



EUROPEAN COURT OF HUMAN RIGHTS
COUR EUROPÉENNE DES DROITS DE L'HOMME

SECOND SECTION

CASE OF MILOSAVLJEV v. SERBIA

(Application no. 15112/07)

JUDGMENT

STRASBOURG

12 June 2012

FINAL

22/10/2012

This judgment has become final under Article 44 § 2 of the Convention. It may be subject to editorial revision.

In the case of Milosavljev v. Serbia,

The European Court of Human Rights (Second Section), sitting as a Chamber composed of:

Françoise Tulkens, *President*,

Danutė Jočienė,

Dragoljub Popović,

Işıl Karakaş,

Guido Raimondi,

Paulo Pinto de Albuquerque,

Helen Keller, *judges*,

and Stanley Naismith, *Section Registrar*,

Having deliberated in private on 22 May 2012,

Delivers the following judgment, which was adopted on that date:

PROCEDURE

1. The case originated in an application (no. 15112/07) against Serbia lodged with the Court under Article 34 of the Convention for the Protection of Human Rights and Fundamental Freedoms (“the Convention”) by a Serbian national, Mr Živko Milosavljev (“the applicant”), on 21 March 2007.

2. The applicant was represented before the Court by Ms M. Kulidžan, a lawyer practising in Kikinda. The Serbian Government (“the Government”) were represented by their Agent, Mr S. Carić.

3. The applicant alleged that he had suffered a breach of his right to be presumed innocent, and complained about the confiscation of his vehicle.

4. On 7 December 2010 the application was communicated to the Government. It was also decided to rule on the admissibility and merits of the application at the same time (Article 29 § 1).

THE FACTS

I. THE CIRCUMSTANCES OF THE CASE

5. The applicant was born in 1947 and lives in Kikinda.

A. The facts as presented by the applicant

6. The facts of the case, as submitted by the applicant, may be summarised as follows.

7. In September 2000 the applicant bought a car (Mercedes 190D) from a person who lived in Germany. His intention was to use it as a taxi. Since the car was already more than six years old, the applicant was unable to have it directly registered in Serbia. Therefore, he first had the car registered in Bosnia and Herzegovina, in his relative's name, and only registered the car in Serbia in December 2000, which was when the latter State adopted legislation making this arrangement possible.

8. On 21 January 2003 the Municipality of Kikinda issued a decision stating that the applicant, being a taxi driver since 20 September 2002, would from now on be using the car at issue as a taxi.

9. On 6 May 2004 the police seized the applicant's car because of a customs violation (*carinski prekršaj*).

10. On 5 July 2004 the Customs Office (*Komisija za carinske prekršaje Carinarnice Zrenjanin*) discontinued the misdemeanour proceedings (*prekšajni postupak*) brought against the applicant, but decided nevertheless to confiscate his vehicle. The Customs Office explained that it was convinced that the applicant had committed the offence in question, i.e. that he had accepted to import a vehicle which could not have legally been imported and had not informed the competent customs authorities thereof, but noted that the misdemeanour proceedings could not be continued in view of the applicable "relative prescription" period (*relativna zastarelost*). The confiscation, however, was warranted since no "absolute prescription" (*apsolutna zastarelost*) had occurred (see paragraphs 23-25 below).

11. On 21 July 2004 the applicant filed an appeal against this decision, noting that the Customs Office had failed to properly establish the relevant facts, and had also come to "an erroneous legal conclusion" leading to the ultimate confiscation of his car.

12. On 18 February 2005 the Ministry of Finance (*Ministarstvo finansija*) rejected this appeal. In so doing, it stated, *inter alia*, that absolute prescription had not occurred and that the impugned confiscation was thus lawful.

13. On an unspecified date thereafter the Customs Office apparently sold the applicant's car to a third person. The money thus obtained was deposited with the Ministry of Finance.

14. On 16 March 2005 the applicant filed an appeal on points of law (*zahtev za vanredno preispitivanje pravosnažnog rešenja*), re-stating his earlier arguments.

15. On 2 February 2007 the Supreme Court (*Vrhovni sud Srbije*) rejected the applicant's appeal on points of law and upheld the impugned decision of the Ministry of Finance, as well as its reasoning.

B. Additional facts presented by the Government

16. The Government disagreed with some of the facts provided by the applicant and furnished additional details, which may be summarised as follows.

17. The applicant bought a second-hand car (Mercedes 190D) in August 2000 from a person who lived in Germany. The car's former owner returned the licence plates to the competent German authorities.

18. At that time and given the vehicle age limitation requirement, the car in question could not have been legally imported to Serbia. In any event, even if this were possible, the applicant would have had to pay a significant sum for customs duties and taxes, i.e. a total of 44% of the catalogue value of the car.

19. At some point in 2000 the Government announced that it was considering a decree which would make it possible to import cars from one of the former Yugoslav republics free from any duties or taxes, and irrespective of the vehicle's age. This decree was ultimately adopted in December 2000 (see paragraph 28 below).

20. The applicant then used forged documents to prove that the car had been registered in Bosnia and Herzegovina, in another person's name, for the past three years. Thus he secured the enjoyment of the benefits provided by the said decree and succeeded in registering the car in Serbia on 12 December 2000.

21. On 23 March 2005 the Municipal Court (*Opštinski sud*) in Kikinda found the applicant guilty of having committed the crime of securing official certification of false information (*navođenje na overavanje neistinitog sadržaja*). In particular, the Municipal Court established that the applicant had submitted a forged document, i.e. a false Bosnian-Herzegovinian traffic permit, meant to indicate that the car in question was being imported from Bosnia and Herzegovina, rather than Germany, on the basis of which the competent Serbian authorities had issued him with a Serbian traffic permit (*saobraćajna dozvola*). The applicant, who had paid 5,000 German Marks (DEM) for the car, was sentenced to three months' imprisonment, suspended for a period of one year.

22. On 1 June 2005 the District Court (*Okružni sud*) in Zrenjanin upheld this judgment on appeal, and it thereby became final.

II. RELEVANT DOMESTIC LAW

A. Customs Act 1992 (Carinski zakon, published in the Official Gazette of the Federal Republic of Yugoslavia - OG FRY- nos. 45/92, 16/93, 50/93, 24/94, 28/96, 29/97, 59/98, 23/01, 36/02 and 7/03)

23. Article 199 provides that customs-related misdemeanour proceedings may not be instituted if more than three years have elapsed as of the date of commission of the offence in question (relative prescription).

24. Article 204 § 2 provides, *inter alia*, that a vehicle used for the commission of a customs-related offence may be confiscated even when, for legal reasons, no proceedings may be brought against the perpetrator, except in cases of absolute prescription.

B. Federal Misdemeanours Act 1977 (Zakon o prekršajima kojima se povreduju savezni propisi, published in the Official Gazette of the Socialist Federal Republic of Yugoslavia – OG SFRY – nos. 4/77, 36/77, 20/82, 14/85, 74/87, 57/89, 3/90 and 35/91, as well as in OG FRY nos. 50/93, 24/94, 28/96 and 64/01)

25. Article 48 provides, *inter alia*, that even if misdemeanour proceedings have been instituted absolute prescription shall occur when twice the time required for relative prescription has elapsed.

C. The Misdemeanours Act 1989 (Zakon o prekršajima, published in the Official Gazette of the Republic of Serbia – OG RS – nos. 44/89, 21/90, 11/92, 20/93, 53/93, 67/93, 28/94, 16/97, 37/97, 36/98, 44/98 and 65/01)

26. The Official Gazette of the Republic of Serbia no. 55/04 of 21 May 2004 published an amendment to this Act, whereby, *inter alia*, the Federal Misdemeanours Act 1977 was repealed in its entirety.

27. However, Article 69 § 7 of the Misdemeanours Act 1989, as amended, substantively corresponds to Article 48 § 1 of the former Federal Misdemeanours Act 1977.

D. The regulations concerning the registration of certain vehicles in Serbia

28. In 1997 and 2000 two separate decrees were adopted by the Government (*Uredba o registraciji vozila iz bivših republika SFRJ koje nisu*

u sastavu Savezne Republike Jugoslavije, published in OG FRY no. 32/1997, and *Uredba o posebnoj naknadi za registraciju određenih vozila*, published in OG RS nos. 49/2000, 51/2000 and 7/2001.) They set out the requirements for the registration of certain vehicles in Serbia, including those registered in one of the former Yugoslav republics.

E. The General Criminal Code (*Osnovni krivični zakon*, published in OG SFRY nos. 44/76, 46/77, 34/84, 37/84, 74/87, 57/89, 3/90, 38/90, 45/90 and 54/90, in OG FRY nos. 35/92, 16/93, 31/93, 37/93, 24/94 and 61/01, as well as in OG RS no. 39/03)

29. Article 69 § 1 provides, *inter alia*, that objects used for the commission of a crime may be confiscated if they belong to the perpetrator.

30. Articles 84-87 provide, *inter alia*, that any pecuniary benefit obtained as a result of the commission of a crime shall be confiscated. The pecuniary benefit in question may include money, physical objects and any other valuables. Should confiscation in kind be impossible, the perpetrator may be obliged to pay a certain sum which shall be proportionate to his or her illegal gains.

THE LAW

I. ALLEGED VIOLATIONS OF ARTICLE 6 § 2 OF THE CONVENTION AND ARTICLE 1 OF PROTOCOL NO. 1

31. The applicant complained that the Customs Office had violated his right to be presumed innocent as guaranteed by Article 6 § 2 of the Convention.

32. The applicant further complained that the confiscation of his vehicle had been in breach of Article 1 of Protocol No. 1.

33. The provisions referred to by the applicant read as follows:

Article 6 § 2

“Everyone charged with a criminal offence shall be presumed innocent until proved guilty according to law.”

Article 1 of Protocol No. 1

“Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest

and subject to the conditions provided for by law and by the general principles of international law.

The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties.”

A. Admissibility

1. As regards both complaints

34. The Government argued that the applicant had failed to provide all of the facts relevant to his complaints. In particular, they submitted that he had omitted to inform the Court about his criminal conviction (see paragraphs 21 and 22 above), in order to deliberately misguide it and to force the success of his application. The Government suggested, therefore, that the applicant had abused his right of petition, and that his application should be rejected pursuant to Article 35 § 3 of the Convention.

35. The applicant stated that his application concerned the proceedings resulting in the confiscation of his vehicle, not his criminal conviction.

36. The Court observes that an application may only be rejected as abusive within the meaning of Article 35 § 3 of the Convention in extraordinary circumstances, such as if an application was deliberately grounded on a description of facts omitting or distorting events of central importance (see, for example, *Akdivar and Others v. Turkey*, 16 September 1996, §§ 53-54, *Reports of Judgments and Decisions* 1996-IV; *Varbanov v. Bulgaria*, no. 31365/96, § 36, ECHR 2000-X; and *Assenov and Others v. Bulgaria*, Commission decision of 27 June 1996, *Decisions and Reports* (DR) 86-B, p. 54). The applicant is not expected to present all possible information on a case. It is, however, his duty to present at least those essential facts which are at his disposal and which he must be aware are of significant bearing for the Court to be able to properly assess the case (see, for example, *Al-Nashif and Others v. Bulgaria*, (dec.) no. 50963/99, 25 January 2001).

37. The Court notes that in his initial application the applicant made no mention of his criminal conviction of 23 March 2005, which had become final by 1 June 2005 (see paragraphs 21 and 22 above). Following the Government’s submissions to this effect, he merely stated that his application before this Court concerned the misdemeanour proceedings resulting in the confiscation of his vehicle, not the criminal conviction.

38. The Court considers therefore that, on the one hand, the applicant, even if he did not submit any false information, may indeed have tried to present his case as a simple, straightforward, matter. On the other hand,

however, there was absolutely no reference to the applicant's criminal conviction within the said misdemeanour proceedings (see paragraphs 9-15 above), the criminal conviction itself ordered no confiscation (see paragraphs 21 and 22 above), and the applicant's confiscated vehicle had even been sold to third persons before the said conviction (see paragraphs 13, 21 and 22 above). Finally, it is true that the applicant's complaints in the case before this Court concern the misdemeanour proceedings only.

39. In these circumstances, the Court cannot but conclude that the facts omitted by the applicant, however regrettably, were not of such significance as to prevent it from properly assessing the case. The Government's objection in this regard must therefore be rejected.

2. As regards the complaint under Article 6 § 2

40. The Court recalls that the rule of exhaustion of domestic remedies, referred to in Article 35 § 1 of the Convention, obliges those seeking to bring a case before it to use first the remedies provided by the national legal system, thus dispensing States from answering before the Court for their acts before they have had an opportunity to put matters right domestically. In order to comply with the rule, normal recourse should be had by an applicant to remedies which are available and sufficient to afford redress in respect of the breaches alleged (see, among other authorities, *Assenov and Others v. Bulgaria*, 28 October 1998, § 85, *Reports of Judgments and Decisions* 1998-VIII).

41. Turning to the present case, the Court notes that the applicant did not complain about the violation of the presumption of innocence either in his appeal or in his subsequent appeal on points of law lodged within the misdemeanour proceedings (see paragraphs 11-15 above). This part of the application is hence inadmissible for non-exhaustion of domestic remedies, and must, as such, be rejected under Article 35 §§ 1 and 4 of the Convention.

3. As regards the complaint made under Article 1 of Protocol No. 1

42. The Court notes that the applicant's complaint is not manifestly ill-founded within the meaning of Article 35 § 3 (a) of the Convention. It further notes that it is not inadmissible on any other grounds. It must therefore be declared admissible.

B. Merits (as regards the complaint under Article 1 of Protocol No. 1)

1. The parties' submissions

43. The applicant re-affirmed his complaint.

44. He added that the confiscation of his vehicle was unjustified in view of the fact that he had never been found guilty of a customs offence in the misdemeanour proceedings, as well as disproportionate considering that he had been using the vehicle in question to secure his livelihood as a taxi driver.

45. The applicant submitted that he had imported his car to Serbia fully in accordance with the applicable regulations at that time. Thousands of other cars were imported in the same way.

46. Finally, the applicant noted that between 2000 and 2004 he had repeatedly re-registered his car in Serbia, with the police, but had never had any problems.

47. The Government accepted that the applicant's complaint fell within the scope of Article 1 of Protocol No. 1.

48. His car, however, was confiscated in accordance with the law and in the light of an obvious customs violation. It is irrelevant that the applicant was never formally found guilty of this offence within the misdemeanour proceedings, since Article 204 § 2 of the Customs Act 1992 provided, *inter alia*, that a vehicle used for the commission of a customs-related offence could be confiscated even when, for legal reasons, no proceedings could be brought against the perpetrator, except in cases of absolute prescription. There had been no absolute prescription in the applicant's case and, in any event, the applicant was subsequently convicted in a criminal case on the same facts.

49. The Government further noted that the confiscation of the applicant's car was aimed at securing the payment of taxes/import duties and enforcement of penalties, within the meaning of Article 1 § 2 of Protocol No. 1.

50. Lastly, the Government maintained that the impugned confiscation was undertaken in pursuit of a legitimate public interest, i.e. the suppression of smuggling, and argued that they were entitled to a wide margin of appreciation in this respect, extensively citing the Court's case-law.

2. *The Court's assessment*

51. The Court reiterates that Article 1 of Protocol No. 1 guarantees in substance the right of property and comprises three distinct rules. The first, which is expressed in the first sentence of the first paragraph and is of a general nature, lays down the principle of peaceful enjoyment of possessions. The second rule, in the second sentence of the same paragraph, covers deprivation of possessions and makes it subject to certain conditions. The third, contained in the second paragraph, recognises that the Contracting States are entitled, amongst other things, to control the use of property in accordance with the general interest. The second and third rules, which are concerned with particular instances of interference with the right to peaceful enjoyment of property, are to be construed in the light of the

general principle laid down in the first rule (see, among other authorities, *Draon v. France* [GC], no. 1513/03, § 69, 6 October 2005).

52. The “possession” at issue in the present case was the applicant’s vehicle which was confiscated by a decision of the administrative authorities, subsequently upheld by the Supreme Court. It is not disputed between the parties that the confiscation constituted an interference with the applicant’s right of property, and that Article 1 of Protocol No. 1 is therefore applicable. It remains to be determined whether the measure was covered by the first or second paragraph of that Article.

53. The Court reiterates its consistent approach that a confiscation measure, even though it does involve a deprivation of possessions, nevertheless constitutes control of the use of property within the meaning of the second paragraph of Article 1 of Protocol No. 1 (see *Riela and Others v. Italy* (dec.), no. 52439/99, 4 September 2001; *Arcuri and Others v. Italy* (dec.), no. 52024/99, ECHR 2001-VII; *C.M. v. France* (dec.), no. 28078/95, ECHR 2001-VII; *Air Canada v. the United Kingdom*, 5 May 1995, § 34, Series A no. 316-A; and *AGOSI v. the United Kingdom*, 24 October 1986, § 34, Series A no. 108). Accordingly, it considers that the same approach must be followed in the present case.

54. The Court further notes that the confiscation, albeit in the absence of a conviction in the misdemeanour proceedings, was based on Article 204 § 2 of the Customs Act 1992 (see paragraph 24 above), taken in conjunction with Article 199 of the same Act, Article 48 of the Federal Misdemeanours Act 1977, and/or Article 69 § 7 of the Misdemeanours Act 1989 as amended in 2004 (see paragraphs 23 and 25-27 above). Moreover, the Court accepts that the interference pursued a legitimate aim in the general interest, namely the prevention of uncontrolled registration of vehicles imported from abroad.

55. Accordingly, the only remaining question to be determined is whether there was a reasonable relationship of proportionality between the means employed by the authorities to achieve that aim and the protection of the applicant’s right to the peaceful enjoyment of his possessions.

56. The Court, in this respect, firstly notes that the applicant’s vehicle was confiscated within the misdemeanour proceedings even though these proceedings were terminated on the basis of the applicable prescription period, and without the applicant having been found guilty of any offence (see paragraphs 8-15 above).

57. Secondly, this confiscation was upheld on appeal, and the car was sold to third persons, before the applicant had been convicted in a separate set of criminal proceedings on the same facts (*ibid.*, see also paragraphs 21 and 22 above).

58. Thirdly, at no stage during the misdemeanour proceedings was there any reference to the criminal charges brought against the applicant (see paragraphs 8-15 above).

59. Fourthly, the criminal conviction itself contained no order concerning the confiscation of the applicant's car even though the criminal court could also have ruled in this respect (see paragraphs 21, 22, 29 and 30 above).

60. Fifthly, there was no consideration within the misdemeanour proceedings, nor did the relevant domestic law provide for such a possibility, as to whether the respondent State's legitimate aim, i.e. to prevent the uncontrolled registration of vehicles imported from abroad, might also have been achieved by some other means.

61. Finally, the facts that the applicant had been making his living as a taxi driver and that there was no indication that he had ever been convicted for another customs-related offence seem to have been disregarded when it came to the confiscation issue, as was the fact that he had purchased the vehicle from its lawful owner in Germany. On that latter ground the present case can also be distinguished from cases in which the confiscation measure extended to assets which were the proceeds of a criminal offence (see *Phillips v. the United Kingdom*, no. 41087/98, §§ 9-18, ECHR 2001-VII), which were deemed to have been unlawfully acquired (see *Riela and Arcuri*, both cited above, and *Raimondo v. Italy*, 22 February 1994, § 29, Series A no. 281-A) or were intended for use in illegal activities (see *Butler v. the United Kingdom* (dec.), no. 41661/98, 27 June 2002).

62. In these circumstances, the impugned confiscation was, in the Court's view, disproportionate, in that it imposed an excessive burden on the applicant.

63. There has accordingly been a violation of Article 1 of Protocol No. 1.

II. APPLICATION OF ARTICLE 41 OF THE CONVENTION

64. Article 41 of the Convention provides:

"If the Court finds that there has been a violation of the Convention or the Protocols thereto, and if the internal law of the High Contracting Party concerned allows only partial reparation to be made, the Court shall, if necessary, afford just satisfaction to the injured party."

A. Damage

65. The applicant claimed a total of 26,978 euros (EUR) in respect of the pecuniary damage suffered, consisting of EUR 5,000 as the real value of his car, and another EUR 21,978 on account of his lost earnings as a taxi driver. Concerning the latter sum, the applicant explained that his car was confiscated on 6 May 2004. He had therefore been without a car until 1 January 2008, which was when he had bought another car, i.e. for a period

of 1,221 days. Since insurance companies in Serbia valued one “taxi day” for vehicles awaiting repair at EUR 18, the total lost earnings for the period in question was the said EUR 21,978.

66. The Government contested these claims, noting that they were unsubstantiated, not directly connected to the alleged violation and/or excessive.

67. The Court recalls that the principle with regard to pecuniary damage is that the applicant should be placed, as far as possible, in the position in which he or she would have been had the violation found not taken place – in other words, *restitutio in integrum*. This can involve compensation for both loss actually suffered (*damnum emergens*) and loss, or diminished gain, to be expected in the future (*lucrum cessans*). It is for the applicant to show that pecuniary damage has resulted from the violation or violations alleged. The applicant should submit relevant documents to prove, as far as possible, not only the existence but also the amount or value of the damage. Normally, the Court’s award will reflect the full calculated amount of the damage. However, if the actual damage cannot be precisely calculated, the Court will make an estimate based on the facts at its disposal. It is also possible that the Court may find it reasonable to award less than the full amount of the loss.

68. In view of the above, the Court notes that the applicant had paid for the vehicle in question DEM 5,000 (see paragraph 21 above), i.e. approximately EUR 2,500, which is why it considers it appropriate to award him this amount for the loss actually suffered.

69. As regards the lost earnings, the Court notes that the insurance calculation offered by the applicant was based on a single e-mail provided by an insurance company in response to his lawyer’s prior query. It therefore lacked both sufficient detail and the company’s formal certification. Further, the applicant stated that he had been unable to earn his living as a taxi driver until he bought a new car on 1 January 2008. However, it remains unclear whether or not the applicant could have bought this car at some point earlier, or indeed, absent any evidence to this effect, whether the said car had indeed been bought as claimed on 1 January 2008. Lastly, the applicant’s implied claim that, effectively, he would have been on the streets almost every day between 6 May 2004 and 1 January 2008 seems unrealistic.

70. In view of the above and based on its assessment that the applicant, undisputedly a taxi driver, has nevertheless suffered some pecuniary damage on account of lost earnings, the Court awards him the sum of EUR 5,000 under this head.

71. The applicant did not submit a claim seeking compensation for the non-pecuniary damage suffered. Accordingly, the Court considers that there is no call to award him any sum on that account.

B. Costs and expenses

72. The applicant also claimed EUR 500 for the costs and expenses incurred domestically, as well as EUR 1,920 for those incurred before the Court.

73. The Government described these claims as excessive.

74. According to the Court's case-law, an applicant is entitled to the reimbursement of costs and expenses only in so far as it has been shown that these have been actually and necessarily incurred and are reasonable as to their quantum. In the present case, regard being had to the documents in its possession and the above criteria, as well as the fact that the applicant has already been granted EUR 850 under the Council of Europe's legal aid scheme, the Court considers it reasonable to award him the additional sum of EUR 700 covering costs under all heads.

C. Default interest

75. The Court considers it appropriate that the default interest rate should be based on the marginal lending rate of the European Central Bank, to which should be added three percentage points.

FOR THESE REASONS, THE COURT UNANIMOUSLY

1. *Declares* the complaint under Article 1 of Protocol No. 1 admissible and the remainder of the application inadmissible;
2. *Holds* that there has been a violation of Article 1 of Protocol No. 1;
3. *Holds*
 - (a) that the respondent State is to pay the applicant, within three months from the date on which the judgment becomes final in accordance with Article 44 § 2 of the Convention, the following amounts, to be converted into Serbian dinars at the rate applicable at the date of settlement:
 - (i) EUR 7,500 (seven thousand five hundred euros), plus any tax that may be chargeable, in respect of pecuniary damage;
 - (ii) EUR 700 (seven hundred euros), plus any tax that may be chargeable to the applicant, in respect of costs and expenses;
 - (b) that from the expiry of the above-mentioned three months until settlement simple interest shall be payable on the above amounts at a rate equal to the marginal lending rate of the European Central Bank during the default period plus three percentage points;

4. *Dismisses* the remainder of the applicant's claim for just satisfaction.

Done in English, and notified in writing on 12 June 2012, pursuant to Rule 77 §§ 2 and 3 of the Rules of Court.

Stanley Naismith
Registrar

Françoise Tulkens
President