

The Unintended Consequence of Russian Sanctions

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The wave of Russian sanctions imposed since the invasion of Ukraine has led to counter measures by the Russian state which are now having significant practical consequences for parties caught up in disputes with Russian entities. The English High Court decision in *Google LLC and others v. Nao Tsargrad Media and others*¹ provides a particularly noteworthy example.

After the sanctions were introduced, the Russian Arbitrazh Court Procedural Code (Code) was amended to give the Arbitrazh Courts in Russia exclusive jurisdiction to hear claims where a sanctioned Russian entity is involved. This allows sanctioned entities to avoid contractual dispute resolution provisions that require disputes to be litigated in foreign courts or in foreign seated arbitration.

This provision of the Code led to several contractual claims being brought by Russian media entities in the Russian courts against various Google entities alleging the improper termination of their YouTube content agreements by Google. Judgment was entered by the Russian courts against Google, and compounding fines were levied that now (incredibly) exceed 1.8 octillion US dollars. The Russian courts have also enforced the judgments against Google's Russian operating entity, which was not party to the relevant contracts.

Google therefore turned to the English courts for an anti-enforcement order against the Russian entities. The English courts accepted jurisdiction given that the jurisdiction clauses in the various contracts provided for English court litigation or London seated arbitration. The High Court readily granted the orders sought by Google given the clear breach of these contractual dispute resolution provisions by the Russian entities.

The Russian parties are reportedly seeking to enforce the Russian judgments in Turkey, Serbia, Kyrgyzstan, and South Africa. While Google hopes that the English court's anti-enforcement order will inhibit enforcement, this issue is likely to play out for some time to come in courts around the world.

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Footnotes

¹[2024] EWHC 2212 (Comm)

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