney-client privilege.
- The factors to consider when seeking funding.

- The terms of funding agreements.
- The legal costs and expenses that third-party funders usually cover.

It also highlights the recent developments that could influence the future landscape of third-party funding.

For more information on third-party funding for international arbitration, see [Practice Note, Third-party funding for international arbitration claims: overview](#).

Legal Position

The funding of litigation by third parties with no prior connection to the case is not generally permitted in Ireland as a result of the rules against maintenance and champerty.

Maintenance is the funding of litigation in which the funder has no interest. Champerty is the funding of litigation in exchange for a share of the proceeds of that litigation. Although the rules against maintenance and champerty have either been abolished or significantly eroded in other common law jurisdictions, they remain both criminal offences and civil wrongs or torts in Ireland under the English [Maintenance and Embracery Act 1634](#) (1634 Act), which was retained as a matter of Irish law by the [Statute Law Revision Act 2007](#). For more on champerty, maintenance, and funding from an English law perspective, see [Practice note, Champerty, maintenance and funding](#) (UK).

How the Irish Courts Have Treated the 1634 Act

The superior courts in Ireland have considered the impact of the 1634 Act in several cases between 2013 and 2018 and, to date, have continued to affirm the rules.

The *Persona* Case

In what was the first Irish case to directly consider the acceptability of third-party funding in Ireland, *Persona Digital Telephony Ltd v The Minister for Public Enterprise & Others* [\[2016\] IEHC 187](#) and [\[2017\] IESC 27](#) (*Persona*), both the High Court and Supreme Court confirmed that the centuries-old common law principles of maintenance and champerty remain in force and that any changes to the law in this area must be driven by the legislature.

The *Persona* litigation relates to Ireland's award of the second mobile telephone licence in 1995. The two claimants, Persona Digital Telephony (Persona Digital) and Sigma Wireless Networks Limited (Sigma), were part of a consortium of unsuccessful bidders that competed for a mobile telephone licence, which was granted to Esat Digiphone. In 2001, Persona and Sigma brought High Court proceedings seeking damages for (among other things) unlawful interference by the Minister for Communications in the competition. In 2015, Persona Digital and Sigma entered into an agreement with a professional litigation funder, Harbour III Limited Partnership (Harbour), to fund the continued running of their case. The precise details of that agreement were never made public.

Persona Digital and Sigma sought a High Court declaration that their arrangement with Harbour did not contravene the rules against third-party funding and their application was defended by the Irish State in reliance on the provisions of the 1634 Act. The High Court (Donnelly J.) found that there was a "consistent line of authorities" which demonstrated that the funding of litigation by a third party, with no independent interest in the litigation, was prohibited ([\[2016\] IEHC 187](#)). Persona Digital and Sigma sought leave for a "leapfrog appeal," meaning a direct appeal from the High Court's decision to the Supreme Court

to determine the question of: "[w]hether third party funding, provided during the course of proceedings (rather than at their outset) to support a plaintiff who is unable to progress a case of immense public importance, is unlawful by reason of the rules on maintenance and champerty." (Ordinarily, an appellant must first appeal to the Court of Appeal, which was established in Ireland in 2014.)

The Supreme Court noted that to grant leave for a leapfrog appeal it had to be satisfied that the issues raised by an appellant involved a matter of public importance or that it is necessary in the interest of justice for an appeal to the Supreme Court and that there are exceptional circumstances which warrant a leapfrog appeal. The Supreme Court was satisfied that those criteria had been met in *Persona* and the appeal proceeded directly to the Supreme Court.

Ultimately, the Supreme Court dismissed the appeal, holding that the torts and crimes of maintenance and champerty continue to exist in Ireland and "a person who assists another's proceedings without a bona fide independent interest acts unlawfully." To the extent that it was argued that the Supreme Court should develop the law in this area to better align it with other jurisdictions, it noted that this was a matter for the legislature. However, Mr Justice Clarke (as he was at that time) expressed a "significant feeling of disquiet" with the result of the decision on the basis that it would lead to a very real possibility that the claimant may not be able to bring their claim to trial.

The SPV OSUS Case

In July 2018, the Supreme Court delivered judgment in [*SPV OSUS Limited v HSBC Institutional Trust Services \(Ireland\) Limited & Ors \[2018\] IESC 44 \(SPV OSUS\)*](#). In this case, Optimal Strategic US Equity Ltd (SUS), a fund that had invested into the Bernard Madoff Ponzi scheme, claimed it was entitled to make a claim in the bankruptcy of Bernard Madoff in the US. A special-purpose vehicle (SPV) was set up and the bankruptcy claim was assigned to it. The Irish-based custodian of the bankruptcy challenged the SPV's standing to bring proceedings on the basis that the assignment of a right was contrary to public policy and was prohibited by virtue of the rules against maintenance and champerty.

The High Court found in favour of the custodian's application and held that the assignment constituted "trafficking in litigation." The High Court decision was upheld by the Court of Appeal, which confirmed that an assignment of a bare cause of action is unenforceable under the rules against champerty unless certain exceptional circumstances apply (for example, an assignment of a bare cause of action that is incidental to the property transferred, or the assignment to a party who has a genuine commercial interest in the cause of action), none of which did in this case.

The matter was appealed again to the Supreme Court, which held that the assignment of a right to litigate to an unconnected third party with no legitimate interest in the cause of action is contrary to public policy and void under Irish law. While the judgment of Mr Justice O'Donnell acknowledged the public interest in litigation being more accessible to persons of ordinary means, he was of the view that "the objections of the common law to the commodification of litigation retain force and vitality." However, the judgment of Mr Justice Clarke, who was the Chief Justice at the time, went further. While he agreed with the legal position as set out by Mr Justice O'Donnell, he emphasised that the law as it stood created difficulties with parties' access to justice and called on the legislature to urgently reform the area, failing which the Supreme Court itself may be forced to intervene.

Other Funding Arrangements

Although the 1634 Act prohibits funding of litigation by parties who have no legitimate interest in proceedings, there are certain limited situations in which it is permissible to fund litigation.

After the Event Insurance

After the event (ATE) insurance is a form of litigation or legal expenses insurance that is taken out to cover specific litigious proceedings after the event. An ATE policy is generally tailored to a specific dispute but may be structured to cover adverse legal costs awarded to the other side (if the case is unsuccessful or abandoned) and security for costs. The policyholder's own legal fees, expenses, and disbursements can also be covered, although insurers will not always pay these out during the litigation, opting instead to pay the policyholder only if it is unsuccessful. While this means that the policyholder must ensure that it has cash-flow arrangements in place to cover the day-to-day funding of the litigation, it does remove the risks associated with losing a case and an adverse costs award.

In relation to the premium, there are two potential ways that this can be structured. The most common is a contingency premium, where the premium is contingent on success and is therefore paid by the insured only if it wins the case.

The second is a deposit premium, which involves the entire amount being paid when the insurance is first taken out. While deposit premiums are usually cheaper than contingency premiums, they are, in practice, best suited to cases where there is a high degree of confidence in success or where there is no monetary award or settlement.

Typically, ATE insurers only consider cover where there is a good prospect of success (that is, more than a 60% chance of success).

ATE insurance has garnered a level of acceptance in Ireland.

In [Greenclean Waste Management v Leahy \[2013\] IEHC 74](#) and [Greenclean Waste Management v Leahy \[2015\] IECA 97](#), both the High Court and Court of Appeal considered an ATE policy in the context of a preliminary application for security for costs by the defendant. In this case, a liquidator had been appointed to the claimant company, Greenclean Waste Management Limited (Greanclean), and issued proceedings against its solicitors for negligent advice in relation to its obligations under a commercial lease. The claimant defended the preliminary application on the basis that it had ATE insurance and was therefore able to discharge the defendant's costs if unsuccessful. While declaring ATE insurance to be valid, the Court of Appeal provided useful observations on ATE policies and the principles to be applied to them, making clear that these policies must not be conditional or contain terms which entitle the insurer to avoid liability in the future.

The defendant appealed the decision to the Supreme Court, which, after some deliberation, remitted the matter back to the High Court for it to consider whether ATE insurance cover can be considered a form of indirect and prohibited litigation funding. In [Greenclean Waste Management Limited v Leahy \(No.2\) & Anor \[2014\] IEHC 314](#), the High Court (Hogan J.) ultimately found that Greenclean's ATE insurance policy did not offend the rules against maintenance and champerty and was valid. The Court commented that the law must "accommodate itself to modern social realities" that were not in existence at the time of the 1634 Act, such as:

- ATE insurance.
- Legal aid.
- Representative actions.
- "No foal, no fee" arrangements (see [No Foal, No Fee Arrangements](#)).
- Pro bono work.

Legitimate Interest

Third-party funding is permitted where the funder has a legitimate pre-existing interest in the litigation. For example, shareholders or creditors of a company involved in proceedings can lawfully fund them, even when the funding may indirectly benefit them. This position was approved in the case of *Thema International Fund plc v HSBC International Trust Services (Ireland) Ltd & Anor* [2011] IEHC 357. In this case, the defendant (HSBC) had sought disclosure orders in relation to the way the claimant was funding their case. In his judgment, Mr Justice Clarke stated:

"There is....in my view a substantial difference between a party who already has an indirect link to the impecunious party and who has, therefore, already got an indirect interest in the relevant litigation, on the one hand, and a party with no such prior link who simply buys into the litigation on the other hand."

A potential extension of this concept also arose during the course of argument in the *Persona* case, where the Court considered a "hypothetical situation in which the funders might actually acquire a shareholding in the plaintiff companies, with the intention of procuring adequate funds to process the litigation." In his judgment, Mr Justice MacMenamin commented that the validity of that type of funding remains unresolved. The purchasing of both the assets and liabilities of a company (including anticipated or pending litigation against the company) is common course. There is no obvious reason why an investor or purchaser of the shares in a claimant company would not have the same rights and obligations as all other shareholders and, therefore, should be entitled to reap the rewards, if any, as a shareholder in the claimant.

The possibility of this kind of circumvention was explained by Mr Justice Clarke in *SPV OSUS*:

"Where the original wronged party is a corporate entity, then it has never been suggested that it is impermissible for the shares in that entity to be transferred to a third party so that the ultimate beneficial interest in the proceeds as to the cause of action will, in substance, also transfer. Even where there are complications deriving from the fact that the allegedly wronged corporate entity has other assets or liabilities, it is unlikely to be beyond the abilities of corporate lawyers and advisors to devise a re-structuring of the corporate entity concerned in such a way that the relevant cause of action remains in the hands of the same entity to whom the wrong was done but where all other assets and liabilities are transferred into other corporate vehicles within the same ownership, thus freeing up the wronged corporate entity for sale. Thus, at least in many cases, it might well prove practically possible to devise a system whereby the substance of a cause of action which is owned by a corporate entity can be transferred to a purchaser by means of a sale of the shareholding in the entity concerned." (at paragraph 2.7; [2019] 1 IR 1 at page 8.)

The *Irish Law Reform Commission* (LRC), in its consultation paper published in July 2023, refers to this as a "corporate anomaly" (see *Consultation Paper: Third-Party Litigation Funding* at page 72).

No Foal, No Fee Arrangements

While not a direct form of litigation funding, it is open to solicitors in Ireland to enter into conditional or contingency arrangements with clients where it is agreed that the solicitor will not charge professional fees to a client if they are unsuccessful in their claim. These are known as no foal no fee or "no win no fee" arrangements. No foal no fee arrangements assist claimants to access justice in certain cases. In the *Persona* case, it was suggested by counsel for the State in their submissions that a no foal no fee arrangement could represent a viable alternative to the litigation funding agreement they were seeking to enter into (which was ultimately found to be unlawful). In her judgment, the then Chief Justice, Ms Justice Denham, was in favour of this

manner of increasing access to justice, stating that: "[t]here is a long history at the Bar, and amongst solicitors, of taking cases on a 'no foal no fee' basis. Many of the most important cases have been taken in such circumstances." However, in practice, no foal no fee arrangements are more commonly used in personal injury and medical negligence cases than in commercial cases.

Legal Aid

A limited form of aid is available in civil litigation through the Irish [Legal Aid Board](#) (Board). The Board provides civil legal advice and representation to people who cannot afford to pay for a solicitor. To qualify for civil legal aid, the applicant must satisfy financial eligibility requirements ([Means Test Criteria](#)) and pay a contribution towards the legal costs, unless the contribution obligation has been waived based on the applicant's financial resources (section 29, [Civil Legal Aid Act 1995](#) (as amended)). Certain areas of law, such as defamation, conveyancing, and property disputes, are excluded.

The Chief Justice of Ireland, Mr Justice O'Donnell, has identified the development of the civil legal aid system as a key target towards increasing access to justice for claimants who may not currently be eligible for civil legal aid. A working group, the Civil Legal Aid Review Group, was established for that purpose, with its [review](#) of the Civil Legal Aid Scheme, comprising both majority and minority reports, published in July 2025. No reference to litigation funding was included in either report. The recommendations of those two reports remain under review by the Government.

Advantages of Third-Party Litigation Funding

One of the most common arguments in favour of litigation funding is that lawful funding arrangements are often necessary to ensure proper access to justice, and it has been recognised that the rules against maintenance and champerty can interfere with this access. Courts in many other jurisdictions have relaxed the prohibition against maintenance and champerty in recognition of the need to ensure access to justice and interpreted the doctrines in light of modern public policy. In other jurisdictions that have deemed third-party funding to be permissible, the right of access to justice has played an important, and fundamental role in the judicial analysis (see, Donnelly BL, Catherine, O'Callaghan BL, Ellen, *The case for litigation funding*, Vol. 24, No. 4 (The Bar Review 2019, pages 107 to 111)). There is also a potential prejudicial impact for a claimant with a legitimate claim who is not able to proceed with litigation.

See [Recent Developments](#).

Recent Developments

Whether reform of the law relating to third-party litigation funding in Ireland is required remains under active consideration against an evolving landscape of developments at both Irish and EU level:

The EU Bar Association and Irish Society of European Law Report

On 29 January 2020, the former Chief Justice, Frank Clarke, published a report in relation to litigation funding and class actions in Ireland in the context of access to justice, which was prepared by the EU Bar Association and [Irish Society for European Law](#) ([Joint report by the Irish Society for European Law and the EU Bar Association on litigation funding and class actions in Ireland](#)). The report strongly recommends that proper provision be made in Ireland for representative class actions and litigation funding on the basis that they are "essential mechanisms of access to justice."

Review of the Administration of Civil Justice in Ireland Report

In October 2020, a civil law review group chaired by the former President of the High Court, Mr Justice Peter Kelly, prepared a report on the administration of civil justice in Ireland ([Review of the Administration of Civil Justice: Review Group Report](#) (Kelly Report)). The review undertaken was broad and involved consultations with the public and the group's own research and analysis across multiple jurisdictions. As a result, the Kelly Report is extremely detailed, running to over 450 pages. It made over 90 recommendations and when implemented, they will represent the most significant reform to civil law in the history of the Irish State.

The Kelly Report highlighted the conflicting policy considerations surrounding the issue of third-party litigation funding, namely the importance of access to justice and the significant risk of "commoditisation" of litigation. While the Kelly Report recommended that broad funding reform should await completion of the LRC's analysis that is currently underway (see [Future of Third-Party Funding in Ireland: Role of the Legislature](#)), it did see merit in the introduction of a limited form of third-party funding for insolvency proceedings that are intended to increase the pool of assets available to creditors. This would bring a significant and welcome change in the insolvency arena where funding litigation is an especially significant issue.

Litigation Funding for Insolvency Matters and Certain Other Proceedings

An action plan to implement the recommendations in the Kelly Report was published by the [Department of Justice](#) in Ireland on 27 May 2022 (see [Department of Justice: Implementation Plan on Civil Justice Efficiencies and Reform Measures \(May 2022\)](#) (Kelly Implementation Plan)). The Kelly Implementation Plan had provided for legislation to be drafted in 2023 to address the Kelly Report recommendation that a limited form of third-party funding be introduced for insolvency officials to fund proceedings aimed at increasing the pool of assets available to creditors. However, publication of a bill addressing this has not been forthcoming to date.

A General Scheme of a Civil Reform Bill to implement certain other of the Kelly Reforms was published on 6 January 2026. This followed the inclusion of such a bill in successive government legislative programmes, with preparation of a General Scheme of a Civil Reform Bill to implement key recommendations of the Kelly Report also included in the Department of Justice [Action Plan 2024](#). The General Scheme published does not, however, include any provisions relating to litigation funding for insolvency matters. It is not yet clear whether such reforms will be provided for in separate legislation.

A private members' bill, the [Third-Party Funding Contracts \(Certain Proceedings\) Bill 2024](#), was presented in June 2024 and proposed to permit third-party funding of certain proceedings in Ireland, including in the limited form proposed by the Kelly Report in relation to insolvency proceedings (as well as proceedings concerning environmental protection, climate change, and the protection of consumer interests). However, the bill lapsed with the dissolution of the Dáil ahead of the Irish general election in November 2024 and has not been reinstated.

Consumer Representative Actions: Funding Required

The introduction of legislation providing for consumer representative actions in Ireland increases the importance of reform of litigation funding in Ireland. The introduction of the [Representative Actions Directive \(2020/1828\)](#), which was published in the [Official Journal of the European Union](#) on 4 December 2020, offers protection to the collective interests of consumers in Europe by providing a means to bring redress and injunctive representative actions arising out of the infringement of consumer rights by traders located in a member state. This Directive was given effect in Ireland through the [Representative Actions for the Protection of the Collective Interests of Consumers Act 2023](#) (2023 Act), which was signed into law in July 2023, and came into operation on 30 April 2024.

The 2023 Act allows, for the first time in Ireland, collective domestic and cross-border actions to be brought on behalf of consumers impacted by infringements of prescribed consumer legislation. Representative actions under the 2023 Act can only be brought by a "qualified entity" (QE).

Although a QE may charge consumers requesting to join a representative action a "modest fee" (as provided for in the 2023 Act), the [Representative Actions for the Protection of the Collective Interests of Consumers Act 2023 \(Section 29\) \(Maximum Fee\) Regulations 2024](#) provides that it will be capped at EUR25 per consumer per representative action. This fee is therefore unlikely to represent a viable source of funds for QEs and given the current restrictions on third-party litigation funding in Ireland, the question of how a QE (which is required to be a non-profit organisation) will fund representative actions of this nature in Ireland has been noted by some commentators as a potential barrier to the practical use of the legislation.

Future of Third-Party Funding in Ireland: Role of the Legislature

In March 2022, the current Chief Justice, Mr Justice O'Donnell, stated that consideration of the reform and regulation of third-party funding models was one of several areas in which efforts could be made to improve access to justice in Ireland ([Independent.ie: Chief Justice urges consideration of litigation funding reform](#)). Mr Justice O'Donnell was speaking at a conference held in 2021 for the launch of [Chief Justice's Access to Justice Working Group Conference Report](#). Mr Justice O'Donnell said there had to be a recognition that it was not enough to provide courtrooms and judges when "ordinary citizens, or indeed, substantial businesses" face many barriers that limit their capacity to bring disputes to court and obtain a speedy and fair resolution. This likely added to pressure on the Department of Justice to agree to the expansion of the civil legal aid scheme, which critics say is too narrow and difficult to qualify for under the current Means Test Criteria (see [Legal Aid](#)). The Civil Legal Aid Review was published in July 2005 and comprised two reports setting out various recommendations for civil legal aid reform. In essence, both reports confirm the need for expansion of the civil legal aid scheme and pressure on the Department of Justice to address this therefore remains.

In the case of *SPV OSUS*, Chief Justice Clarke stressed that if these practices are to be permitted in the future, then this must be achieved by way of legislative change, after consideration of all the competing interests. He stated that:

"[T]here is a problem which requires to be addressed, but...by far the best way of attempting to provide solutions is by means of legislation...It is at least arguable that permitting entirely unregulated third party funding, as was at issue in *Persona*, or the unregulated assignment of causes of action, as is at issue in this case, as a means of solving the problem of access to justice runs the real risk of creating more problems than it solves." (at paragraph 2.2.)

The joint report by the Irish Society for European Law and the EU Bar Association on litigation funding and class actions in Ireland strongly recommends that proper provision be made for litigation funding as it is an essential mechanism to access justice. The Kelly Report also clearly recognises the various issues to access to justice in Ireland, and the potential impact third-party funding can have in this area.

On 17 July 2023, the LRC published a comprehensive [consultation paper](#) setting out various considerations regarding the potential legalisation of third-party litigation funding in Ireland and seeking further views from interested parties on the issue of third-party litigation, including whether it should be legalised in Ireland and, if so, how it should be regulated. In its consultation paper, the LRC discusses three different models of legalisation:

- The "preservation" approach, whereby maintenance and champerty would be abolished, but the public policy rules behind the offences would be preserved.
- The "abolition" approach, whereby maintenance and champerty would be abolished outright.

- The "statutory exception" approach, involving the retention of the offences of maintenance and champerty, but creating statutory provisions allowing third-party funding in specific cases as exceptions.

The LRC suggested in this paper that the "statutory exception" approach would be the preferred option. Regarding the regulation of the funding sector, if it were to be permitted in Ireland, the LRC suggested that regulation should aim to:

- Reduce the financial and other risks that this funding and funders might create for those who use third-party funding services, and indeed, for non-funded parties to funded disputes.
- Protect and enhance the proper and efficient administration of justice in Ireland.

The LRC also analysed the regulatory regimes employed in several other common law jurisdictions, including the voluntary self-regulatory regime used in England and Wales, and the enforced self-regulatory regime used in Hong Kong. It ultimately concluded that any future regulatory system to be rolled out in Ireland would likely consist of a combination of different approaches.

Having received submissions from various interested parties in 2023, no recent updates have been provided as to when the LRC will produce its final report and recommendations.

In parallel, there have been developments at EU level. On 13 September 2022, a non-legislative Resolution was adopted by the [European Parliament](#) recommending to the [European Commission](#) that after the deadline for the application by Member States of the [Representative Actions Directive \(2020/1828\)](#) on 25 June 2023, a new directive should be proposed to establish common minimum standards for third-party litigation funding across the EU (see [Legal Update, Commercial third-party litigation funding: European Parliament calls for minimum standards at EU level](#)). In response to the Resolution, the Commission carried out a [mapping study](#) on third-party litigation across the EU and selected other jurisdictions. More recently however, any plans to legislate to regulate third-party litigation across EU Member State were halted following the final meeting of the EU's High Level Forum on Justice for Growth in November 2025 at which the European Commissioner for Justice, Michael McGrath stated that, following feedback from forum participants, the European Commission had concluded that currently there is no need to regulate third party funding at EU level.

Developments in Third-Party Funding of International Arbitration

Legislative change has taken place in the area of third-party funding of international arbitration in Ireland, which was put in question following the *Persona* Supreme Court decision ([2017] IESC 27). Legislative amendments, amending the [Arbitration Act 2010](#), confirming that the prohibition on third-party funding does not apply to international commercial arbitration, were included in the [Courts and Civil Law \(Miscellaneous Provisions\) Act 2023](#), which was signed into law on 5 July 2023. Although the relevant provision is yet to be commenced, the passing of this legislation is a significant step forward and will bring clarity to the position of third-party funding for international commercial arbitration in Ireland.

Enforcement of judgments arising from funded litigation elsewhere in the EU

The Irish Supreme Court in *Scully v Coucal* ([2025] IESC 20) considered the issue of recognition and enforcement of a judgment from another EU Member State obtained by an entity to which a bare cause of action had been assigned. The assignments of a bare cause of action at issue in this case were valid under Polish law, where the assignment of a right to litigate, even to an unconnected third party, is permissible. However, as a matter of Irish law, an assignment of a bare cause of action has been regarded as "savouring of champerty" and contrary to Irish public policy.

In its two separate written judgments (O'Donnell CJ and Hogan J), the Supreme Court permitted the recognition and enforcement in Ireland of a Polish judgment in such circumstances.

The decision suggests that a judgment arising from a third party funded case brought in an EU Member State where third party litigation funding is lawful would not be unenforceable in Ireland on public policy grounds. However, each case will be determined on its own facts, and if in another case there are, for example, traits of commodification or trading in litigation, it is possible the Supreme Court decision in *Scully v Coucal* could be distinguished.

Whilst this decision is relevant to the issue of recognition and enforcement in Ireland of judgments arising out of funded litigation brought elsewhere in the EU, the Supreme Court did not decide the issue of whether an assignment of a bare cause of action, such as the assignment in the case, savours of champerty, such as would be contrary to Irish public policy.

Validity of success fee arrangements

The Supreme Court decision in *Howley v McClean; v Howley v Howard* [2026] IESC 34 considered issues concerning the validity of certain success fee arrangements in the context of a tax debt recovery action by the Revenue Commissioners. The Supreme Court stated (albeit obiter) that “no foal, no fee” agreements are in principle not unlawful at common law, acknowledging that their use has become a widespread practice that is both “longstanding and of practical importance.”

The Supreme Court also confirmed that conditional fee uplift agreements are champertous, subject to the exception provided for in section 149(1)(a) of the Legal Services Regulation Act 2015, which applies where the matter only seeks to recover a debt or liquidated demand.

END OF DOCUMENT
