

# Russian Supreme Court upholds lower courts' rulings denying recognition and enforcement of SCC award

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In *Case No. A40-230545/16*, the Supreme Court of the Russian Federation considered whether to uphold the lower courts' rulings denying recognition and enforcement of an arbitral award rendered under the rules of the Arbitration Institute of the Stockholm Chamber of Commerce (SCC). It also considered whether to remit the case to the Chamber of Commercial disputes of the Supreme Court for further review.

The Supreme Court of the Russian Federation has upheld the Moscow Commercial and Cassation Courts' rulings denying recognition and enforcement of an award rendered under the rules of the Arbitration Institute of the Stockholm Chamber of Commerce (SCC).

On 16 March 2017, the Moscow Commercial Court denied recognition and enforcement of the SCC award issued in proceedings between SPIG SpA (an Italian supplier) and JSC "Promkontroller" (a Russian buyer, primarily owned by the Gazprom group). The court relied on several grounds including that the award was contrary to public policy and that the composition of the tribunal was not in accordance with the parties' agreement (for details of the reasoning in this decision, see [Legal update, Moscow Commercial Court denies recognition and enforcement of an SCC award](#)).

On 24 May 2017, the Cassation Court upheld the ruling of the Moscow Commercial Court reasoning that, notwithstanding the fact that the lower court had actually reviewed the substance of the case, the award still violated public policy, which was an independent and sufficient ground to deny recognition. The court also agreed with the lower court that there was a violation of the arbitration agreement between the parties (regarding composition of the tribunal).

The Supreme Court upheld the ruling of the Cassation Court that the award violated public policy. It also agreed with the arguments of the lower courts and denied remitting the case for further review to the Chamber of Commercial disputes of the Supreme Court.

The Supreme Court has upheld the broad definition of public policy applied by the lower courts for which Russian courts were previously notorious. While Russian courts have taken an arbitration-friendly approach over the last decade, this decision appears to be a step back to favouring state owned companies and their interests.

Case: [Case No. A40-230545/16](#) (Supreme Court of the Russian Federation).

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