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

SECOND SECTION

CASE OF SKUČAI v. LITHUANIA

(Application no. 60969/21)

JUDGMENT

Art 1 P1 • Peaceful enjoyment of possessions • Dismissal as time-barred of some of the applicants' compensation claims in relation to the annulment of their title to a house built in a protected area after obtaining all appropriate permits • Domestic courts' manner of adjudicating claims at issue deprived the applicants of a reasonable opportunity of presenting their case effectively • Fair balance not struck Prepared by the Registry. Does not bind the Court.

STRASBOURG

4 February 2025

FINAL

04/05/2025

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

In the case of Skučai v. Lithuania,

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

Arnfinn Bårdsen, *President*,
Saadet Yüksel,
Jovan Ilievski,
Anja Seibert-Fohr,
Peeter Roosma,
Davor Derenčinović,
Stéphane Pisani, *judges*,
and Hasan Bakırcı, *Section Registrar,*

Having regard to:

the application (no. 60969/21) against the Republic of Lithuania lodged with the Court under Article 34 of the Convention for the Protection of Human Rights and Fundamental Freedoms ("the Convention") by two Lithuanian nationals, Mr Juozas Skučas ("the first applicant") and Ms Indrė Skučienė ("the second applicant", together "the applicants"), on 13 December 2021;

the decision to give notice of the application to the Lithuanian Government ("the Government");

the withdrawal from the case of Mr Gediminas Sagatys, the judge elected in respect of Lithuania (Rule 28 of the Rules of Court), and the decision of the President of the Section to appoint Mr Peeter Roosma to sit as an *ad hoc* judge in the case (Article 26 § 4 of the Convention and Rule 29 § 1 of the Rules of Court);

the parties' observations;

Having deliberated in private on 14 January 2025,

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

INTRODUCTION

1. The application concerns the annulment of the applicants' title to a house which had been built in a protected area after obtaining all the appropriate permits. The applicants raised complaints under Article 6 § 1 of the Convention, Article 8 of the Convention and Article 1 of Protocol No. 1 to the Convention.

THE FACTS

2. The first applicant was born in 1973 and the second applicant was born in 1982. They are husband and wife and live in Neringa. They were represented by Mr J. Čobotas, a lawyer practising in Vilnius.

3. The Government were represented by their Agent, Mr R. Dzikovič.

I. ANNULMENT OF THE APPLICANTS' TITLE TO PROPERTY

4. Between 2002 and 2004 the Neringa Municipality approved a planning scheme for land in the Curonian Spit National Park, dividing it into two plots, and issued construction permits for three buildings (two houses and a restaurant) on those plots. Company A. began the construction works but in 2004 sold the unfinished buildings to company V., which finished them. In 2005 the Klaipėda County Administration certified that the completed buildings were suitable for use.

5. In February 2006 the applicants bought one of the houses on one of the above-mentioned plots for 1,850,000 Lithuanian litai (LTL, approximately 535,797 euros (EUR)) from company V. Their title to the house was registered in the Real Estate Register.

6. In June 2006 the Prosecutor General's Office (hereinafter "the prosecutor") brought a claim in the public interest against the Neringa Municipality, the Klaipėda County Administration, companies A. and V., the applicants and the individuals who had bought the other of the two houses. The prosecutor asked the court to declare the planning documents, construction permits and other relevant documents issued by the Neringa Municipality and the Klaipėda County Administration (see paragraph 4 above) void; to rescind the sale and purchase agreements by which the buildings had been sold first to company V. and later to the individual buyers; to order a refund to the buyers of what they had paid under those agreements; and to order companies A. and V. to demolish the buildings. The prosecutor claimed that the construction works had been in breach of the Curonian Spit National Park planning scheme which had been approved by the government in 1994 and had also been in breach of other legal rules on construction and environmental protection.

7. The applicants contested the prosecutor's claim. They submitted that they had not breached any laws and had acquired their house in good faith. They also contended that demolition was a measure of last resort and that the house could instead be modified, or the relevant planning documents amended, if necessary.

8. On 10 April 2009 the Klaipėda Regional Court allowed the prosecutor's claim in its entirety. It observed that the Curonian Spit was a protected area that had been on the UNESCO World Heritage List since 2000, and that therefore it was in the public interest to ensure that all construction in the area was lawful and that the environment was protected. It further observed that in 2007 the Constitutional Court had held that all decisions about the management of the Curonian Spit National Park had to comply with the 1994 planning scheme. The court found that the planning documents which had allowed the land to be built on had not been in line with the planning scheme. Moreover, the construction permits had been issued in breach of a number of other legal requirements. Although the prosecutor had

not questioned the good faith of the individuals who had purchased the buildings, the court held that the good faith of the buyers did not affect the unlawfulness of the construction.

9. Accordingly, the court declared the disputed planning documents and construction permits void and rescinded the sale and purchase agreements between companies A. and V. (see paragraph 4 above) and between company V. and the individual defendants, including the applicants (see paragraph 5 above). It ordered the deletion of the title to the buildings from the Real Estate Register and also ordered company A. to refund the purchase price of the buildings to company V.; the buyers of the houses to return them to company V.; company V. to refund the buyers the purchase price of the houses (in the applicants' case – LTL 1,850,000 (approximately EUR 535,797)); and companies A. and V. to demolish all the buildings within twelve months after the court decision became final.

10. The applicants and several other defendants appealed against that decision, but on 6 December 2010 the Court of Appeal dismissed the appeals and upheld the decision in its entirety. It also stated that the individuals who had purchased the unlawfully built houses had the right to be compensated for the damage they had sustained but that the question of compensation fell outside the scope of the present case.

11. Following the conclusion of the above-mentioned proceedings, the applicants' title to the house was removed from the Real Estate Register.

II. THE APPLICANTS' FIRST CIVIL CLAIM AGAINST THE STATE (2012-2013)

12. In May 2012 the applicants lodged a civil claim against the State, which was represented by the State Inspectorate of Territorial Planning and Construction (hereinafter "the Inspectorate"), and the Neringa Municipality, seeking compensation for their financial loss. They claimed that, following the court decisions in the above-mentioned proceedings (see paragraphs 8-10 above), their house would be demolished and they would be refunded the price which they had paid when purchasing it in 2006, but that the market value of the house had increased significantly since then. The applicants submitted an expert report putting the market value of the house in December 2011 at LTL 2,700,000 (approximately EUR 781,974). They therefore claimed compensation of LTL 850,000 (approximately EUR 246,177), being the difference between the market value of the house and the sum that company V. had been ordered to pay them in the previous proceedings (see paragraph 9 above). The applicants submitted that the damage had been caused by the unlawful actions of State authorities and therefore had to be compensated for by the State.

13. They also claimed LTL 454,274 (approximately EUR 131,567) for the interest paid on the bank loan they had taken out to buy the house.

14. On 6 February 2013 the Vilnius Regional Administrative Court dismissed the applicants' claim. It held that the amount of damages to be awarded to them could not be determined until their house was demolished.

15. The applicants appealed against that decision. On 7 November 2013 the Supreme Administrative Court allowed the appeal in part. It found a causal link between the unlawful actions of the authorities and the losses sustained by the applicants in relation to the purchase, use and eventual loss of the house. It also found that the applicants had already sustained loss because they had lost their title to the house, even though it had not yet been demolished. However, the Supreme Administrative Court considered that the order in the previous proceedings for the refund to the applicants of the price they had paid for the house had been in accordance with the rules of restitution in the Civil Code, and no departure from those rules had been ordered (see paragraphs 69 and 70 below). This led the Supreme Administrative Court to conclude that the applicants had already been fully compensated and that their request for compensation for the alleged increase in the market value of the house was unfounded.

16. However, the court held that the applicants' claim for the interest which they had paid to the bank (see paragraph 13 above) was well founded – the interest was an additional expense they had incurred by purchasing the house which had been unlawfully built as a result of the authorities' actions. It therefore awarded the applicants LTL 454,274 (approximately EUR 131,567) jointly from the State and the Neringa Municipality in compensation for the interest paid.

III. DEVELOPMENTS RELATING TO THE TERRITORIAL PLANNING AND ATTEMPTS AT REACHING AN AMICABLE SETTLEMENT

17. In December 2011 several media outlets reported that the government was looking into the possibility of reaching settlements with the owners of nearly twenty buildings in the Curonian Spit National Park which had been built after all the appropriate permits had been obtained but had subsequently been declared to be unlawful, in order to avoid the demolition of those buildings and the obligation for the State to pay compensation to their owners. In an interview given to the national broadcaster that month, the Prime Minister stated that taxpayers should not have to pay for the authorities' mistakes in issuing construction permits and that the government was looking for ways to protect the interests of the taxpayers while also preserving the architectural heritage of Neringa.

18. On 6 June 2012 the government approved the Curonian Spit National Park management plan, which replaced the 1994 planning scheme (see paragraphs 6 and 8 above). Paragraph 9.2.3.5 of the management plan referred specifically to the plot on which the applicants' house had been built. It stated that, in accordance with a binding court decision, the buildings on

that plot had to be restored to the pre-2000 condition and buildings which distorted the historic look of that area had to be demolished. Instead of the three buildings which had been built (see paragraph 4 above), only the one building which had been there before 2000 was permitted and should be restored.

19. In November 2013 the Prime Minister established a working group to seek solutions to the problems of, *inter alia*, the enforcement of court decisions about construction in the Curonian Spit National Park and the payment of compensation where buildings had to be removed.

20. In July 2014 the Inspectorate contacted the bailiff in charge of the enforcement of the Klaipėda Regional Court's decision of 10 April 2009 (see paragraphs 8 and 9 above). The Inspectorate informed the bailiff that the government had instructed it to have the enforcement of that decision stayed under Article 627 § 1 (1) of the Code of Civil Procedure, which provided for the enforcement of a court decision to be stayed at the written request of the creditor. In September 2014 the bailiff informed the Inspectorate and companies A. and V. that enforcement had been stayed and that it would remain stayed until further request.

21. In December 2014 the working group established by the Prime Minister (see paragraph 19 above) reported its conclusions and recommendations. It referred to various court decisions ordering the demolition or reconstruction of buildings built in accordance with permits which had subsequently been revoked, and observed that the State and the Neringa Municipality might be ordered by the courts to compensate for the loss and damage caused by the administrative decisions which were subsequently declared unlawful. The level of compensation would be likely to be calculated according to the value of the buildings and the extent of other expenses incurred by the individuals and might reach millions of Lithuanian litai.

22. The working group observed that the individuals and entities who had built and purchased the buildings involved had found themselves in a legally complicated situation, as did the State. In particular, although the courts had ordered company V. to refund the individual buyers (see paragraph 9 above), that company was in the process of an insolvent liquidation and did not have sufficient assets to meet all the claims of its creditors (see paragraphs 30-32 below). The working group recommended amending the Curonian Spit National Park planning documents so as to enable the individuals' claims to be settled, bringing the legal disputes to an end and avoiding expense to the State. At the same time, it emphasised that it was important to avoid damaging the Curonian Spit, which was a World Heritage Site.

23. On 15 April 2015 the government commissioned the drafting of amendments to the 2012 Curonian Spit National Park management plan (see paragraph 18 above). The government's order stated that one of the aims of the future amendments was to strike a balance between the interests of the

State, municipalities, individuals and legal entities with regard to the use and development of the territory.

24. In June 2016 the Inspectorate sent a letter to the prosecutor, the Office of the Government, the State Service for Protected Areas, the Neringa Municipality, several other government authorities, companies A. and V., the applicants and the other individuals whose property titles had been revoked in the same proceedings (see paragraphs 8-10 above). It enclosed a preliminary draft of a settlement agreement. The Inspectorate stated that the aims of reaching a settlement were, *inter alia*, to put an end to the long-running legal disputes; to preclude further legal proceedings; to ensure compliance with the construction requirements that applied in protected areas; to protect the interests of those who had purchased the disputed buildings; to create conditions for the legalisation of those buildings; and to avoid further claims for compensation against the State and the Neringa Municipality.

25. The Inspectorate asked the recipients to give their comments and suggestions regarding the draft agreement. It stated that each party should be prepared to give up part of its claims so that an agreement could be reached. The State for its part was prepared to create the conditions in which the disputed houses could be legalised, to withdraw the demand that they be demolished, and to compensate for some of the related loss and damage. The individuals who had already been awarded certain sums in compensation, namely the applicants (see paragraph 16 above) and some of the other buyers (see paragraph 78 below), should renounce or return that compensation. The Inspectorate observed that the State Service for Protected Areas had previously expressed the opinion that the buildings would have to be reconstructed if they were to be legalised and asked it to make specific proposals for reconstruction which could be put into the draft agreement. It stated that once the parties had agreed on a draft, it would be submitted to the government for its approval. Furthermore, before the agreement could be signed off, it would also need to be approved by the prosecutor. The Inspectorate asked the recipients to indicate by 1 July 2016 whether they agreed in principle with the proposed settlement terms.

26. The applicants submitted, and the Government did not dispute, that they had accepted the proposed terms of the draft agreement. The Court has not been informed about any other follow-up to the Inspectorate's letter.

27. On 30 October 2019 the government adopted further amendments to the management plan of the Curonian Spit National Park (see paragraph 18 above). Paragraph 9.2.1.6 of the reamended management plan referred specifically to the plot where the applicants' house had been built and stated that the buildings on that plot – a residential house and any ancillary buildings – should fit the architectural profile of a traditional fisherman's home.

28. On 25 November 2019 the Constitutional Court issued a ruling on whether certain provisions of the Curonian Spit National Park management

plan (both the previous version approved in 2012 and its amended version approved in 2019 – see paragraphs 18 and 27 above) were compatible with the Constitution and other legal instruments. The ruling did not specifically address the paragraphs which concerned the applicants' house (see paragraphs 18 and 27 above). The Constitutional Court held, *inter alia*, that the State had a duty under the Constitution to preserve the identity and integrity of the Curonian Spit, and that no decisions or agreements of the State or municipal authorities could authorise non-compliance with the Curonian Spit special protection regime or with final court decisions on violations of that regime; such non-compliance could not be justified by the wish to avoid further legal disputes or expense to the State. In the light of those considerations, the Constitutional Court concluded that some of the provisions of the management plan as amended in 2019, which no longer required the removal of buildings or parts of them which had previously been found by the courts to have been unlawfully constructed, were not compatible with the Constitution.

29. On 19 August 2020 the head of the State Service for Protected Areas commissioned the drafting of further amendments to the Curonian Spit National Park management plan in order to comply with the Constitutional Court's ruling of 25 November 2019 (see paragraph 28 above). The order stated that the aim of any further amendments was to ensure that the Curonian Spit protection regime was compatible with the Constitution and that it did not create the conditions for non-compliance with binding court decisions.

IV. LIQUIDATION OF COMPANY V.

30. In July 2011 company V. started a restructuring process, which was discontinued in December 2013. In March 2014 it went into liquidation.

31. In June 2014 the court approved the list of the company's creditors. The second applicant, who had taken over the first applicant's claim as well, was listed as a creditor of the third rank.

32. In September 2014 company V. was declared bankrupt.

33. In July 2017 the court approved the second applicant's claim for EUR 569,290, made up of the EUR 535,797 awarded to the applicants by the Klaipėda Regional Court in its decision of 10 April 2009 (see paragraph 9 above) and interest of EUR 33,493.

V. CIVIL CLAIM AGAINST THE STATE BY COMPANY V.

34. In April 2018 the liquidator of company V. lodged a civil claim against the State, which was represented by the Inspectorate, and the Neringa Municipality. It claimed compensation for the amount it had been ordered to repay to the buyers of the disputed houses by the Klaipėda Regional Court's decision of 10 April 2009 (see paragraph 9 above).

35. On 19 December 2018 the Vilnius Regional Administrative Court dismissed that claim, finding that the houses had not been demolished and therefore that the claimant had not sustained any actual damage.

36. The liquidator of company V. appealed against that decision and on 12 May 2021 the Supreme Administrative Court, sitting in an extended panel of five judges, allowed the appeal in part. It firstly observed that there was no dispute that company V. had sustained financial loss as a result of unlawful actions of the authorities. The unlawfulness of the authorities' decisions which had allowed the construction of the disputed houses had also been confirmed in cases concerning other claimants (see paragraphs 78 and 80 below).

37. The Supreme Administrative Court then emphasised that the Klaipėda Regional Court's decision of 10 April 2009 was final and binding on the parties. Although that decision had not been enforced to date, the settlement negotiations did not appear to have led to any agreement which might affect the amount of loss and damage incurred by company V. Moreover, following the Constitutional Court's ruling of 25 November 2019 (see paragraph 28 above), the Curonian Spit National Park management plan was being amended again and one of the aims of that amendment was to avoid non-compliance with final court decisions (see paragraph 29 above).

38. The Supreme Administrative Court held that the financial loss incurred by company V. was evident, genuine and proven, and that it could be determined what the loss was. Although the Inspectorate had argued that company V. had not incurred any loss or damage because it had not yet reimbursed the buyers for what they had paid when purchasing the houses, the court observed that those individuals had been included in the list of the company's creditors in the liquidation and it was under an obligation to pay them. The Supreme Administrative Court also emphasised that the situation had remained unresolved for an unjustifiably long time. The court decisions entitling company V. to have the houses returned to it had not been enforced because the individuals had not been evicted; they could not be evicted because company V. had not reimbursed them for what they had paid when purchasing the houses; and it was unable to reimburse them because it did not have sufficient funds. As a result, both the company and the individuals had found themselves in a legal stalemate. Refusing to allow the company's claim until the houses were demolished would therefore be contrary to the principles of justice, fairness and reasonableness, as well as contrary to the public interest in protecting the Curonian Spit.

39. The defendants had asked the court to declare the company's claim time-barred, but the court rejected that request. Relying on its decision of 29 April 2020 (see paragraph 81 below), the Supreme Administrative Court held that the limitation period should not be applied in the present case, having regard to the government-level negotiations among, *inter alia*, the authorities which had taken the disputed decisions, the claimant in the present

case, and other interested parties; the staying of the enforcement of the Klaipėda Regional Court's decision of 10 April 2009 at the Inspectorate's request (see paragraph 20 above); and the commissioning of draft amendments to the Curonian Spit National Park management plan with the aim of reaching a settlement in the present case (see paragraph 23 above).

40. The Supreme Administrative Court therefore awarded company V. EUR 1,184,222 in compensation for loss and damage to be paid jointly by the State and the Neringa Municipality.

VI. THE APPLICANTS' SECOND CIVIL CLAIM AGAINST THE STATE (2018-2021)

A. The claim

41. In May 2018 the applicants instituted civil proceedings against the State, which was represented by the Inspectorate, and the Neringa Municipality, seeking compensation for loss and damage. The claim was lodged on behalf of the applicants and their four minor children. They stated that the house at issue was their only home and that they had lost their title to it because of mistakes made by the authorities – the unlawfulness of the authorities' actions had been confirmed in the previous court proceedings (see paragraph 15 above). Although the applicants had been awarded EUR 535,797 from company V. (see paragraph 9 above), they had not yet received that money because the company was in insolvent liquidation (see paragraphs 30-32 above) and did not have sufficient funds to pay all its creditors.

42. The applicants claimed a total of EUR 1,172,920 for financial loss, consisting of the amount which they were entitled to claim from company V. in the liquidation (see paragraph 33 above); the amount by which, according to them, the market value of the house had increased since they had purchased it (they submitted expert assessments showing the market value of the house on various dates and contended that the date to be taken was 2007, when the market value had been at its highest – EUR 1,130,677); and EUR 8,749 in tax paid and other expenses incurred in relation to the house. They also claimed EUR 3,000,000 for non-pecuniary damage – EUR 500,000 for each applicant and each of their children – for the inconvenience, insecurity and emotional distress which had been going on for nearly 13 years. The applicants emphasised that they had purchased the house in good faith and had not breached any laws.

B. The decision of the Vilnius Regional Administrative Court

43. On 27 March 2020 the Vilnius Regional Administrative Court discontinued the proceedings in the part concerning the applicants' claim for

the increase in the market value of the house and dismissed the remainder of the claim.

44. The court acknowledged that it had already been established that the decisions taken by the Neringa Municipality and the Klaipėda County Administration with regard to the applicants' house had been unlawful (see paragraphs 8, 15 and 16 above).

45. However, it held that there was no causal link between those unlawful decisions and the fact that the amount which the applicants had the right to receive from company V. (see paragraphs 9 and 33 above) had not been paid to them to date. The same conclusion had been reached by the Supreme Administrative Court in a similar case (see paragraph 78 below). That part of the claim therefore had to be dismissed.

46. As for the claim for the increased market value of the house, the court noted that the applicants had already made that claim before the courts and it had been dismissed in decisions which had become final (see paragraphs 12-16 above). According to the Law on Administrative Proceedings, proceedings had to be discontinued if there already was a final court decision concerning a dispute between the same parties regarding the same subject matter and the same grounds (see paragraph 74 below). The fact that the amount claimed by the applicants in the present proceedings was different from that claimed in the previous proceedings did not, in the court's view, change the fact that the two claims were analogous. Accordingly, it discontinued the case in respect of that claim.

47. However, the court found that the land rent tax (*žemės nuomos mokestis*) and real estate tax (*nekilnojamojo turto mokestis*) which the applicants had paid on the house, as well as the notarial expenses they had incurred when buying the house could be recognised as financial loss sustained as a result of the unlawful actions of the authorities, to the extent that they were supported by relevant documents. It observed that such expenses had been awarded to claimants in similar cases (see paragraphs 78 and 80 below).

48. Furthermore, the court found that the situation relating to the house had caused the applicants and their three older children stress and inconvenience, which could justify making an award for non-pecuniary damage. The court dismissed the claim by the applicants' fourth child, finding that he had not been born when the disputed decisions had been taken and that it had not been demonstrated that he had sustained any non-pecuniary damage. In the light of the circumstances of the case and having regard to the relevant case-law, the court considered that a fair amount of compensation would be EUR 1,000 for each of the applicants and EUR 100 for each of their three older children.

49. However, the court held that the applicants' above-mentioned claims were time-barred. The Civil Code set a limitation period of three years for lodging compensation claims. The court observed that the applicants had

been informed about the prosecutor's request to annul their property title in 2008. Moreover, in 2012 they had instituted civil proceedings against the State, seeking compensation for financial loss (see paragraph 12 above). This showed that by 2012 they knew that their rights had been violated. Their present claim, which was lodged in May 2018, was therefore time-barred.

50. The applicants had argued that the running of the statutory limitation period had stopped because the State and the Neringa Municipality had acknowledged their obligation to compensate them for the loss and damage which they had sustained (see paragraphs 17-25 above). However, the court dismissed that argument. It held that the State and municipal authorities had made statements of a general nature about the need to compensate individuals for loss and damage and that there had been no indication that those authorities had acknowledged the applicants' specific claims for compensation. The court held that participation in settlement negotiations did not and could not amount to the acknowledgment of a claim so as to satisfy the provision of the Civil Code that stopped time running for the purposes of the limitation period where liability was acknowledged (see paragraph 67 below).

51. Lastly, the court held that there were no grounds for extension of the limitation period because the applicants had not shown that they had justifiable reasons for failing to file their claim on time (see paragraph 68 below). The court stated that the above-mentioned circumstances (see paragraph 50 above) could not justify the applicants' long delay.

C. The applicants' appeal

52. The applicants appealed against the decision of the Vilnius Regional Administrative Court. They submitted, in particular, that the limitation period had ceased to run on the date of the Court of Appeal's decision of 6 December 2010 (see paragraph 10 above), for the reasons set out in Article 1.130 § 2 of the Civil Code (see paragraph 67 below), and that time had still not started running again because the authorities had acknowledged their obligation to compensate them for the loss and damage and had made promises to that effect, and settlement negotiations were still ongoing. The applicants pointed out that in their 2012 civil claim they had not asked for compensation for the purchase price of the house (see paragraphs 12 and 13 above) because at that time that loss had not yet been incurred. They had lodged the present claim as soon as they had received preliminary information that company V. did not have sufficient funds and that their claims would not be satisfied in the liquidation. They also contended that all of their claims were interrelated and that the limitation period had not expired for any of them.

53. They further submitted that, if the court found their claims to be time-barred, the limitation period should be extended on the grounds that they had missed the deadline for good reasons – namely that they had been

promised compensation and that settlement negotiations, including the legalisation of the house, were still ongoing. The fact that the applicants had expected to settle the case with the State should not be used against them.

54. The applicants contended that the decision of the extended panel of the Supreme Administrative Court of 12 May 2021 on the effect of the limitation period (see paragraph 39 above) should be applied in their case.

55. The applicants also disputed the court's decision to discontinue their claim for the difference between the price they had paid for the house and its increased market value (see paragraph 46 above). They submitted that the situation in 2012 had not been analogous to that of the present day because at that time they had had no reason to doubt that company V. would reimburse them. They contended that the market value of the house had significantly increased since they had purchased it and that, at present, they would not be able to buy a similar house for the same price.

56. Lastly, the applicants submitted that the amount of compensation for non-pecuniary damage which the court had considered to be justified (see paragraph 48 above) was insufficient to redress the prolonged stress and inconvenience they had endured because of the unlawful actions of the authorities.

D. The decision of the Supreme Administrative Court

57. On 16 June 2021 the Supreme Administrative Court dismissed the applicants' appeal, stating that it fully agreed with the findings of the lower court.

VII. OTHER RELEVANT FACTS

58. On 14 December 2021 the second applicant received EUR 175,319 from company V. in the liquidation (see paragraph 33 above).

59. In February and March 2022 company V. was officially dissolved and it was removed from the Register of Legal Entities.

60. On 23 February 2022 the government approved amendments to the Curonian Spit National Park management plan. Paragraph 9.2.1.6 of the amended plan concerns the plot where the applicants' house is located and states, *inter alia*, that construction on that plot must follow the historical limits of construction there prior to 2000 and that only one building could be built on the plot (see paragraphs 18 and 27 above).

61. At the time of the parties' latest observations before the Court (on 16 September 2024), the applicants' house had still not been demolished and they were still living there.

62. On an unspecified date the prosecutor lodged a public interest claim against the State, which was represented by the Inspectorate, and the Neringa Municipality, asking the court to order them to pay the individuals who had

purchased the disputed houses from company V. the compensation awarded to them by the Klaipėda Regional Court's decision of 10 April 2009 which had not been yet paid to them – including EUR 393,970 which should have been paid to the second applicant. In April 2024 the court accepted the prosecutor's claim for examination. The Inspectorate contested the claim. It submitted that the State and the Neringa Municipality had already paid compensation to company V. for financial loss sustained as a result of the Klaipėda Regional Court's decision of 10 April 2009 (see paragraphs 36-40 above) and that the State could not be held responsible for the consequences of the failure of a private company. It further submitted that similar claims made by the individual owners of the houses in question had been dismissed by the courts (see paragraphs 12-16 above and paragraphs 78 and 80 below) and that those issues were *res judicata*. The second applicant, who has the status of a third party in the proceedings, submitted that the amount requested by the prosecutor was insufficient to cover the loss and damage caused to the applicants. She asked the court to go beyond the limits of the prosecutor's claim and to award her compensation for the loss of the market value of the house. At the time of the submission of the parties' latest observations before the Court (on 16 September 2024), the case had still not been decided by the first-instance court.

RELEVANT LEGAL FRAMEWORK AND PRACTICE

I. CONSTITUTIONAL AND STATUTE LAW

A. Constitution

63. The relevant provisions of the Constitution read:

Article 23

"Property shall be inviolable.

The rights of ownership shall be protected by law.

Property may be taken only for the needs of society according to the procedure established by law and shall be justly compensated for."

Article 24

"The home of a human being shall be inviolable. ..."

Article 30

"A person whose constitutional rights or freedoms are violated shall have the right to apply to a court.

Compensation for material and moral damage inflicted upon a person shall be established by law."

Article 54

"The State shall take care of the protection of the natural environment, wildlife and plants, individual objects of nature, and areas of particular value, and shall supervise the sustainable use of natural resources, as well as their restoration and increase.

The destruction of land and subsurface, the pollution of water and air, radioactive impact on the environment, as well as the depletion of wildlife and plants, shall be prohibited by law."

B. Civil Code

1. Statutory limitation periods

64. Article 1.125 § 9 provides that the statutory limitation period for lodging claims for damages is three years.

65. Article 1.126 § 2 provides that the court may apply the statutory limitation period only when one of the parties makes such a request.

66. Article 1.127 § 1 provides that the statutory limitation period starts running on the day when the right to lodge a claim arises, that is to say on the day when the person knows or ought to know about the violation of his or her rights, unless the Civil Code or other legal instruments provide otherwise.

67. Article 1.130 § 2 provides that for the purposes of the statutory limitation period time stops running if the person liable shows that he or she acknowledges the obligation in question.

68. Article 1.131 § 2 provides that where a court finds that the statutory limitation period has been missed for good reason, it must be extended and the rights that have been violated must be vindicated.

2. Restitution

69. Article 6.145 § 1 provides, *inter alia*, that restitution shall be ordered where one person must return to another property which has been obtained unlawfully or by mistake, or because the transaction on the basis of which the property at issue was transferred has been declared void *ab initio*.

70. Article 6.145 § 2 provides that, in exceptional cases, the court may change the manner in which restitution is ordered or not order it at all, where ordering it would unfairly and unjustifiably worsen the situation of one of the parties and improve that of the other.

3. Compensation for damage

71. Article 6.271 § 1 provides that compensation for damage caused by unlawful acts of State or municipal authorities must be paid by the State or the municipality, regardless of whether an individual civil servant or State employee was at fault. Article 6.271 § 4 provides that the State or the municipality will incur civil liability under that Article in the event that State

or municipal authorities or their employees fail to act in the manner required by law.

72. Article 6.250 § 1 defines non-pecuniary damage as physical pain, emotional suffering, inconvenience, mental shock, emotional depression, humiliation, deterioration of reputation, diminution of possibilities to associate with others, and so on, evaluated by a court in monetary terms.

73. Article 6.250 § 2 provides, *inter alia*, that non-pecuniary damage will be compensated only in cases provided for by law. When assessing the amount of compensation to be awarded for non-pecuniary damage, the court must take into consideration the consequences of the said damage, whether the person who caused the damage was at fault, that person's financial status, the amount of financial loss sustained by the aggrieved person, and any other relevant circumstances, as well as the criteria of fairness, justice and reasonableness.

C. Law on Administrative Proceedings

74. Article 103 § 2 provides that the court shall discontinue the examination of a case, *inter alia*, where a final court decision has been taken on a dispute between the same parties, on the same subject matter and the same grounds.

II. THE PRACTICE OF THE COURTS

A. Constitutional Court

75. The case-law of the Constitutional Court relating to protected areas in general and the Curonian Spit National Park in particular has been summarised in *Kristiana Ltd. v. Lithuania* (no. 36184/13, §§ 68-70, 6 February 2018).

76. In a ruling of 19 August 2006 the Constitutional Court held:

> "In the course of the protection and defence of human rights and freedoms ... particular importance is attributed to the matter of compensation for damage. It is established in Article 30 § 2 of the Constitution that compensation for material and moral damage inflicted upon a person shall be established by law. The need to compensate for material and moral damage inflicted on a person is therefore a constitutional principle ... This constitutional principle is inseparable from the principle of justice entrenched in the Constitution: all the necessary legal preconditions must be created by law so that the damage inflicted can be justly compensated for. The Constitution therefore requires the establishment by law of such legal regulation that in all cases where a person has sustained damage as a result of unlawful actions, that person will be able to make a claim for just compensation for that damage and to receive the appropriate compensation. ... [It] should be emphasised that the Constitution does not allow exceptions to be made by law by which moral and/or material damage inflicted on a person is not compensated for, for example because it was caused by the unlawful actions of officials or institutions of the State itself. If the law or another legal instrument were to set up a means for the State to fully or partially avoid the liability to

justly compensate for material and/or moral damage caused by the unlawful actions of a State institution or [its] officials, it would not only mean that the constitutional concept of compensation for damage would have been disregarded, which would not be in conformity with the Constitution (*inter alia*, Article 30 § 2 thereof), but it would also undermine the *raison d'être* of the State itself as a common good of the whole of society.

...

[It] should be noted that, under the Constitution, a person also has the right to claim compensation for damage caused by the unlawful actions of State institutions and officials when there is no law setting out a specific claim for compensation for the damage[: despite that], a court deciding such a case will have a constitutional power, by applying the Constitution directly (the principles of justice, legal certainty and legal security, proportionality, due process of law, the equality of persons and the protection of legitimate expectations, as well as other provisions of the Constitution) and also applying general principles of law, implementing, *inter alia*, the principle of reasonableness ... , to award the appropriate compensation for any damage."

B. Supreme Administrative Court

1. Statutory limitation periods

77. In a decision of 29 April 2020 in case no. eA-1803-1062/2020 the Supreme Administrative Court, sitting in an extended panel of five judges, summarised the domestic courts' case-law on the statutory limitation periods as follows:

"40. The statutory limitation period is the time-limit established by law during which an individual may defend his or her rights by lodging a claim with a court (Article 1.124 of the Civil Code). Although the expiry of the statutory limitation period does not void the person's right of access to a court in defence of his or her rights, it may constitute grounds for dismissing the claim at the request of a party to the case, unless the court finds that the statutory limitation period has been missed for good reason (Articles 1.126 § 2 and 1.131 §§ 1 and 2 of the Civil Code; see, among other authorities, the Supreme Court's decision of 29 February 2016 in civil case no. 3K-7-43-706/2016 and decision of 17 December 2019 in civil case no. e3K-3-385-421/2019).

...

43. Under Article 1.127 § 1 of the Civil Code, the statutory limitation period starts running on the day when the right to lodge a claim arises; that right arises on the day when the person knew or ought to have known about the violation of his or her rights. The Supreme Court, when interpreting the provisions of the Civil Code with regard to statutory limitation, has observed that when a party to a case asks a court to discontinue a case for having been filed outside the limitation period, the court has to establish when that period started running. Article 1.127 § 1 of the Civil Code links the starting of the statutory limitation period with a subjective event (when the person knew or ought to have known about the violation of his or her rights). However, the subjective criterion must not be made absolute because everyone must take an interest in his or her rights and their prompt defence in order not to violate the stability of civil legal relations (see, among other authorities, the Supreme Court's decision of 19 September 2005 in civil case no. 3K-3-409/2005; decision of 22 October 2009 in civil case no. 3K-3-449/2009;

decision of 16 March 2010 in civil case no. 3K-3-112/2010; and decision of 24 July 2015 in civil case no. 3K-3-460-915/2015).

44. When determining the date on which the person knew or ought to have known that his or her rights had been violated, both the Supreme Administrative Court and the Supreme Court refer in their case-law to the standards of behaviour of a prudent and diligent person [and examine] when, taking into account the nature of the alleged violation, the average person acting in a prudent and diligent manner should have understood that his or her rights had been violated (see, among other authorities, the Supreme Administrative Court's decision of 14 March 2018 in administrative case no. A-1767-575/2018; decision of 6 March 2019 in administrative case no. A-1731-629/2019; and decision of 8 January 2020 in administrative case no. eA-1710-261/2019; see also the Supreme Court's decision of 11 January 2017 in civil case no. e3K-3-457-684/2017). Furthermore, the court must take into consideration the difficulty of determining whether the rights at issue have been violated, the effect of the defendant's actions or omissions on the claimant's subjective assessment of the situation, and other circumstances relevant to the particular case (see, among other authorities, the Supreme Court's decision of 1 August 2008 in civil case no. 3K-3-317/2008; decision of 24 July 2015 in civil case no. 3K-3-460-915/2015; decision of 24 April 2017 in civil case no. e3K-7-115-915/2017; and decision of 17 December 2019 in civil case no. e3K-3-385-421/2019).

45. If a person who is aware or ought to be aware of a violation of his or her rights (Article 1.127 § 1 of the Civil Code) does not react to that violation and has not lodged a claim with a court before the end of the statutory limitation period, the other party to the civil legal relationship has legitimate reasons to believe that the former has either renounced his or her claim or does not consider that his or her rights have been violated. A party to a civil legal relationship has the right to use the statutory limitation period as a legal defence if the other party has not sought to defend his or her rights for an unjustifiably long time, so that the elimination of the violation at issue may no longer outweigh the importance of the stability of legal relations (the so-called protective function of statutory limitation periods) (see, among other authorities, the Supreme Court's decision of 3 July 2015 in civil case no. 3K-3-425-686/2015 and decision of 17 December 2019 in civil case no. e3K-3-385-421/2019).

46. It must also be emphasised that [striking a case out because it was filed out of time], extending the limitation period if it has expired, or deciding not to apply limitation are linked to the principle of justice. The court cannot apply the legislative provisions about the statutory limitation period mechanically because to do so would be incompatible with its duty to implement justice; the entirety of the factual circumstances of a particular case and the interests of justice, including the public interest in ensuring the vindication of violated rights, may outweigh the interest in ensuring the stability of legal relations. In every case the court must seek to strike a balance between those two legal values – the vindication of violated rights and the stability of legal relations (see, among other authorities, the Supreme Court's decision of 15 June 2009 in civil case no. 3K-3-265/2009; decision of 3 July 2015 in civil case no. 3K-3-425-686/2015; and decision of 17 November 2016 in civil case no. e3K-3-467-219/2016)."

2. Cases concerning other buildings in the Curonian Spit National Park

78. In a decision of 17 October 2013 in case no. A^{552}-1603/2013, the Supreme Administrative Court examined a case brought by two individuals (spouses) who had purchased, jointly with other individuals, one of the

houses built by company V. in the Curonian Spit National Park (see paragraph 4 above) and whose title to that house had later been annulled (see paragraphs 8-10 above). They had lodged a claim against the State and the Neringa Municipality, seeking compensation for financial losses – the price of the house and various expenses incurred in relation to its purchase and maintenance. They had also claimed compensation for non-pecuniary damage for the stress and anxiety caused by the annulment of their property title, the related court proceedings and the negative media coverage. The first- instance court had granted the claim in part. It had awarded the claimants compensation for the expenses of registering their title to the house in the Real Estate Register and for the tax they had paid before their title had been annulled. It had dismissed the remainder of the claim for financial loss, finding that company V. had already been ordered in a final court decision to pay them compensation for the price they had paid for the house (see paragraph 9 above) and that there were therefore no grounds to make an award for the same payment against the State. The first-instance court had also awarded the claimants LTL 20,000 (approximately EUR 5,792) for non- pecuniary damage. The Supreme Administrative Court upheld that decision in its entirety.

79. In a decision of 19 May 2015 in case no. A-578-556/2015, the Supreme Administrative Court examined a case brought by company M., who had taken over company V.'s rights and obligations concerning the restaurant which had been built in the Curonian Spit National Park (see paragraph 4 above). The restaurant had been demolished in May 2013 and company M. had lodged a claim against the State and the Neringa Municipality seeking compensation for loss of profit (based on the price for which it had planned to sell the restaurant to another company, reflecting its market value at the material time) and for the costs of the demolition. The first-instance court had dismissed the claim, but the Supreme Administrative Court quashed that decision. It held firstly that the unlawfulness of the authorities' actions and their causal link to the damage sustained by company V. had already been established in other court proceedings and there was no need to revisit that issue. It then held that company M. had submitted sufficient evidence of the market value of the restaurant at the relevant time and of the costs it had incurred for the demolition. Moreover, it had not been established that company M. had committed any unlawful actions which might warrant reducing the amount of compensation. The court therefore awarded it EUR 1,149,350 for financial loss, made up of the market value of the building and the demolition costs, after deducting the amount company A. had been ordered to pay to company V. in previous proceedings (see paragraph 9 above).

80. In a decision of 23 October 2019 in case no. A-1134-575/2019, the Supreme Administrative Court examined a case brought by four individuals (two married couples) who had purchased, jointly with other individuals, one

of the houses built by company V. in the Curonian Spit National Park (see paragraph 4 above) and whose title to that house had been annulled (see paragraphs 8-10 above). They had lodged a claim against the State and the Neringa Municipality seeking compensation for financial loss – the price they had paid for the house, the interest paid on the loans they had taken out to buy the house, and various expenses incurred in relation to the purchase and maintenance of the house. They had also claimed compensation for non-pecuniary damage caused by the prolonged inconvenience, insecurity and emotional distress. The first-instance court had granted the claim in part. It had awarded the claimants the price they had paid for the house, some of the expenses of registering their title to it in the Real Estate Register and the tax they had paid before their title had been annulled, and dismissed the remainder of the claim for financial loss. It had also awarded the claimants between EUR 1,400 and 3,000 each for non-pecuniary damage. However, the Supreme Administrative Court found that the available evidence did not demonstrate that company V. would not be able to honour its debt to the claimants and that there were therefore no grounds to order the State or the municipality to pay sums the claimants were entitled to claim from company V. It upheld the remainder of the lower court's decision.

81. In a decision of 29 April 2020 in case no. eA-1803-1062/2020, the Supreme Administrative Court, sitting in an extended panel of five judges, examined a case brought by company A. (see paragraph 4 above) against the State and the Neringa Municipality. It had claimed compensation for financial loss consisting of, *inter alia*, the amount it had been ordered to reimburse to company V. by the Klaipėda Regional Court's decision of 10 April 2009 (see paragraph 9 above) and the cost of the demolition of part of the restaurant which had been built on the plot at issue (see paragraph 4 above). The defendants had argued that the claimant had missed the three-year limitation period: the obligation for it to reimburse company V. had become final in 2010 (see paragraph 10 above) and the demolition costs had been incurred in 2013, whereas the court claim had been lodged only in 2018. The first-instance court had rejected those arguments. It had observed, *inter alia*, that the enforcement of the Klaipėda Regional Court's decision of 10 April 2009 had been stayed at the request of the Inspectorate (see paragraph 20 above); the government had commissioned the drafting of amendments to the Curonian Spit National Park management plan, aiming to reach settlements (see paragraph 23 above); the Inspectorate had asked the interested parties to provide their comments on the proposed terms of a settlement (see paragraphs 24 and 25 above); and the proceedings to evict the residents from the disputed buildings had been stayed while the management plan was being amended. Given the circumstances, the first-instance court had held that the defendants' request for the claim to be declared time-barred had been unfounded because, while the negotiations to settle had been ongoing, the amount of damage sustained by the claimant had not been clear.

The Supreme Administrative Court endorsed that conclusion in part. It held that the circumstances referred to by the lower court – in particular, the government-level negotiations among, *inter alia*, the authorities which had taken the disputed decisions, the claimant in the present case, and the other interested parties; the staying of the enforcement of the Klaipėda Regional Court's decision of 10 April 2009 at the Inspectorate's request; and the initiation of the process of amending the Curonian Spit National Park management plan – constituted grounds to conclude that the statutory limitation period was not applicable in the present case in so far as it concerned the claims about the two houses built on the plot at issue but not in relation to the restaurant (see paragraph 4 above), since only the possibility of legalising the houses had been discussed in the settlement negotiations.

THE LAW

I. ALLEGED VIOLATION OF ARTICLE 1 OF PROTOCOL NO. 1 TO THE CONVENTION

82. The applicants complained that they had lost their title to the house as a result of mistakes made by the public authorities and that they had not yet been compensated for it. They relied on Article 1 of Protocol No. 1 to the Convention, which reads as follows:

> "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. The parties' submissions

(a) The Government

83. Firstly, the Government submitted that the present application was premature because the domestic proceedings which could provide a remedy for the applicants' complaints were still ongoing – the prosecutor had instituted court proceedings seeking compensation for the applicants from the State for the part of their claim against company V. which had not been met in the liquidation (see paragraph 62 above).

84. Secondly, the Government submitted that the applicants had failed to provide the Court with complete information about the case. They had lodged their application before the liquidation of company V. had been completed (see paragraph 59 above). On 14 December 2021 they had received

EUR 175,319 from company V. (see paragraph 58 above), which they had failed to inform the Court about promptly. Nor had they informed the Court about the Supreme Administrative Court's decision of 12 May 2021, which had ordered the State and the Neringa Municipality to pay company V. compensation for its financial loss (see paragraphs 36-40 above). The Government had therefore contended that by stating on their application form that they had no real prospect of obtaining compensation from company V. the applicants had sought to mislead the Court. In addition, their submission on the application form that the domestic courts had failed to take into account the passage of time in their decisions was misleading as well because the domestic courts typically awarded annual interest of 5%.

85. Thirdly, the Government contended that the applicants had failed to exhaust the available effective domestic remedies. They had lodged the application with the Court before the liquidation of company V. was complete, but had they waited until the liquidation was complete and, had their claim against company V. not then been fully met, they could have claimed compensation for financial loss from the State.

86. Fourthly, they had failed to raise their claim for non-pecuniary damage with the domestic courts within the three-year time-limit set in domestic law (see paragraphs 49-51 above). The Government pointed out that other individuals and entities who had purchased buildings on the same land and who had lodged their claims with the courts on time had been awarded compensation for non-pecuniary damage (see paragraphs 78-80 above).

87. Lastly, the Government submitted that the applicants' complaint that the domestic courts had refused to award them compensation for the difference between the amount they were entitled to receive from company V. and the market value of their house had not been made within the six-month time-limit because the final domestic decision in respect of that claim had been taken on 7 November 2013 (see paragraphs 15 and 46 above).

(b) The applicants

88. The applicants disputed the Government's assertion that part of their application was premature (see paragraph 83 above). They submitted that their title to the house had been annulled in 2009 and they had been without compensation for that for more than 15 years. They contended that they should have been compensated in the court proceedings which they had initiated in 2018 and that it would not be fair if the State could preclude them from defending their rights before the Court by instituting new and complex proceedings before the domestic courts in which one State authority (the prosecutor) lodged a claim and another State authority (the Inspectorate) disputed it (see paragraph 62 above). They also submitted that the compensation which they were to receive in those proceedings was inadequate because it did not reflect the market value of the house (see paragraph 91 below).

89. In response to the Government's submissions that they had provided the Court with incomplete information (see paragraph 84 above), the applicants stated that they had disclosed all the relevant new facts in the first document filed with the Court after the application form – their written observations. They also submitted that the facts to which the Government referred must have been known to the Government anyway, since the State had filed claims in the liquidation of company V.

90. Furthermore, the applicants disputed the Government's submission that they had failed to raise their claim for compensation for non-pecuniary damage within the time-limit provided by domestic law (see paragraph 86 above). They contended that the domestic courts had erred when dismissing that part of their claim as time-barred.

91. Lastly, the applicants submitted that the court decisions of 2013 dismissing their claim for the difference between the price they had paid for the house and its market value (see paragraphs 14-16 above) should not be considered as having a *res judicata* effect because the situation had fundamentally changed – company V. had been liquidated and there had been a dramatic increase in the market value of the house. They enclosed a June 2024 valuation of the house at the market value, at EUR 1,550,000.

2. *The Court's assessment*

(a) Whether the applicants sought to mislead the Court

92. The Court notes that the Government did not explicitly ask for the application to be declared inadmissible under Article 35 § 3 (a) of the Convention as amounting to an abuse of the right of individual application. However, they contended that the applicants had sought to mislead the Court by not providing it with complete information (see paragraph 84 above). The Court will address this allegation in the light of its case-law under Article 35 § 3 (a).

93. The Court reiterates that under that provision an application may be rejected as an abuse of the right of individual application if, among other reasons, it is knowingly based on untrue facts. The submission of incomplete and thus misleading information may also amount to an abuse of the right of application, especially if the information concerns the very core of the case and no sufficient explanation has been provided for the failure to disclose that information. The same applies if important new developments have occurred during the proceedings before the Court and where, despite being expressly required to do so by Rule 47 § 7 of the Rules of Court, the applicant has failed to disclose that information to the Court, thereby preventing it from ruling on the case in full knowledge of the facts. However, even in such cases, the applicant's intention to mislead the Court must always be established with sufficient certainty (see *Savickis and Others v. Latvia* [GC], no. 49270/11, § 149, 9 June 2022, and the case-law cited therein).

94. The Court also reiterates that parties can submit arguments and counterarguments related to their cases before it, which the Court may accept or reject, but that such contentious submissions cannot themselves be regarded as an abuse of the right of individual application (see *Hoti v. Croatia*, no. 63311/14, § 92, 26 April 2018, and the cases cited therein).

95. Having regard to the general principles set out above and to the submissions of the parties (see paragraphs 84 and 89 above), the Court is unable to find that the applicants failed to disclose to it any information which concerns the very core of the present case, or that their intention to mislead the Court could be established. Accordingly, it dismisses the Government's arguments to that effect.

(b) The applicants' claim for compensation corresponding to the increase in the market value of the house

96. The Government submitted that this part of the application had been lodged outside the six-month time-limit (as applicable at the relevant time) because the final domestic decision dismissing the applicants' claim for compensation corresponding to the increase in the market value of the house had been taken in 2013 (see paragraph 87 above).

97. The courts which examined the applicants' second civil claim discontinued the application for compensation for the increase in the market value of the house, relying on Article 103 § 2 of the Law on Administrative Proceedings, which provides that a court shall discontinue the examination of a case where a final court decision has already been taken on a dispute between the same parties, concerning the same subject matter and the same grounds (see paragraph 74 above).

98. The applicants contended that the situation in 2018, when they had lodged their second civil claim against the State, had changed in two aspects: firstly, company V. had gone into liquidation, and secondly, the market value of the house had increased further (see paragraph 91 above).

99. The Court does not share the applicants' view. It observes that the domestic decision dismissing the relevant part of their first civil claim was not based on any considerations relating to the financial situation of company V. or to the market value of the house – that is to say, the circumstances which, according to the applicants, had changed in 2018. Instead, the Supreme Administrative Court in its decision of 7 November 2013 found that compensation for financial loss corresponding to the price which the applicants had paid for the house had to be considered sufficient in principle and that they were not entitled to be compensated for the increase in its market value (see paragraph 15 above). Given that, the Court is not persuaded that any further changes in the market value of the house or the fact that company V. became incapable of compensating the applicants could affect the final nature of that conclusion. As a result, the fact that the applicants made the

same claim in the domestic courts again in 2018 could not interrupt the running of the six-month time-limit in respect of that claim.

100. The Court therefore finds that the final domestic decision on the applicants' claim for compensation corresponding to the increase in the market value of the house was taken on 7 November 2013, whereas the present application was lodged with the Court on 13 December 2021. It follows that that complaint was submitted out of time and it must be declared inadmissible under Article 35 §§ 1 and 4 of the Convention.

(c) The applicants' claim for compensation for the price paid for the house

101. The Court reiterates that the assessment of whether domestic remedies have been exhausted is normally carried out with reference to the date on which the application was lodged with the Court. However, this rule is subject to exceptions, which may be justified by the particular circumstances of each case (see *Baumann v. France*, no. 33592/96, § 47, 22 May 2001).

102. In the present case, after the application had been lodged, the public prosecutor instituted proceedings against the State, in order to obtain compensation for the applicants for the part of their claim against company V. which had not been satisfied in the liquidation. At the time of the submission of the parties' latest observations before the Court, those proceedings had not been concluded (see paragraph 83 above).

103. In this connection, the Court reiterates that where the debtor is a private actor, the State is not, as a general rule, directly liable for the debts of private actors and its obligations are limited to providing the necessary assistance to the creditor in the enforcement of the respective court awards, for example, through a bailiff service or bankruptcy procedures (see *Kotov v. Russia* [GC], no. 54522/00, § 90, 3 April 2012, and the cases cited therein).

104. However, it emphasises that, in the present case, the sale and purchase agreement between the applicants and company V. was rescinded not because of any actions of the applicants or the company but because it was established that the public authorities had wrongfully given permits for construction (see paragraph 8 above). The unlawfulness of the authorities' actions was confirmed in several sets of domestic proceedings about the construction of the disputed buildings by company V. The good faith of the company and the individuals who had purchased the disputed buildings from it, including the applicants, was never questioned at the domestic level (see paragraphs 8, 15, 44, 78, 79 and 80 above). There was therefore a direct causal link between the unlawful actions of the public authorities on the one hand and the termination of the contract between the applicants and company V. on the other.

105. Indeed, the Government acknowledged that, after the liquidation of company V. was concluded and it became clear that the applicants' claims

had not been fully satisfied, they became entitled to compensation from the State for the remainder of their claim (see paragraphs 83 and 85 above).

106. The Court has no reason to doubt that the proceedings instituted by the prosecutor (see paragraph 62 above) are capable of providing the applicants with redress for their complaint that they have not been compensated for the price they paid for the house.

107. The Court takes note of the applicants' submission that the State, represented by the Inspectorate, disputed the prosecutor's claim (see paragraph 88 above). However, the Court considers that the submissions made by the State's representative in those proceedings cannot be seen as prejudging the future decisions to be taken by the courts or as undermining the effectiveness of that remedy.

108. As to the applicants' submission about the amount of compensation they stand to obtain in those proceedings (see paragraph 88 above), the Court has already found that their complaint about compensation for the increase in the market value of the house was lodged outside the six-month time-limit (see paragraphs 96-100 above). It is therefore unable to address that complaint.

109. The Court is mindful of the fact that the current situation has been going on for a long time: the final decision awarding the applicants compensation for the purchase price of the house was taken on 6 December 2010 (see paragraph 10 above), and the proceedings about the payment of that compensation were still pending before the first-instance court when the parties' latest observations were submitted to the Court (on 16 September 2024). However, it notes that the extent to which the applicants would be compensated in the liquidation of company V. became known only in December 2021 (see paragraphs 58 and 59 above). The applicants did not allege that the latter proceedings had been unduly protracted or that, once they were concluded, the prosecutor had taken an unreasonably long time to institute proceedings for compensation. Accordingly, and in keeping with its subsidiary role, the Court cannot rule on the applicants' complaint before the domestic authorities have been given an opportunity to address and remedy the situation (see *Vučković and Others v. Serbia* (preliminary objection) [GC], nos. 17153/11 and 29 others, § 69, 25 March 2014, and, *mutatis mutandis*, *Laurus Invest Hungary Kft and Others v. Hungary* (dec.), nos. 23265/13 and 5 others, §§ 42-43, 8 September 2015).

110. The Court therefore finds that the part of the application concerning the applicants' complaint that they have not been compensated for the purchase price of the house is premature, since the domestic proceedings concerning such compensation are still pending. It must be declared inadmissible under Article 35 §§ 1 and 4 of the Convention.

111. In the light of the above conclusion, the Court considers that it is not necessary to address the Government's argument that the applicants had not exhausted the available domestic remedies by lodging their application with

the Court before the completion of the liquidation of company V. (see paragraph 85 above).

(d) As to the applicants' remaining compensation claims

112. The Court considers that the Government's remaining objection of inadmissibility (see paragraph 86 above) is closely linked to the merits of the applicants' complaint that the domestic courts erred in dismissing some of their compensation claims as time-barred. Accordingly, that objection should be joined to the merits.

113. The Court further notes that this complaint is neither manifestly ill-founded nor inadmissible on any other grounds listed in Article 35 of the Convention. It must therefore be declared admissible.

B. Merits

1. The parties' submissions

(a) The applicants

114. The applicants submitted that the decision to annul their title to the house and to order its demolition was the consequence of unlawful actions of the public authorities when carrying out planning procedures and issuing construction permits. The applicants had not participated in the making of the contested decisions and it had not been established that they had been in any way at fault. Moreover, the Court of Appeal had acknowledged that the applicants were entitled to compensation for the damage they had sustained (see paragraph 10 above). However, to date they have still not been fully compensated.

115. The applicants contended that the domestic courts had erred when finding that their claim for compensation for non-pecuniary damage and financial loss in respect of certain expenses incurred in relation to the house was time-barred. They submitted that the highest State officials, including the Prime Minister, had made public reassurances that disputed buildings in the Curonian Spit National Park would not be demolished (see paragraph 17 above). The Prime Minister had established a working group to find solutions to the situation (see paragraphs 19, 21 and 22 above); the Inspectorate had asked for enforcement of the Klaipėda Regional Court's decision of 10 April 2009 to be stayed (see paragraph 20 above); the applicants had been sent a draft settlement agreement (see paragraphs 24 and 25 above); and the planning documents of the Curonian Spit National Park had been amended so as to enable the legalisation of, among other buildings, the applicants' house (see paragraph 27 above). The applicants pointed out that in its decision of 12 May 2021 the Supreme Administrative Court had taken account of the above-mentioned actions of the authorities and had refused to find a similar claim lodged by the liquidator of company V. to be time-barred (see

paragraph 39 above). Although no settlement could be reached because the Constitutional Court had found the amended management plan of the Curonian Spit National Park to be contrary to the Constitution (see paragraph 28 above), the applicants contended that the State should not be allowed to benefit from its own unlawful actions.

(b) The Government

116. The Government submitted that the present case concerned construction in the Curonian Spit National Park, which had been established in 1991 and included on the UNESCO World Heritage List in 2000. As the Court had already acknowledged, this meant that the State's margin of appreciation depended on its obligations to UNESCO and that the measures taken in respect of that territory could be rigorous (see *Kristiana Ltd. v. Lithuania*, no. 36184/13, § 109, 6 February 2018). The Government contended that it was reasonable to expect the applicants to have been aware of the restrictions on the Curonian Spit. Accordingly, after their title to the house had been annulled by the court decisions of 2009 and 2010 (see paragraphs 8-10 above), they must have understood that they could not hope to keep the house; they had admitted that themselves in their 2012 claim (see paragraph 12 above).

117. However, the applicants, instead of complying with the Klaipėda Regional Court's decision of 10 April 2009 and then seeking compensation for the damage sustained as a result, had chosen to try to avoid the enforcement of that decision and to keep the house. In pursuit of that, they had made requests to various public authorities, resulting in the government trying to find ways of legalising the unlawful construction, but that had been impossible under domestic law. In this connection, the Government observed that, by contrast, the part of the decision of 10 April 2009 that concerned the restaurant had been enforced in 2013 and the claimant had successfully claimed compensation from the State (see paragraph 79 above).

118. Turning to the civil proceedings brought by the applicants against the State and the Neringa Municipality in 2018, the Government submitted that the courts' decision to dismiss part of their claim as time-barred could not be considered arbitrary. In particular, their right to be compensated for damage had already been acknowledged by the Court of Appeal in 2010 (see paragraph 10 above) and they had lodged their first claim for financial loss in 2012 (see paragraph 12 above). Their claim of 2018 had therefore clearly been filed outside the three-year limitation period. The Government submitted that the other individuals who had found themselves in a similar situation as a result of the Klaipėda Regional Court's decision of 10 April 2009 and who had lodged their claims for compensation on time had been awarded compensation by the courts (see paragraphs 78 and 80 above).

119. They further contended that the domestic courts had given due consideration to the applicants' arguments about the interruption of the

statutory limitation period and to their application for an extension on the grounds that they had missed the time-limit for good reason (see paragraphs 49-51 above). Referring to the findings of the Vilnius Regional Administrative Court's decision of 27 March 2020 (see paragraphs 50 and 51 above), the Government stated that the authorities' attempts to reach a settlement did not preclude the applicants from filing proceedings to defend their rights. In any event, the attempts to settle had not had much influence on the applicants' decisions on how to protect their rights, since they had lodged claims for compensation first in May 2012 and then in May 2018, before the Constitutional Court's ruling of 25 November 2019 (see paragraph 28 above).

2. *The Court's assessment*

(a) Scope of the case and the applicable rule

120. There was no dispute between the parties that the annulment of the applicants' title to the house constituted an interference with their right to the peaceful enjoyment of their possessions, irrespective of the fact that to date the house has still not been demolished and the applicants were still living there (see paragraph 61 above and, *mutatis mutandis*, *Vrzić v. Croatia*, no. 43777/13, § 93, 12 July 2016; *Tumeliai v. Lithuania*, no. 25545/14, § 73, 9 January 2018; and *Seregin and Others v. Russia*, nos. 31686/16 and 4 others, § 89, 16 March 2021).

121. The Court observes that the final decision in the domestic proceedings about the annulment of the applicants' title was taken on 6 December 2010 (see paragraph 10 above), whereas the present application was lodged with the Court on 13 December 2021. The Court therefore cannot assess the compliance of those proceedings with Article 1 of Protocol No. 1 to the Convention (see *Šidlauskas v. Lithuania*, no. 51755/10, § 40, 11 July 2017).

122. At the same time, the Court observes that in those proceedings the courts acknowledged that the authorities who had issued the relevant planning documents and construction permits had acted unlawfully and that the applicants were entitled to compensation for the loss of their title to the property, to be assessed in separate proceedings (see paragraphs 8 and 10 above). The Government did not dispute the unlawfulness of the authorities' actions or the applicants' right to be compensated.

123. The Court further observes that the applicants complained not about the annulment of their title as such and whether it was lawful or pursued a legitimate aim, but about the fact that they had still not been compensated. They contended that compensation should have been awarded to them in the civil proceedings which they had instituted in 2018 and which had been concluded by the Supreme Administrative Court's decision of 16 June 2021 (see paragraph 57 above).

124. Given the circumstances, the Court considers that, while it is precluded by the six-month time-limit from examining the proceedings in which the interference with the applicants' property rights arose, it is not precluded from examining whether the decisions taken in the subsequent compensation proceedings led to that interference being disproportionate (see, for a similar approach, *Šidlauskas*, cited above, §§ 40-48).

125. The Court considers that this complaint should be examined under the first sentence of the first paragraph of Article 1 of Protocol No. 1, which lays down in general terms the principle of the peaceful enjoyment of property (ibid., § 41).

(b) Relevant general principles

126. The relevant general principles under Article 1 of Protocol No. 1 to the Convention with regard to the proportionality of an interference have been summarised in *Beinarovič and Others v. Lithuania* (nos. 70520/10 and 2 others, §§ 138-42, 12 June 2018, and the cases cited therein).

127. In addition, the Court reiterates the importance of the procedural obligations under Article 1 of Protocol No. 1. It has, on many occasions, noted that, although Article 1 of Protocol No. 1 contains no explicit procedural requirements, judicial proceedings concerning the right to the peaceful enjoyment of one's possessions must also afford the individual a reasonable opportunity of putting his or her case to the competent authorities for the purpose of effectively challenging the measures interfering with the rights guaranteed by this provision. An interference with the rights provided for by Article 1 of Protocol No. 1 cannot therefore have any legitimacy in the absence of adversarial proceedings that comply with the principle of equality of arms, allowing discussion of aspects that are important for the outcome of the case. In order to ensure that this condition is satisfied, the applicable procedures should be considered from a general standpoint (see *G.I.E.M. S.r.l. and Others v. Italy* [GC], nos. 1828/06 and 2 others, § 302, 28 June 2018, and the cases cited therein).

128. As the Court has held on many occasions, statutory limitation periods constitute legitimate restrictions to the individual's right of access to a court (see *Sanofi Pasteur v. France*, no. 25137/16, § 50, 13 February 2020, and the cases cited therein). However, they must not restrict exercise of the right in such a way or to such an extent that the very essence of the right is impaired (see *Vegotex International S.A. v. Belgium* [GC], no. 49812/09, § 133, 3 November 2022, and the cases cited therein).

(c) Application of the above principles in the present case

129. In their second civil claim against the State, the applicants claimed compensation for the tax and other expenses incurred in relation to the house and compensation for the stress, anxiety and inconvenience sustained as a

result of the annulment of their property title and the ensuing proceedings (see paragraphs 41 and 42 above). The domestic courts acknowledged that the applicants could have been entitled to compensation under those heads but held that they were out of time to lodge those claims (see paragraphs 49-51 and 57 above).

130. The applicants argued that the limitation period should not have been applied in their case or that it should have been extended because for a long time they had been led to believe by various State authorities that there was a possibility of reaching a settlement with the State which would enable them either to keep the house or to receive adequate compensation for it (see paragraphs 52 and 53 above).

131. The Court is mindful that, as held by the domestic courts, the State's engagement in settlement negotiations cannot be interpreted as meaning that it acknowledged any particular obligation towards the applicants (see paragraph 50 above). Indeed, participation in a settlement procedure cannot be seen as prejudicing any claims which, in the event of that procedure being unsuccessful, the parties may subsequently bring against one another (see, *mutatis mutandis*, *Momčilović v. Croatia*, no. 11239/11, §§ 52-53, 26 March 2015).

132. However, the Court cannot disregard the fact that the authorities were active in their effort to find a compromise solution which would protect the rights of individuals who had purchased disputed property in the Curonian Spit National Park in good faith and at the same time allow the State to avoid the payment of large sums in compensation. The Prime Minister established a working group to seek solutions, which recommended amending the planning documents so that the disputed buildings could be legalised (see paragraphs 19, 21 and 22 above); the government initiated amendments to the Curonian Spit National Park management plan (see paragraph 23 above); enforcement of the court order for the annulment of the applicants' title and the return of the house to company V. was stayed at the request of the Inspectorate (see paragraph 20 above); and the applicants were sent a draft settlement agreement (see paragraphs 24 and 25 above). It considers that all those circumstances taken together constituted a good reason for the applicants to believe that the State had a genuine intention to resolve the situation in a way which would not require the demolition of their house and that they should therefore refrain from taking any action which might jeopardise the ongoing negotiations, such as starting new legal proceedings against the State, which those negotiations explicitly sought to avoid (see paragraphs 24 and 25 above).

133. The Court observes in this connection that the Civil Code provides for the possibility of an extension if the courts find that the statutory limitation period has been missed for good reason (see paragraph 68 above). Moreover, the Supreme Administrative Court has held that the courts must not apply the legislative provisions on statutory limitation mechanically because doing so

would be incompatible with their duty to implement justice (see paragraph 77 above).

134. The Court also notes that in two cases stemming from the same facts as the applicants' case, the domestic courts refused to find the claims to be time-barred, having regard to the negotiations at government level among, *inter alia*, the authorities which had adopted the disputed decisions, the claimants and other interested parties; the staying of the enforcement of the Klaipėda Regional Court's decision of 10 April 2009 at the Inspectorate's request; and the proposal to amend the Curonian Spit National Park management plan with the aim of reaching a settlement (see paragraphs 39 and 81 above). The applicants referred to one of those cases in their appeal (see paragraph 54 above), but the Supreme Administrative Court did not address that argument and did not provide any explanation as to why the applicants' situation warranted a different approach from the recent similar cases (see paragraph 57 above). As the Court has held in a number of cases concerning Article 1 of Protocol No. 1, although the obligation for judicial authorities to give reasons for their decisions does not require a detailed response to each argument presented by the parties, that obligation nevertheless presupposes the right of a party to the proceedings to have his or her essential contentions carefully examined (see *Bistrović v. Croatia*, no. 25774/05, § 37, 31 May 2007, with further references, and, *mutatis mutandis*, *Megadat.com SRL v. Moldova*, no. 21151/04, § 74, ECHR 2008).

135. The Government contended that the timing of the applicants' second civil action was unrelated to the settlement negotiations, as those negotiations were still continuing when the claim was lodged (see paragraph 119 above). Be that as it may, the domestic courts did not rely on this fact when dismissing any of the applicants' claims. Accordingly, the Court finds this argument irrelevant to its assessment.

136. In the light of the foregoing, and having particular regard to the established domestic case-law concerning statutory limitation periods (see paragraph 77 above) and the decisions taken by the domestic courts in other cases stemming from the same facts (see paragraphs 39 and 81 above), the Court finds that the domestic courts' manner of adjudicating the applicants' claims deprived them of a reasonable opportunity of presenting their case effectively for the purpose of determining the appropriate compensation and therefore failed to strike a fair balance between the requirements of the general interest and the protection of the applicants' right to property (see, *mutatis mutandis*, *Vod Baur Impex S.R.L. v. Romania*, no. 17060/15, § 73, 26 April 2022).

137. The Court therefore dismisses the Government's inadmissibility objection to this complaint (see paragraphs 86 and 112 above).

138. There has accordingly been a violation of Article 1 of Protocol No. 1 to the Convention.

II. OTHER ALLEGED VIOLATIONS OF THE CONVENTION

139. The applicants also complained that the fact that they had still not been compensated for the loss of their title to the house had violated their rights under Article 6 § 1 and Article 8 of the Convention.

140. The Court observes that the complaints which the applicants raised under Article 6 § 1 and Article 8 of the Convention were essentially the same as those which they had raised under Article 1 of Protocol No. 1 to the Convention. The Court has already declared some of those complaints inadmissible (see paragraphs 100 and 110 above) and found a violation of Article 1 of Protocol No. 1 to the Convention on account of the fact that the applicants were not afforded a reasonable opportunity to put their case before the domestic courts (see paragraphs 136-138 above). Accordingly, it finds that there is no need to separately examine the admissibility and merits of the applicants' complaints under Article 6 § 1 and Article 8 of the Convention.

III. APPLICATION OF ARTICLE 41 OF THE CONVENTION

141. 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

1. The parties' submissions

142. The applicants claimed 2,001,773 euros (EUR) in respect of pecuniary damage, consisting of the following:

(a) the price paid for the house, after deducting the amount received in the company liquidation (EUR 360,478);

(b) 5% annual interest on the amount in paragraph 142(a) above (EUR 339,748);

(c) adjustment of the amount in paragraph 142(a) above for inflation (EUR 278,596);

(d) the increase in the market value of the house (EUR 1,014,203);

(e) the tax paid and other expenses incurred in relation to the house (EUR 8,749) – they submitted relevant documents showing that they had paid EUR 467 in land rent tax for the period 2006-2016, EUR 5,515 in real estate tax for the period 2008-2015, and EUR 2,767 in notarial fees when buying the house.

143. They also claimed EUR 1,000,000 in respect of non-pecuniary damage for the mental anguish and sense of insecurity caused by the domestic authorities' failure to compensate them.

144. The Government disputed the applicants' claim in respect of pecuniary damage. They reiterated that the proceedings for compensation for the purchase price of the house were still pending at the domestic level (see paragraph 83 above) and that their claim for the increase in the market value of the house had been lodged with the Court too late (see paragraph 87 above). They further contended that the domestic courts were better placed to assess the exact amount of the financial loss the applicants might have sustained and that reopening of the domestic proceedings would be the most appropriate redress. Lastly, the Government submitted that the applicants' claim in respect of non-pecuniary damage significantly exceeded the awards made by the Court in similar cases.

2. The Court's assessment

145. The Court notes that just satisfaction can be awarded in so far as the damage in question is the result of a violation found, and that no award can be made for damage caused by events or situations that have not been found to constitute a violation of the Convention, or for damage related to complaints declared inadmissible. In the present case, the applicants' complaints that they had not been compensated for the purchase price of the house or for the alleged increase in its market value were declared inadmissible (see paragraphs 100 and 110 above). Accordingly, the Court dismisses the applicants' claims in respect of pecuniary damage listed in paragraph 142(a)-(d) above.

146. However, the Court found the domestic courts' dismissal of some of the applicants' compensation claims as time-barred, including their claim for the tax paid and other expenses incurred in relation to the house, to be a violation of Article 1 of Protocol No. 1 to the Convention. Accordingly, the applicants' claim in paragraph 142(e) above is directly linked to the violation found. The Government did not challenge the documents submitted by the applicants, which showed that they had paid EUR 8,749 in notarial fees when buying the house and land rent and real estate tax while they owned the house. Accordingly, the Court grants that part of the claim and awards the applicants EUR 8,749 in respect of pecuniary damage.

147. Furthermore, the Court has no reason to doubt that the violation of Article 1 of Protocol No. 1 to the Convention established in the present case must have caused the applicants emotional distress and suffering which cannot be compensated by the finding of a violation alone. However, it finds the amount claimed by the applicants to be excessive. Ruling on an equitable basis, it considers it reasonable to award the applicants, jointly, EUR 8,000 under this head.

B. Costs and expenses

148. The applicants did not submit any claim in respect of costs and expenses. The Court therefore makes no award under this head.

FOR THESE REASONS, THE COURT, UNANIMOUSLY,

1. *Joins to the merits* the Government's preliminary objection with regard to the applicants' complaint under Article 1 of Protocol No. 1 to the Convention concerning the dismissal of part of their compensation claim as time-barred and *dismisses* it;

2. *Declares* the complaint under Article 1 of Protocol No. 1 to the Convention concerning the dismissal of part of the applicants' compensation claim as time-barred admissible and the remaining complaints under that provision inadmissible;

3. *Holds* that there has been a violation of Article 1 of Protocol No. 1 to the Convention;

4. *Holds* that there is no need to examine separately the complaints under Article 6 § 1 of the Convention and Article 8 of the Convention;

5. *Holds*
   (a) that the respondent State is to pay the applicants, jointly, within three months from the date on which the judgment becomes final in accordance with Article 44 § 2 of the Convention, the following amounts:
      (i) EUR 8,749 (eight thousand seven hundred and forty-nine euros), plus any tax that may be chargeable, in respect of pecuniary damage;
      (ii) EUR 8,000 (eight thousand euros), plus any tax that may be chargeable, in respect of non-pecuniary damage;
   (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;

6. *Dismisses* the remainder of the applicants' claim for just satisfaction.

Done in English, and notified in writing on 4 February 2025, pursuant to Rule 77 §§ 2 and 3 of the Rules of Court.

Hasan Bakırcı Registrar	Arnfinn Bårdsen President