

General authority to conclude contract includes authority to sign arbitration agreement (Supreme Court of the Russian Federation)

by *Maxim Kulkov* and *Sergey Lysov*, KK&P

Legal update: case report | Published on 28-May-2020 | Russian Federation

In *Case No. A40-154780/2019*, the Supreme Court of the Russian Federation held that a representative's general authority to conclude a contract is sufficient to include authority to sign an arbitration agreement.

The Russian Supreme Court has confirmed that general authority granted to a representative to conclude a contract is sufficient to include authority to sign an arbitration agreement. In doing so, the Supreme Court upheld the judgment of the Commercial Court of the Moscow Region, which had overruled the decision of the lower court, the Commercial Court of Moscow. The lower court had set aside an arbitral award issued under the Rules of the Russian Arbitration Center (RAC).

The RAC arbitration concerned a supply dispute between the leading Russian nuclear weapon manufacturer, FGUP PSZ (PSZ), and Russian nuclear energy company, JSC "Concern Rosenergoatom" (Rosenergoatom), in which the latter won a Ruble 10 million penalty claim.

PSZ challenged the award before the Commercial Court of Moscow, which set aside the RAC award, finding that Rosenergoatom's representative was not directly empowered to sign the arbitration agreement because the power of attorney referred only to a general authority to conclude the contract.

Rosenergoatom appealed the judgment on the ground that Russian arbitration law does not require specific authority to conclude an arbitration agreement. The appellant relied on previous case law that had reached similar conclusions, such as the Supreme Commercial Court Resolution, dated 12 April 2011, in *Case No. 12311/10* and the Supreme Court Judgment, dated 27 July 2016, No. 308-ES16-8174 in *Case No. A53-28130/2015*.

Agreeing with the appellant's arguments, the Commercial Court of the Moscow Region reinstated the award, overturning the judgment of the Commercial Court of Moscow.

PSZ sought to appeal the case before the Russian Supreme Court, which upheld the validity of the arbitration award for the same reasons as the Commercial Court of the Moscow Region.

Given that it is common practice in Russia not to grant specific authorisation to conclude arbitration agreements, it is anticipated that this case will prevent Russian courts from imposing a restrictive approach to this issue.

Case: *Case No. A40-154780/2019 (12 May 2020)*.

END OF DOCUMENT

Related Content

Topics

[Arbitral Awards and Challenges](#)

[Applications to Court](#)