

The Russian Constitutional Court has refused to reconsider the abolition of limitation periods in cases over privatisation

FAO heads of companies' legal, compliance and security departments

Pepeliaev Group advises of the negative rulings adopted by the Constitutional Court which enshrine the practice according to which limitation periods are calculated from the date of a prosecutor's check.

How did it all start?

In March 1994, Mirage LLC and Geaton LLC became owners of several buildings and land plots in Saratov Region through privatisation.¹

In 2022, the prosecutor's office applied to the court seeking to recover the assets in dispute after it had identified non-compliance with the conditions for and procedure of privatisation.

In March 2023, the Saratov Region Commercial Court sustained the claims of the prosecutor's office. The higher courts upheld the above court decision.² The courts refuted the defendants' argument that the prosecutor's office had missed the limitation period and noted that the limitation period should be calculated starting from the date on which the prosecutor's office completed the check during which the violations were identified. The courts further stressed that it was not permissible to apply the legal institute of a limitation period in order to legalise property that had been acquired illegally to the detriment of the interests and against the will of a public owner.

Having disagreed with the above court judgments, the companies turned to the Russian Constitutional Court (the 'Constitutional Court').

What did the Constitutional Court decide?

The Constitutional Court noted that the reasoning behind the court upholding the lawsuit of the prosecutor's office was primarily the fact that the obligation

¹ <https://www.forbes.ru/biznes/536990-ks-zakrepil-iscislenie-sroka-davnosti-s-daty-prokurorskoj-proverki?ysclid=makwprz6a619942506>

² The Decision of the Saratov Region Commercial Court dated 25 March 2023 in case No. [A57-4722/2022](#).

had been breached to preserve the socially significant profile of the facility that had been privatised (a medical unit and an outpatient clinic). Therefore, the limitation period should be calculated not from the date of privatisation, but from the time when the obligation to preserve the designation (profile) of the facility ceased to be breached.

As a result of the above, the Constitutional Court refused to consider the companies' appeals on their merits³, having stated that the courts had the authority to determine the following, based on the aggregate of the facts of the case:

- the time when the public-law entity learned or should have learned that its rights had been violated;
- the time when the breach took place of the condition concerning how the facility should be used (i.e. when the public entity's rights were breached) during the period when such condition was in effect.

Therefore, the Court did not take into account the date on which the relevant facility passed from public ownership into private ownership during privatisation. *"It is specifically these criteria for the start of the limitation period that apply in cases when a prosecutor initiates a lawsuit to protect the interests of a public-law entity"*, noted the Constitutional Court.

Comments

The issue of a limitation period being missed has virtually been taken off the table because courts are entitled to calculate such period not from the time of privatisation (in the 1990s) but from the date on which a prosecutor's office identified a violation.

The legal community has been vigorously discussing the above rulings of the Constitutional Court as they lack any clear criteria for how to determine the date on which a limitation period should be calculated for the relevant re-nationalisation claims to be established.

Some experts argue that the limitation period starts from the date when a prosecutor's office has identified the violation, while others believe that the limitation period is determined by a court. The rulings state only that the above date may be calculated differently and that the court should assess the facts on a case-by-case basis. Therefore, courts will most likely determine the relevant date either from the time when the prosecutor's check has been performed and a lawsuit filed based on the results of such check, or they will establish the date within the scope of the criminal case which was initiated when the circumstances were identified in which the privatisation procedure was breached.⁴ It is further stated that against the backdrop of the established practice, courts tend to calculate the relevant periods starting from the date on which a government entity has filed a lawsuit.

³The Constitutional Court's Ruling No. [913-O](#) refusing to accept the appeal of Mirage LLC and Ruling No. [914-O](#) refusing to accept the appeal of Geaton LLC, both dated 14 April 2025.

⁴ <https://www.bfm.ru/news/573265?ysclid=mans7hyz1p5518701>

Many lawyers note the trend of a limitation period losing its meaning, which contradicts not only the current civil law institute of a limitation period, but primarily the legal positions of the Constitutional Court itself. Previously, by its Resolution No. 49-P dated 31 October 2024, the Court resolved how limitation periods should be applied to claims for property obtained through corruption to be appropriated by the state.⁵ At that point, the Court stressed that the conclusion that the limitation period does not apply extends only to anti-corruption claims of a prosecutor's office, and *"does not extend to the matter being resolved of whether the limitation period applies to other claims asserted by a prosecutor's office that are aimed at property being transferred to public law entities or at the ownership title being recognised to such property, including claims that are based on the privatisation process having been violated"*. The position that the Constitutional Court has expressed in the rulings results in the protection of public property being given priority and establishes the opportunity for property to become re-nationalised over an unlimited period of time, provided that it has become known that the property is being used improperly.

Such practice will also affect the procedure for purchasing a business established in the distant past inasmuch as it will require that all transactions be checked (as far back as 1991). This will trigger a rather laborious and expensive process for assets to be acquired. This comes in the wake of Russia's Finance Minister Anton Siluanov declaring (on 18 March this year) a planned "proposal for large-scale privatisation". The ministry is planning to step up the privatisation of property which was originally owned by private individuals but has subsequently been nationalised further to court judgments.⁶

Some figures: as reported by the media, at least 67 companies with total revenue of over RUB 807.6 billion and with assets valued at more than RUB 544.7 billion were nationalised in Russia in 2024. In 2023, the total value of the assets of nationalised enterprises came to approximately RUB 483.5 billion, while in 2022 the value was around RUB 280.5 billion.

Assessing the judgements that the Constitutional Court has adopted, the head of the Russian Union of Industrialists and Entrepreneurs (in Russian, known by the abbreviation 'RSPP') Alexander Shokhin is proposing that a procedure be enshrined in the law for how such a limitation period should be calculated, taking into account the Constitutional Court's Ruling No. 49-P.⁷ We can only give our backing to that proposal.

What to think about and what to do

Companies operating in the Russian market may need a professional qualified assessment of business decisions they are making and of other organisational

⁵ For more details, please read our [alert](#).

⁶ <https://ria.ru/20250318/siluanov--2005691119.html>

⁷ <https://rspp.ru/events/news/kommentariy-prezidenta-rspp-k-opredeleniyam-konstitutsionnogo-suda-rf-682333a46a7b2/>

and legal actions in the context of economic activity, including in a situation when they are acquiring property complexes and production assets.

Help from your adviser

Pepeliaev Group's lawyers are ready to analyse the operations and processes within your company with a view to identifying the risks of property being seized further to a prosecutor's check or under related grounds based on changes in court and administrative decisions. We can also devise additional measures to safeguard the rights and legitimate interests of the company and its executives as well as assess what the risks are in dealing with law enforcement bodies.⁸

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⁸ <https://www.pgplaw.ru/practice-and-industry/practices/ugolovno-pravovoy-compliance/>