

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

THIRD SECTION

CASE OF OÜ PAREM KALLAS v. ESTONIA

(Application no. 18440/23)

JUDGMENT

Art 1 P1 • Peaceful enjoyment of possessions • Refusal to award compensation for pecuniary damage allegedly sustained by the delay in the municipality's acquisition of the applicant company's parcel of land designated for public use • Existence of a right to claim compensation for delayed acquisition under domestic law • Supreme Court carried out a thorough overall examination of the relevant factors and provided adequate reasons • No ground to question Supreme Court's findings concerning the delayed acquisition • No individual and excessive burden on the applicant company in case-circumstances • Fair balance struck between competing interests

Prepared by the Registry. Does not bind the Court.

STRASBOURG

2 June 2026

FINAL

02/09/2026

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



In the case of OÜ Parem Kallas v. Estonia,

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

Ioannis Ktistakis*, President*,
Peeter Roosma,
Lətif Hüseynov,
Darian Pavli,
Diana Kovatcheva,
Canòlic Mingorance Cairat,
Vasilka Sancin*, judges*,
and Milan Blaško, *Section Registrar,*

Having regard to:

the application (no. 18440/23) against the Republic of Estonia lodged with the Court under Article 34 of the Convention for the Protection of Human Rights and Fundamental Freedoms ("the Convention") by OÜ Parem Kallas ("the applicant company"), a private limited company based in Pärnu, on 28 April 2023;

the decision to give notice to the Estonian Government ("the Government") of the complaints under Article 6 § 1 of the Convention and Article 1 of Protocol No. 1 to the Convention concerning the length of domestic proceedings and its impact on establishing the amount of compensation payable to the applicant company;

the parties' observations;

Having deliberated in private on 5 May 2026,

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

INTRODUCTION

1. The application concerns a delay in establishing the price to be paid for the applicant company's parcel of land which had been designated for public use and the fact that that delay was not taken into account when awarding it the sum for that parcel (the value of which was calculated with reference to an earlier date).

THE FACTS

2. The applicant company is a private limited company based in Pärnu. It was represented by Mr A. Jõks, a lawyer practising in Tallinn.

3. The Government were represented by their Agent, Mr T. Kolk, Representative of Estonia to the European Court of Human Rights;

4. The facts of the case may be summarised as follows.

I. DESIGNATION OF A PARCEL FOR PUBLIC USE

5. In 2000 a certain A.S. obtained a plot of land ("the entire plot") on the right bank of Pärnu River – the designated purpose (*sihtotstarve*) of which was entered in the relevant records as "industrial land" (*tootmishoonete maa*) – for the price of 374,800 Estonian kroons ((EEK) – approximately 24,000 euros (EUR)). He asked the local municipality (the City of Pärnu, hereinafter "the municipality") to initiate proceedings for the adoption of a detailed plan (*detailplaneering*).

6. On 28 June 2001 the municipality, by way of adopting the detailed plan initiated at the request of A.S., made a zoning decision to change the designated purpose of the entire plot. It designated the majority of the plot (85%) as "land for small residential buildings" (*väikeelamumaa*). Furthermore, the remaining part of the land was earmarked for a future extension of a public road and was designated as "transport land" (*transpordimaa*). That part of the land – hereinafter referred to as "the parcel" – measured approximately 15% of the total area of the entire plot.

7. Under section 30(5) of the Planning and Construction Act (*planeerimis- ja ehitusseadus*), as in force at the material time, the municipality had the subsequent obligation to purchase the parcel for a fair price paid promptly (*kohese ja õiglase tasu eest*) if and when the landowner submitted an application to that effect.

8. By a letter of 2 May 2001 addressed to the municipality, A.S. guaranteed that he would not ask the municipality to purchase the parcel before such time that the municipality actually intended to carry out the works to extend the road in question.

II. PROCEEDINGS TO ACQUIRE THE PARCEL

9. Subsequently, in May 2002 A.S. transferred the entire plot (including the parcel in question) as a non-monetary contribution to the applicant company, of which A.S. was a shareholder and member of the board. The value of the entire plot was estimated to be EEK 500,000 (approximately EUR 31,955).

10. In July 2002 the applicant company lodged an application for the municipality to acquire the parcel intended for the extension of the road and later repeated that request in 2003 and 2004.

11. In August 2004 the applicant company asked a court to order the municipality to purchase the parcel, stating that the fair price was approximately EEK 946,000 (approximately EUR 60,460).

12. In a judgment, which became final in April 2006, the Tallinn Court of Appeal ordered the municipality to decide on the acquisition of the parcel within two months. It noted that the parcel had hitherto not been designated

as residential land and thus the municipality was not required to take that designation into account when determining the value of the parcel.

13. Those proceedings were followed by alternating administrative and court proceedings to acquire the parcel, as described below.

14. On 30 May 2006 the municipality set the parcel's acquisition price on the basis of an expert report prepared by A. in 2004, proposing the sum of EEK 105,000 (approximately EUR 6,710) on the assumption that the parcel's value was to be assessed on the basis of its designation as transport land. The applicant company challenged the municipality's decision. However, it informed the municipality on 4 July 2006 that it was willing to accept the sum of EUR 6,710 as partial payment. In October 2008 it asked the municipality to pay default interest in the amount of EEK 14,700 (approximately EUR 940) pending the domestic court proceedings.

15. The domestic courts set aside the municipality's decision of 30 May 2006 and ordered the municipality to decide again on the amount, reasoning that it had not taken into account adequate factors. In that set of proceedings, the Supreme Court noted in its decision of 29 May 2012 that the municipality's obligation to acquire the parcel was not affected by the fact that the owner of the parcel had changed subsequent to the adoption of the detailed plan. The right to ask the municipality to acquire the parcel had been transferred in its entirety to the applicant company. It also explained that the value of the parcel depended on the use for which it had been designated before the adoption of the detailed plan (which had been industrial land). The court added that as the interference with property rights had stemmed from the detailed plan, the fair price for the parcel had to be set with reference to that point in time. Lastly, the court added that in the event that the municipality could be seen as having unlawfully delayed the acquisition of the parcel, the possible damage suffered by the applicant company owing to such a delay could not be addressed in the proceedings focused on setting the fair price for the parcel itself, but in separate proceedings addressing that (in)action.

16. In July 2012 the municipality informed the applicant company that it found it reasonable to base the price of the parcel on the expert report prepared by the A. company in 2004, according to which the value of the parcel (based on its assessment as industrial land) was approximately EUR 37,000. The applicant company refused the offer.

17. Subsequently the municipality ordered two further expert reports from the P. company (who proposed the value of approximately EUR 92,400) and the A. company (who proposed the value of EUR 12,900). The applicant company supported the report prepared by the P. company, and the municipality – listing arguments why it considered the P. company's report unreliable – preferred the report prepared by the A. company.

18. In October 2012 the municipality once again proposed that the parties find a compromise and jointly order a new expert report. The applicant

company refused, expressing its support for the outcome of the expert report prepared by the P. company.

19. In view of the considerable difference in outcomes proposed in the two reports prepared by the A. and P. companies, the municipality turned to the Estonian Association of Appraisers (*Eesti Kinnisvarahindajate Ühing*) for advice on how to proceed. Based on the advice received, it ordered a third comparative expert report from the D. company in order to assess whether the expert opinions by the P. and A. companies met the relevant assessment standards. The D. company concluded that while both expert reports had certain flaws and it could not be said that either of them was correct, the expert opinion by the P. company contained more shortcomings.

20. From 2012 to 2017 the municipality consecutively set the amounts which they considered reflected a fair price for the parcel four more times. The municipality itself annulled one of those decisions (owing to procedural flaws) and two subsequent decisions were set aside by the domestic courts as flawed. The courts' reasons for setting aside the decisions are set out in paragraphs 21 and 22 below.

21. The municipality's decision of 3 December 2012, proposing the price of EUR 12,900 based on the A. company's expert report, was set aside on 3 July 2015 by the Tallinn Court of Appeal. In that case the appellate court criticised the selection of comparative transactions used by the A. company as a reference for the calculation of the parcel's value. It also held that the A. company's expert report – being based on the criterion of industrial land – had failed to take into account the "perspective of the parcel as residential land". That judgment became final on 8 October 2015 when the Supreme Court refused to examine the municipality's appeal on points of law.

22. Subsequently, the municipality issued a new decision on 21 December 2015, proposing the price of EUR 30,000. That price was based on a new expert report by the K. company, commissioned in response to the above-mentioned appellate court's judgment of 3 July 2015. In that report – which initially considered the fair price for the parcel to be EUR 20,000 – the experts agreed to modify the list of comparable objects used in calculating the market price of the parcel in response to the criticism raised by the applicant company. That resulted in the price proposal being increased to EUR 30,000. The municipality's decision based on the K. company's expert report was set aside on 12 April 2017 by the Harju County Court. The court held that the municipality had not weighed all the relevant factors, notably it had not explained why it had set aside the P. company's earlier expert report from 2012 and had not provided its own reasons in response to the criticism that the applicant company had voiced regarding the K. company's report. That judgment became final on 16 November 2017.

23. On 20 July 2015 the applicant company approached the municipality with a proposal to find common ground on the relevant assessment criteria to be taken into account for setting the parcel's price, and suggested – based on

one comparative transaction that had taken place in 2006 – that the parcel's price should be EUR 438,099. No compromise was reached.

24. It appears from the applicant company's letter to the municipality of 9 March 2016 that the municipality had proposed to reach a compromise in 2014 and in 2015, proposing a sum of EUR 38,700, and had proposed the sum of EUR 38,000 in 2016. In response to that last proposal, the applicant company stated that it would accept EUR 61,000 as a compromise.

25. The domestic courts upheld the municipality's last decision, adopted on 26 June 2017, to acquire the parcel for the price of EUR 30,000. In doing so, the Tallinn Court of Appeal noted in its judgment of 21 December 2018 that the amount payable for the parcel had been determined on the basis of an adequate and reliable expert opinion by the K. company, which had been in accordance with the guidelines given by the courts (also being the only expert report which had been prepared after the Tallinn Court of Appeal's judgment of 3 July 2015). The court also found that the municipality had at that point sufficiently elaborated the reasons for adopting the decision (including in response to the criticism expressed by the applicant company). It noted, *inter alia*, that in the course of the proceedings, the municipality had also offered to pay the applicant company the sum of EUR 45,000, which the applicant company had refused. The court also dismissed the applicant company's proposal that the expert opinion prepared by the P. company in 2012 should have been taken as the basis for determining the fair price, noting, among other reasons, that it had been prepared before and thus not in accordance with the instructions given by the Tallinn Court of Appeal in its judgment of 3 July 2015. That latest judgment entered into force on 14 May 2019 when the Supreme Court refused to examine the applicant company's appeal on points of law. The price of EUR 30,000 was meant to reflect the value of the parcel in 2001.

III. PROCEEDINGS FOR DAMAGES

A. Proceedings before the lower courts and the acquisition of the parcel by the municipality

26. In 2012, in parallel to the proceedings to acquire the parcel, and in view of the length of time that they had taken, the applicant company initiated another set of court proceedings against the municipality. It claimed compensation in respect of pecuniary damage calculated so as to take into account, *inter alia*, the rate of inflation, lost income (*saamatajäänud tulu*) in the form of foregone interest, default interest and costs linked to the fact that part of its property (the parcel) had been designated as transport land (hereinafter "the proceedings for damages"). The applicant company's initial claim amounted to approximately EUR 420,000.

27. Those proceedings were suspended at the applicant company's request from 2014 until 2019 and were resumed after the domestic courts upheld the municipality's acquisition decision in 2019 (see paragraph 25 above).

28. At that stage, on 26 August 2019, the applicant company retracted some heads of claims in respect of pecuniary damage and submitted a modified claim in the amount of approximately EUR 108,000. More specifically, the applicant company retracted the claims in respect of pecuniary damage resulting from summertime maintenance costs and payment of land tax, noting that the municipality had already paid compensation for those. As grounds for the claims it maintained the applicant company referred to the rate of inflation, lost income in the form of foregone interest from likely investments, default interest and costs linked to the wintertime maintenance of the parcel.

29. In addition, the applicant company also lodged a supplementary claim in respect of non-pecuniary damage and left the sum to be determined by the courts. It noted that while under section 9(1) of the State Liability Act legal persons could not claim compensation in respect of non-pecuniary damage, lodging such a claim had to be possible under Article 25 of the Constitution. As grounds for the claim the applicant company argued that the length of the administrative proceedings conducted by the municipality had been excessive. That had had an impact on its economic activity, as it had impeded the owners of the company and its management board from making decisions until the future of the parcel and its price had been settled. The applicant company also mentioned the stress endured by a member of its management board, A.K., in relation to the criminal case initiated against him.

30. By a decision of 10 October 2019, the Tallinn Administrative Court rejected the applicant company's supplementary claim for compensation in respect of non-pecuniary damage. In that decision the court also granted the applicant company's retraction of certain claims (see paragraph 28 above) and terminated the proceedings relating to them. That decision was amenable to appeal.

31. In the same proceedings, on 13 January 2021 the Tallinn Administrative court dismissed the applicant company's claim in respect of pecuniary damage, relying, *inter alia*, on the fact that the applicant company had not yet finalised the sale of the parcel in question to the municipality.

32. In its appeal against the first-instance judgment of 13 January 2021 the applicant company stated that it had never been served with the decision of the Tallinn Administrative Court of 10 October 2019. The Tallinn Court of Appeal found in its judgment of 12 January 2022 that the decision had been served on the applicant company and that it had become final without the applicant company appealing against it. By the same judgment, the Tallinn Court of Appeal noted that up until that point the applicant company had refrained from concluding the agreement for the sale of the parcel.

Nonetheless, the Tallinn Court of Appeal granted the applicant company's claim in respect of pecuniary damage in part, noting that it should be put in a situation where the payment of EUR 30,000 in 2017 had the same purchase power that that sum would have had had it been paid in 2003. While considering the applicant company's claims to be excessive, the court decided that it should be paid EUR 16,965 within 30 days after the parcel's title had been transferred to the municipality. The municipality lodged an appeal on points of law. The subsequent judgment of the Supreme Court is summarised in paragraphs 34-65 below.

33. The municipality and the applicant company agreed on the sale of the parcel on 18 October 2022 for the sum of EUR 30,000.

B. Judgment of the Supreme Court

1. Scope and subject matter of the case before the Supreme Court

34. On 28 February 2023 the Supreme Court dismissed the applicant company's various claims for compensation in respect of pecuniary damage. It relied on the following grounds and reasoning.

35. As to the scope of the case before it, the Supreme Court noted that there was no dispute that the municipality was under an obligation to acquire the parcel for the price of EUR 30,000. The dispute before it only concerned the following questions: (a) whether the municipality had unlawfully delayed the acquisition and, if yes, during which period; and (b) if and in what amount the applicant company should be compensated for the damage caused by the delay.

36. The Supreme Court considered that the detailed plan adopted on 28 June 2001 – by which the owner of the parcel had lost the possibility to use the land as industrial land – had not entailed expropriation in the formal sense. Both A.S. and later the applicant company had remained owners of the parcel after the adoption of the detailed plan.

37. Turning to the issue of *de facto* expropriation, the Supreme Court looked at the spatial scope of the interference with the applicant company's property rights. It stressed that the entirety of the property, as it had stood at the time of the adoption of the detailed plan, had to be taken into account. In that connection, only 15% of the original property had been designated for public use as transport land. The remainder was designated for residential use at the owner's request, as the original industrial designation was no longer practical. Thus, the owner could keep on using the majority of the land purely in its commercial interests. That planning solution had not prevented the owner from disposing of the parcel (as evidenced, among other things, by the transfer of the parcel as a non-monetary contribution to the applicant company's share capital) and had not restricted the owner's possession as factual control over the parcel (the public use of the parcel related only to the future extension of the road which had not yet taken place). Comparing the

circumstances at hand with the case-law of the Court, the Supreme Court concluded that the situation before it concerned measures for controlling the use of property rather than deprivation of possessions.

38. Nonetheless it was clear that the adoption of the detailed plan had entailed land-use restrictions. However, at the time of purchasing the entire plot – designated at the time as industrial land – neither A.S. nor later the applicant company could have had legitimate expectations that they would be able to build residential buildings on the entire plot. The owners could not dictate the future urban planning solutions. The change of the designated use of 85% of the entire plot in question from industrial land to residential land (which the owner had considered a more advantageous outcome) allowed the owners to presume that the plot in its entirety had at least maintained its market value (while it was likely that the market value had even risen).

39. In that light, the private and public interests had been adequately balanced and compensation for the restrictions emanating from the detailed plan was not required under the Constitution or under Article 1 of Protocol No. 1 to the Convention. Not every restriction required compensation.

2. Right to request acquisition under section 30(5) of the Planning and Construction Act

40. Regardless of the above findings, the Supreme Court explained that the applicant company's right to ask the municipality to acquire the property came directly from section 30(5) of the Planning and Construction Act. The municipality had acknowledged the existence of such a right. In any event, the Tallinn Court of Appeal, by its decision of April 2006 had obliged the municipality to decide on the acquisition of the parcel within two months (see paragraph 12 above). The acquisition price paid for the parcel had to be "fair and paid promptly".

41. The Supreme Court explained that section 30(5) of the Planning and Construction Act had not required that payment for the property be made immediately after the adoption of the detailed plan. In addition to the plan, the prerequisites for payment were the submission of an acquisition application and the actual acquisition of the property. If no application was submitted, or if an application was submitted but the owner did not take the necessary steps to transfer ownership, the local authority did not incur an obligation to make the payment.

42. However, if the above-mentioned prerequisites were fulfilled, section 30(5) of the Planning and Construction Act conferred on the owner a subjective right (*subjektiivne õigus*) of pecuniary value (*varaliselt hinnatav õigus*) against the municipality. That right fell within the scope of Article 32 of the Constitution.

43. While the Planning and Construction Act did not set a time frame within which the municipality had to decide on the acquisition of the parcel concerned, such an acquisition could not be unreasonably delayed after the

owner had submitted an application. An unreasonable delay violated the right provided in section 30(5) of the Planning and Construction Act and thus also the right protected under Article 32 of the Constitution.

44. Referring to the Court's case-law (including *Parem Kallas OÜ v. Estonia* (dec.) [Committee], no. 56002/19, 5 July 2022), the Supreme Court noted that an unreasonable delay in making the payment required (even if only) under domestic law could also violate Article 1 of Protocol No. 1 to the Convention if the public authorities had created a sufficiently concrete legitimate expectation of receiving such a payment. Additionally, the payment made under domestic law could not be considered adequate if it did not take into account factors which could lower its value, such as an unjustified delay.

45. The applicant company had argued that they had suffered various forms of damage because the municipality had not immediately purchased the property. In that connection, the Supreme Court acknowledged that the applicant company's right to claim compensation for the delayed acquisition of the property was, in principle, covered by Article 25 of the Constitution, section 7(1) of the State Liability Act and Article 1 of Protocol No. 1 to the Convention. Deciding on the compensation required establishing the existence of an unlawful delay violating the applicant company's rights, the damage incurred and a causal link between the delay and the damage.

3. The delay in question in the instant case

46. The Supreme Court noted that the applicant company had become the owner of the parcel in May 2002. It considered that while the right to request acquisition under the Planning and Construction Act had been transferred from A.S. to the applicant company (see paragraph 9 above), it could not be ignored that A.S. had agreed not to submit the acquisition application until the construction works for the public road extension were actually underway. The works had not yet started. The local municipality had to have a reasonable possibility to take the promise of not lodging the acquisition application into account when estimating the costs and the impact of the planning solution. Nonetheless, owing to the overall nature of detailed plans, it was reasonable to rely on a presumption that A.S., and later the applicant company, could assume that they could lodge the acquisition application "in the coming years" (*lähiaastatel*) after the adoption of the detailed plan.

47. In the Supreme Court's opinion, the municipality had not unlawfully delayed the decision (as such) to acquire the parcel or the actual payment of a fair price. There had been no delay before 2006 in view of the above-mentioned promise not to request the acquisition of the parcel. However, by its decision of May 2006 (taken less than two months before the relevant final court judgment), the municipality had set an excessively low price for the parcel (see paragraph 14 above), which had resulted in a delay in offering a fair price between 2006 and 2012.

48. Against that background the Supreme Court concluded that that delay caused by the municipality had started on 30 May 2006, that is to say when the municipality had adopted a decision proposing the price of EUR 6,710 for the parcel, a decision which was later set aside by the domestic courts (see paragraph 14 above).

49. That delay had ended in July 2012 when the municipality had offered to acquire the parcel for the price of EUR 37,000 (see paragraph 16 above). By that stage the courts had already explained to the applicant company that the price had to be calculated based on the (less advantageous) designation of the land as industrial land and with reference to its price in 2001.

50. The Supreme Court also noted that in 2002, when the entire plot (of which the parcel in question formed 15%) had been transferred as a non-monetary contribution to the applicant company, its value had been estimated to be EEK 500,000 (approximately EUR 31,955; see paragraph 9 above). There could not have been a reasonable expectation that in 2001 the parcel, designated as industrial land and forming 15% of the entire plot, could have been worth more than the entire plot (85% of which was designated as residential land) a year later.

51. The Supreme Court noted that under domestic law the applicant company could have separately challenged the acquisition price paid for the land, without simultaneously having to challenge the acquisition as a whole or postponing it.

52. The Supreme Court concluded that the applicant company's choice not to accept the offer made in July 2012 had broken the causal link between the municipality's further actions and the damage accrued later.

4. Concerning compensation to be paid for the delay

53. The applicant company had claimed compensation in respect of the effects of inflation, foregone interest payments which it could have obtained from investing the sum of EUR 30,000, default interest and costs linked to the maintenance of the parcel. The Supreme Court addressed those claims as follows.

54. As regards the claim to be compensated for the effects of inflation, the Supreme Court explained that there could potentially be compensation for the loss of purchasing power of the payment made belatedly. If, owing to inflation, the purchasing power of the payment provided by law was lower at the time of making the actual payment than it would have been if paid on time, the landowner had suffered damage. The real value of the landowner's claim had then decreased despite the nominal value remaining unchanged. In the case at hand, the compensation claim in question was thus intended to cover the reduction in the value of the acquisition payment caused by the delay between 2006 and 2012. Based on the change in the consumer price index during that period, the inflation damage caused by the municipality could have amounted to EUR 9,620.

55. However, under the State Liability Act the determination of the amount of compensation had to take into account objective obstacles to preventing the damage and other circumstances that would make the payment of full compensation unfair. In extreme circumstances the compensation could be reduced to zero. Under section 13(3) of the State Liability Act the liability of the public authority could be lifted if the damage could not have been avoided even by fully observing the diligence required in performing public duties (see paragraph 70 below). According to the Supreme Court, that was the situation in the case at hand: owing to objective circumstances, the municipality could not have accelerated the acquisition procedure even by fully observing the required diligence.

56. The Supreme Court relied on the following reasons.

57. Firstly, the municipality had never remained idle in the proceedings, but owing to the legal and factual complexity of assessing the correct value of the parcel it had not been possible to speed up the proceedings to acquire the parcel. That complexity arose from the fact that the methodology and parameters for determining the correct price of the parcel had been unclear at the time; the remarkable difference in the outcomes of the expert reports; and the difficulty – acknowledged by the experts – of finding suitable comparable real-estate transactions.

58. Secondly, the delay and related damage would have been likely to occur even if the municipality had adopted a lawful decision earlier in the proceedings, as the applicant company had repeatedly (in 2012 and 2015) refused to accept the municipality's offers to purchase the parcel for a price exceeding EUR 30,000.

59. Thirdly, the sum of EUR 30,000 would have also been an adequate acquisition price for the parcel in 2012. In that connection, the Supreme Court referred to the manner in which the price had been modified in the expert opinion taking into account additional aspects that had been favourable to the applicant company, such as the price correction of EUR 10,000 in the applicant company's favour (see paragraph 22 above) and taking into account the "perspective as residential land" (see paragraph 21 above), a criterion which had not formed part of the parameters provided in the Supreme Court's judgment of 2012 (see paragraph 14 above). In addition, based on a compromise agreement reached between the parties in October 2006, the municipality had already compensated the costs related to the formation of the parcel to the applicant company for the sum of EEK 172,484 (approximately EUR 11,000). Furthermore, A.S. had purchased the entire plot (of which the parcel in question formed only 15%) in 2000 for a preferential price (not the market price) of approximately EUR 24,000 (see paragraph 5 above). The corresponding price for the parcel had thus been approximately EUR 3,593. The municipality acquiring the parcel for EUR 30,000 therefore meant that the applicant company had been paid approximately nine times the price that had originally been paid for it.

60. The Supreme Court held that the applicant company's argument according to which the municipality could have avoided delays by offering a price above the market value was inappropriate. The court stated that no one had the right to claim an arbitrarily high price at the expense of public funds for restrictions of their property rights.

61. In the light of the above considerations, the Supreme Court concluded that the payment of the compensation for inflation would have resulted in the applicant company's unreasonable enrichment and dismissed that claim.

62. Likewise, relying on the reasons above (see paragraphs 55-61 above), the Supreme Court dismissed the applicant company's further claims for compensation in respect of lost income in the form of foregone interest payments, default interest and the parcel's maintenance costs.

63. In particular, as regards the claim for compensation in respect of foregone interest payments which the applicant company could have earned from investing the sum of EUR 30,000, the Supreme Court asserted that the aim of section 30(5) of the Planning and Construction Act had not been the protection of future investment possibilities of the funds to be received from the sale of the parcel. The causal link between the failure of such investments and the delay was too remote, and the actual success of the investments was too theoretical. Such a "purely economic loss" was not compensated under the State Liability Act read in conjunction with the Law of Obligations Act.

64. As regards the claim for compensation in respect of default interest (that is to say, interest on the acquisition payment for the property), the Supreme Court explained that it could have been claimed in the event that the municipality had executed its monetary obligation with a delay (*rahalise kohustusega viivitamine*). In the case at hand the municipality had had the obligation to actually make the payment for the parcel as of 18 October 2022. That obligation had been met without delay.

65. With regard to the maintenance costs (the costs of clearing off snow) the Supreme Court noted that the municipality had assumed the obligation of maintaining the road and the removal of snow had been the applicant company's voluntary choice.

RELEVANT LEGAL FRAMEWORK AND PRACTICE

I. RELEVANT LEGAL FRAMEWORK

A. Constitution of the Republic of Estonia

66. Article 25 of the Constitution of the Republic of Estonia (*Eesti Vabariigi põhiseadus*) provides that everyone has the right to compensation in respect of non-pecuniary and pecuniary damage caused by the unlawful actions of any person.

67. Article 32 of the Constitution provides as follows:

> "The property of every person is inviolable and shall be equally protected. Property may be expropriated without the consent of the owner only in the public interest, in the cases and pursuant to a procedure provided by law, and for prompt and fair compensation. Any person whose property is expropriated without his or her consent has the right of recourse to the courts and to contest the expropriation, the compensation or the amount thereof.
>
> Everyone has the right to freely possess, use and dispose of his or her property. Restrictions shall be provided by law. Property shall not be used contrary to the public interest...."

B. State Liability Act

68. Section 7(1) of the State Liability Act (*riigivastutuse seadus*) provides that a person whose rights have been violated by unlawful actions of a public authority in a public-law relationship may claim compensation for the damage caused to that person if the damage could not have been prevented and cannot be eliminated by the protection or restoration of rights in the manner provided for in sections 3, 4 and 6 of the Act.

69. Section 9(1) provides that a natural person may claim monetary compensation in respect of non-pecuniary damage caused by culpable acts that degrade dignity, impair health, deprive liberty, violate the inviolability of home or private life or the secrecy of communications, or defame honour or good name.

70. Section 13(1)-(3) provides as follows:

> "1. When determining the amount of compensation, the following shall be taken into account:
>
> (a) the unforeseeability of the damage;
>
> (b) objective obstacles to preventing the damage;
>
> (c) the severity of the infringement of rights;
>
> (d) limits set out in private law in connection with the injured party's contribution to causing the damage;
>
> (e) any other circumstances that render full compensation for the damage unjust.
>
> 2. Loss of profit shall not be compensated if the person liable for compensation proves that they were not at fault in causing the damage.
>
> 3. A public authority shall be exempt from liability for damage caused in the performance of public duties if it proves that the damage could not have been avoided even if all due diligence required for the performance of those duties had been exercised...."

C. Planning and Construction Act

71. Section 30(5) of the Planning and Construction Act (*planeerimis- ja ehitusseadus*), in force at the time of the adoption of the detailed plan in 2001, provided as follows:

> "A local government shall, at the request of the owner of immovable property, be obliged to acquire the property for a fair price paid promptly if, under an adopted detailed plan or comprehensive plan:
>
> (1) the property is designated for public use; or
>
> (2) the existing use of the property is significantly restricted or rendered impossible."

II. RELEVANT DOMESTIC CASE-LAW

72. The Supreme Court explained in its judgment of 6 March 2015 in case no. 3-3-1-78-14 that legal persons could not claim compensation in respect of non-pecuniary damage under section 9(1) of the State Liability Act as that provision was aimed at natural persons. However, although in that case the Supreme Court did not consider there to have been interference with the applicant's (who was a legal person) rights under Article 6 § 1 of the Convention, it explained that in the event that such interference existed, the applicant could rely on the Convention when claiming damages. It added that certain types of non-pecuniary damage which a legal person could sustain within the meaning of the case-law of the Court could be considered as pecuniary damage under domestic law (for example, damage to the reputation of a company and hindrance of pursuing entrepreneurial activities (*äriühingu maine ja ettevõtluse takistamine*)).

THE LAW

I. ALLEGED VIOLATION OF ARTICLE 6 OF THE CONVENTION

73. The applicant company complained about the length of the entirety of the domestic administrative and court proceedings, that is to say the proceedings to acquire the parcel and the proceedings for damages. It relied on Article 6 § 1 of the Convention, which reads as follows:

> "In the determination of his civil rights and obligations ... everyone is entitled to a ... hearing within a reasonable time by [a] ... tribunal ..."

Admissibility

1. The parties' observations

74. The Government submitted that the applicant company had not appealed against the decision of the Tallinn Administrative Court of

10 October 2019, in which that court had rejected its claim in respect of non-pecuniary damage allegedly caused by the excessive length of the domestic proceedings. The applicant company had been correctly served with the decision in question. The appeal would not have been clearly futile. In that regard the Government repeated the argument it had already made in the earlier case of *OÜ Parem Kallas v. Estonia* ((dec.) ([Committee], no. 56002/19, § 13, 5 July 2022), asserting that the Supreme Court had explained in its judgment in case no. 3-3-1-78-14 (see paragraph 72 above) that a legal person could claim compensation in respect of non-pecuniary damage for excessively long proceedings under the Convention. In that earlier case before the Court the Government had also provided a practical example of such compensation having been granted to a legal person. Against that background the Government submitted that the Estonian legal system was in line with the Convention and there was no reason to believe that the Court's case-law on a legal person's right to obtain compensation in respect of non-pecuniary damage would be ignored by the Estonian courts. The applicant company's claim under Article 6 § 1 of the Convention was therefore inadmissible owing to non-exhaustion of domestic remedies.

75. The applicant company disagreed with the Government. It did not deny that it had not lodged an appeal against the decision of the Tallinn Administrative Court of 10 October 2019. However, the applicant company argued that it would have been an ineffective remedy to pursue, given that under domestic law legal persons could not claim compensation in respect of non-pecuniary damage. In support of its argument the applicant company referred to an article on non-pecuniary damage published in a domestic legal magazine *Juridica* in 2004, and stated that the domestic case-law had not changed since.

2. The Court's assessment

76. The Court notes that the applicant company's earlier application (see *OÜ Parem Kallas*, cited above) lodged with the Court in 2019, also raised a complaint concerning the unreasonable length of domestic proceedings under Article 6 § 1 of the Convention.

77. At the time the Court delivered its decision in 2022 with regard to this earlier application, the domestic proceedings for damages were still pending before the domestic courts. Regarding the claim for compensation in respect of the non-pecuniary damage the applicant company had allegedly sustained as a result of the length of domestic proceedings, the Court noted that at the relevant time domestic remedies had not yet been exhausted. More specifically, it was not known whether the applicant company had either failed to exhaust domestic remedies on account of not having appealed against the decision of the Tallinn Administrative Court of 10 October 2019 or, alternatively – since it raised the relevant issue in its appeal of

12 February 2021 – the complaint was premature, as it was still being assessed in the ongoing domestic proceedings (ibid., § 14).

78. It has now been clarified that the applicant company never appealed against the decision of the Tallinn Administrative Court of 10 October 2019, despite that decision having duly been served on it (see paragraph 32 above).

79. The applicant company did not dispute the fact that it had not appealed against that decision. Instead, it argued that the appeal would have in any event been futile given that legal persons could not claim compensation in respect of non-pecuniary damage under domestic law.

80. In this connection the Court notes that the State Liability Act does not provide for a possibility for legal persons to seek compensation for non-pecuniary damage. However, the Court observes that it has already taken note of the Supreme Court's judgment of 6 March 2015 in case no. 3-3-1-78-14 in its decision of 2022 (see *OÜ Parem Kallas*, cited above, § 13; see also paragraph 72 above). It is apparent from that judgment that under domestic law, interpreted in the light of the Convention, legal persons' claims for compensation in respect of non-pecuniary damage (even if formally classified as an award in respect of pecuniary damage in domestic law) are not excluded. The applicant company's reference to an academic article published in 2004 does not alter that conclusion.

81. The Court adds that despite the argument submitted in the present proceedings about the suggested legal remedy being futile, the applicant company itself nonetheless lodged a claim in respect of non-pecuniary damage in 2019 and has not explained why it only changed its mind about the effectiveness of the remedy at the appellate stage of the proceedings.

82. Reiterating the Court's well-established case law, according to which the existence of mere doubts as to the prospects of success of a particular remedy which is not obviously futile is not a valid reason for failing to exhaust that avenue of redress (see, among many authorities, *Vučković and Others v. Serbia* (preliminary objection) [GC], nos. 17153/11 and 29 others, § 74, 25 March 2014), the Court finds that the applicant company has not exhausted domestic remedies with regard to its complaint under Article 6 § 1.

83. Accordingly, this complaint must be rejected under Article 35 §§ 1 and 4 of the Convention.

II. ALLEGED VIOLATION OF ARTICLE 1 OF PROTOCOL No. 1 TO THE CONVENTION

84. The applicant company complained that the length of the entirety of the domestic proceedings (the passage of time) had not been taken into account when deciding on the sum it should have received for the parcel acquired by the municipality (the value of which was calculated with reference to 2001). It 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

85. The Government, relying on the same reasons they raised under the merits (see paragraphs 98-103 below), maintained that the applicant company's complaint was manifestly ill-founded.

86. The applicant company did not raise any arguments as to the admissibility of the complaint at hand.

87. The Court 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 applicant company

88. The applicant company submitted that in the context of the present case the "possessions" in the sense of Article 1 of Protocol No. 1 to the Convention was the parcel of land which was designated for public use as transport land. That change of designation was to be seen as an interference with the rights protected under Article 1 of Protocol No. 1 to the Convention. The applicant company also asserted that its right to ask the municipality to acquire the parcel in question had constituted, in itself, a proprietary interest eligible for protection under Article 1 of Protocol No. 1, and that there had been an unreasonable delay with making the payment for the parcel.

89. The applicant company argued that it had been deprived of its possessions. Despite continuing to be the owner of the parcel in question, as of the adoption of the detailed plan in 2001 (designating 15% of the entire plot as transport land), it had lost the possibility of using the parcel in accordance with its designated purpose. The municipality's decision to expand the road in the future and acquire the parcel for that purpose had stripped the applicant company of any reasonable option of making use of it. Thus, the property in question had been subject to *de facto* expropriation, despite the fact that the applicant company and the municipality had eventually signed a contract for the transfer of its title. In any event domestic law required a fair price that had to be paid promptly.

90. The applicant company asserted that the alleged guarantee by A.S. not to ask the municipality to acquire the parcel until the construction of the street had begun was irrelevant in the context of the present case. Relying on the Law of Property Act, the applicant company argued that since that undertaking had been recorded in a simple written document and had not been made public in the land register, it could not be deemed to have been aware of the agreement, and it had thus not been binding on it.

91. According to the applicant company, the municipality had been idle in the proceedings and the payment of a fair price for the parcel of land in question had been abnormally delayed. The Supreme Court had confirmed the existence of the delay. The determination of the value of the property had not been a complex matter, and in any event, complexity could not justify delay.

92. As a sign of maladministration and the municipality's ineffectiveness, the domestic courts had repeatedly found procedural and assessment errors with regard to the municipality's decisions aimed at determining the price of the parcel, resulting in the setting aside of those decisions. However, owing to the way the legal system operated, those courts had not had the competence to determine the fair price themselves and had thus been obliged to refer the decision-making back to the municipality. The applicant company had had no alternative but to challenge each of those decisions (which had offered the lowest possible price based on expert reports that had only suited the municipality) before the domestic courts.

93. As a further indication of the seriousness of those assessment errors, the price for the parcel had been increased by approximately four-and-half times by the municipality over the course of the proceedings.

94. The applicant company also argued that it could not have finalised the transaction for the sale of the parcel any earlier, as under domestic law it would have thereafter not been able to contest the material and procedural flaws made in the proceedings or the sum paid. It could not be blamed for making use of the remedies available.

95. The applicant company had taken steps to mitigate the effects of the delay by reminding the municipality of its obligation to determine the value of the parcel, making several attempts to initiate negotiations to reach a compromise or asking for a partial payment of the sum due or payment of default interest (see paragraphs 14, 23 and 24 above), and had asked to be exempted from the obligation to pay land tax. All those attempts had been unsuccessful. In contrast, the municipality had tried to intimidate and pressure the applicant company into dropping its claims by initiating criminal proceedings against one of its board members.

96. The applicant company disagreed with the Government's assertion that the payment of EUR 30,000 had included compensation for the abnormal delay in the proceedings. Instead, that sum took into account the value of the parcel in question in 2001. The value of that sum had decreased over time due

to inflation. The domestic courts had failed to take that aspect into account. As a result, the applicant company had been forced to bear an excessive burden because of the abnormally lengthy delay in making a payment for the acquired land.

97. In addition, the applicant company had not received compensation in respect of all the maintenance costs relating to the parcel and had not been exempted from the obligation to pay land tax.

(b) The Government

98. The Government contended that the initial interference with the applicant company's property rights resulting from the adoption of the detailed plan in 2001 did not constitute expropriation of property. It was rather a measure controlling the use of property, and thus did not need to be compensated under the Convention. The Supreme Court had come to the same conclusion (see paragraphs 36-39 above). The Government added that the planning solution set out in the detailed plan (which A.S. had initiated) had been in the interests of A.S.'s business and he had never challenged it.

99. In the context of the case at hand, however, section 30(5) of the Planning and Construction Act had gone further than required by the Convention and had granted the applicant company the right to have the parcel acquired by the municipality in return for the prompt payment of a fair price. It was that right which constituted proprietary interest that was eligible for protection under Article 1 of Protocol No. 1 to the Convention as "possessions". The alleged delays in the determination and payment of such a price for the parcel were to be seen as an interference with that right and thus with Article 1 of Protocol No. 1 to the Convention.

100. The applicant company had received an adequate amount of compensation for the interference. The amount of EUR 30,000 was – all things considered – sufficient to cover even any possible delays in the exercise of the applicant company's right under section 30(5) of the Planning and Construction Act. In support of that argument the Government relied on the circumstances (notably the price) under which initially A.S. and later the applicant company had acquired title to the entirety of the land on the right bank of the Pärnu River, of which the parcel formed only 15% (see paragraphs 5 and 9 above). The Government also noted – as the Supreme Court had done – that the final price of EUR 30,000 had been a result of certain modifications in the parameters affecting the calculation which had been favourable to the applicant company (see paragraph 59 above).

101. The Government submitted that the municipality had not been idle in the proceedings. It had been unable to speed up the proceedings owing to the factual and legal complexity of assessing the correct value of the parcel in question.

102. The Government further argued that the State could not be held responsible for the applicant company's actions by which it had foregone the

possibility of receiving the payment for the parcel ten years before the date it had done so, that is to say in 2012 instead of 2022. Before 2022, the municipality had repeatedly offered to pay a price exceeding EUR 30,000 for the parcel. Moreover, between 2017 and 2022 the applicant company had itself failed to take the steps to finalise the transaction for the sale of the parcel. In response to the applicant company's argument (see paragraph 94 above) the Government contended that signing a sales agreement with the municipality would not have prevented the applicant company from challenging the municipality's decision (an administrative act) before the courts.

103. Furthermore, the municipality had already compensated certain costs associated with the parcel, such as the cost of its formation, land tax (on an ongoing basis) and the costs of the summer maintenance of the parcel. In that regard the Government referred to the compromise agreement reached between the parties in 2006 (see paragraph 59 above) and to the decision of the Tallinn Administrative Court of 10 October 2019 (see paragraphs 28 and 30 above).

2. The Court's assessment

(a) Preliminary remarks and the scope of the case

104. Section 30(5) of the Planning and Construction Act (as in force at the relevant time) granted the applicant company the right to have the parcel acquired by the municipality upon its request, in return for the prompt payment of a fair price for the land. The municipality never contested that it had a corresponding obligation to buy the parcel and make the payment. The existence of such an obligation was also confirmed by the domestic courts (see paragraph 12 above).

105. In the Court's view the applicant company's right to have the municipality acquire the parcel in question – the right deriving directly from domestic law – constituted in itself a proprietary interest which is eligible for protection under Article 1 of Protocol No. 1 (compare *Kutlu and Others v. Turkey*, no. 51861/11, §§ 55-58, 13 December 2016).

106. Against the above background the Court does not consider it necessary to examine the parties' arguments (see paragraphs 89 and 98 above) about whether or not the initial designation of 15% of the entire plot for public use could be seen as constituting *de facto* expropriation.

107. The Court also notes that there is no disagreement between the parties that the sum of EUR 30,000, which the municipality proposed in the proceedings to acquire the parcel and which the domestic courts upheld as adequate (see paragraph 25 above), reflected the market value of the parcel at the time when the restrictions relating to the (future) public use of the land were imposed in 2001.

108. The core issue of the present complaint is rather whether the applicant company received an overall adequate amount of compensation, taking into account the passage of time (that is to say the time it took to establish, with final effect, the adequate price of the parcel in question).

109. In that connection the question which the Court must assess is whether in view of the Supreme Court's refusal to award the applicant company compensation in respect of alleged pecuniary damage for the passage of time (see paragraphs 46-65 above) the respondent State succeeded in striking a fair balance between the competing interests of the individual and of the community as a whole.

(b) The general principles

110. Article 1 of Protocol No. 1 comprises three distinct rules: the first rule, set out in the first sentence of the first paragraph, is of a general nature and enunciates the principle of the peaceful enjoyment of property; the second rule, contained in the second sentence of the first paragraph, covers deprivation of possessions and subjects it to certain conditions; the third rule, stated in the second paragraph, recognises that the Contracting States are entitled, *inter alia*, to control the use of property in accordance with the general interest. The three rules are not, however, distinct in the sense of being unconnected. The second and third rules are concerned with particular instances of interference with the right to peaceful enjoyment of property and should therefore be construed in the light of the general principle enunciated in the first rule (see, among other authorities, *Broniowski v. Poland* [GC], no. 31443/96, § 134, ECHR 2004-V).

111. The essential object of Article 1 of Protocol No. 1 is to protect a person against unjustified interference by the State with the peaceful enjoyment of his or her possessions. However, by virtue of Article 1 of the Convention, each Contracting Party "shall secure to everyone within [its] jurisdiction the rights and freedoms defined in [the] Convention". The discharge of this general duty may entail positive obligations inherent in ensuring the effective exercise of the rights guaranteed by the Convention. In the context of Article 1 of Protocol No. 1, those positive obligations may require the State to take the measures necessary to protect the right of property (see *Sovtransavto Holding v. Ukraine*, no. 48553/99, § 96, ECHR 2002-VII, with further references), especially where there is a direct link between the measures applicants may legitimately expect from the authorities and their effective enjoyment of their possessions (see *Öneryıldız v. Turkey* [GC], no. 48939/99, § 134, ECHR 2004-XII).

112. The boundaries between the State's positive and negative obligations under Article 1 of Protocol No. 1 do not lend themselves to precise definition (see *Broniowski*, cited above, § 144).

113. Whether the case is analysed in terms of a positive duty of the State or in terms of interference by a public authority which needs to be justified,

the criteria to be applied do not differ in substance. In both contexts, regard must be had to the fair balance to be struck between the competing interests of the individual and of the community as a whole. It also holds true that the aims mentioned in Article 1 of Protocol No. 1 may be of some relevance in assessing whether a fair balance between the demands of the public interest involved and the applicant's fundamental right of property has been struck. In both contexts, the State enjoys a certain margin of appreciation in determining the steps to be taken to ensure compliance with the Convention (ibid., § 144).

114. The Court has to determine – regardless of whether the conduct may be characterised as an interference or as a failure to act, or a combination of both – if the prejudice sustained by the applicant was justifiable in the light of the relevant principles. The assessment of proportionality requires an overall examination of the various interests in issue (see *Beyeler v. Italy* [GC], no. 33202/96, § 114, ECHR 2000-I), bearing in mind that the Convention is intended to safeguard rights that are "practical and effective" (see *Ališić and Others v. Bosnia and Herzegovina, Croatia, Serbia, Slovenia and the former Yugoslav Republic of Macedonia* [GC], no. 60642/08, § 108, ECHR 2014). Furthermore, in each case involving an alleged violation of Article 1 of Protocol No. 1, the Court must ascertain whether by reason of the State's action or inaction the person concerned had to bear a disproportionate burden (see *Former King of Greece and Others v. Greece* [GC], no. 25701/94, § 89, ECHR 2000-XII).

115. That assessment must go beneath appearances and look into the reality of the situation at issue, taking account of all the relevant circumstances, including the conduct of the parties to the proceedings, the means employed by the State and the implementation of those means (see *Vistiņš and Perepjolkins v. Latvia* [GC], no. 71243/01, § 114, ECHR 2014).

116. The Court also reiterates that compensation terms under the relevant legislation are material to the assessment of whether the contested measure respects the requisite fair balance, and notably whether the measure imposes a disproportionate burden on the applicant (see *Vistiņš and Perepjolkins*, cited above, § 110).

(c) Application of the general principles to the present case

117. As noted above, Article 1 of Protocol No. 1 contains three distinct, albeit connected rules (see paragraph 110 above). Having regard to the complexity of the legal and factual issues involved in the present case, the Court considers that the facts at hand do not have to be classified in a precise category. The case should therefore more appropriately be examined in the light of the general rule, set out in the first sentence of the first paragraph.

118. The circumstances of the present case – involving a delay in the municipality acquiring the applicant company's parcel and the related issue of the refusal to award compensation in respect of pecuniary damage

allegedly sustained in view of that passing of time – could be examined as a hindrance to the effective exercise of the applicant company's right under Article 1 of Protocol No. 1 or in terms of the State's failure to secure the implementation of that right. The Court does not find it necessary to determine exactly whether the case is to be seen from the angle of State's positive or negative duty, as in both contexts it must analyse whether a fair balance was struck between the competing interests of the individual and of the community as a whole (compare, *mutatis mutandis*, *Broniowski*, cited above, §§ 144-46, and *Szkórits v. Hungary*, no. 58171/09, §§ 37-39, 16 September 2014). The Court will therefore determine whether the conduct of the respondent State – regardless of whether that conduct may be characterised as an interference or as a failure to act, or a combination of both – was justifiable in the light of the applicable general principles.

119. The Court reiterates that under its established case-law regarding Article 1 of Protocol No. 1 the adequacy of the compensation would be diminished if it were to be paid without reference to various circumstances liable to reduce its value, such as unreasonable delay (see, among other authorities, *Schembri and Others v. Malta*, no. 42583/06, § 38, 10 November 2009). The Court emphasises, however, that this principle does not mean that every lapse of time between the adoption of a planning measure and the final acquisition of land must automatically be compensated by indexation, default interest or a separate award of damages. The question remains whether, having regard to the reality of the situation and to the proceedings viewed as a whole, the applicant was made to bear an individual and excessive burden. That assessment is necessarily fact-sensitive and must take account, in particular, of the source and scope of the proprietary entitlement, the conduct of the parties, the amount eventually paid, the availability and use of domestic remedies, and any other compensation already received.

120. In the present case the issue of determining the adequacy of the compensation to be paid to the applicant company in view of the passage of time was not addressed in the context of the proceedings to acquire the parcel. Instead, in accordance with domestic law (see paragraph 15 above), this issue was addressed in a separate set of proceedings for damages where it was examined from the angle of the municipality's liability for the allegedly unlawful delay in the proceedings to acquire the parcel. The applicant company did not argue that the resolution of the case in the distinct sets of proceedings as indicated above raised any separate issues under Article 1 of Protocol No. 1.

121. The Court notes that in the proceedings for damages, the Supreme Court meticulously examined all the various factors which had played a role in protracting the proceedings to acquire the parcel. Those factors included the need for the owner of the parcel to lodge an acquisition application with the municipality; the lack of a clear deadline in the law for the proceedings to acquire the parcel once the application had been lodged; the time between the

applicant company becoming owner of the parcel and the transfer of the right to request the parcel's acquisition from A.S. to the applicant company; the effect of A.S.'s promise not to request the acquisition of the parcel before the construction works began; the nature and purpose of the detailed plan; the complexity of setting the correct price for the parcel; and the municipality setting too low a price in 2006, but offering a price exceeding EUR 30,000 in 2012, which the applicant company refused to accept (see paragraphs 46-52 above). As a result, it established that the municipality had delayed its acquisition of the applicant company's parcel between 2006 and 2012.

122. While the applicant company partly challenged the assessment of facts by the Supreme Court (as to the complexity of setting the price or whether the municipality had been idle; see paragraph 92 above) or the manner in which it had interpreted and applied domestic law (as regards the impact of the promise given by A.S. on determining the delay or the possibility to challenge the price of the parcel without postponing the acquisition as such; see paragraphs 90 and 94 above), the Court reiterates that it is not its function to deal with errors of fact or law allegedly made by a national court, unless and in so far as they may have infringed rights and freedoms protected by the Convention (see, *mutatis mutandis*, *Lupeni Greek Catholic Parish and Others v. Romania* [GC], no. 76943/11, § 90, 29 November 2016).

123. Furthermore, it does not consider that the Supreme Court reproached the applicant company for making use of the available domestic remedies to challenge the decisions taken by the municipality. It merely considered that the applicant company's refusal to accept the price exceeding EUR 30,000 in 2012 had broken the causal link between the municipality's further actions and the damage accrued later (see paragraph 49 above). In addition, the Court considers that the applicant company's allegation that criminal proceedings had been launched against one of its board members for the purpose of forcing it to drop its claims is entirely unsubstantiated.

124. While the applicant company indicated the various ways it had tried to cooperate to mitigate the effects of delays (see paragraph 95 above), it can be concluded from the facts of the case that both parties made proposals to compromise at various stages (see paragraphs 16, 18 and 23-25 above), although the proposals made by the applicant company (see paragraphs 18, 23 and 24 above; see also paragraph 11 above) involved sums that varied considerably over time, while constantly being significantly higher than ultimately accepted as being the adequate price for the parcel itself.

125. In any event, the applicant company did not challenge the fact – which the Supreme Court had considered decisive for determining the duration of the municipality's delay – that the municipality had made an offer in July 2012 to acquire the parcel in question for the price of EUR 37,000 and that the applicant company had not accepted that offer (see paragraphs 16 and 49 above).

126. In sum, the Court places significant weight on the Supreme Court's recognition of the fact that the municipality had delayed the acquisition of the applicant company's parcel. The Court finds no grounds to question the Supreme Court's specific findings as to what extent and during which period the delay was attributable to the municipality.

127. Furthermore, the Court observes that the Supreme Court clearly recognised that unjustified delays in processing acquisition applications under section 30(5) of the Planning and Construction Act breached the Constitution, and for the acquisition price to be adequate, it had to take such delays into account. In addition, the Supreme Court acknowledged that the applicant company's right to claim compensation for the delayed acquisition of its parcel was, in principle, covered by Article 25 of the Constitution, section 7(1) of the State Liability Act and Article 1 of Protocol No. 1 to the Convention (see paragraphs 43-45 above).

128. The Court accords considerable importance to the fact that the right to claim compensation for the delayed acquisition – which can be understood as serving the purpose of guaranteeing the overall adequacy of the compensation in view of the passing of time – was not excluded under domestic law. Quite the opposite, making specific references to relevant provisions of the Constitution and domestic law, and interpreting them in the light of the Convention, the Supreme Court expressly acknowledged the existence of such a right.

129. Nonetheless, assessing the particular circumstances of the case at hand in the light of domestic law which allowed reducing the amount of compensation in certain circumstances where awarding the full amount of compensation would be unfair, the Supreme Court decided that eventually no compensation was to be awarded to the applicant company for the delay.

130. Arriving at that conclusion the Supreme Court took into account, *inter alia*, the following factors: the local municipality had not been idle in the proceedings; the complexity of assessing the correct value of the parcel and the manner in which the value was eventually decided by taking into account the factors favourable to the applicant company; the applicant company's refusals of the municipality's offers exceeding the sum of EUR 30,000; the compensation already paid; and the conditions under which A.S. had initially bought the entire plot and the price paid for it (see paragraphs 57-61 above). The Supreme Court also made a reference to the need of reasonable use of public funds (see paragraph 60 above). As a result, the Supreme Court concluded that the payment of compensation to the applicant company in respect of pecuniary damage would have constituted unjust enrichment. The Court considers that the Supreme Court carried out a thorough overall examination of the relevant factors at issue, including the respective conduct of the municipality and the applicant company. It provided adequate reasons for its findings.

131. While reiterating the guiding principle that unreasonable delay should be taken into account when assessing the adequacy of compensation, the Court is satisfied that, in the particular circumstances of the case, the applicant company was not required to bear an individual and excessive burden.

132. As to the applicant company's argument, raised in the proceedings before the Court, that it had not received compensation in respect of all the maintenance costs relating to the parcel and had not been exempted from the obligation to pay land tax (see paragraph 97 above), the Court notes that it appears from the facts that the municipality had compensated the applicant company for the land tax and summertime maintenance costs (see paragraphs 28 and 30 above) and that, as the Supreme Court established, the applicant company had not been obliged to take on the wintertime costs for clearing off snow (see paragraph 65 above). The applicant company did not specify in its observations for which exact costs it had not been compensated.

133. Having regard to all the foregoing factors, the Court concludes that the domestic authorities struck a fair balance between the demands of the public interest involved and the applicant company's fundamental right of property and that the applicant company did not have to bear a disproportionate and excessive burden in the exercise of its rights under Article 1 of Protocol No. 1 to the Convention.

134. Accordingly, there has been no violation of Article 1 of Protocol No. 1 in the applicant company's case.

FOR THESE REASONS, THE COURT,

1. *Declares*, unanimously, the complaint under Article 1 of Protocol No. 1 to the Convention admissible and the remainder of the application inadmissible;

2. *Holds*, by six votes to one, that there has been no violation of Article 1 of Protocol No. 1 to the Convention.

Done in English, and notified in writing on 2 June 2026, pursuant to Rule 77 §§ 2 and 3 of the Rules of Court.

Milan Blaško Registrar	Ioannis Ktistakis President