



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

FIRST SECTION

CASE OF MICHAEL THEODOSSIOU LTD. v. CYPRUS

(Application no. 31811/04)

JUDGMENT

STRASBOURG

15 January 2009

FINAL

15/04/2009

This judgment may be subject to editorial revision.

In the case of Michael Theodossiou Ltd v. Cyprus,

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

Christos Rozakis, *President*,

Anatoly Kovler,

Elisabeth Steiner,

Dean Spielmann,

Sverre Erik Jebens,

Giorgio Malinverni,

George Nicolaou, *judges*,

and Søren Nielsen, *Section Registrar*,

Having deliberated in private on 11 December 2008,

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

PROCEDURE

1. The case originated in an application (no. 31811/04) against the Republic of Cyprus lodged with the Court under Article 34 of the Convention for the Protection of Human Rights and Fundamental Freedoms (“the Convention”) by a Cypriot registered company, Michael Theodossiou Ltd (“the applicant company”), on 4 August 2004.

2. The applicant company was represented by Mr G. Savvides, a lawyer practising in Cyprus. The Cypriot Government (“the Government”) were represented by their Agent, Mr P. Clerides, Attorney-General of the Republic of Cyprus.

3. On 11 January 2006 the Court decided to give notice of the application to the Government. Applying Article 29 § 3 of the Convention, it decided to rule on the admissibility and merits of the application at the same time.

THE FACTS

I. THE CIRCUMSTANCES OF THE CASE

4. The applicant company was the registered owner of 4,462 square metres of immovable property located in the seaside area of Limassol, on which a complex of stores had been used as bonded warehouses since 1965.

A. The compulsory acquisition proceedings

5. On 10 July 1972 the municipality of Limassol decided to acquire the applicant company's seaside properties for public benefit purposes which included "town planning" and "construction, maintenance and development of land communications" in furtherance of a municipal plan to rid the Limassol seafront of privately owned buildings. On 1 December 1972 a notice of acquisition of the relevant property was published in the Official Gazette of the Republic. The notice referred to the applicant's property, which constituted part of the relevant Land Registry plan, and having total area approximately 4,462 square meters. On 26 January 1973, an order for compulsory acquisition was published in the Official Gazette.

6. On 14 February 1973 the applicant company lodged judicial review proceedings with the Supreme Court (case no. 47/73) to contest the order. On 31 May 1975 judgment was delivered by the Supreme Court dismissing the applicant company's application. The land in question was one of the few remaining plots for the completion of a project that had been implemented in stages for more than two decades. From the evidence adduced it was clear that the financial implications of the project had been carefully considered by the municipality having due regard to whether it was the opportune moment to proceed with the acquisition.

7. On 5 May 1977 the municipality requested the Lands and Surveys Office (LSO) to provide an evaluation of the property so as to determine the amount of compensation to be paid to the applicant company. On 7 September 1978, the LSO concluded that the value of the property amounted to 100,000 Cypriot pounds (CYP). On 3 September 1980 the municipality informed the applicant company that they would pay CYP 70,000 as compensation. It added that given that the applicant company's own evaluation was excessive, a friendly settlement could not be concluded.

8. On 1 March 1984 a meeting was held between the applicant's representatives and the municipality. The latter disclosed the estimated value of the property and offered CYP 190,000, including interest, as compensation.

9. On 23 February 1985 the applicant company requested the municipality to make a new offer of compensation within seven days. It notified the municipality that in the event that no such offer was made, it would consider that there was no longer an interest in the compulsory acquisition, which would be taken as abandoned.

10. The municipality offered to pay the applicant company by 28 February 1985 the amount of CYP 200,000, which included compensation as assessed by the LSO and interest. This was not accepted by the applicant company which made a counter-offer of CYP 250,000

including interest. The municipality agreed to the amount of CYP 230,000, an offer which was, however, not approved by the Government.

11. On 8 May 1985 the applicant company filed application for judicial review no. 517/85 with the Supreme Court, requesting a declaration that the omission of the municipality to revoke the acquisition order of 1973 was contrary to section 7 of Compulsory Acquisition of Property Law no. 15 of 1962 and/or section 8 of Compulsory Acquisition of Property (Amendment) Law no. 35 of 1983, and Article 23 of the Constitution. Moreover, a declaration was requested that the acquisition order was null and void as a result of the non-compliance by the respondents with the requirements under the aforementioned legislation to offer compensation.

12. On 28 November 1987 the Supreme Court delivered its judgment, dismissing the application. An omission of the municipality did not lead to the nullification of the acquisition: the requirement for prompt payment of compensation aimed only at safeguarding the financial interests of the owner and any omission in this respect had only financial consequences on the municipality. The financial interests of the applicant company were safeguarded by the provision for payment of interest and the possibility of applying to the courts for assessment of the amount of compensation. Moreover, the owner of property subject to acquisition had no right to demand the revocation of an acquisition order on the ground that the property was not required for the purpose of the acquisition or that the purpose for which it was to be acquired had become unattainable, or for failure of the municipality to offer compensation.

B. The building permit applications

13. On 10 November 1972 the applicant company submitted to the municipality an application for a building permit concerning the relevant property for the construction of three blocks of flats consisting of 32 shops and 13 three-bedroom and 32 two-bedroom flats. The application for a building permit was refused due to the decision for the compulsory acquisition of the property (see paragraph 5 above).

14. On 5 January 1973 the applicant company brought an application before the Supreme Court of Cyprus contesting this refusal (case no. 11/73), which was joined with case no. 47/73 (see paragraph 6 above). On 31 May 1975 it was held that the refusal was contrary to law and null and void, as a building permit could not be refused given that the applicant company remained the owner of the property and would only cease to be the owner upon payment of compensation for the property under acquisition.

15. Approximately fifteen years later, on 30 December 1988 the applicant company applied again for a building permit. On 30 March 1989 the applicant company lodged application for judicial review no. 229/89 contesting the municipality's failure to reply. On 3 February 1990 the

municipality refused the building permit application emphasising that the acquisition order was still valid. Given the municipality's reply the applicant company withdrew its application for review.

16. On 10 February 1990 the applicant company lodged new judicial review proceedings contesting the refusal and maintaining that Law no. 84 of 1988 amending the Compulsory Acquisition Law of 1962 rendered the acquisition order void. On 18 February 1993 the Supreme Court found the amending law by virtue of which acquisition orders could be annulled as contravening the principle of separation of powers and, as such, unconstitutional. Hence, the acquisition order was found to be valid and the application was dismissed.

C. The proceedings concerning compensation

17. On 4 January 1994 the applicant company filed an application with the District Court of Limassol requesting payment of compensation for its property under compulsory acquisition.

18. On 25 November 1994 a requisition order was published in the Official Gazette pursuant to section 4 of Requisition of Property Law 21/62 as amended. The order concerned the requisition of the entire property covering an area of approximately 4,447 square meters for a period of two years.

19. On 29 December 1994 the municipality made an offer for compensation to the applicant company, in accordance with section 8 (2) of Law no. 15 of 1962 as amended by Law no. 35 of 1983, amounting to CYP 100,000 plus statutory interest. The applicant company accepted the offer, without prejudice (in accordance with section 8 of Law 25 of 1983, see paragraph 31 below), and withdrew its application pending before the district court for payment of compensation.

20. On 16 January 1995 the applicant accepted payment of the amount of CYP 277,994.51 and ownership of the property was transferred to the municipality. The amount paid corresponded to CYP 100,000 for the value of the plot, plus CYP 177,994.51 annual interest at the rate of seven per cent from 1 December 1972 until 27 May 1983, then at a rate of nine per cent until the date of payment.

21. On 15 February 1995 the applicant company lodged proceedings with the District Court of Limassol concerning the determination of the amount of fair and reasonable compensation for the compulsory acquisition of its property (see paragraph 30 below). According to its expert evidence the value of its property at the time of notification of the acquisition amounted to CYP 336,368. The parties agreed that the market value of the property in 1994 was CYP 2,150,000. The applicant company's main argument in the proceedings was that compensation should be based on the value of the property in 1994. Following approximately twenty appearances

before the court, the hearing commenced on 27 March 2000. It appears that there had been sixteen adjournments of the case at least one of which was requested by the applicant company. The hearing was completed after at least seven sessions and judgment was reserved on 12 April 2001 and was delivered on 11 March 2002.

22. The court found that the municipality had made at some unspecified time before 1980 an offer of CYP 70,000 as compensation and then on 1 March 1984 a new offer of CYP 190,000 including interest, both of which had been rejected by the applicant company. Given the previous offers, the court could not agree with the applicant company that the amount of compensation should be based on the value of the property in 1994, when the municipality's offer was made. Under section 10 (a) of Compulsory Acquisition Law no. 15 of 1962, the time relevant for determination of the amount of compensation was that of notification of the order of acquisition. The applicant company's argument that a fair amount had to be based on the market value of the property in 1994 was not justified by law. Turning to whether the actual compensation paid on the basis of the value of the applicant company's property in 1972 was equitable, the court noted that it could not accept the applicant company's expert evidence, which had been based on an inappropriate comparison with properties having different building density coefficients from the applicant company's property and other important differences in their legal and factual characteristics. Having thoroughly examined the suggestions of the applicant company's expert witness concerning his evaluation, the court dismissed his evidence, finding that he had merely tried to serve the financial interests of the applicant company and not to assist the court. The expert evidence submitted on behalf of the municipality had been accurate, used comparators that had similar legal, physical and real characteristics to those of the applicant company's property and had accurate adjustments of the value of the property based on adequate and well-substantiated explanations. The court accepted therefore that, on the basis of the evaluation, the value of the applicant company's property on 1 December 1972 was CYP 103,056. The court awarded the latter sum (minus the amount of CYP 100,000 already paid by the municipality) plus different taxes and other expenses paid by the applicant company.

23. On 17 April 2002 the applicant company filed an appeal with the Supreme Court contesting the district court's judgment. It maintained that the LSO had estimated the value of its property in January 1980 as CYP 735,000 which, by simple deduction, suggested that the value of the property in 1972 was approximately CYP 350,000, as confirmed by its expert evidence. Further, it maintained that the municipality's obligation to provide it with just compensation as required by Article 23 (3) of the Constitution and the relevant jurisprudence of this Court could not be considered to have been fulfilled by an offer of compensation made 22 years

after the acquisition notification and estimated on the basis of the value of the property at the time of the notification.

24. The appeal was heard on 18 February 2004 and on 19 March 2004 it was dismissed. The court noted that the fact that the value of the property had been estimated by the LSO to be CYP 735,000 was a *non sequitur*, as both expert witnesses appearing before the district court had used the comparative method of valuation to determine the property's value at the relevant time and any subsequent evaluation was based on different grounds and could not confirm or disprove an outcome reached by using the comparative method in respect of a particular point in time, which was acceptable *per se* and could not be falsified by a subsequent estimation based on different grounds. Further, the court found the applicant company's argument under Article 23 of the Constitution to be misconceived: firstly, the municipality had made offers for compensation on at least two occasions before 1994, and any delay in payment of compensation was attributable to the applicant company, which had chosen repeatedly to contest the lawfulness of the acquisition procedure instead of referring the matter of compensation to the district court for determination. The applicant company knew at all times that the value of the property, as at 1972, had been estimated as CYP 100,000 and that its own evaluation was substantially higher. It was further aware that the relevant law provided that compensation must be based on the market value of the property at the time of notification of the compulsory acquisition. The applicant company should therefore have applied to the courts to obtain determination of the amount of compensation, as provided by law, or could have challenged the municipality's offer of 1 March 1984 before the courts. Instead, it only contested the same old valuation in 1995 when it challenged the new offer which was made on its basis.

25. Lastly, it added that section 10 (a) of the Compulsory Acquisition Law (see paragraph 30 below) providing that the relevant date for determination of the amount of compensation should be that of notification of the acquisition did not contravene Article 23 of the Constitution or Article 1 of Protocol No. 1 to the Convention. The latter provision explicitly accepted the regulation of acquisition proceedings by the conditions provided for in domestic law. It was added that:

"The relevant case-law of the Court was referred to, not to dispute the time relevant for determination of compensation, a point which was clearly determined by the law, but rather to emphasise that, given that the delay in payment was attributed to the applicant company for not using the proceedings available to have it determined, and while the municipality had consistently offered to provide compensation on the basis of the value at the time of notification of the acquisition, the core of the applicant company's claim had vanished."

26. On 2 October 2006 the Government paid the applicant company in accordance with the district court's judgment CYP 3,056 plus interest

amounting to CYP 8,670.25 (calculated on the basis of the statutory rate of seven per cent from 1 December 1972 until 26 May 1983 and then nine per cent from 28 May 1983 until 2 October 2006).

II. RELEVANT DOMESTIC LAW AND PRACTICE

27. Article 23 of the Cyprus Constitution provides as follows:

“(1) Every person, alone or jointly with others, has the right to acquire, own, possess, enjoy or dispose of any movable or immovable property and has the right to respect for such a right...

(2) No deprivation or restriction or limitation of any such right shall be made except as provided in this Article.

(3) Restrictions or limitations which are absolutely necessary in the interests of public safety or public health or public morals, or town and country planning or the development and use of any property for the promotion of the public benefit or for the protection of the rights of others, may be imposed by law on the exercise of such a right.

Just compensation shall be promptly paid for any such restrictions or limitations which materially decrease the economic value of the property; in the event of disagreement, such compensation is to be determined by a civil court.

(4) Any movable or immovable property or any right over or interest in any such property may be compulsorily acquired by the Republic, or by a municipal corporation or by a commune for educational, religious, charitable or sporting institutions, bodies or establishments within its competence and only from the persons belonging to its respective community, or by a public corporation or a public utility body on which such a right has been conferred by law and only

(a) for a purpose which is to the public benefit and shall be specially provided by a general law for compulsory acquisition which shall be enacted within a year from the date of the coming into operation of this Constitution;

(b) when such purpose is established by a decision of the acquiring authority and made under the provisions of such law stating clearly the reasons for such acquisition;

(c) upon payment in cash and in advance of just and equitable compensation, to be determined in case of disagreement by a civil court.”

28. Section 7 of Compulsory Acquisition of Property Law No. 15 of 1962 provides, in so far as relevant, as follows:

“(1) At any time after the publication of a notice of acquisition and before the payment or the deposit of compensation as in this Law provided, the acquiring authority may, by an order published in the Official Gazette of the Republic, revoke such notice and any relative order of acquisition that may have been published, either generally or in respect of any particular property or part of property referred to therein; and thereupon all proceedings consequential to such notice or order of acquisition shall abate and the acquisition shall be deemed to have been abandoned

either generally or in respect of such particular property or part of property, as the case may be.

....

(3) Where the acquisition of any property or any part of any property is deemed to have been abandoned under the provisions of sub-section (1) or subsection (2), the acquiring authority shall pay to any person interested in such property any costs or expenses reasonably incurred by such person, and shall compensate him for any loss he has suffered since the publication of the notice of acquisition and in consequence of such notice or of any relative order of acquisition that may have been published; and in the event of any dispute as to the amount to be paid as aforesaid, such amount shall be determined by the Court.”

29. Section 8 of Part III of Compulsory Acquisition of Property Law No. 15 of 1962 provides as follows:

“The acquiring authority, within 10 months after the publication of a notice of acquisition, shall enter into negotiations for the acquisition of the property to which such notice relates by private treaty and the determination, by agreement, of the compensation payable therefor and of its apportionment amongst the persons interested.”

In the event that no such agreement is reached the acquiring authority shall proceed with payment of compensation as assessed by itself.”

30. Section 9 of Part III of Compulsory Acquisition of Property Law No. 15 of 1962 as applicable in 1972 provided as follows:

“If, within one month of the publication of an order of acquisition, no agreement as in section 8 has been reached, or if, notwithstanding that the said period of one month has not elapsed, no such agreement can in the circumstances be foreseen, the acquiring authority or any person interested may apply to the Court for the determination of the compensation payable for the acquisition of the property or, where appropriate, for the apportionment of such compensation amongst the persons interested.”

31. Section 8 of Law 25 of 1983 amending Compulsory Acquisition of Property Law no. 15 of 1962 provided, in so far as relevant, as follows:

“In the event that the procedure of compulsory acquisition of immovable property was not completed by the time of entry into force of the present Law the following provisions shall apply:

(a) The acquiring authority shall, within ten months from the day of entry into force of the present Law, commence negotiations for acquisition of the property subject to compulsory acquisition and, if no agreement is reached within the afore-mentioned period, the acquiring authority shall proceed to offer the amount it had estimated as compensation.

(b) the owner is not estopped from accepting the offered compensation reserving his right to seek determination of the amount of compensation by an appropriate court, In such a case the owner must refer the case to the court within seventy-five days at the latest for determination of the amount of compensation; following the lapse of

such period it will be presumed that the owner and the acquiring authority have reached an agreement.

For the purposes of determination of compensation referred to in paragraphs (a) and (b) above an annual interest of seven per cent from the date of publication of the notification of acquisition shall be estimated until the date of entry into force of the present Law ...and interest of nine per cent from the date of entry into force of the present Law until such time as the relevant compensation is paid.”

32. Section 10 of Compulsory Acquisition of Property Law No. 15 of 1962, as amended by Law No. 25/83, sets out the criteria and principles for determining fair and equitable compensation for the expropriation of property. Paragraph (a) of that section provides as follows:

“the value of the property, shall, subject as hereinafter provided, be taken to be the amount which the property, if sold in the open market on the date of the publication of the relative notice of acquisition by a willing seller, might be expected to realise”.

33. Paragraph (g) of that section, as amended by section 6 of Law No. 25/83, provides as follows:

“(g) in the case of acquisition of immovable property the value of which has been affected by the imposition of any restrictions or limitations under the provisions of the Antiquities Law or any other Law, account shall be taken of any compensation which may be deemed payable in accordance with the provisions of Article 23 of the Constitution”.

34. Paragraph (n) of that section, as amended by section 6 of Law No. 25/83, provides as follows:

“an annual interest rate of nine per cent is included in the amount of payable compensation, assessed from the date of notification of the acquisition until the date of payment of the relevant compensation”.

35. In the same section it is also provided that:

“for the assessment of compensation in accordance with paragraphs (f) and (g) of the present section, the circumstances of the case existing at the time of notification of the acquisition are taken into account.”

36. Section 12 of Compulsory Acquisition of Property Law No. 15 of 1962 provides, in so far as relevant, as follows:

“Upon being agreed or determined under the provisions of this Law, the compensation payable shall be paid promptly and in cash to the person or persons interested.”

37. Section 13 of Compulsory Acquisition of Property Law No. 15 of 1962 provides, in so far as relevant, as follows:

“On payment ... of the sum agreed or determined to be paid as compensation for the acquisition of any property, such property shall vest in the acquiring authority free from all encumbrances; and where the property is immovable property, production of satisfactory evidence of such payment or deposit shall be sufficient authority to the Chief Lands and Surveys Officer of the Republic to cause registration of such property to be made in the name of the acquiring authority on payment of any fees or

charges which, under the provisions of any Law in force, are leviable on such registration.”

38. In the case of *Andreas Mina Christophides v. The Republic of Cyprus* (1984) 1 C.L.R. 796, the Supreme Court held that interest should be awarded to a claimant in the event of compulsory acquisition of his property in order to compensate him for the loss that he has suffered as a result of being deprived of rights over his property, for instance the right to sell it at such time as he chooses to do so or the chance to improve his property. Compensation is paid in order to make sure that the person whose property is expropriated receives no less than what he would be entitled to receive at the time that the acquisition notice was published and, by receiving interest, he is considered to have been paid at the time of acquisition.

39. In the case of *Thekla Panaretou and another v. The Republic* (judgment of 10 October 2002) the Supreme Court stated the following:

“In the event that payment of compensation is not made at the same time as publication of the acquisition notice, which under the law is the critical time for assessment of payable compensation, the owner of property continues to possess it and enjoys the possibility to use it and even take a mortgage on its basis. At the same time, he is aware that the property will at some time pass to the acquiring authority and ought to know that the critical time for assessment of its value is the time of publication of the notice of acquisition. Therefore, if his intention is to replace it with another property of equal value he should not delay... We find that the provision for payment of interest until the date of payment of compensation, constitutes a just measure for preserving the value of the amount that would have been received by the owner had he accepted the offer outright, or had the parties reached an agreement concerning the value of the property at the material time of publication of the notice.... The plaintiffs’ claim that they are additionally entitled to compensation by the total amount of yearly increase of the value of the property, is equated in essence to a claim for compensation equal to the value of the property as on the day of payment instead of the time of publication of the notice of acquisition. This is an unrealistic claim which does not accord either with the letter or the spirit of the law. Should it be adopted, it would encourage all sorts of delaying tactics by owners aiming to receive compensation amounting to the yearly increase of their property while at the same time enjoying the use and benefit of the property.”

THE LAW

I. ALLEGED VIOLATION OF ARTICLE 6 § 1 OF THE CONVENTION

40. The applicant company complained that the length of each of the different sets of proceedings it had instituted was incompatible with the “reasonable time” requirement, laid down in 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...”

41. The Government contested that argument.

A. Admissibility

42. The Court must first determine the issue of compliance with the six-month time-limit for the introduction of the application within the meaning of Article 35 § 1 of the Convention. Thus, the question arises whether and to what extent the different sets of proceedings can be considered *in toto* for the purposes of Article 6 § 1 of the Convention. In the Government’s view there were different sets of proceedings, none of which was excessive, whereas the applicant company maintained that the different proceedings up until 19 March 2004 related to its rights over its property and should be considered as a whole.

43. The Court has only considered such proceedings *in toto* where they are indissociable and concern essentially the same dispute (“*contestation*”); for example, where proceedings on the merits of a claim are followed by enforcement proceedings (see *Di Pede v. Italy*, 26 September 1996, §§ 22-24, *Reports of Judgments and Decisions* 1996-IV, and *Hornsby v. Greece*, 19 March 1997, § 40, *Reports* 1997-II) or where compensation proceedings follow proceedings concerning expropriation (see *Bhandari v. the United Kingdom*, no. 42341/04, § 17, 2 October 2007; *Kukkola v. Finland*, no. 26890/95, § 41, 15 November 2005; and *Saarenpään Loma Ky v. Finland*, no. 54508/00, § 28, 13 February 2007).

44. The Court notes that in *Kukkola* the parties had agreed that the period to be taken into account should be counted for the expropriation proceedings and the compensation proceedings *in toto* and that the Court found no reason to hold otherwise. It further notes that in *Saarenpään Loma Ky* it considered that the expropriation and compensation proceedings could be counted *in toto* as the applicant company’s property was the subject of judicial proceedings throughout the period.

45. The Court finds in the instant case that the expropriation proceedings began on 1 December 1972, when the notice of acquisition of the applicant company’s property was published. The applicant company contested the municipality’s order of acquisition before the Supreme Court. In the meantime, the applicant company applied for a building permit on 10 November 1972 and its application was refused. On 5 January 1973 it lodged a new application for judicial review with the Supreme Court contesting the refusal of its application for a building permit. The two sets of proceedings were joined and ended on 31 May 1975 when the court dismissed the applicant company’s application for judicial review of the decision to expropriate its property and upheld its application challenging the refusal of a building permit. Negotiations then took place for

determination of the amount of reasonable compensation for the compulsory acquisition of the applicant company's property, but were unsuccessful.

46. On 8 May 1985 the applicant company requested a declaration from the Supreme Court that the acquisition order was null and void given that the municipality had not proceeded to offer compensation for the acquisition. On 28 November 1987 the Supreme Court dismissed the application.

47. On 30 December 1988 the applicant company made a new request for a building permit in relation to which it did not receive a reply. On 30 March 1989 it lodged another application for judicial review with the Supreme Court concerning the omission of the municipality to reply. On 3 February 1990 the municipality refused the request for a building permit and the applicant company withdrew its application for judicial review.

48. On 10 February 1990, the applicant company lodged new judicial review proceedings contesting the refusal and maintaining that an amendment enacted in 1988 to the Compulsory Acquisition Law rendered the acquisition order void. These proceedings were dismissed by the Supreme Court on 18 February 1993.

49. On 4 January 1994 the applicant company filed an application with the district court requesting payment of compensation for its property. On 25 November 1994 a requisition order was issued. On 29 December 1994 the municipality made an offer of compensation which the applicant company accepted without prejudice. On 15 February 1995 the applicant company then lodged proceedings with the district court seeking determination of fair and reasonable compensation for the compulsory acquisition. The hearing commenced on 27 March 2000, judgment was reserved on 12 April 2001 and was delivered on 11 March 2002. On 17 April 2002 the applicant company filed an appeal with the Supreme Court which was heard on 18 February 2004 and was dismissed on 19 March 2004. The applicant received the amount awarded by the district court on 2 October 2006.

50. The Court observes that while the subject matter of all these proceedings was the applicant company's property, the dispute was not the same in each set of them: the administrative proceedings lodged before the Supreme Court contested various and different administrative decisions concerning the property or its development and the civil proceedings lodged purported to determine the amount of equitable compensation for the compulsory acquisition. Moreover, there were significant lapses of time in which there were no ongoing court proceedings and the parties engaged in negotiations or were inactive. In the present circumstances, the various judicial proceedings which were associated with the acquisition of the relevant property cannot be counted *in toto* for the purposes of Article 6 § 1 of the Convention as they were different in nature and purpose.

51. The Court finds that the only set of proceedings falling within its six-month temporal jurisdiction are the civil proceedings introduced before the District Court of Limassol and ending with the Supreme Court's judgment of 19 March 2004. All previous sets of proceedings are out of time for the purposes of Article 35 § 1 of the Convention.

52. The Court notes that the complaint, in so far as it relates to the last set of proceedings, is not manifestly ill-founded within the meaning of Article 35 § 3 of the Convention. It further notes that it is not inadmissible on any other grounds. It must therefore be declared admissible.

B. Merits

53. The Court reiterates that the last set of proceedings began on 15 February 1995 and ended with the Supreme Court's judgment of 19 March 2004. The Court notes in this respect that the period to be taken into account for these purposes ends at the moment when the applicant's civil right actually became effective (see *Di Pede*, cited above, § 22). Accordingly, the Court finds that the dispute between the parties was only resolved, on a domestic level, with the payment of the award of compensation made by the district court which was given to the applicant in October 2006. Hence, the period to be taken into consideration in this regard lasted approximately 11 years and 7 months for two levels of jurisdiction.

54. The Court reiterates that the reasonableness of the length of proceedings must be assessed in the light of the circumstances of the case and with reference to the following criteria: the complexity of the case, the conduct of the applicant and the relevant authorities and what was at stake for the applicant in the dispute (see, among many other authorities, *Frydlender v. France* [GC], no. 30979/96, § 43, ECHR 2000-VII).

55. Having examined all the material submitted to it, the Court considers that the Government have not put forward any fact or argument capable of justifying the length of the proceedings in the present case. Having regard to its case-law on the subject, the Court considers that in the instant case the length of the proceedings was excessive and failed to meet the "reasonable time" requirement.

56. There has accordingly been a breach of Article 6 § 1.

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

57. The applicant company further complained that it suffered a disproportionate interference with its property rights as a result of the acquisition proceedings and the amount of compensation eventually paid by the authorities, in breach of Article 1 of Protocol No. 1, 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.”

58. The Government contested that argument.

A. Admissibility

1. The parties' submissions

(a) The Government

59. The Government maintained, concerning the applicant company's complaint under Article 1 of Protocol No. 1, that the applicant company had failed to exhaust the available effective domestic remedies. Relying on *Azinas v. Cyprus* ([GC], no. 56679/00, ECHR 2004-III), they contended that the Convention formed an integral part of the Cyprus legal system and Article 1 of Protocol No. 1 was directly applicable in Cyprus. The applicant company could have relied on that provision, or on Article 23 of the Constitution guaranteeing the right to property, before the Supreme Court, but failed to do so. Furthermore, the applicant company should have referred the determination of the amount of compensation to the district court at an earlier stage.

(b) The applicant company

60. The applicant company replied that it was under no obligation to apply to the courts to have the amount of compensation determined at an earlier point and it could not be said that it had failed to exhaust the available domestic remedies for not doing so. It had spent the last 32 years trying to defend its rights over its property by using all available legal means before the domestic courts, to no avail. Throughout such proceedings it had raised all the arguments presented before this Court either explicitly or in substance before the domestic courts. The applicant company referred, in particular, to its address to the district court, its grounds of appeal to the Supreme Court in which it had cited the relevant case-law of this Court, and its counsel's pleadings before that court. The Supreme Court in its judgment had made clear why in its view no violation of the Convention had taken place, given that the applicant company had been responsible for taking steps for the determination of compensation.

(c) The Court's assessment

61. Having regard to the applicant company's pleadings and skeleton arguments used in the domestic proceedings and submitted before the Court in reply to the Government's objection, the Court finds that the applicant company did raise the issue of disproportionate interference with its rights under Article 1 of Protocol No. 1 of the Convention with reference to the Court's relevant case-law before the district court and Supreme Court. That being so, it cannot be disputed that the domestic courts were given ample opportunity to address the issues raised before the Court. Moreover, the Court notes that the Supreme Court in its judgment of 19 March 2004 considered that there had been no breach of Article 1 of Protocol No. 1 to the Convention as incorporated into the domestic legal order.

62. Lastly, the Court notes that the applicant company referred the issue of determination of equitable compensation to the district court and subsequently challenged the district court's findings on appeal before the Supreme Court. As such, it has exhausted the domestic remedies available to it.

63. The Court therefore dismisses the Government's objection. It moreover finds that no other grounds for declaring this part of the application inadmissible have been established and therefore declares it admissible.

B. Merits

1. The parties' submissions

(a) The Government

64. The Government submitted that the main issue in this case was whether payment of compensation in 1994, on the basis of the market value of the property at the time of publication of the notice of acquisition in 1972 plus interest, laid a disproportionate burden on the applicant company. They maintained that responsibility for the delay between the notice of acquisition and the actual payment of compensation was attributable to the applicant company since despite its rights, under the relevant domestic legislation, to refer the issue of compensation to the district court for determination following the evident failure to reach an agreement in this respect, or to contest the municipality's first offer for compensation made on 1 March 1984, the applicant company only chose to apply to the courts for determination of the offer made in 1984 in 1995.

65. A determination of the amount of compensation would have resulted in immediate payment and transfer of ownership to the municipality. Instead of applying to the civil courts for determination of the amount of

compensation for the acquisition, the applicant company pursued various other judicial proceedings challenging the acquisition.

66. Despite the fact that the acquiring authority also had the right to apply to the civil courts for determination of the amount of compensation, it was the applicant company who was claiming that the value of its property was substantially more than what the municipality had offered and therefore it was the applicant company who should have made such an application and not wait until 1995 to institute the relevant proceedings. Had the applicant company done so at an earlier stage, no issue of loss of capital gain or difference between the market value of the property taken into account for the determination of compensation and actual market value at the time of payment would have arisen. Hence, the applicant company could have avoided any burden which was described before the Court as disproportionate, and a finding of violation under the circumstances would suggest that owners could delay the institution of legal proceedings under domestic law knowing that in the end such delay would be to their benefit.

67. The relevant domestic law provided that in the event of compulsory acquisition the acquiring authority should provide compensation which was reasonably related to the value of the property acquired, and the applicant company had not discharged the burden of showing that that had not been the case. The applicant company's expert evidence as to the property's evaluation had been extensively criticised by the first-instance court, which had pointed out its deficiencies as well as its main expert witness's contradictions in his testimony before the court. Moreover, the Government maintained that the domestic courts rejected the applicant company's suggestion that compensation ought to have been assessed on the basis of the market value of the property in 1994 when allegedly an offer of compensation was made to them for the first time: previous offers had been made and the law was clear that the relevant time for assessment of compensation was the time of publication of the acquisition notification.

68. As for the applicant company's argument that while only part of its property had been subjected to the compulsory acquisition order in 1972, the whole property was subjected to the requisition order, the Government noted that the plans indicated in the notice of acquisition had made it clear that it covered the whole of the applicant company's property. Moreover, the argument was superfluous given that the expert reports had been prepared on the assumption of compulsory acquisition of the whole property in 1972 and thus this made no difference to the actual amount of compensation paid to the applicant company. The requisition order of 1994 gave the requisitioning authority only a right of temporary possession of the whole property for two years and was issued so as to enable the commencement of the public works for which the property had been compulsorily acquired before the official transfer of ownership took place.

(b) The applicant company

69. The applicant company maintained that the delay in payment of compensation for decades following the order of acquisition was disproportionate, especially since the amount of compensation eventually paid was based on the market value of the property as it was in 1972, which had multiplied in the meantime, leaving the applicant company with no possibility of replacing its property with another of equivalent value.

70. Such delay could not reasonably be attributed to the applicant company given that the municipality did not seek to have the amount of compensation determined by the courts, as was its right under the relevant domestic legislation, and thus complete the act of compulsory acquisition. Given that the applicant company was trying to contest the acquisition, which was not a voluntary choice but one imposed on it by the municipality, which wanted to acquire the property, it was the municipality that should have applied to the courts to determine the amount of compensation. The fact that the applicant company did not exercise its right under domestic law to take steps to have the compensation assessed as soon as it became possible could not be held against it. The acquisition was a compulsory one, and it was quite natural for the applicant company which owned it to want to keep its land and not part with it at any price if it could help it. Exercising its legal right to ask the courts for determination of compensation would have resulted in its dispossession by the acquiring authority, while it could not be excluded that the acquisition order might be set aside at some future stage either because the acquiring authority decided not to go on, or because, as a result of unreasonable delay, it was deemed to have abandoned its project.

71. The applicant company added that 31 years had elapsed between the publication of the notice of acquisition of 1 December 1972 and the final judgment of the Supreme Court of 19 February 2004, during which time the municipality had remained for the most part totally inactive. The municipality had written a letter to the LSO in January 1977 – four years after the publication of the notice of acquisition – to request the valuation of the property. They had only proceeded with the negotiations when they had received a letter from the applicant company on 19 June 1980. They had then had a meeting with the applicant company on 1 March 1984 and made an offer of compensation. The applicant company's subsequent letter of 23 February 1985 had gone unanswered and after nine years a requisition notice had been published in the Official Gazette on 25 November 1994. Throughout these years of little if any activity being taken with a view to acquisition, the applicant company's property had been kept in reserve until it was actually needed, while its value had substantially increased. The applicant company had therefore been unfairly deprived of capital gain generated by the property. The actual compensation which was paid in 1995, namely the amount of CYP 277,944.51, constituted merely 12.92% of

the actual value of the property in 1994 as agreed between the parties. The interest imposed by Cypriot law was clearly inadequate for the compensation reasonably to reflect the property's market value. Furthermore, the acquisition notice and order of 1972 and 1973 had concerned part of the property, while the 1994 requisition order had concerned the whole property, yet the amount of compensation paid reflected the value of only part of the property as estimated in 1972.

72. The applicant company further observed that it could not be held responsible for the delay because throughout the period when the municipality had remained inactive the applicant company had pursued judicial proceedings seeking to annul the acquisition or obtain a building permit, given that it remained the owner of the property until such time as the municipality paid compensation and completed the acquisition. It was certainly entitled to protect its property by all legal means available and could not be blamed or penalised for doing so. The legal right provided for by the relevant legislation did not entail an obligation to apply to the civil courts for determination of compensation.

73. The Cypriot courts refused to remedy this situation, finding that the relevant time for valuation of the property was that of the partial acquisition notice in 1972 and not the date of the actual acquisition of the whole property in 1995, and that the interest rate of 9 per cent had adequately compensated the applicant company for the difference in value between the two dates.

74. The applicant company claimed that it was entitled to the value of the relevant property as at the end of 1994, when the requisition, official offer by the municipality, payment and actual transfer of ownership of the property took place. It recalled that the parties had agreed before the district court that the value of the property at that time was CYP 2,150,000, a figure based on the Government's LSO valuation. The actual compensation paid was merely a small fraction of the actual value of the property and moreover the applicant company had been unfairly deprived of capital gain for all the years that it had been unable to use its property and take full advantage of its financial potential.

(c) The Court's assessment

75. The Court reiterates that Article 1 of Protocol No. 1, which guarantees the right to the protection of property, contains 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, amongst other things, 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, as a recent authority with further references, *J.A. Pye (Oxford) Ltd and J.A. Pye (Oxford) Land Ltd v. the United Kingdom* [GC], no. 44302/02, § 52, ECHR 2007-...).

76. In order to be compatible with the general rule set forth in the first sentence of the first paragraph of Article 1, an interference with the right to the peaceful enjoyment of possessions must strike a “fair balance” between the demands of the general interest of the community and the requirements of the protection of the individual’s fundamental rights (see *Beyeler v. Italy* [GC], no. 33202/96, § 107, ECHR 2000-I).

77. A taking of property under the second sentence of the first paragraph of Article 1 without payment of an amount reasonably related to its value will normally constitute a disproportionate interference that cannot be justified under Article 1. The provision does not, however, guarantee a right to full compensation in all circumstances, since legitimate objectives of “public interest” may call for less than reimbursement of the full market value (see *Papachelas v. Greece* [GC], no. 31423/96, § 48, ECHR 1999-II, again with further references).

78. The Court will generally respect the domestic authorities’ judgment as to what is in the general interest unless that judgment is manifestly without reasonable foundation (see *Immobiliare Saffi v. Italy* [GC], no. 22774/93, § 49, ECHR 1999-V). However, it cannot remain passive, in exercising the European supervision incumbent on it, where a domestic court’s interpretation of a legal act appears “unreasonable, arbitrary or ... inconsistent ... with the principles underlying the Convention” (see *Pla and Puncernau v. Andorra*, no. 69498/01, § 59, ECHR 2004-VIII). The State has obligations under Article 1 of Protocol No. 1 to take measures necessary to protect the right of property and it is the Court’s duty to ensure the observance of the engagements undertaken by the Contracting Parties to the Convention, and not to deal with errors of fact or law allegedly committed by a national court unless Convention rights and freedoms may have been infringed (see *Anheuser-Busch Inc. v. Portugal*, cited above, § 83).

i. The nature of the interference

79. The Court notes that it is undisputed that the applicant company used to be the owner of the relevant property until 1995 when ownership was transferred to the acquiring authority, the municipality of Limassol, in accordance with the order for compulsory acquisition and under the relevant provisions of the Compulsory Acquisition Law (see paragraph 26 et seq. above). The interference with the applicant company’s property rights commenced with the publication of the notice of compulsory acquisition in

1972 and subsequent acquisition order issued in 1973 and continued throughout the period terminating with the final transfer of ownership to the municipality. During that period the applicant company's use of its property was significantly reduced until the final acquisition took place. In domestic law compulsory acquisition is a permanent measure of deprivation of property (see *Kolona v. Cyprus*, no. 28025/03, § 73, 27 September 2007). The statutory provisions which resulted in the applicant company's loss of ownership were thus intended to permanently transfer ownership to the State for the public benefit. The Court finds, therefore, that following an extensive period of control of the use of the applicant company's possessions, there was a deprivation of property within the meaning of the second sentence of Article 1 of Protocol No. 1 to the Convention.

80. The Court must therefore determine whether such deprivation was justified in accordance with the requirements of that provision and, therefore, whether it was in accordance with the law, in the public interest and struck a fair balance between the demands of the general interest of the community and the requirements of the protection of the individual's fundamental rights.

ii. The lawfulness of the interference

81. The Court recalls in this connection that an essential condition for an interference to be deemed compatible with Article 1 of Protocol No. 1 is that it should be lawful. The rule of law, one of the fundamental principles of a democratic society, is inherent in all the Articles of the Convention (see *Iatridis v. Greece* [GC], no. 31107/96, § 58, ECHR 1999-II). The principle of lawfulness also presupposes that the applicable provisions of domestic law be sufficiently accessible, precise and foreseeable in their application (see, among other authorities, *Hentrich v. France*, 22 September 1994, § 42, Series A no. 296-A, and *Lithgow and Others v. the United Kingdom*, 8 July 1986, § 110, Series A no. 102).

82. In this connection the Court reiterates that it is in the first place for the domestic authorities, notably the courts, to interpret and apply domestic law (see *Jahn and Others v. Germany* [GC] nos. 46720/99, 72203/01 and 72552/01, § 86, ECHR 2005 -). It observes that the interference with the applicant company's property rights was based on the provisions of the Compulsory Acquisition Law. It further notes that the Supreme Court, in its judgment of 2004, found that the acquisition in question was in compliance with the applicable laws and that it was always clear on the basis of domestic law that the amount of compensation to be eventually paid for the compulsory acquisition was the property's market value as at the time of publication of the notification of acquisition.

83. The Court therefore concludes that the interference complained of satisfied the requirement of lawfulness within the meaning of Article 1 of Protocol No. 1.

iii. The aim of the interference

84. Any interference with a right of property can only be justified if it serves a legitimate public interest. The Court reiterates that, because of their direct knowledge of their society and its needs, the national authorities are in principle better placed than the international judge to decide what is “in the public interest”. Under the system of protection established by the Convention, it is thus for the national authorities to make the initial assessment as to the existence of public concern warranting measures interfering with the peaceful enjoyment of possessions (see *Terazzi S.r.l. v. Italy*, 17 October 2002, § 85, and *Elia S.r.l. v. Italy*, no. 37710/97, § 77, ECHR 2001-IX).

85. In the present case the Court is prepared to accept that the compulsory acquisition pursued the legitimate aim of furthering a municipal plan intended to improve access to the beach, widen the adjacent street and provide a better view of the sea, which was deemed crucial for the development of the city of Limassol.

iv. The proportionality of the interference

86. The second sentence of Article 1 is to be construed in the light of the general principle enunciated in the opening sentence. There must exist a reasonable relationship of proportionality between the means employed and the aim sought to be realised. In determining whether a fair balance exists, the Court recognises that the State enjoys a wide margin of appreciation, with regard both to choosing the means of enforcement and to ascertaining whether the consequences of enforcement are justified in the general interest for the purpose of achieving the object of the law in question (see *Jahn and Others*, cited above, § 93).

87. The Court must next examine whether the interference with the applicant company’s right to peaceful enjoyment of its possessions struck the requisite fair balance between the demands of the general interest of the public and the requirements of the protection of the individual’s fundamental rights, or whether it imposed a disproportionate and excessive burden on them (see, among many other authorities, *Jahn and Others v. Germany*, cited above, § 93).

88. The Court reiterates that, in the area of town planning, the Contracting States should enjoy a wide margin of appreciation in order to implement their policies (see *Terazzi S.r.l.*, cited above; *Elia S.r.l.*, cited above; and *Skibiński v. Poland* cited above, § 59). Nevertheless, in the exercise of its power of review, the Court must determine whether the requisite balance was maintained in a manner consonant with the applicant company’s right of property (see, *mutatis mutandis*, *Sporrong and Lönnroth v. Sweden*, 23 September 1982, § 69, Series A no. 52).

89. The Court observes that the Compulsory Acquisition Act provided for *ex lege* expropriation on the date on which payment of compensation for

the compulsory acquisition was made. While both the applicant company and the authorities had the right to apply to the courts to determine the amount of compensation following the publication of the notification of acquisition, the acquisition was not formally completed until the payment of compensation. As for the amount of compensation payable, the relevant law provided that it had to correspond to the market value of the acquired property as at the time of publication of the notification of compulsory acquisition.

90. While the Court considers that, in principle, the rule of domestic law concerning the date which is relevant for estimation of the market value of the property in determining the amount of compensation for compulsory acquisition is not in itself inconsistent with the principles established in its case-law concerning Article 1 of Protocol No. 1, its application in the present case raises concern given that such a long time elapsed between the date of notification and the actual payment of compensation. It is noted that, at the time of actual transfer of title to the applicant company's property, the amount of compensation provided by the State authorities proved to be approximately ten times less than the property's market value as agreed by the parties in the domestic and present proceedings.

91. The Court notes that the district court accepted that the value of the property as at the time of publication of the relevant notification of acquisition in 1972 was CYP 103,056. The Court accepts that, on the basis of the documents submitted by the parties and in particular the relevant valuation reports, this amount reflected the value at the relevant time of the entire property affected by the acquisition order. It moreover takes note of the fact that on that amount annual interest was added on the basis of the applicable statutory rate of seven per cent until 1983 and nine per cent subsequently and until the date of payment in 1995. Accordingly, at the time of loss of ownership in 1995, the applicant company was awarded the amount of CYP 277, 994. 51.

92. The Court recalls that while compensation for deprivation of property does not necessarily have to constitute payment by the acquiring authority of full market value for the acquired property, the amount of compensation must be reasonably linked to the market value at the time of deprivation. In the present case the parties had clearly agreed that the market value at the time of deprivation was CYP 2,150,000. The Court considers that the amount of compensation paid to the applicant company in the present circumstances was not reasonably connected to the value of the property. Indeed, it notes that the Government did not provide any reason for paying less than the full market value for the property, other than relying on a domestic law provision which did not allow for any concession in the event of excessive delay in the completion of the compulsory acquisition procedure, as in the present case.

93. The Court takes note of the Government's submission that it was not responsible for the delay in the completion of the acquisition procedure because the applicant company could have accelerated the proceedings by applying to the district courts at any point to have the amount of equitable compensation determined or contest any earlier offer made by the acquiring authority. While the Court notes that, the possibility to have the amount determined by a court and thus have the acquisition procedure concluded, was a safety valve offered by the domestic system to protect the property rights of owners against excessively lengthy acquisition procedures, the Court is not persuaded that because of this possibility the actual delay and its consequences should be attributed in its entirety to the applicant company.

94. Firstly, it notes that the applicant company, being the owner of property subject to compulsory acquisition, had every right to seek to challenge the lawfulness of any interference with its property rights by all legal means available to it. The initiation of proceedings to have the amount of compensation determined would effectively have meant acceptance of the interference and would have been inconsistent with, or even undermined, other proceedings that were pending challenging the legitimacy and finality of the acquisition. The Court finds particularly important in this respect that following the domestic court's decision that the refusal of the applicant company's building permit application was unlawful because the company remained the owner of the relevant property, the applicant company had an expectation that it might obtain a building permit until 1993, when its contestation of a second refusal was rejected. Secondly, it is clear that long periods of inactivity elapsed in which the acquiring authority failed to take any action concerning the acquisition and for which the Government did not submit any justification or reasonable explanation. Lastly, the acquiring authority had the same possibility to accelerate the proceedings by applying to the civil courts for determination of the award of compensation but failed to do so. The Court notes that no explanation was provided by the Government as to why the municipality took no such action, while it considers it more reasonable for the municipality to have sought to obtain determination of the amount of compensation, given the very nature of the compulsory acquisition order issued to enable the municipality to pursue its policies.

95. That being so, the Court considers that the delay in the proceedings, responsibility for which lay rather more with the acquiring authorities than with the applicant company and the absolute nature of the relevant domestic rule concerning determination of compensation, which did not allow for the eventuality of excessive delay between the notification of the acquisition and the actual payment of compensation, imposed a disproportionate burden on the applicant company.

96. Accordingly, the Court finds that there has been a violation of Article 1 of Protocol No. 1 to the Convention.

III. APPLICATION OF ARTICLE 41 OF THE CONVENTION

97. 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. The parties' submissions

98. The applicant company claimed that it was entitled to the market value of the relevant property as in 1995 when the transfer of ownership took place. According to the parties' agreement in the proceedings before the district court that value amounted to CYP 2,150,000. Given that in early 1995 the amount of CYP 277,994.51 was paid to the applicant company, it claimed that it should be awarded the difference as pecuniary damage, namely the amount of CYP 1,872,005.49, plus interest at the rate of 9 per cent per annum, representing the statutory rate of interest in compulsory acquisition cases, from 1994 until the date of payment.

99. The applicant company also claimed CYP 100,000 in respect of non-pecuniary damage for all the anxiety, distress and feelings of helplessness, frustration and mistrust for public authorities caused by the long delay and its lack of success in the numerous and costly attempts before the various domestic courts.

100. Lastly, the applicant company claimed CYP 22,341.65 for costs and expenses incurred before the domestic courts plus an annual interest rate of eight per cent, the rate applicable under domestic law. It submitted detailed schedules and receipts setting out its claims. It further claimed CYP 15,000 for costs and expenses incurred in the present proceedings.

101. The Government contested these claims. Although they accepted that the market value of the property in 1994 was that agreed between the parties in the domestic proceedings, they submitted that a finding of a violation did not mean that the Court would have to determine the year that should be taken into account for assessing the value of the property or the year in which compensation ought to have been paid. The applicant company's claim for pecuniary loss could not be said to have been caused by the violation. Nor did it take into account the fact that from 1972 until 1995 it had continued to enjoy the use of the property as bonded warehouses.

B. The Court's decision

102. Having regard to the information in its possession, the Court considers that the question of the application of Article 41 is not ready for decision. It is therefore necessary to reserve the matter in its entirety, and to fix further procedure with due regard to the possibility of an agreement being reached between the respondent Government and the applicant.

FOR THESE REASONS, THE COURT UNANIMOUSLY

1. *Declares* the application admissible;
2. *Holds* that there has been a violation of Article 6 § 1 of the Convention;
3. *Holds* that there has been a violation of Article 1 of Protocol No. 1 to the Convention;
4. *Holds* that:
 - (a) the question on the application of Article 41 is not ready for decision; accordingly,
 - (b) it reserves the said question;
 - (c) invites the Cypriot Government and the applicant company to submit, within the forthcoming three months, their written observations on the matter and, in particular, to notify the Court of any agreement they may reach;
 - (d) reserves the further procedure and delegates to the President of the Chamber power to fix same if need be.

Done in English, and notified in writing on 15 January 2009, pursuant to Rule 77 §§ 2 and 3 of the Rules of Court.

Søren Nielsen
Registrar

Christos Rozakis
President