CIVIL CODE

of the

RUSSIAN SOVIET FEDERATED SOCIALIST REPUBLIC

PART I. GENERAL PROVISIONS

CHAPTER 1—FUNDAMENTAL PROVISIONS

Article 1. Tasks of the Civil Code of the RSFSR

The Civil Code of the Russian Soviet Federated Socialist Republic regulates property and related personal non-property relationships, in order to create the material-technological foundation of communism and to satisfy ever more fully the material and spiritual needs of citizens. In those cases specified by law, this Code also regulates other personal non-property relationships.

The basis of property relationships in Soviet society is the socialist economic system and socialist ownership of the equipment and means of production. The economic life of the RSFSR is determined and directed by the state economic plan.

Article 2. Relationships regulated by the Civil Code of the RSFSR

This Code regulates the relationships indicated in Article 1 as they exist:

between state, cooperative and public organizations;

between citizens and state, cooperative and public organizations;

and between citizens.

Other organizations may also participate in relationships regulated by this Code in cases specified by legislation of the USSR.

The rules of this Code do not apply to property relationships based upon the administrative subordination of one party to the other, or to tax or budgetary relationships.

Family, labor and land relationships, as well as relationships within collective farms arising out of their charters, are regulated respectively by family, labor, land and collective-farm legislation.

Article 3. Civil legislation of the USSR and the RSFSR

In accordance with the Principles of Civil Legislation of the USSR and the Union Republics, this Code and other civil legislation of the RSFSR regulate the property and personal non-property

relationships as provided in the Principles, as well as other relationships.

In relationships which, according to paragraph 2 of Article 3 of the Principles, are regulated by civil legislation of the USSR, by this Code and by other civil legislative acts of the RSFSR, questions referred to the jurisdiction of the RSFSR are to be resolved by USSR legislation.

Relationships in foreign trade are determined by the special legislation of the USSR which regulates foreign trade, and by the general civil legislation of the USSR and the RSFSR.

Article 4. Grounds from which civil rights and obligations arise

Civil rights and obligations arise from grounds specified by legislation of the USSR and the RSFSR, as well as from acts of citizens and organizations which, although not specified by law, give rise to civil rights and obligations by virtue of the general principles and the spirit of civil legislation.

Accordingly, civil rights and obligations arise:

from legal acts specified by law, as well as from legal acts which, while not specified by law, are not contradictory to it;

from administrative acts, including—with respect to state, cooperative and public organizations—planning directives;

as a result of discoveries, inventions, rationalization proposals, and the creation of works of science, literature and art;

as a result of causing injury to another person, and from acquiring or saving property at the expense of another person without sufficient grounds;

as a result of other acts of citizens and organizations;

as a result of events to which the law attaches civil consequences.

Article 5. Exercise of civil rights and performance of obligations

Civil rights are protected by law, except in instances in which they are exercised in contradiction to their purpose in a socialist society in the period of the building of communism.

In exercising their rights and performing their obligations, citizens and organizations must observe the law, and must respect the rules of socialist communal living and the moral principles of a society which is building communism.

Article 6. Protection of civil rights

Civil rights are protected in the prescribed manner by the courts, *arbitrazh* and private arbitrators through:

recognition of these rights;

restoration of the situation which existed prior to the violation of a right and prohibition of acts which violate the right;

decreeing specific performance of a duty;

terminating or changing legal relationships;

recovery of damages suffered from a person who has violated a right, and recovery of liquidated damages and penalties as provided by law or by contract;

and other means specified by law.

Civil rights are also protected by comrades' courts, trade unions and other public organizations, in cases and in the manner specified by legislation of the USSR and the RSFSR.

In cases particularly specified by law, the protection of civil rights is accomplished through administrative proceedings.

Article 7. Protection of honor and dignity

A citizen or an organization may demand in court that statements concerning its honor or dignity be denied, if the person who has circulated such statements is unable to show that they are true.

If such untrue statements have been circulated in the press, they must also be denied in the press. In other cases, the manner of denial is determined by the court.

If the decision of the court is not carried out, the court may impose a fine, which is recovered for the state. Such a fine is collected in the manner and amount prescribed by the Code of Civil Procedure of the RSFSR. Payment of the fine does not relieve the guilty party of the duty to perform the act required by the decision of the court.

Article 8. Application of the civil legislation of other Union Republics in the RSFSR

Civil legislation of other Union Republics is applied in the RSFSR according to the following rules:

1) in relationships arising out of the law of ownership, the law of the place in which the property is located is applied;

2) with respect to the conclusion of legal acts, the capacity to have rights and obligations and to perform legal acts is determined by the law of the place of conclusion of the legal act;

3) the law of the place of conclusion of a legal act is applied with respect to the form of the legal act; the law of the place of conclusion of a legal act is also applied to obligations arising from the legal act, unless otherwise provided by law or by agreement of the parties;

4) the law of the forum in which suit is brought is applied to obligations which arise from causing injury, or, upon request of the injured party, the law of the place where the injury was caused;

5) in inheritance relationships, the law of the place of the opening of the succession is applied;

6) questions of limitation of actions are resolved according to the law of the Union Republic the legislation of which regulates the given relationship.

CHAPTER 2—PERSONS

1. Citizens

Article 9. Citizens' capacity to have rights and obligations

The capacity to have civil rights and obligations is accorded equally to all citizens of the RSFSR and of the other Union Republics.

A citizen's capacity to have rights and obligations arises at his birth and terminates at his death.

Article 10. Content of the capacity of citizens to have rights and obligations

Citizens may, in accordance with the law, personally own property and have the right to use dwellings and other property, may inherit property and dispose of it by will, may choose their type of employment and place of residence, may have copyrights on works of science, literature and art, and rights to discoveries, inventions and rationalization proposals, and may have other property and personal non-property rights.

Article 11. Citizens' capacity to perform legal acts

A citizen's capacity to acquire civil rights and to create civil obligations for himself through his own acts arises in full upon his majority, i.e., when he reaches 18 years of age.

In those situations in which the law permits marriage prior to reaching 18 years of age, a citizen not yet 18 acquires full capacity to perform legal acts when he marries.

Article 12. Prohibition of the restriction of citizens' capacity to have rights and obligations and to perform legal acts

No person may be restricted in his capacity to have legal rights and obligations or in his capacity to perform legal acts, except in cases and in the manner specified by law.

Legal acts intended to restrict the capacity to have rights and obligations or the capacity to perform legal acts are invalid.

Article 13. Capacity of minors over 14 but under 18 years of age to perform legal acts

Minors over 14 but under 18 years of age perform legal acts with the consent of their parents, adoptive parents or curators.

They may, however, independently perform small everyday legal acts, dispose of their wages and stipends and exercise their rights of copyright and invention.

If sufficient grounds exist, the guardianship organization may, on its own initiative or at the request of public organizations or other interested persons, restrict or take away the right of a minor

over 14 but under 18 years of age to dispose independently of his wages or stipends.

The right of minors over 14 but under 18 years of age to make deposits with banking organizations and to dispose of such deposits is determined by legislation of the USSR.

Article 14. Capacity of minors under 15 years of age to perform legal acts

Legal acts for minors under 15 years of age are performed in their name by their parents, adoptive parents or tutors.

Minors under 15 years of age may independently perform small everyday legal acts.

The right of minors under 15 years of age to make deposits with banking organizations and to dispose of such deposits is determined by legislation of the USSR.

Article 15. Declaration that a citizen does not have the capacity to perform legal acts

A citizen who, because of mental illness or feeble-mindedness, is unable to understand the significance of his acts or to control them may be declared by a court not to have the capacity to perform legal acts, under the procedure established by the Code of Civil Procedure of the RSFSR. Tutelage is established for such a person.

A tutor concludes transactions in the name of a mentally ill or feeble-minded person who has been declared not to have the capacity to perform legal acts.

In case of recovery or significant improvement in the health of a citizen who has been declared not to have the capacity to perform legal acts, a court declares him able to perform legal acts. Tutelage over him is removed on the basis of the decision of the court.

Article 16. Restriction of the capacity to perform legal acts of citizens who misuse alcoholic beverages and narcotics

A citizen who places his family in a difficult financial situation through his misuse of alcoholic beverages or narcotics may be restricted by a court in his capacity to perform legal acts, under the procedure established by the Code of Civil Procedure of the RSFSR. A curator is appointed for such a person.

With the exception of small everyday legal acts, he may perform legal acts disposing of property only with the consent of his curator.

When the citizen ceases to misuse alcoholic beverages or narcotics, a court revokes the restriction of his capacity to perform legal acts. The curator appointed for him is removed on the basis of the decision of the court.

Article 17. Place of residence

The place of residence of a citizen is the place where he permanently or primarily resides.

The place of residence of a minor under 15 years of age, or of a citizen who has been placed under tutelage, is the place of residence of his parents, adoptive parents or tutor.

Article 18. Declaration that a citizen is a missing person

A person may, by a judicial proceeding, be declared a missing person, if no information concerning his whereabouts has been received at his permanent place of residence for a period of one year.

If it is impossible to determine the day upon which the latest information concerning a missing person was received, he is considered missing from the first day of the month subsequent to that in which information concerning him was received, or, if it is impossible to determine the month, from the first day of January of the following year.

Article 19. Conservation of the property of a missing person

On the basis of a decision of a court declaring a citizen a missing person, tutelage is established over his property. Such property is used to support those citizens whom the missing person is legally obligated to support and to pay indebtedness under other obligations of the missing person.

Upon application of interested persons, the guardianship organization may also appoint a tutor to conserve the property of a missing person for a period of up to one year following receipt of the latest information concerning his whereabouts.

Article 20. Revocation of a decision declaring a citizen to be a missing person

In case of the reappearance or disclosure of the whereabouts of a citizen who has been declared a missing person, the court revokes its decision declaring him a missing person. Tutelage over the citizen's property is revoked on the basis of the decision of the court.

Article 21. Declaration that a citizen is legally dead

A citizen may be declared legally dead by a judicial proceeding if no information concerning his whereabouts has been received at his place of permanent residence for a period of three years, or for a period of six months if he has disappeared under circumstances threatening death or circumstances giving grounds for presuming that he has perished through a particular accident.

A citizen in military service or other citizen who has disappeared in connection with military activities may be declared dead

by a judicial proceeding no earlier than two years following the day upon which hostilities ceased.

The date of death of a citizen declared legally dead is considered to be the date upon which the judicial decision declaring him dead becomes legally effective. With respect to a declaration of death of a citizen who has disappeared under circumstances threatening death or circumstances giving grounds for presuming that he has perished through a particular accident, the court may declare the date of death to be that of the citizen's presumed death.

Article 22. Consequences of the reappearance of a citizen who has been declared legally dead

In case of the reappearance or disclosure of the whereabouts of a citizen who has been declared legally dead, the court revokes the relevant decision.

The citizen may, without regard to the time of his reappearance, demand from any person the return of property still held by such person which was transferred without compensation to him after the citizen had been declared legally dead.

Persons to whom the property of a citizen declared legally dead has been transferred for compensation are required to return such property to him if it is shown that at the time of acquiring the property they knew that the citizen declared legally dead was in fact living.

If the property of a citizen who has been declared legally dead has passed by inheritance to the state and has been sold, the amount obtained through sale of the property is returned to him upon revocation of the decision declaring him legally dead.

2. Legal Persons

Article 23. The concept of legal person

Organizations which possess separate property may in their own names acquire property and personal non-property rights and have obligations, and may act as plaintiffs and defendants before a court, *arbitrazh* or private arbitrators, are legal persons.

Article 24. Types of legal persons

The following are legal persons:

state enterprises and other state organizations which operate on the basis of economic accountability, have both fixed and working capital and have independent balances;

institutions and other state organizations which operate on the state budget and keep independent accounts, the managers of which

have the right to control disposal of funds (with exceptions as established by law);

state organizations financed from other sources which have independent budgets and balances;

collective farms and inter-collective-farm and other cooperative and public organizations, and associations thereof, as well as, in those cases specified by legislation of the USSR and the RSFSR, the enterprises and institutions of such organizations and associations thereof which have separate property and independent balances;

state-collective-farm and other state-cooperative organizations.

In those cases specified by legislation of the USSR or the RSFSR, the institutions and other state organizations operating on the state budget which are named in this Article act respectively in the name of the USSR or the RSFSR.

Article 25. Charter (by-laws) of a legal person

A legal person acts on the basis of a charter (by-laws). Institutions and other state organizations which operate on the state budget, as well as other organizations in cases specified by legislation of the USSR and the RSFSR, may act on the basis of the general by-laws for organizations of that type.

Article 26. Capacity of a legal person to have rights and obligations

A legal person has the capacity to have civil rights and obligations in accordance with the established purposes of its activities.

The capacity of a legal person to have rights and obligations arises upon ratification of its charter or by-laws but in those cases in which a legal person acts on the basis of the general by-laws for organizations of that type, its legal capacity arises upon promulgation by a competent organ of the decree creating it. If its charter is subject to registration, its capacity to have rights and obligations arises at the time of registration.

Article 27. Creation of a legal person

Legal persons are created in the manner prescribed by legislation of the USSR and the RSFSR, and those public organizations for the creation of which no procedure has been established by legislation are created in the manner specified in their charters (by-laws).

Article 28. Organs of a legal person

A legal person acquires civil rights and assumes civil obligations through its organs, acting within the limits of the rights given to them by law or by the charter (by-laws) of such legal person.

The manner of designating and choosing the organs of a legal person is determined by its charter (by-laws).

Article 29. Name of a legal person

A legal person has its own name. The rights and duties of economic organizations in connection with the use of firm names, production marks and trademarks are determined by legislation of the USSR.

Article 30. Location of a legal person

The location of a legal person is the location of its permanently operating organ.

Article 31. Branches and agencies of a legal person

A legal person may establish branches and agencies in the manner prescribed by legislation of the USSR and the RSFSR.

The manager of a branch or agency of a legal person operates on the basis of a power of attorney received from the legal person.

Article 32. Liability of a legal person

The liability of a legal person for its obligations may be satfied from the property belonging to it (or, in the case of a state organization which is a legal person, from the property allocated to it) which is subject to execution under legislation of the USSR and this Code (Articles 98, 101 and 104).

Article 33. Limitation of the liability of the state and of state organizations

The state is not liable for obligations of state organizations which are legal persons, and such organizations are not liable for obligations of the state.

The conditions and procedure for releasing funds to cover the indebtedness of institutions and other state organizations which operate on the state budget, in those cases in which such indebtedness cannot be covered by their own budgets is established by legislation of the USSR and the RSFSR.

Article 34. Limitation of the liability of a state organization and of an enterprise subordinate to it, and of a cooperative or public organization and its enterprise

A state organization is not liable for the obligations of an enterprise subordinate to it which is a legal person, and such enterprise is not liable for the obligations of the organization to which it is subordinated.

A cooperative or public organization is not liable for the obligations of its enterprise which is a legal person (Article 24), and such enterprise is not liable for the obligations of the organization to which it is subordinated.

Exceptions to these rules are permitted in cases specified by legislation of the USSR and the RSFSR.

Article 35. Limitation of the liability of associations of cooperatives and of the cooperative organizations belonging to them

An association of cooperatives is not liable for the obligations of its constituent cooperative organizations, just as the latter are not liable for the obligations of the association of cooperatives, unless such liability has been specified by law or by the charter (by-laws).

Article 36. Limitation of the liability of cooperative, state-cooperative or public organizations and their participants (members)

The members of a cooperative or public organization are not liable for its obligations. However, such liability on the part of members of a cooperative organization, in proportion to their share contributions, may be specified by law or by the charter of the cooperative organization.

A cooperative or public organization is not liable for the obligations of its members. Execution on the share contributions of the members of a cooperative organization is not permitted except in cases in which the debtor ceases to be a member of the organization.

Collective farms which are participants in inter-collective-farm organizations, as well as those which are participants in state-collective-farm or other state-cooperative organizations, are not liable for the obligations of these organizations. The losses of such an organization may be spread among its participants in accordance with its charter (by-laws).

Inter-collective-farm, state-collective-farm and other state-cooperative organizations are not liable for the obligations of their participants.

Article 37. Termination of a legal person

A legal person is terminated by means of liquidation or reorganization (merger, division or annexation).

With a merger or division of a legal person, its property (rights and obligations) is transferred to newly created legal persons. In the case of annexation of a legal person by another legal person, the property (rights and obligations) of the former is transferred to the latter. The property is transferred on the day of the signing of the transmission balance sheet, unless otherwise provided by law or by the decree of reorganization.

The procedure for liquidation and reorganization of legal persons is determined by legislation of the USSR and by decrees of the Council of Ministers of the RSFSR.

Article 38. Termination of state organizations which are legal persons

The termination of a state organization which is a legal person is carried out by the same organ by whose decision such organization was created.

Article 39. Termination of cooperative, state-cooperative and public organizations

Cooperative, as well as state-collective-farm and other state-cooperative organizations are terminated on grounds indicated by law or by their charters (by-laws).

Public organizations are terminated on grounds indicated by their charters (by-laws).

The reorganization (merger, division and annexation) of a cooperative, state-collective-farm, or other state-cooperative or public organization is permitted only by decision of the general meeting of its members (participants) or a meeting of their authorized representatives.

Article 40. The use of property remaining after the liquidation of a cooperative, state-cooperative or public organization

Unless otherwise provided by law, the property which remains after satisfaction of the claims of all the creditors of a liquidated cooperative or public organization is used for the return of share contributions or of other contributions subject to return. The remaining part is transferred to the superior cooperative or public organization, or, in the absence of such organization, to the appropriate organ of the state.

Property which remains after satisfaction of the claims of all the creditors of a liquidated inter-collective-farm, state-collective-farm or other state-cooperative organization is distributed among the participants in proportion to their contributions.

CHAPTER 3—LEGAL ACTS

Article 41. Concept and types of legal acts

Legal acts are acts of citizens and organizations directed toward establishment, alteration or termination of civil rights or obligations.

Legal acts may be unilateral, or bi- or multilateral (contracts).

Article 42. Form of legal acts

Legal acts are concluded orally or in written form (with or without notarization).

Legal acts for which no form has been established by law are also deemed concluded if the conduct of a person indicates his intention to conclude such legal act.

Silence is considered an expression of the intention to conclude a legal act in those cases specified by legislation of the USSR or the RSFSR.

Article 43. Oral legal acts

Legal acts which are performed at the time of their conclusion may be concluded orally, unless otherwise provided by legislation of the USSR or the RSFSR.

Article 44. Legal acts in writing

The following must be concluded in written form:

1) legal acts between state, cooperative and public organizations, and between such organizations and citizens, with the exception of those acts indicated in Article 43 of this Code and certain types of acts for which a different form has been specified by legislation of the USSR or the RSFSR;

2) legal acts between citizens in which the amount in question is more than 100 rubles, with the exception of the legal acts indicated in Article 43 of this Code and other acts indicated by legislation of the USSR or the RSFSR;

3) other legal acts between citizens with respect to which the law requires observance of the written form.

Legal acts in writing must be signed by the persons concluding them.

If a citizen, because of physical inability or illness, or for some other reason, cannot personally sign a legal act, another citizen may sign it on his behalf. The signature of such other person must be certified by the organization in which the citizen concluding the legal act works or studies, or by the management of the building in which he lives, or by the administration of the health institution in which he is being treated, or by a notary's office, with a notation giving the reasons for which the person who is concluding the legal act cannot personally sign it.

Article 45. Consequences of non-observance of the form of a legal act

Failure to observe the form required by law causes a legal act to be invalid only in those cases in which such consequence is specifically indicated by law.

Non-observance of the form of legal acts in foreign trade or of the procedure for signing them (Article 565) results in the invalidity of such acts.

Article 46. Consequences of failure to employ simple written form

Failure to employ simple written form when required by law (Article 44) deprives the parties, in case of a dispute, of the right to rely on oral testimony to confirm the conclusion of the legal act, and in cases specifically indicated by law, it causes the legal act to be invalid, with the consequences specified in paragraph 2 of Article 48 of this Code.

Article 47. Requirement of notarial form and the consequences of failure to observe it

Notarial certification is required for legal acts only in cases indicated by law. A failure to observe the requirement of notarial form in such cases causes the legal act to be invalid, with the consequences specified in paragraph 2 of Article 48 of this Code.

If one of the parties has fully or partially performed an obligation requiring notarial certification, and the other party declines to put the legal act in notarial form, a court may declare the transaction valid upon demand of the party who has performed the obligation, if it contains nothing unlawful. In that case, subsequent notarial formulation of the legal act is not required.

Article 48. Invalidity of a legal act which is not in accordance with the requirements of the law

A legal act which is not in accordance with the requirements of the law is invalid.

If a legal act is invalid, each of the parties is required to return to the other everything obtained under such legal act, or, if it is impossible to return in kind what has been received, to return its value in money, unless other consequences of the invalidity of the legal act are specified in the law.

Article 49. Invalidity of a legal act concluded for a purpose contrary to the interests of the state and society

If a legal act is concluded for a purpose deliberately contrary to the interests of the socialist state and society, and if there is intent on the part of both parties, then, in the event both parties have performed, all that has been received by both parties under the legal act is recovered for the state, or, in the event only one party has performed the legal act, all that has been received by the other party is recovered for the state as well as all that is due the first party as compensation for that which has been received; if there is intent on the part of only one of the parties, all that has been received under the legal act must be returned to the other party, while all that has been received by the latter or is owing to him as compensation for his performance is recovered for the state.

Article 50. Invalidity of a legal act of a legal person which contradicts its purposes

A legal act concluded by a legal person which contradicts the purposes indicated in its charter, in its by-laws, or the general by-laws for organizations of that type, is invalid.

The rules specified in Articles 48 and 49 of this Code apply to such legal acts insofar as appropriate.

Article 51. Invalidity of legal acts concluded by minors under 15 years of age

Legal acts concluded by minors under 15 years of age are invalid, with the exception of those legal acts specified in paragraphs 2 and 3 of Article 14 of this Code.

Each of the parties to such a legal act is required to return to the other party all that he has received under the legal act, or, if it is impossible to return in kind that which has been received, to return its value in money.

The party with capacity to perform legal acts is required, in addition, to compensate the other party for the latter's expenditures, losses or injury to his property, if the former knew or should have known of the other party's lack of capacity to perform legal acts.

Article 52. Invalidity of a legal act concluded by a citizen who has been declared not to have the capacity to perform legal acts

A legal act concluded by a citizen who has been declared not to have the capacity to perform legal acts because of mental illness or feeble-mindedness is invalid. The rules specified in Article 51 of this Code apply to such a legal act.

Article 53. Invalidity of sham and disguised legal acts

A legal act concluded only for appearances, without the intent to create legal consequences, is invalid.

If a legal act is concluded for the purpose of concealing another legal act, the rules applicable to the legal act which the parties actually contemplated apply.

Article 54. Invalidity of a legal act concluded by a minor over 14 but under 18 years of age

A legal act concluded by a minor over 14 but under 18 years of age without the consent of his parents, adoptive parents or curator is declared invalid by a court in an action brought by such parents, adoptive parents or curator.

If such a legal act is declared invalid, the rules specified in Article 51 of this Code apply.

The rules in this Article do not apply to legal acts of minors over 14 but under 18 years of age concluded in accordance with paragraphs 2 and 4 of Article 13 of this Code.

Article 55. Invalidity of a legal act concluded by a citizen who misuses alcoholic beverages or narcotics

A legal act disposing of property concluded without the consent of the curator of a citizen who has been restricted in his capacity to perform legal acts as a result of the misuse of alcoholic beverages or narcotics may be declared invalid by a court in an action brought by the curator.

If such a legal act is declared invalid, the rules specified in Article 51 of this Code apply.

The rules in this Article do not apply to legal acts concluded in accordance with paragraph 2 of Article 16 of this Code.

Article 56. Invalidity of a legal act concluded by a citizen who is unable to understand the significance of his actions

A legal act concluded by a citizen who, although he has the capacity to perform legal acts, is at the time of concluding the legal act in a condition in which he is unable to understand the significance of his actions or to control them is declared invalid by a court in an action brought by the citizen.

If such a legal act is declared invalid, each of the parties is required to return to the other party all that he has received under the legal act, or, if it is impossible to return in kind that which has been received, to return its value in money.

A party who at the moment of concluding a legal act could not understand the significance of his acts or control them must, in addition, be reimbursed by the other party for all expenditures, losses or injury to his property, if the other party knew or should have known of the condition of the citizen with whom he concluded the legal act.

Article 57. Invalidity of a legal act concluded under the influence of mistake

A legal act concluded under the influence of a mistake of essential significance is declared invalid by a court in an action brought by the party who acted under influence of the mistake.

If such legal act is declared invalid, each of the parties is required to return to the other party all that he has received under the legal act, or, if it is impossible to return in kind that which has been received, to return its value in money.

The party who brings the action in which the legal act is declared invalid may demand reimbursement from the other party for expenditures, losses or injury to property, if he shows that the mistake arose through the fault of the other party. If this is not shown, the party who brings the action is required to reimburse the other party for expenditures, losses or injury to property.

Article 58. Invalidity of a legal act concluded under the influence of fraud, duress, threats, fraudulent agreement with the agent of another party or difficult circumstances

A legal act concluded under the influence of fraud, duress, threats or fraudulent agreement with the agent of another party, as well as a legal act which a citizen has been compelled to conclude as a result of difficult circumstances, on terms extremely unfavorable to himself, is declared invalid in an action brought either by the injured party or by a state, cooperative or public organization.

If a legal act is declared invalid on one of the grounds indicated above, then the other party returns to the injured party all that he has received under the legal act, or, if it is impossible to return in kind that which has been received, to return its value in money. Property which has been received by the injured party from the other party under the legal act, as well as anything owing the injured party as compensation for that which has been transferred by the other party, is recovered for the state. If it is impossible to transfer such property to the state in kind, its value is recovered in money.

In addition the other party reimburses the injured party for all of his expenditures, losses or injury to his property.

Article 59. The time from which a legal act is considered invalid

A legal act which is declared invalid is considered invalid from the time at which it was concluded. However, if the content of the legal act indicates that it may be terminated only for the future, the effect of the legal act which has been declared invalid terminates for the future.

Article 60. Consequences of the invalidity of a party of a legal act

The invalidity of a part of a legal act does not cause its remaining parts to be invalid if it may be presumed that the legal act would have been concluded without inclusion of the invalid part.

Article 61. Legal acts subject to conditions

A legal act is considered concluded subject to a condition precedent if the parties have determined that rights and duties thereunder are to arise only in the event of circumstances, the occurrence or non-occurrence of which is unknown.

A legal act is considered concluded subject to a condition subsequent if the parties have determined that rights and duties thereunder are to terminate in the event of circumstances, the occurrence or non-occurrence of which is unknown.

If a party for whom the occurrence of a condition is disadvantageous has in bad faith hindered the occurrence of the condition, the condition is considered to have occurred.

If a party for whom the occurrence of a condition is advantageous has in bad faith contributed to the occurrence of the condition, the condition is considered not to have occurred.

CHAPTER 4—AGENCY AND POWER OF ATTORNEY

Article 62. Agency

A legal act concluded by one person (agent) in the name of another person (principal) by virtue of authority based upon a power of attorney, a statute or an administrative act directly creates, changes and terminates civil rights and duties of the principal.

Authority may likewise be indicated by the circumstances in which an agent acts (a salesman in retail trade, a cashier, etc.).

An agent may not conclude legal acts in the name of a principal either with himself personally or through himself with any other person for whom he is simultaneously acting as an agent.

A legal act which by its nature may only be concluded personally, as well as other legal acts indicated by law, may not be concluded through an agent.

Article 63. Consequences of the conclusion of a legal act by a person who is without authority or who exceeds his authority

A legal act concluded in the name of another person by one who is without authority to conclude the legal act, or who exceeds his authority, creates, changes and terminates civil rights and obligations of the principal only in case of subsequent ratification of the legal act by the principal.

Subsequent ratification by the principal validates the legal act from the time of its conclusion.

Article 64. Power of attorney

A power of attorney is a written authorization given by one person to another to represent the former in relations with third persons.

A power of attorney may be given to a legal person only for the purpose of concluding legal acts which are not contrary to its own charter (by-laws) or to the general by-laws for organizations of that type.

Article 65. Form of a power of attorney

A power of attorney for the conclusion of legal acts which require notarial form or of acts with regard to state, cooperative and public organizations must be notarized, except in those cases specified in this Code and in other cases in which special rules permit a different form of power of attorney.

A power of attorney of a person in military service which is certified by the commander of his military unit, or hospital, if he is hospitalized, has the effect of a power of attorney which has been notarized.

A power of attorney for the receipt of wages and other payments connected with employment relationships, for receipt of remuneration by authors and inventors, for the receipt of pensions, benefits and stipends, and of sums from state labor savings banks, and for the receipt of postal deliveries, including money and packages, may also be certified by the organization in which the principal works or studies, the management of the building in which he lives, or the administration of the medical institution in which he is undergoing treatment.

Article 66. Powers of attorney of state, cooperative and public organizations

A power of attorney in the name of a state organization is issued over the signature of its manager, together with the seal of the organization.

A power of attorney in the name of a cooperative or public organization is issued over the signature of the persons authorized by its charter (by-laws), together with the seal of the organization.

A power of attorney in the name of a state, cooperative or public organization for the receipt or dispatch of money or other valuable property must also be signed by the chief (senior) accountant of the organization.

The manner of issuance and the form of a power of attorney for the purpose of performing banking operations and of a power of attorney for the purpose of concluding legal acts in the area of foreign trade are determined by special rules.

Article 67. Duration of a power of attorney

The duration of a power of attorney may not exceed three years. If a power of attorney does not indicate its duration, it continues in effect for one year from the date on which it was given.

A power of attorney which does not indicate the date on which it was given is invalid.

Article 68. Transfer of a power of attorney

A person to whom a power of attorney has been given must personally perform those acts which he has been authorized to perform. He may entrust their performance to another person if he is authorized to do so by the power of attorney or forced to do so by circumstances in order to protect the interests of the person who has given the power of attorney.

Such authorization by him of a third person must be notarized. The duration of the authorization may not exceed the duration of the power of attorney on the basis of which it is given.

One who transfers his authority to another person must inform the person who has given the power of attorney and report to him all necessary information about the person to whom he has trnasferred his authority. A failure to comply with these provisions causes the person who has transferred his authority to be liable for the acts of the person to whom he has transferred it as for his own acts.

Article 69. Termination of a power of attorney

The effect of a power of attorney terminates as a result of:

1) expiration of the power of attorney;

2) revocation of the power of attorney by the person who has given it;

3) renunciation by the person to whom the power of attorney has been given;

4) termination of the legal person in whose name the power of attorney has been given;

5) termination of the legal person to whom the power of attorney has been given;

6) death of the citizen who has given the power of attorney, or a declaration that he does not have the capacity to perform legal acts, that he is limited in his capacity to perform legal acts, or that he is a missing person;

7) death of the citizen to whom the power of attorney has been given, or a declaration that he does not have the capacity to perform legal acts, that he is limited in his capacity to perform legal acts, or that he is a missing person.

A person who has given a power of attorney may at any time revoke the power of attorney or its transfer, and the person to whom a power of attorney has been given may at any time renounce it. An agreement renouncing these rights is invalid.

A transfer of a power loses its effect upon termination of the original power of attorney.

Article 70. Consequences of termination of a power of attorney

A person who has given a power of attorney is required to inform the person to whom the power of attorney has been given of its revocation (point 2, Article 69), and must also inform those third persons known to him for transactions with whom the power of attorney has been given. The successor of a person who has given a power of attorney has the same duty if such power is terminated on the grounds provided for in points 4 and 6 of Article 69 of this Code.

The ability of a person to whom a power of attorney has been given to create through his acts rights and duties for a principal and

his successors with respect to third persons continues until the person to whom the power has been given knows or should know of the termination of the power of attorney. This rule does not apply if a third person knew or should have known that the power of attorney was no longer effective.

Upon termination of a power of attorney, the person to whom it has been given or his successor is required to return it at once.

CHAPTER 5—CALCULATION OF TIME PERIODS

Article 71. Definition of a time period

A time period established by law or by a legal act, or designated by a court, *arbitrazh* or private arbitrators is defined by a calendar date or by a period of time which is calculated in years, months, weeks, days or hours.

A time period may also be defined by reference to an event which must necessarily occur.

Article 72. Beginning of a time period

A time period begins to run on the day following the calendar date or the occurrence of the event by which its beginning is determined.

Article 73. End of a time period calculated in years

A time period calculated in years expires on the same month and date of the final year of the period.

The rules for time periods calculated in months (Article 74) apply to a half-year time period.

Article 74. End of a time period calculated in months

A time period calculated in months expires on the same date of the final month of the period.

A half-month time period is considered a time period calculated in days, and is equal to 15 days.

If the end of a time period calculated in months occurs in a month which lacks the same date, the time period expires on the last day of that month.

Article 75. End of a time period calculated in weeks

A time period calculated in weeks expires on the same day of the last week of the period.

Article 76. End of a time period on a non-working day

If the last day of a time period occurs on a non-working day, the day upon which the time period ends is considered the next subsequent working day.

Article 77. Manner of performing acts on the last day of a time period

If a time period has been established for the performance of some act, the act may be performed at any time before midnight of the last day of the time period.

However, if such act must be performed in an organization, the time period expires at the time at which, according to established rules, the relevant operations of the organization end.

All written declarations and notifications delivered to the post office or telegraph office for transmission before midnight of the last day of a time period are considered to have been made within the time period.

CHAPTER 6—LIMITATION OF ACTIONS

Article 78. General periods of limitation of actions

The general period within which a person whose rights have been violated may bring an action to defend those rights (period of limitation of actions) is three years, and for actions brought by state organizations, collective farms and other cooperative and public organizations against each other, one year.

Article 79. Reduced periods of limitation of actions

Reduced periods of limitation of actions are established by legislation of the USSR for certain causes of action arising out of relationships the regulation of which is within the jurisdiction of the USSR, and are established by this Code for other causes of action.

Periods of limitation of six months apply, in particular, to actions:

1) for the exaction of liquidated damages and penalties;

2) for defects in articles which have been sold (Article 249);

3) arising out of the delivery of goods of improper quality (Article 262), as well as the delivery of goods in incomplete units.

In actions brought because of improper performance under an independent-work contract, the periods of limitation indicated in Article 365 of this Code apply.

In actions arising out of the transport of freight, passengers and baggage, the reduced periods of limitation indicated in Article 384 of this Code apply, and in actions arising out of relationships between the organs of communication and their customers, the reduced periods of limitation indicated in the USSR Communications Regulations apply.

Article 80. Invalidity of agreements to change periods of limitation of actions

A change by agreement of the parties of a period of limitation of actions or of the manner in which such period is calculated is not permitted.

Article 81. Consideration of an action without regard to expiration of the period of limitation

An action to enforce a violated right is heard by a court, *arbitrazh* or private arbitrators without regard to expiration of the period of limitation of actions.

Article 82. Mandatory application of periods of limitation of actions

Periods of limitation of actions are applied by a court, *arbitrazh* or private arbitrators independently of the request of the parties.

Article 83. Beginning of the running of a period of limitation of actions

A period of limitation of actions begins to run on the day upon which the right to bring an action arises; the right to bring an action arises on the day upon which a person knows or should know of the violation of his rights. Exceptions to this rule, as well as grounds for the interruption or suspension of the running of a period of limitation are established by legislation of the USSR and by this Code.

Article 84. Period of limitation of actions where there is a change of parties to an obligation

A change of parties to an obligation does not cause a change in the period of limitation of actions.

Article 85. Suspension of the running of a period of limitation of actions

The running of a period of limitation of actions is suspended:

1) if the bringing of an action has been prevented by an event which was, under the circumstances, extraordinary and unavoidable (irresistible force);

2) by virtue of a postponement of performance of obligations prescribed by the Council of Ministers of the USSR and by the Council of Ministers of the RSFSR (moratorium);

3) if the plaintiff or defendant is a member of the Armed Forces of the USSR, which have been placed on an active basis.

The running of a period of limitation of actions is suspended if the circumstances indicated in this Article arise or continue to exist during the final six months of the period of limitation or, in case such period is less than six months, if they arise at any point in its course.

The period of limitation begins to run again from the date of termination of the circumstances which served as the grounds for its suspension and continues for six months, except where the original period was less than six months, in which case it continues for an entire equivalent period.

Article 86. Interruption of the running of a period of limitation of actions

The running of a period of limitation of actions is interrupted by the bringing of an action in the prescribed manner.

In disputes in which one or both of the parties are citizens, the running of a period of limitation of actions is also interrupted by acts of the obligated party which evidence an acknowledgement of the debt.

After an interruption, the running of a period of limitation recommences; the time which has run prior to the interruption is not counted in the new period.

If a court disposes of an action without a hearing, the running of the period of limitation of actions which began prior to the bringing of the action continues in the ordinary manner.

If an action which has been disposed of by a court without a hearing has been brought in connection with a criminal case, the running of the period of limitation of actions which began prior to the bringing of the action continues from the date upon which the decision by which the action was disposed of without a hearing becomes legally effective.

Article 87. Consequences of the expiration of a period of limitation of actions

Expiration of a period of limitation of actions prior to the bringing of an action is a basis for rejection of the action.

If the court, *arbitrazh* or private arbitrators find a valid reason for extending the period of limitation, the violated right may be enforced by an action.

Article 88. Suspension, interruption and restoration of reduced periods of limitation

The rules on suspension, interruption and restoration of periods of limitation of actions (Articles 85-87) also apply to reduced periods of limitation, unless otherwise provided by law.

Article 89. Performance of an obligation by a debtor after expiration of the period of limitation of actions

If a debtor performs an obligation after expiration of the period of limitation, he is not entitled to demand the return of the performance, even though at the time of performance he did not know of the expiration of the period.

Performance of an obligation between socialist organizations is permitted after expiration of the period of limitation of actions only in cases specified by legislation of the USSR.

Article 90. Claims to which periods of limitation of actions do not apply

Periods of limitation do not apply:

to claims arising out of the violation of personal non-property rights, except in cases specified by law;

to claims of state organizations involving the return of state property from the unlawful possession of collective farms and other cooperative and public organizations, or of citizens;

to claims of depositors involving the payment of deposits made in state labor savings banks or in the State Bank of the USSR;

to other claims, as established by legislation of the USSR.

Article 91. Application of a period of limitation of actions to subsidiary claims

The period of limitation of actions for subsidiary claims (liquidated damages and penalties, surety, etc.) expires upon expiration of the period of limitation of actions for the principal claim.