

CLIENT ALERT

AUGUST 6, 2025

## UK Supreme Court hands down its first Russia sanctions-related Judgment dismissing appeals from Eugene Shvidler and Dalston Projects Ltd.<sup>1</sup>

The judgment is set to become the leading authority on the UK's Russian sanctions regime and specifically on judicial review of the UK Government's decisions on sanctions designations.

On 29 July 2025, the UK Supreme Court issued a key judgment on the legality and proportionality of UK sanctions imposed under the Russia (Sanctions) (EU Exit) Regulations 2019 (the “**Russia Regulations**”). The primary legislation, the Sanctions and Anti-Money Laundering Act 2018, confers extensive powers on Ministers to make regulations allowing the imposition of stringent restrictions on individuals and businesses.

### Background

The first appellant, businessman Eugene Shvidler (“**Mr Shvidler**”) is a British citizen who was designated on 24 March 2022 due to his ties to Roman Abramovich and his involvement in Evraz plc, a Russian company in the extractives sector. Through Mr Shvidler's business relationship with Roman Abramovich, it was found he had obtained financial benefits. As a result of his designation, Mr Shvidler's assets were frozen and it is a criminal offence for anyone to deal with him in either a private or commercial capacity.

The second appellant, Dalston Projects Ltd (“**Dalston**”), owns the luxury yacht, the “Phi”, which was detained on 28 March 2022 and prevented from being moved from London. The Phi was detained on the grounds that it was owned, controlled or operated by a person connected with Russia, namely Mr Naumenko.

The appellants argued that the sanctions and the Government's decisions disproportionately interfered with their rights under the European Convention on Human Rights – notably Article 8 (private life) and Article 1 of Protocol 1 (property).

Both appellants had previously lost in respective cases in the High Court and Court of Appeal.

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<sup>1</sup> *Shvidler v Secretary of State for Foreign, Commonwealth and Development Affairs; Dalston Projects Ltd and others v Secretary of State for Transport* [2025] UKSC 30 (the “**Judgment**”).

Their appeals to the Supreme Court were dismissed: Mr Shvidler's by majority, and Dalston's unanimously.

## Key Findings

The Court confirmed that a fresh assessment at appellate level is likely to be appropriate where the appeal court's decision is likely to provide guidance for later cases or where the subject matter has major social or political significance. In this case therefore the appellate court must conduct their own proportionality assessment and decide for itself whether there has actually been a violation of a Human Right Convention.

Further, the Court found it would often be appropriate to accord some respect to the views of the Government. How much the views will be respected depends on the right involved and the degree with which the right is being interfered with.

Ministers, particularly the Foreign and Transport Secretaries, have institutional expertise and constitutional responsibility in matters of national security and international relations as compared to the Court. A broad margin of appreciation was found to be appropriate in such contexts and the views of the Foreign and Transport Secretaries should be afforded a large flexibility on the sanctions matters.<sup>2</sup>

## Application of proportionality review

The Court dealt with each stage of the proportionality test as follows:

1. *Legitimate Aim*: The Court found that sanctions regulations were found to pursue a compelling aim — deterring Russian's actions — and were rationally connected to that aim.<sup>3</sup>
2. *Rational Connection*: The Court confirmed there is no need to show that the sanctions imposed on Mr Shvidler and Dalston would by themselves achieve the legitimate aim, but they must be rationally connected to the aim of deterrence. The Court also noted it is permissible to have regard to the cumulative effect of all measures taken under the Russia Regulations when deciding if the sanctions have a rational connection. In Mr Shvidler's case, the Court found the sanctions would send a signal to him and others involved in the Russian elite that there are negative consequences to implicitly legitimize the Russian government's actions.<sup>4</sup> For Dalston, income from chartering the yacht would likely be spent by Mr Naumenko in Russia. Economic impact will also have political implications, as the degradation of

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<sup>2</sup> Paras. 126-130 of the Judgment.

<sup>3</sup> Para. 173 of the Judgment.

<sup>4</sup> Para. 196 of the Judgment.

a prestigious asset may dispose Mr Naumenko to be discontented with the Russian regime.<sup>5</sup>

3. *Less intrusive means*: There were no less intrusive measures which could have been used, and counsel for the appellants could not point to any.<sup>6</sup>
4. *Fair Balance*: While the sanctions had significant personal and economic effects on the appellants, the measures were not found to be disproportionate given the gravity of the public interest pursued. The Court further noted that sanctions often have to be severe and open-ended if they are to be effective.<sup>7</sup>

## Dissent

Lord Leggatt dissented in respect of Mr Shvidler, finding the sanctions on him to be oppressive and lacking a rational connection to the stated objectives. He warned against excessive judicial deference to executive decisions impacting fundamental rights.

## Practical Implications

This decision affirms the UK government's broad discretion in applying sanctions for geopolitical purposes and provides guidance on how proportionality challenges will be assessed. It also underscores the limited scope for judicial intervention where strong public policy interests are involved, even where individual hardship may be significant.

The full judgment can be found [here](#) and the press summary can be found [here](#).

## About Curtis

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<sup>5</sup> Para. 190 of the Judgment.

<sup>6</sup> Para. 203 of the Judgment.

<sup>7</sup> Para. 213 of the Judgment.

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