

Press Release

London High Court denies Russia immunity in \$50 billion Yukos claim

LONDON, NOVEMBER 1, 2023 – The High Court in London today rejected the Russian Federation’s attempt to hide behind state immunity from jurisdiction in the enforcement proceedings brought by the former Yukos majority shareholders. This means the former Yukos majority shareholders are a significant step closer to having the 50-billion-dollar Arbitral Awards recognised and enforced against Russian state assets in England and Wales.

GML CEO Tim Osborne welcomes the decision. *“The Russian Federation’s legal strategy is to try and re-litigate a case they have lost again and again”,* according to Mr. Osborne. *“We are pleased with the High Court judgment and with the Court’s directions allowing the case to proceed to its next stage without further delays, getting us closer to the moment when the Russian Federation will have to pay for its illegal actions. This is a very positive development not only for us, but also for all other victims of the Russian Federation.”*

\$50 billion Award for illegal expropriation

Back in 2014, an independent Court of Arbitration in The Hague unanimously awarded the former majority shareholders in Yukos Oil more than 50-billion-dollars in compensation for the illegal and politically motivated expropriation by the Russian Federation of their investment in the company.

Since the Russian Federation refused to pay, the former majority shareholders started legal proceedings in several countries, including England and Wales, to have the awards recognised. This is a precursor to the awards being enforced against Russian state property in England and Wales under the New York Convention.

These proceedings were temporarily put on hold (“stayed”) pending Russia’s appeals in the Dutch court system. Following a favourable decision of the Dutch Supreme Court in November 2021 and the Russian Federation’s invasion of Ukraine in February 2022, the High Court allowed the proceedings for the determination of the question of the Russian Federation’s sovereign immunity to be recommenced.

London High Court denies Russia immunity protection

The former shareholders argued that since The Hague Court of Appeal and the Dutch Supreme Court had ruled against Russia on all grounds that are relevant to the Russian Federation’s sovereign immunity defence before the English court, the Russian Federation should be precluded from re-arguing the same questions again.

The High Court agreed, stating that *“... the [Russian Federation] is, by reason of the judgments of the Dutch courts, precluded from re-arguing the question of whether it has agreed in writing to submit to arbitration the disputes that are subject of the Awards”,* and that therefore *“the Jurisdiction Application ought to be dismissed forthwith”*.

The Russian Federation’s application for permission to appeal today’s decision was denied. The High Court ordered the Russian Federation (1) to pay the former shareholders their costs of the legal proceedings related to the Russian Federation’s claim to sovereign immunity, including interest on the historic costs, with £1.5 million on account of those costs to be paid with 28 days, and (2) to file its defence against the claim for recognition and enforcement of the awards by the end of January 2024. The next hearing in these proceedings will be scheduled for the first date that the Court is available after mid May 2024.

United States court ruling imminent

The former majority shareholders have also initiated recognition and enforcement proceedings in the United States before the District Court for the District of Columbia, so they can enforce the awards against Russian state assets in the United States.

In April of 2022, the District Court refused Russia's request to delay these proceedings any further, noting *"[t]he delay in this case has already been substantial: the arbitration underlying this litigation was initiated almost two decades ago and the Dutch set-aside proceedings that started in 2014 have yet to be resolved eight years later, with no evident resolution in the horizon"*.

Tim Osborne is confident the District Court for the District of Columbia will issue its ruling soon. *"We expect the District Court to issue its ruling on the Russian Federation's claim to sovereign immunity in those proceedings at any moment"*, notes Mr. Osborne. *"The moment when Russia will truly be held accountable for its actions is near"*.

You can find the High Court ruling here:

<https://caselaw.nationalarchives.gov.uk/ewhc/comm/2023/2704>

About GML

GML, through its wholly-owned subsidiaries, Yukos Universal Limited and Hulley Enterprises Limited, together with Veteran Petroleum Limited were the majority shareholders of the former Yukos Oil Company. In 2014, an independent Arbitral Tribunal in The Hague awarded them more than \$50 billion in compensation for the illegal expropriation of their investments by the Russian Federation.

In its Final Award, the independent Arbitral Tribunal concluded that:

- *"Russian courts bent to the will of Russian executive authorities to bankrupt Yukos, assign its assets to a State-controlled company, and incarcerated a man who gave signs of becoming a political competitor";*
- *"... [T]he State's campaign of intimidation and harassment not only disrupted the operations of Yukos but also contributed to its demise";*
- *"... [T]he primary objective of the Russian Federation was not to collect taxes but rather to bankrupt Yukos and appropriate its valuable assets."*

The Russian Federation appealed the decision in the Dutch court system. In 2016, the District Court of The Hague set aside the Arbitral Awards on grounds of jurisdiction. In February 2020, the Court of Appeal of The Hague quashed the decision of the District Court and reinstated the Arbitral Awards. The Dutch Supreme Court affirmed the substance of that ruling in November of 2021 and referred one minor issue, which had earlier been rejected by the Hague Court of Appeal on procedural grounds, for full consideration by the Court of Appeal in Amsterdam. The Hague Court of Appeal [confirmed](#) that the shareholders can continue to enforce the awards while the appeal on this remaining issue is pending.

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For more information/not for publication

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