

RUSSIAN COUNTER- SANCTIONS

Survey of case law on the invalidation
of transactions concluded in violation
of special economic measures

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Content

1. Introduction	3
2. Violation of the public interest and invalidation of transactions	6
3. Review of cases	10
3.1 Invalidity of transactions aimed at the transfer of shares and participation interests	10
3.1.1 Invalidity of transactions aimed at the transfer of participation interests and shares in the authorised capital of strategic enterprises	10
3.1.2 Invalidity of transactions aimed at the transfer of participation interests and shares in the authorised capital of companies belonging to persons related to unfriendly states	10
3.2 Invalidity of real estate transactions	12
3.2.1 Conclusion of transactions without a permit of the Government Commission	12
3.2.2 Sale of unfinished construction	14
3.3 Invalidity of loan agreements and actions to execute them	15
3.3.1 Special conditions on the provision and fulfilment of loans	15
3.3.2 Invalidity of a loan agreement	15
3.3.3 Invalidity of actions to fulfil a loan agreement	17
3.4 Invalidity of transactions on the payment of dividends	19
3.4.1 Temporary procedure for paying dividends	19
3.4.2 Invalidity of the dividend payment	20
3.4.3 Invalidity of assigning rights to dividends	21
3.5 Invalidity of transactions with intellectual property	22
3.5.1 Invalidity of transactions related to the performance of obligations to foreign rights holders	22
3.5.2 Transactions aimed at the alienation of intellectual property	25
3.6 Invalidity of foreign trade transactions	25
3.7 Instances of the refusal to apply Articles 168 and 169 of the Civil Code	27

1. Introduction

After the conflict between Russia and Ukraine intensified in February 2022, the United States, the European Union, and their allies introduced large-scale economic sanctions against Russia. In turn, the Russian authorities passed a wide-ranging set of regulatory measures aimed at retaining foreign capital and limiting the movement of financial assets out of the country.

This set of regulatory acts governs the application of special economic measures¹ and is also known as Russian counter-sanctions (a term we will use below, among others).

The counter-sanctions have had a significant effect on the economic behaviour of individual and corporate market participants that are associated with so-called unfriendly states² (hereinafter “unfriendly states”) and Russian residents that enter into transactions with these individuals and legal entities; despite this, no special penalties for violating counter-sanctions have been adopted.

On the other hand, the set of counter-sanctions introduced measures that in their legal effect can be perceived to be penalties for the improper behaviour of certain subjects (for example, the imposition of temporary administration of foreign assets). The toolkit of civil, administrative, and criminal law has also been proactively used to delineate the boundaries of permissible behaviour when carrying out business transactions.

One of the legal tools most commonly used for this purpose has been the invalidation of transactions committed in breach or evasion of counter-sanctions.

In itself, invalidation is not classified as a penalty in the strictest sense of the term; rather, it is a means of protecting civil rights (Article 12 of the Russian Civil Code). At the same time, certain norms on the invalidity of transactions stipulate adverse material consequences (such as confiscation), the results of which exceed the universal penalties specified by civil law – compensation for damages – and which may have a destructive effect on those to which they are applied. Accordingly, the application of these measures should be tempered with a whole array of limitations and should be strictly controlled by the courts.

¹ The following federal laws serve as the legal basis for adopting the special economic measures: Federal Law No. 281-FZ dated 30 December 2006 “On Special Economic Measures and Enforcement Measures”, Federal Law No. 390-FZ dated 28 December 2010 “On Security”, and Federal Law No. 127-FZ dated 4 June 2018 “On Measures to Respond to (Counteract) the Unfriendly Actions of the United States of America and Other Foreign States”.

² Russian Government Directive No. 430-r dated 5 March 2022 established the list of unfriendly states and territories. States are included on the list if, in the opinion of the Russian government, they have committed hostile actions against the Russian Federation, its citizens, and legal entities.

In practice, there are currently two grounds that are primarily used to invalidate transactions committed in breach of counter-sanctions:

- under Clause 2 of Article 168 of the Russian Civil Code, a transaction that violates the requirements of the law or other legal acts and which also infringes on the public interest or the rights or statutorily protected interests of third parties is null and void, unless the law stipulates that such transaction is voidable or that other consequences of the violation apply, unrelated to the invalidity of the transaction;
- under Article 169 of the Civil Code, a transaction committed for a purpose that deliberately infringes on the foundations of public policy and morals is null and void and entails the consequences established by Article 167 of the Civil Code (restitution). In instances stipulated by law, the court may recover to state revenue all proceeds received by the parties acting deliberately in such transactions, or impose other consequences as established by law.

As a general rule, the legal consequence of the invalidity of a transaction is restitution, i.e. the parties return to each other everything they received in the transaction (Clause 2 of Article 167 of the Civil Code). However, invalidation may have other consequences.

- In Article 169 of the Civil Code, one of the possible consequences of the invalidation of a transaction committed for a purpose that deliberately infringes on the foundations of public policy and morals (a so-called “anti-social” transaction) is the collection to state revenue of everything received in the transaction by one party, or by all parties to the transaction if they acted intentionally.
- Clause 1.1 of Article 15 of Federal Law No. 57-FZ dated 29.04.2008 (“**Law No. 57-FZ**”)³ stipulates that the court may collect as income of the Russian Federation the shares (participation interests) making up the authorised capital of a strategically important business entity, or the property classified as the fixed production assets of a strategically important business entity, when acquired as a result of a null and void transaction by parties that acted intentionally, and may also collect in favour of the Russian Federation the income received as a result of the commission of a null and void transaction by parties that acted intentionally. Null and void transactions are those committed in contravention of Article 7 of the law in question, which stipulates a list of transactions that lead to the establishment of control over strategically important business entities, and which must receive the prior approval of the Government Commission for the Control of Foreign Investments in the Russian Federation (“**Government Commission**”).

³ Federal Law No. 57-FZ dated 29 April 2008 “On the Procedure for Foreign Investments in Business Entities of Strategic Importance for the Defence of the Country and State Security”.

- Under Clause 4 of Presidential Decree No. 520 dated 05.08.2022 (“**Decree No. 520**”)⁴ transactions (operations) committed in violation of the provisions of Decree No. 520 are null and void. If such transactions (operations) are performed, the securities of Russian legal entities, the participation interests (contributions) making up the authorised (joint) capital of Russian legal entities, and the participation interests belonging to participants in production sharing agreements do not confer on their owners the rights stipulated by the laws of the Russian Federation, production sharing agreements, joint venture agreement, or other agreements.

In its Thematic Review No. 8/2026 (“**Thematic Review**”),⁵ the Supreme Court of the Russian Federation summarises court practice to elaborate a number of legal positions on issues of the invalidation of transactions concluded in breach of the special economic measures.

These legal positions require further consideration and specification both as case law evolves and when structuring transactions. For this reason, and for the reasons set out below, we believe it is necessary to provide our clients with this survey of court practice on the invalidation of transactions.

- The most important reason is that the legal positions taken by the Russian Supreme Court have created a number of questions for existing practice in the performance of transactions in the area of the payment of dividends and loans.
- By no means does the Thematic Review cover all of the issues related to the invalidation of transactions carried out in breach of counter-sanctions. Nonetheless, the court practice left beyond the scope of the Thematic Review is also worth examining from a practical point of view, especially if you consider that the prosecutor’s office, the Federal Tax Service, and the Federal Customs Service took an active role in its elaboration.
- Of critical importance is the question of when a transaction committed in breach of counter-sanctions can be classified by the courts as an anti-social transaction to which the provisions on confiscation of everything received under the null and void transaction (Article 169 of the Russian Civil Code) can be applied.

⁴ Decree No. 520 of the President of the Russian Federation dated 5 August 2022 “On the Application of Special Economic Measures in the Financial and Fuel and Energy Sectors in Connection with the Unfriendly Actions of Certain Foreign States and International Organisations”

⁵ “Thematic Review of the Supreme Court of the Russian Federation No. 8/2026. On the Application by Commercial Courts of Legislation on Special Economic Measures Stipulated for the Protection of the National Interests of the Russian Federation”, approved by Judgment No. 11A/2026 of the Presidium of the Supreme Court of Russia dated 17 June 2026.

2. Violation of the public interest and invalidation of transactions

As we noted above, the practice of invalidating transactions that breach counter-sanctions is built on the basis of Clause 2 of Article 168 and 169 of the Civil Code. In both instances, transactions are null and void and of no legal consequence from the time of their commission.

In the majority of cases, the courts cite Clause 2 of Article 168 of the Civil Code as the grounds for invalidating transactions. In order to declare a transaction void in this case, the transaction must have violated the law or other legal act and at the same time infringed on the public interest or the rights and statutorily protected interests of third parties.

The Supreme Court explains that “as applies to Articles 166 and 168 of the Russian Civil Code, the public interest should be understood to mean, among other things, the interests of the general public, ensuring the security of the life and health of citizens, as well as the defence and security of the state and the protection of the environment. A transaction that violates a clearly stated prohibition established by law is null and void as it infringes on the public interest... In and of itself, the fact that a transaction contravenes the law or infringes on the rights of a public legal entity does not attest that a breach of the public interest has occurred.”⁶

As concerns the violation of counter-sanctions in court practice, there seems to be an established consensus that such transactions:

- breach clearly expressed prohibitions contained in the laws or other legal acts governing the implementation of the special economic measures (point 1 of the Thematic Review);
- run counter to the goals of ensuring the financial stability of the Russian Federation and controlling the circulation of the assets of foreign entities related to unfriendly states (points 1 and 3 of the Thematic Review);
- when performed to evade counter-sanctions, these transactions breach the general prohibition against abuse of a right, established in Article 10 of the Russian Civil Code: it is not permissible to exercise civil rights solely with the intention

⁶ Clause 75 of Resolution No. 25 of the Plenary Session of the Supreme Court of the Russian Federation dated 23 June 2015 “On the Application by the Courts of Certain Provisions of Section I of the First Part of the Civil Code of the Russian Federation”.

of causing harm to another, to act to evade the law with an unlawful purpose, or otherwise to deliberately exercise civil rights in bad faith (abuse of a right). The breach of this prohibition constitutes independent grounds to invalidate a transaction.⁷

Given the fairly broad interpretation that Russian courts have given to the concept of “public interest” as concerns violations of counter-sanctions, the issue of when such violations infringe on the foundations of public policy (or even morals) becomes particularly important, as this allows the courts to impose the collection to state revenue of everything received under such a transaction.

The Thematic Review does not provide a precise set of legal tools to answer this question. Point 2 of the Thematic Review is devoted to the application of Article 169 of the Civil Code; however, the legal position it sets out does not answer the question why a transaction aimed at establishing foreign control over a strategic enterprise without the approval of the Government Commission is null and void under Article 15 of Law No. 57-FZ and under Article 169 of the Civil Code, but not Clause 2 of Article 168 or Clause 1 of 173.1 of the Civil Code. Where is the violation of the foundations of public policy in this case? Is it enough that (as indicated in the court decision) the transaction “directly affects the production, energy, and military security of the exclave constituent subject of the Russian Federation” and/or that the buyer was a company registered in an unfriendly state?

Clause 85 of Resolution No. 25 of the Plenary Session of the Russian Supreme Court dated 23 June 2015 states that Article 169 of the Russian Civil Code covers transactions that violate the fundamental principles of Russian public policy, the principles of the social, political, and economic organisation of society, and its moral integrity. It also provides a fairly detailed list of such transactions: these include but are not limited to transactions aimed at the production and disposal of assets subject to restrictions in civil transactions (certain types of weapons, ammunition, narcotic substances, and other products with properties that pose a danger to the lives and health of citizens, etc.); transactions aimed at the production and dissemination of literature and other products promoting war or ethnic, racial, or religious enmity; transactions aimed at the production or distribution of counterfeit documents and securities; and transactions violating the foundations of parent-child relations.

Based on the above list, it is clear that those drafting the legislation did not seek to introduce an expansive interpretation of anti-social transactions.

At the same time, existing court practice, taking into consideration the legal positions of the Russian Constitutional Court,⁸ considers transactions and other actions aimed at evading Law No. 57-FZ to be infringement on the foundations of public policy and

⁷ Clause 7 of Resolution No. 25 of the Plenary Session of the Russian Supreme Court dated 23 June 2015.

⁸ Ruling No. 1106-O of the Constitutional Court of Russia dated 18 June 2020.

morals and subject to the consequences stipulated by Article 169 of the Civil Code⁹. However, this does not answer the question of what this approach is based on. It is extraordinarily important to establish more or less clear and verifiable criteria in this case, since Article 15 of Law No. 57-FZ leaves the choice of the consequences of voiding a transaction – confiscation or mutual restitution – to the discretion of the court, depending on the specific circumstances of the case.

As for other cases where transactions are null and void but are not covered by Law No. 57-FZ, they are mainly related to various transactions (including sham transactions) that arrange (mask) the diversion of funds to foreign jurisdictions. The courts generally use formal grounds to justify their conclusion that a specific transaction infringes on the foundations of public policy and morals: it is sufficient to make a general assertion that the rules of the special economic measures protect the basic public interest (financial stability of the state, security) with reference to Clauses 75 and 85 of Resolution No. 25 of the Plenary Session of the Supreme Court dated 23 June 2015.

In addition, the courts often consider such transactions to constitute the “circumvention of the provisions of law by parties to civil transactions for unlawful purposes related to the performance of illegal financial operations”.¹⁰ The actual transfer of monetary funds under a transaction without using a type C account is recognised to be indicative of such circumvention of the rules. As evidence of the violation of the public interest in these instances, the courts accept not only court decisions on administrative and criminal cases related to currency offences (Article 15.25 of the Code of Administrative Offences, Article 193.1 of the Criminal Code) but also the materials of prosecutors’ investigations. Under these conditions, the risk that Article 169 of the Civil Code will be applied to such transactions increases.

Below we examine individual instances of the application of Article 169 of the Civil Code. However, the probability of applying Article 169 becomes the sole possible option if a person connected to an unfriendly state is a party to the transaction and it is not possible to carry out the restitution of income that this party received from the transaction (for example, because it was moved abroad). In this case the assets themselves that were the subject of the transaction may be confiscated, along with other property belonging to the party to the null and void transaction located within Russia.

⁹ Ruling No. 309-ES18-16403 of the Supreme Court of Russia dated 20 June 2023 in case No. A50-10758/2017; Judgement No. F08-2797/2026 of the Commercial Court of the North Caucasus District dated 10 June 2026 in case No. A32-57298/2025; Judgment No. F07-11427/2025 of the Commercial Court of the Northwest District dated 9 December 2025 in case No. A21-1175/2025; Judgment No. F09-4509/25 of the Commercial Court of the Urals District dated 11 November 2025 in case No. A07-1729/2025.

¹⁰ Point 9 of the “Review of Certain Issues of Court Practice Related to the Adoption by the Courts of Measures against Illegal Financial Operations”, approved by the Presidium of the Supreme Court of Russia on 8 July 2020.

In connection with this, it is worth noting that Article 169 can be applied together with Clause 1 of Article 237 of the Russian Civil Code, pursuant to which property is taken through a lien of enforcement for the obligations of the owner based on a court order, unless the law or a contract stipulates a different procedure for enforcement.¹¹

We must note that there is a systemic flaw in the imposition of confiscation of the receipts of a transaction performed in violation of the special economic measures, even if one assumes *arguendo* that these transactions infringe on the foundations of public policy and morals: pursuant to Article 169 of the Civil Code, such penalties may be imposed “in cases stipulated by law”.

In other words, the general consequence of an anti-social transaction under Article 169 is the mutual restitution stipulated by Article 167 of the Civil Code. Confiscation is imposed only in the event such a measure is stipulated by a special law.

“The consequences of an anti-social transaction consist in the return of everything performed in this transaction, unless such return violates the foundations of public policy and morals. Among other things, narcotics, poisons, and falsified documents cannot be returned by the court on these grounds. Confiscation as the consequence of an anti-social transaction can be imposed only when specifically provided by a special law. As a general rule, the norm of confiscation has been removed from the Code, mainly due to the idea that confiscation is a sanction of public law and is not compatible with civil law.”¹²

In this respect, confiscation is more appropriate as a penalty for null and void transactions aimed at legalising criminal incomes, since criminal law stipulates the confiscation of property as a punitive treatment in criminal law. Nonetheless, in cases where the subject is the removal of funds from Russia as a result of null and void transactions, the practice of confiscation under Article 169 of the Civil Code will apparently continue, since it concerns the currently important economic and political interests of the state.

¹¹ See Judgement Nos. 09AP-63460/2025, 09AP-63462/2025, 09AP-63463/2025, 09AP-63465/2025, and 09AP-63466/2025 of the Ninth Commercial Court of Appeal dated 13 February 2026 in case No. A40-75763/2025.

¹² Konstantin Ilyich Sklovsky, *Сделка и ее действие. Комментарий главы 9 ГК РФ. Принцип добросовестности* [The Transaction and Its Effect; Commentary on Chapter 9 of the Russian Civil Code; The Principle of Good Faith], 4th expanded edition. Moscow: Statut, 2019, commentary on Article 169 of the Civil Code.

3. Review of cases

3.1 Invalidity of transactions aimed at the transfer of shares and participation interests

3.1.1 Invalidity of transactions aimed at the transfer of participation interests and shares in the authorised capital of strategic enterprises

As we wrote above, the invalidity of transactions performed in violation of Law No. 57-FZ relates to obvious cases where the transaction is null and void, and the courts frequently order confiscation, especially if the transaction resulted in the establishment of control by a foreign investor.

Clause 1 of Article 15 of Law No. 57-FZ explicitly states that such transactions are invalid. These transactions are null and void, and the actions involved have no legal effect, from the moment they are performed. As a rule, the courts order the confiscation of all property received in the transaction as the legal consequence of the invalidity of the transaction. The Thematic Review reinforced this approach.

Claimants in such cases may be the prosecutor's office, parties to the transaction, or participants in companies whose assets were the subject of the transaction.

3.1.2 Invalidity of transactions aimed at the transfer of participation interests and shares in the authorised capital of companies belonging to persons related to unfriendly states

The special procedure for the performance of transactions aimed at the transfer of rights to participation interests and shares in companies belonging to persons from unfriendly states, or in companies under the control of such persons, is established by Presidential Decree No. 81 dated 01.03.2022.¹³ ("**Decree No. 81**"), Presidential Decree No. 618 dated 08.09.2022.¹⁴ ("**Decree No. 618**"), and Decree No. 520. The permission of the Government Commission is required to perform such transactions

¹³ Decree No. 81 of the President of the Russian Federation dated 1 March 2022 "On Additional Temporary Economic Measures to Ensure the Financial Stability of the Russian Federation".

¹⁴ Decree No. 618 of the President of the Russian Federation dated 8 September 2022 "On the Special Procedure for the Performance (Execution) of Certain Types of Transactions (Operations) between Certain Persons".

in accordance with Decree No. 81 and Decree No. 618. The permission of the Government Commission is required to perform such transactions in accordance with Decree No. 81 and Decree No. 618. For transactions aimed at the transfer of participation interests and shares in enterprises in the financial and fuel and energy sectors, a special decision of the President of the Russian Federation is required.

There are three grounds found in court practice for invalidating transactions violating the aforementioned special procedure:

- **Clause 1 of Article 173.1 of the Civil Code:** a transaction performed without obtaining the consent of the third party, the body of the legal entity, or state or municipal agency as required by law. Such transactions are voidable unless the law implies that in the absence of such consent the transaction is null and void or has no legal consequences for the person authorised to give consent. It may be declared invalid pursuant to the claim of the third party or other parties indicated in the law.¹⁵
- **Clause 2 of Article 168 of the Civil Code:** a transaction violating the requirements of the law or other legal acts and at the same time infringing on the public interest or the rights and statutorily protected interests of third parties. Such transactions are declared null and void, with the imposition of mutual restitution.¹⁶
- **Article 169 of the Civil Code:** a transaction concluded for a purpose that deliberately infringes on the foundations of public policy and morals. Such a transaction is null and void and subject to mutual restitution. As a general rule, the fact that a transaction is null and void does not result in confiscation in such cases. Apparently, unlike transactions with the assets of strategic enterprises under Law No. 57-FZ, the state is not interested in expanding the use of confiscation here. Clause 4 of Decree No. 520 does stipulate consequences other than confiscation for null and void transactions associated with the withdrawal of foreigners from unfriendly states from the assets of strategic industrial enterprises.¹⁷ and credit institutions:¹⁸ the securities of Russian legal entities, participation interests in

¹⁵ See, for example, the judgment of the Twenty-First Commercial Court of Appeal dated 9 February 2026 in case No. A86-667/2024.

¹⁶ See, for example, the judgment of the Commercial Court of Moscow District dated 19 May 2026 in case No. A40-97579/2024, the judgment of the Twelfth Commercial Court of Appeal dated 21 April in case No. A57-19209/2024, and the judgement of the Twenty-First Commercial Court of Appeal dated 9 February 2026 in case No. A86-667/2024.

¹⁷ According to the list of business entities that are equipment manufacturers for companies in the fuel and energy sector and provide after-sales support and maintenance services for this equipment, business entities that are producers and suppliers of fuel and/or electricity, business entities engaged in the refining of oil, petroleum feedstock, and the production of refining products (Appendix to Directive No. 372-rp of the President of the Russian Federation dated 9 November 2022).

¹⁸ According to the list of Russian credit institutions prohibited from performing transactions (operations) with the assets and participation interests (contributions) making up their charter capitals (Appendix to Directive No. 357-rp of the President of the Russian Federation dated 26 October 2022).

(contributions to) the charter (joint) capitals of Russian legal entities, and participation interests belonging to participants in production sharing agreements do not grant their holders the rights stipulated by the laws of the Russian Federation, production sharing agreements, joint venture agreements, and other contracts and agreements. However, the likelihood that the courts may apply confiscation in these instances in case of the submission of corresponding claims cannot be ruled out.

The parties to a transaction or the participants in the companies whose assets were the subject of the transaction, and, less frequently, the prosecutor's office, are the claimants in these cases.

In general, one could say that restitution (the return of the parties to their original position) is the consequence of a violation of counter-sanctions during the sale of shares and participation interests. The confiscation of property may be applied as a consequence of a transaction being null and void, if we are talking about strategic enterprises.

3.2 Invalidity of real estate transactions

3.2.1 Conclusion of transactions without a permit of the Government Commission

Decree No. 81 established a special procedure for transactions involving the transfer of rights to immovable property. These transactions can be performed with a permit of the Government Commission, unless they are included on an exhaustive list of transactions that have been excluded from the special procedure by the Presidential Decrees or are subject to "general permits" of the Government Commission, i.e. permits that are issued to an indeterminate group of persons.¹⁹

The Bauer Technologies case remains the best-known example of violations of the special procedure in real estate transactions.²⁰

¹⁹ The possible issue of these permits was stipulated by Clause 16 of Resolution No. 295 of the Government of the Russian Federation dated 6 March 2022 (as amended on 15 July 2026) "On Approving the Rules for the Issue of Permits by the Government Commission for the Control of Foreign Investments in the Russian Federation for the Implementation of Additional Temporary Economic Measures to Ensure the Financial Stability of the Russian Federation and Other Permits Stipulated by Certain Decrees of the President of the Russian Federation, as well as for the Exercise of Other Authorities for the Aforementioned Goals and for the Introduction of Amendments to the Resolution on the Government Commission for the Control of Foreign Investments in the Russian Federation".

²⁰ Judgment of the Commercial Court of Moscow District dated 23 October 2023 in case No. A41-101031/2022.

The court declared null and void a sale and purchase agreement for a maintenance depot that also included real estate assets because the parties to the transaction had not received a permit of the Government Commission as stipulated by Decree No. 81. Preliminary permission was not received, although the purchaser had, after the filing of a claim by the seller, applied to the Government Commission for a permit, but to no avail. The sale and purchase agreement had been registered by the Office of the Federal Service for State Registration, Cadastre and Cartography (Rosreestr). Subsequently, however, in its response to the claimant's inquiry, the Federal Registration Service of Russia referred to the illegality of the transaction and initiated an internal investigation.

The court declared the transaction null and void under Clause 2 of Article 168 of the Civil Code and ordered mutual restitution. The court perceived as a violation of Article 168 of the Civil Code, which, in turn, is a violation of the principle of good faith (Article 10 of the Civil Code), the fact that "the parties to the transaction in question had circumvented the law and the requirements of regulatory acts".

The courts also discerned here a circumvention of the provisions of the law for unlawful purposes related to the performance of illegal financial operations. This is because the money used to pay the purchase price had been credited to the seller's settlement account instead of a type C account. As we wrote earlier, in many decisions this argument is used as an independent ground for declaring a contravention of public interest and could lead to the application of Article 169 of the Civil Code (see above page 7).

Despite the self-evidentiary nature of the factual allegations, this case raises several additional questions.

The subject of the transaction was a property complex that included both movable and immovable property. In fact, according to the purchaser, the movable property accounted for the majority of the property complex. Nevertheless, the court declared the entire transaction null and void. In other situations, however, it is reasonable to raise the question of the partial recognition of a transaction as null and void, namely to the extent that special economic measures apply to it.

The subsequent appeal of an interested party to the transaction to the Government Commission cannot "cure" the transaction. On the contrary, the court sees this as evidence of intent and the determination of the parties to skirt the provisions of the law.

A transaction that requires a permit of the Government Commission may be challenged based on other grounds for the invalidation of the transaction stipulated by the Civil Code (for example, the overstepping by a representative of their authorities, collusion with the other party, the causing of damage to a party to the transaction, etc.). In this regard, the receipt of a permit of the Government Commission does not per se remove the possibility of other legal defects in the transaction.

3.2.2 Sale of unfinished construction

In another case²¹ companies concluded a sale and purchase agreement for land plots, which stated that the price of the land plots included the value of the building materials belonging to the seller located on the land plots that were to pass into the ownership of the purchaser. The parties subsequently deleted the sale of the building materials from the sale and purchase agreement for the land plots and transferred their sale to a separate agreement, which was then the subject of a claim by the purchaser on the recovery of the purchase price for the transferred building materials. The claim was dismissed since the court considered the transaction a sham transaction.

During the judicial proceedings it was established that there was unfinished construction on the sold land plots. In the opinion of the prosecutor's office, which was confirmed by the court, the removal of the building materials from the sale and purchase agreement for the land plots and the conclusion of a separate agreement on the same date attests to the parties' intent to perform actions to avoid compliance with the procedures established by Decrees No. 81 and No. 95.

It is unclear from the case materials whether a permit of the Government Commission had been received for the transaction on the sale of the land plots. However, even if it had been received, the failure to include the unfinished construction located on the land plots being sold in the transaction, and therefore in the permit of the Government Commission, would render this transaction null and void under Clause 2 of Article 168 of the Civil Code, as it violates the explicit prohibition established by Article 35 of the Land Code: a land plot cannot be alienated without the buildings and structures located on it if they all belong to the same person. This claim can be filed either by a party to the transaction or by the prosecutor's office to protect the public interest.

Therefore, as stated above, the receipt of a permit of the Government Commission to the transaction does not mean that it cannot be declared null and void based on grounds unrelated to a violation of the special economic measures.

²¹ Judgment of the Nineteenth Commercial Court of Appeal dated 24 July 2026 in case No. A08-2569/2025.

3.3 Invalidity of loan agreements and actions to execute them

3.3.1 Special conditions on the provision and fulfilment of loans

The current special economic measures stipulate two distinct types of restrictions on loans:

- **restriction on providing loans:** 1) the provision of foreign currency to foreign persons without a permit of the Government Commission is prohibited, regardless of whether or not they are associated with unfriendly states (Clause 3(a) of Presidential Decree No. 79 dated 28.02.2022 (“**Decree No. 79**”));²² 2) the provision of rouble loans to non-residents from unfriendly states without a permit of the Government Commission is prohibited (paragraph 2 of Clause 1(a) of Decree No. 81);
- **restriction on the fulfilment of loans:** Presidential Decree No. 95 dated 05.03.2022²³ (“**Decree No. 95**”) introduced a temporary procedure for performing loan obligations. When Russian residents perform these obligations to non-resident creditors from unfriendly states, the payments under the loans are limited to an amount of RUB 10 million per calendar month or the foreign currency equivalent of this amount at the official exchange rate of the Central Bank of the Russian Federation established on the 1st day of each month. If the payment exceeds the threshold amount of RUB 10 million a month (which includes payments on other obligations, for example dividends), it must be made either to a special type C account in a Russian bank, where the money will essentially be frozen, or with a permit of the Government Commission.

3.3.2 Invalidity of a loan agreement

Based on limited existing judicial practice, one can single out several criteria that render a loan agreement an invalid (null and void) transaction:

- an inappropriate borrower;
- the loan is fictitious (sham transaction) or conceals another transaction (fraudulent transaction).

²² Decree No. 79 of the President of the Russian Federation dated 28 February 2022 “On Applying Special Economic Measures in Connection with the Unfriendly Actions of the United States of America and the Foreign Countries and International Organisations Siding with Them”.

²³ Decree No. 95 of the President of the Russian Federation dated 5 March 2022 “On the Temporary Procedure for the Performance of Obligations to Certain Foreign Creditors”.

For example, in one case a Russian company provided a large rouble loan to a borrower from Uzbekistan. While Uzbekistan is not included in the list of unfriendly states, it was discovered during the consideration of the case that the operations of the corporate borrower were managed based on a trust management agreement by a company from Estonia, which has been declared an unfriendly state.²⁴

The judges deemed that the borrower from Uzbekistan was for this reason controlled by a non-resident from an unfriendly state and that, pursuant to paragraph 2 of Clause 1(a) of Decree No. 81, loans cannot be provided to such persons without a special permit. Therefore, the loan was declared a null and void transaction by virtue of Article 10 and Clause 2 of Article 168 of the Civil Code. The judges ruled that the parties must execute restitution, i.e. the borrower must immediately return all the funds received to the Russian company.

In another case, a loan between two Russian legal entities was deemed null and void, as the borrower was controlled by a legal entity from an unfriendly state. This transaction was permissible under Clause 7 of Presidential Decree No. 126 dated 18.03.2022 ("**Decree No. 126**").²⁵ However, the judges concluded that, although the loan agreement had been executed between Russian legal entities, the monetary funds provided under the loan had ultimately been used to repay the obligations of foreign companies associated with the borrower and founded in unfriendly states (Spain and Switzerland). The transaction was deemed null and void based on Article 10 and Clause 2 of Article 168 of the Civil Code, and as a result the borrower was required to return everything received under the loan agreement to the creditor.²⁶

It can be seen from these examples that the courts are ready, when assessing the legitimacy of transactions on the provision of loans, to evaluate a wide range of information, to check the affiliation of the parties to the agreement and related parties, and to follow the money trail up to and including the identification of any foreign entities or citizens controlling the borrower and clarification of the actual purpose of the use of the loan funds.

At the same time, existing practice shows that these types of cases are frequently triggered by corporate conflicts and are initiated by the claims of participants or the management of a company, who help the judges investigate all the details of the transaction and the internal corporate relations of the parties.

²⁴ Judgment No. F07-2613/2025 of the Commercial Court of the Northwest District dated 16 May 2025 in case No. A56-104139/2023.

²⁵ Decree No. 126 of the President of the Russian Federation dated 18 March 2022 "On Additional Temporary Economic Measures to Ensure the Financial Stability of the Russian Federation in the Area of Currency Regulation".

²⁶ Judgment No. F06-2789/2026 of the Commercial Court of the Volzhsky District dated 6 July 2026 in case No. A55-15597/2024 (appeals against the court decision have been submitted to the Russian Supreme Court, but have not yet been considered).

In the high-profile case of Raven Russia, which was considered based on a claim of the Office of the Prosecutor General, the loan agreements concluded by a foreign borrower with Russian affiliate lenders were among other transactions deemed null and void, since the court held that these loans had been concluded solely for the performance of intra-group offsets and not to provide the borrower with monetary funds.²⁷ The loans were declared null and void based on Article 169 of the Civil Code. Since restitution was physically impossible, the court applied Article 237 of the Civil Code to confiscate the respondents' assets in Russia.

In another case where the proceedings have only just begun in the trial court, a claim has been filed by a Russian subsidiary under receivership against the foreign parent company incorporated in an unfriendly state.²⁸

The subsidiary is demanding the return of a loan in the amount of approximately RUB 8.6 billion, which it had provided to the parent company in 2020. According to the subsidiary, the maturity date of the loan has been repeatedly postponed all the way up to 2030, while the debtor has failed to service the loan. The subsidiary proceeds on the assumption that such a protracted withholding of the loan without servicing should de facto be treated as the withdrawal of funds from Russia in the form of disguised dividends. In turn, the withdrawal of funds in an amount exceeding RUB 10 million a month violates the requirements of Decree No. 95, since a permit of the Government Commission must be received for the payment of dividends in this amount.

Therefore, there is no doubt that the extension of the loans must be checked for the risk that they might be reclassified as dividends, while the loan extension agreement might be contested as a fraudulent or sham transaction.

3.3.3 Invalidity of actions to fulfil a loan agreement

Pursuant to the legal position of the Russian Supreme Court, not only the loan agreement itself, but also individual actions to execute the loan agreement in the form of loan payments, may be deemed null and void. In other words, those payments made in direct contravention of the requirements of the special economic measures are recognised as null and void by virtue of Clause 2 of Article 168 of the Civil Code (point 3 of the Thematic Review). The Thematic Review cites by way of example a situation where the repayment to a foreign creditor of the loans issued to a Russian company exceeded the permissible limit of RUB 10 million a month stipulated by Decree No. 95.

²⁷ Judgments No. 09AP-63460/2025, 09AP-63462/2025, 09AP-63463/2025, 09AP-63465/2025, and 09AP-63466/2025 of the Ninth Commercial Court of Appeal dated 13 February 2026 in case No. A40-75763/2025 (upheld by the judgment of the court of cassation, the request for referral to the Russian Supreme Court was denied).

²⁸ See, for example: <https://www.kommersant.ru/doc/8878277>.

A more complicated situation involving the “artificial splitting of payments” on loans is mentioned in the Thematic Review. The Russian Supreme Court recognises such payments as null and void for circumventing the law (Article 10 and Clause 2 of Article 168 of the Civil Code) if each individual payment technically complies with the instructions of the Presidential Decrees, but several such transfers give grounds for believing that the company is intentionally and artificially splitting the large amount of the loan to circumvent the limit (point 4 of the Thematic Review).

The absence in the Thematic Review of even an approximate list of signs of the artificial splitting of payments has already created legal uncertainty and, most importantly, has put repayments by companies of loans within the limit of RUB 10 million a month widely practised prior to the issue of the Thematic Review at risk of being deemed null and void.

The closest example that may be considered as displaying signs of the artificial splitting of payments is a situation where a loan obligation of more than RUB 10 million has matured and the payment is split into tranches of RUB 10 million a month in order to avoid paying the entire debt amount to a type C account.

In this regard, the courts sometimes mistakenly fail to differentiate between the claim of a creditor on the recovery of debt in full (including in an amount exceeding RUB 10 million a month) and the method for satisfying this claim with due account of the established limits.

For example, a Swedish company provided an interest-bearing loan to a Russian entity that the borrower failed to repay on time. The lender subsequently filed a claim in court.

After considering the fact that Decree No. 95 limits performance under the loan agreement to a creditor from an unfriendly state to RUB 10 million a month, and the fact that the claim had been filed for an amount that was much larger, the judges stated that the payment of the claim as filed was impossible due to the established restrictions. This served as one of the grounds for dismissing the claim.²⁹

It would appear that, in this case, instead of applying Articles 168 and 169 of the Civil Code (which are indeed a poor match for this situation), the court decided to refuse to protect the claimant’s rights based on Clauses 2 and 3 of Article 10 of the Civil Code, which allow such a refusal in case of the circumvention of the law for an illegal purpose.

²⁹ Judgment No. F07-4211/2025 of the Commercial Court of the Northwest District dated 27 May 2025 in case No. A56-79644/2023 (the request for referral to the Russian Supreme Court was denied).

In the high-profile case of OOO Torg and Fami Limited (the IKEA case), a Russian company acting as the borrower received a credit line from the foreign lender Fami Limited, an affiliate from an unfriendly state. After Decree No. 95 entered into force, instead of repaying the debt directly, the company instructed its independent Russian counterparty buyer to transfer the amount of OOO Torg's debt to Fami Limited in lieu of payment for goods.

The court declared that the third party had performed a payment on the instructions of the borrower that exceeded RUB 10 million a month. It ruled that the payment to Fami Limited should be considered null and void and applied the consequence of the illegality of this transaction through a confiscation of everything received by the parties under this transaction to state revenue (Article 169 of the Civil Code).³⁰ It is highly likely that Article 169 of the Civil Code was applied in this case due to the impossibility of restitution (by reason of the low probability that the money would be returned to the Russian Federation), and due to the intention to use the possibility to execute a lien on the debtor's property under Article 237 of the Civil Code.

3.4 Invalidity of transactions on the payment of dividends

3.4.1 Temporary procedure for paying dividends

As was the case with the procedure for performing loan obligations (described in point 3.3 above), the temporary procedure for paying dividends to foreign creditors from unfriendly states was introduced in relation to Russian joint stock companies that were the payers of dividends by Decree No. 95, and in relation to other commercial corporations by Presidential Decree No. 254 dated 04.05.2022³¹ ("**Decree No. 254**").

The dividends can only be paid to shareholders (participants) from unfriendly states up to a limit of RUB 10 million per calendar month (or the foreign currency equivalent). If the monthly payment (together with other payments that fall under amount limits) exceeds RUB 10 million, it can be made either to a special type C account in a Russian bank, where the money will effectively be frozen, or with a permit of the Government Commission.

³⁰ Judgment No. 10AP-12762/2024 of the Tenth Commercial Court of Appeal dated 24 December 2024 in case No. A41-6043/2024.

³¹ Decree No. 254 of the President of the Russian Federation dated 4 May 2022 "On the Temporary Procedure for Performance of Financial Obligations in the Area of Corporate Relations to Certain Foreign Creditors".

3.4.2 Invalidity of the dividend payment

In view of the legal positions of the Russian Supreme Court articulated in points 3 and 4 of the Thematic Review, dividend payments are also at risk.

However, while it goes without saying that any such payments in excess of the maximum permitted amount (RUB 10 million a month) might well be challenged given that the violation is clear, in our opinion the applicability of the concept of artificially dividing up dividend payments is an issue that has its own specifics.

Decrees No. 95 and No. 254 essentially established the practice of dividend payments in monthly amounts of up to RUB 10 million when quarterly, semi-annual or annual dividends are disbursed (such intervals are admissible given the requirements of corporate legislation). If this were not the case, the exception to the temporary procedure stipulated by Clause 2 of Decree No. 95, authorising payments that do not exceed RUB 10 million a month without requiring a permit of the Government Commission, would not make sense: it could have simply stated that the dividends payable for any period must not exceed RUB 10 million. If that were so, the limitation to a monthly period would have no legal meaning, as the periods for dividend payments are established by corporate legislation. However, in our opinion, the whole point here is that Clause 2 of Decree No. 95, which sets limits on the size of the monthly payments, implies that such payments are regular in nature. Otherwise, the restriction in itself would not make any sense and would be misleading.

If we are correct in our assumption that the Russian Supreme Court established its legal position on the artificial splitting of payments based on analysis of the case regarding a claim of the Prosecutor General of Russia against individuals and entities affiliated with the logistics operator Raven Russia,³² where the dividends also constitute a form of illegal capital flight, then this leads us to draw the following conclusions.

As the court stated in this case, “in order to avoid formally violating the established limit of RUB 10,000,000, the payments were artificially split into a number of small tranches, none of which exceeded the indicated threshold, and were performed monthly.”

However, it follows from the court decisions that this was not simply a matter of splitting one payment, but entailed instead the organised movement of monetary funds through dividend payments via a corporate group. This was stated in one of the court rulings: “The respondents set up a scheme, jointly with the directors of Raven Russia Group companies under their control, via numerous transactions between affiliates, enabling the intra-group redistribution of profit from the activity of production enterprises to trading and other intermediary companies under their control, which started

³² Judgment No. F05-7145/2026 of the Commercial Court of Moscow District dated 14 May 2026 in case No. A40-75763/2025.

paying monthly dividends to unfriendly persons, in an aggregate amount many times greater than the established restrictions of RUB 10 million and without using type C accounts at Russian banks”.³³

In the given circumstances, one certainly might justifiably assume that this was not simply the structuring of a separate transaction (through instalment payments), but rather a large-scale operation to funnel off funds abroad by artificially splitting the business and creating fictitious profits at the companies included in the transaction chain.

In this instance it could be reasonable to take this legal position on the artificial splitting of payments to circumvent Presidential Decrees and even to apply Article 169 of the Civil Code in the current climate. However, the classification of any installment payment up to RUB 10 million per month as “artificial splitting”, without considering the prevailing circumstances, seems to be unjustified.

3.4.3 Invalidity of assigning rights to dividends

Courts interpret the assignment of rights to dividends by persons subject to Decree No. 95 and Decree No. 254 as a null and void transaction aimed at circumventing the restrictions established by these Decrees.

One can cite as an example the decisions of commercial courts issued further to the claims of a foreign citizen (from Serbia) against Russian companies on the payment of dividends to him, the rights to which he had obtained from the foreign shareholders of these companies.³⁴

The Serbian citizen purchased from a Cypriot company the rights of claim against a number of Russian companies for the payment of dividends. He then brought claims with Russian courts, insisting that these dividends should be paid to him in full without any of the restrictions stipulated by the Presidential Decrees, on the grounds that he was not a person associated with unfriendly states.

The courts dismissed the claimant’s claims, not on the grounds that when a claim is transferred to the purchaser it retains all the restrictions arising from Decrees No. 95 and 254, but instead for the reason that assigning a right subject to restrictions to an individual not directly bound by these restrictions constituted a circumvention of the

³³ Decision of the Commercial Court of the City of Moscow dated 24 October 2025 in case No. A40-75763/25-189-496.

³⁴ Judgment No. 03AP-2238/2026 of the Third Commercial Court of Appeal dated 15 July 2026 in case No. A33-18208/2025, Judgment No. 17AP-3238/2026-GK of the Seventeenth Commercial Court of Appeal dated 16 June 2026 in case No. A60-34761/2025, Decision of the Commercial Court of the City of Moscow dated 25 August 2026 in case No. A40-135884/25-63-284.

law by virtue of Article 10 and Clause 2 of Article 168 of the Civil Code. The transaction involving the assignment of rights was itself declared null and void.

Such a conclusion is consistent with the legal position articulated in point 5 of the Thematic Review, which fundamentally treats the assignment of monetary claims subject to restrictions as a circumvention of the law, probably because (as in this instance) the monetary funds used to pay the claims are transferred in full directly to the foreign creditor, and not to a type C account.

3.5 Invalidity of transactions with intellectual property

Companies associated with unfriendly states also face difficulties protecting their intellectual property rights in Russia owing to the special economic measures.

The intellectual property rights are subject to the restrictions introduced by Presidential Decrees No. 322 dated 27.05.2022³⁵ ("**Decree No. 322**") and No. 430 dated 20.05.2024³⁶ ("**Decree No. 430**").

Based on the subject matter governed by these Decrees, we will consider for the purposes of this review two transaction categories:

- transactions associated with the performance of obligations to rights holders from unfriendly states concerning the legal or illegal use of intellectual property, and
- transactions aimed at the alienation of intellectual property to Russian persons by foreign rights holders from unfriendly states.

3.5.1 Invalidity of transactions related to the performance of obligations to foreign rights holders

Special procedures, exceptions, and the burden of proof

As a general rule, IP rights holders from unfriendly states must only receive the royalties and other fees pertaining to the use of their intellectual property on special type O accounts in Russian banks.

³⁵ Decree No. 322 of the President of the Russian Federation dated 27 May 2022 "On the Temporary Procedure for the Performance of Obligations to Certain Intellectual Property Rights Holders".

³⁶ Decree No. 430 of the President of the Russian Federation dated 20 May 2024 "On the Temporary Procedure for the Acquisition of the Exclusive Rights of Certain Intellectual Property Rights Holders and the Performance of Monetary Obligations to Certain Foreign Creditors and the Persons Under Their Control".

A similar rule also applies to compensation for infringement of exclusive rights awarded to the foreign rights holder by decision of a Russian court.

Consequently, rights holders remain entitled to conclude licensing agreements, demand the reimbursement of losses or compensation in Russian courts for infringement of their intellectual property rights. However, as a general rule any such payments must only be remitted to special type O accounts.

Decree No. 322 establishes a number of exceptions to this general rule. Until recently, the most important exception concerned the rule that Decree No. 322 does not apply to rights holders “duly performing their obligations under contracts concluded with debtors”. Such rights holders are first and foremost companies whose activity was not covered or was only partly covered by the sanctions restrictions, in particular companies from the pharmaceuticals, medical products, and agricultural goods sectors and a number of other industries which had continued licensing their intellectual property to Russian persons to varying degrees after 2022.

This exception was based on the general legal presumption of the good faith of participants in civil commerce (Clause 5 of Article 10 of the Civil Code).

Accordingly, the exercise of this exception did not require rights holders to prove their good faith, but was instead contingent on the ability of other persons to rebut the presumption of the good faith of foreign rights holders and prove the fact of their “undue performance” of contractual obligations.

However, the Russian Supreme Court de facto overturned this presumption in point 11 of the Thematic Review, pointing out directly that the “burden of proving the due performance of obligations under contracts concluded with debtors that are Russian residents is vested on the rights holders”.

Assignment of rights of claim

The issue of the invalidity of transactions in this area concerns primarily the assignment by foreign rights holders of claims to monetary compensation for infringements of their intellectual property rights in favour of Russian persons or foreign persons not associated with unfriendly states. As a rule, foreign rights holders would conclude such assignments to avoid the complex procedure for the enforcement of court decisions via remittances to type O accounts, which are first and foremost opened on the initiative of Russian debtors at Russian banks under foreign sanctions, and secondly imply the actual freezing of the monetary funds. By contrast, the acquirer of the claims was able to recover and obtain amounts of compensation paid to a standard settlement account.

For example, unlike Decree No. 95,³⁷ Decree No. 322 does not expressly regulate the issue of such assignments of rights by persons from unfriendly states to other persons; it does not prohibit them, but at the same time does not expressly allow them and also does not specify whether the assigned right is subject to the restrictions.

According to the legal position of the Russian Supreme Soviet articulated in point 10 of the Thematic Review, a transaction on the assignment of a right of claim is null and void by virtue of its intention to circumvent the requirements of Decree No. 322.

The courts cite almost unanimously Article 10 and Clause 2 of Article 168 of the Civil Code in justification of this conclusion and dismiss the claims of claimants on this basis.³⁸ In other words, the courts interpret this as the bad-faith conduct of parties in contravention of public interest.

Amicable settlement agreement

Occasionally the parties in an intellectual property dispute are not in acute conflict and seek to use a remedy other than the assignment of rights of claim to ensure that amounts due to the foreign rights holder are paid without using a type O account. For example, one such option involves the conclusion of an amicable settlement agreement during the proceedings.

However, this option is also blocked by Russian courts, which refer once again to attempts to circumvent the law (in other words, Decree No. 322) and state that this is the reason why they are unable to approve the proposed amicable settlement agreement. The legal basis is the same – violation of the provisions of Article 10 and Clause 2 of Article 168 of the Civil Code.³⁹ The Thematic Review supports such a practice in point 9.

³⁷ Decree No. 95 permits such an assignment of rights, but imposes on the new creditor the specific procedure for the performance of obligations (see Clause 8 of Decree No. 95). Incidentally, point 5 of the Thematic Review casts this conclusion into doubt (see above page 21).

³⁸ See, for example: Judgment No. S01-298/2026 of the Intellectual Property Court dated 14 May 2026 in case No. A79-6278/2024; Judgment No. 10AP-6744/2026 of the Tenth Commercial Court of Appeal dated 30 July 2026 in case No. A41-11578/2026; Judgment No. 10AP-15334/2025 of the Tenth Commercial Court of Appeal dated 13 February 2026 in case No. A41-44832/2025; and Judgment No. 09AP-6463/2025 of the Ninth Commercial Court of Appeal dated 13 March 2025 in case No. A40-207494/2024.

³⁹ See, for example: Judgment No. 07AP-6376/2024 of the Seventh Commercial Court of Appeal dated 27 September 2024 in case No. A03-7446/2024.

3.5.2 Transactions aimed at the alienation of intellectual property

Another list of restrictions established by Decree No. 430 concerns transactions involving the alienation of intellectual property to Russian persons by rights holders from unfriendly states. Such transactions require the permission of the Government Commission. At the same time, transactions regarding works of science, literature and art, performances, audio recordings, etc., as well as transactions valued at less than RUB 15 million (approximately EUR 154,000/USD 178,000) are exempted from Decree No. 430.

Issues on the invalidity of transactions concluded in violation of Decree No. 430 were not considered in the Thematic Review. In addition, there has not yet been any court practice on this matter. However, it can be assumed here that such transactions would be declared invalid (null and void) as they violate an explicit legal prohibition (Clause 75 of Resolution No. 25 of the Plenary Session of the Russian Supreme Court dated 23 June 2015).⁴⁰

3.6 Invalidity of foreign trade transactions

In a number of instances the parties consider transactions through the prism of not having any real and legal economic goal, in other words, they constitute sham transactions.

One such example was set out above in point 3.2.2, where we mentioned a case where a court had declared the sale of building materials to be a sham transaction, as the court had not been provided with evidence that the materials had actually been transferred.

However, it often happens in such cases that the countersanctions legislation is not addressed as the subject of the violation, but rather as a component substantiating the extreme danger posed by the illegal transaction related, as a rule, to a breach of currency legislation or another financial offence. In other words, the actual participation in such a transaction of a party associated with an unfriendly state automatically leads to this transaction being classified as anti-social, or at the very least as a transaction that contravenes the public interest.

For example, in one case a Russian company transferred money to a foreign counterparty based on forged documents for work that had not actually been performed. Further to the claim of the prosecutor, the court declared the contract on the performance of the work to constitute an invalid (sham) transaction, applying Articles

⁴⁰ See, for example: Judgment No. 07AP-6376/2024 of the Seventh Commercial Court of Appeal dated 27 September 2024 in case No. A03-7446/2024.

169 and 170 of the Civil Code.⁴¹ Strictly speaking, this case concerned a dispute on a foreign trade transaction which was not per se subject to the special economic measures. Nevertheless, the court stated in particular that the beneficiary of the monetary funds was a person registered in an unfriendly state (Bulgaria), which to all intents and purposes served as an additional argument for classifying the transaction under Article 169 of the Civil Code. At the same time, the court stated that “classification of the transaction based on Article 170 of the Russian Civil Code does not rule out the possibility of recognising that such a sham transaction had been concluded with a goal that was deliberately contrary to the principles of public policy”.

In another case, a Russian company controlled by a person from an unfriendly state demanded that the court recover debt under a number of loan agreements concluded in the period of 2018–2019. The court denied the claim on recovering the debt and satisfied the counterclaim on declaring the loan agreements invalid (sham) transactions. In the court’s opinion, the person controlling the claimant “is using legal remedies to subsequently take possession of the participation interests of OOO Ortobel R owned by OOO RusProtTD and is obstructing the possible transfer of the title to the charter capital of OOO RusProtTD to Russian individuals, which constitutes an infringement of the national economic interests of the Russian Federation and the abuse of a right on the part of economic entities owned by a Lithuanian citizen”.⁴²

In this case the court cites the provisions of the countersanctions not to substantiate its conclusion on the sham nature of the transaction itself, but instead to characterise one of the parties to the transaction (the claimant, lender) as a person representing an unfriendly state, which, in the court’s opinion, was indicative of a threat to public interest. Moreover, by way of judicial control, the cassation court pointed out to the lower courts that among other things they had failed to consider, for example, the following arguments of the prosecutor’s office: Lithuania assigned EUR 950 million for military assistance to Ukraine and undertook to assign 0.25% of its GDP for these purposes annually. The court failed to clarify how these media statements were relevant to the invalidation of the specific transaction.

In summary, it can be stated that courts frequently interpret the actual participation of a person from an unfriendly state (including via Russian intermediaries that it controls) in a transaction exhibiting signs of invalidity as evidence of a contravention of the public interest and as a factor that makes it possible to apply the provisions of Articles 168 and 169 of the Civil Code to the transaction.

⁴¹ Judgment No. F06-7098/2025 of the Commercial Court of the Volzhsky District dated 4 December 2025 in case No. A06-6538/2023.

⁴² Judgment No. F10-2004/2025 of the Commercial Court of the Central District dated 10 November 2025 in case No. A08-279/2022.

3.7 Instances of the refusal to apply Articles 168 and 169 of the Civil Code

In certain cases courts deny claimants' petitions (frequently in counterclaims) to declare transactions invalid as a consequence of the violation of countersanctions legislation, on the grounds that this legislation does not apply to the transactions being challenged.

Here we are once again confronted by situations where the claimants use the fact that a person associated with an unfriendly state is a party to the transaction to substantiate the contravention of public interest, with the sole difference being that in these instances the courts do not discern such a contravention.

For example, a district court remained unconvinced by the prosecutor's arguments that Decree No. 81 should be applied to a municipal warranty contract between a municipality and a limited liability company, whose participant was a company from the USA.⁴³

In another case the respondent applied the argument on the violation of countersanctions as the basis for releasing it from liability under a supply contract, holding that "a permit of the competent agency of the Ministry of Finance of the Russian Federation is required to ensure the legality of payments to the claimant". The court ruled that "the fact of the citizenship of the claimant's founder has no legal relevance *per se* and, in the absence of any evidence to the contrary, does not attest to the need to apply to the matter being considered here the provisions of Article 10 of the Russian Civil Code on the abuse of a right by the claimant".⁴⁴

Regarding assignments of rights of claim, the courts operate on the general understanding that if the actual claim is not covered by the special economic measures arising from the Presidential Decrees, then the assignment of this claim to any third party must be deemed valid. Such an approach is reflected in point 6 of the Thematic Review and started to be adopted even earlier in court practice.

For example, in one case the claimant in a counterclaim (the respondent in the initial claim on recovering debt under a supply contract) requested that the court use Articles 10 and 168 of the Civil Code to declare null and void an agreement on the assignment of claims arising from a contract on the supply of plant protection products, regarding which a company registered in Estonia was the supplier and the assignor under the assignment. The court ruled that legislation did not prohibit either

⁴³ Judgment No. F03-3630/2023 of the Commercial Court of the Far Eastern District dated 11 October 2023 in case No. A59-1182/2023.

⁴⁴ Judgment No. 19AP-2988/2023 of the Nineteenth Commercial Court of Appeal dated 18 July 2023 in case No. A08-12312/2022.

the assignment of claims regarding the obligations of residents to foreign creditors under the supply contract or the performance of obligations under this assignment.⁴⁵

Another case concerned the recognition and enforcement in Russia of the arbitral award of an arbitral tribunal administered by the International Chamber of Commerce (ICC). The respondent, who had lost the dispute in arbitration, objected to the issue of a writ of execution to enforce the arbitral award, citing restrictions arising from the Presidential Decrees and insisting that the assignment of a right of claim from a creditor from an unfriendly state (the Netherlands) should be considered invalid owing to these restrictions. However, the court decided that the primary claim in terms of its nature was not covered by the Presidential Decrees, and accordingly that there were no grounds for finding such an assignment null and void.⁴⁶

⁴⁵ Judgment No. 17AP-8242/2024(2)-AK of the Seventeenth Commercial Court of Appeal dated 24 April 2025 in case No. A60-32775/2024.

⁴⁶ Ruling of the Commercial Court of Sverdlovsk Region dated 24 July 2026 in case No. A60-26002/2026.

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