

General Part of the Civil Code Act

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29.01.2009	RT I 2009, 13, 78	01.07.2009
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Part 1 General Provisions

§ 1. Purpose of Act

This Act provides for the general principles of civil law.

§ 2. Sources of civil law

(1) The sources of civil law are law and custom.

(2) Custom arises from long-term usage of a type of conduct if the persons involved in commerce consider it legally binding. A custom shall not change the law.

§ 3. Interpretation of Acts

A provision of an Act shall be interpreted together with the other provisions of the Act pursuant to the wording, spirit and purpose of the Act.

§ 4. Analogy

In the absence of a provision regulating a legal relationship, provisions which regulate a similar legal relationship apply if non-regulation of the legal relationship is contrary to the spirit or purpose of the Act. In the absence of such provision, the legal relationship shall be regulated pursuant to the general spirit of the law or justice.

§ 5. Bases for creation of civil rights and obligations

Civil rights and obligations arise from transactions, events provided by law, other acts which create civil rights and obligations as prescribed by law, and from unlawful acts.

§ 6. Legal succession

(1) Civil rights and obligations may transfer from one person to another (legal succession) if the rights and obligations are not inseparably bound to the person pursuant to law.

(2) Legal succession shall be based on a transaction or the law.

(3) Rights and obligations shall be transferred by a corresponding transfer transaction (disposition). Each right and obligation shall be transferred separately unless otherwise provided by law.

(4) The validity of a disposition is not contingent upon the validity of the transaction which requires transfer of the right or obligation.

Part 2 Persons

Chapter 1 Natural Persons

Division 1 Passive Legal Capacity and Active Legal Capacity

§ 7. Passive legal capacity of natural persons

(1) Passive legal capacity of a natural person (human being) is the capacity to have civil rights and perform civil obligations. All natural persons have uniform and unrestricted passive legal capacity.

(2) Passive legal capacity begins with the live birth of a human being and ends with his or her death.

(3) In the cases provided by law, a #CP1252# f9Ctus has passive legal capacity from conception if the child is born alive.

§ 8. Active legal capacity of natural persons

(1) Active legal capacity of a natural person is the capacity to enter independently into valid transactions.

(2) Persons who have attained 18 years of age (adults) have full active legal capacity. Persons who are under 18 years of age (minors) and persons who due to mental illness, mental disability or other mental disorder are permanently unable to understand or direct their actions, have restricted active legal capacity. The restricted active legal capacity of an adult affects the validity of the transactions entered into by the person only to the extent in which he or she is unable to understand or direct his or her actions.

(10.12.2008 entered into force 1.01.2009 - RT I 2008, 59, 330)

(3) If a guardian is appointed by a court to a person who due to mental illness, mental disability or other mental disorder is permanently unable to understand or direct his or her actions, the person is presumed to have restricted active legal capacity to the extent in which a guardian has been appointed to him or her

(10.12.2008 entered into force 1.01.2009 - RT I 2008, 59, 330)

§ 9. Extension of restricted active legal capacity of minor of at least 15 years of age

(1) A court may extend the restricted active legal capacity of a minor of at least 15 years of age if this is in the interests of the minor and the level of development of the minor so permits. In such case, the court shall decide the transactions which the minor is independently permitted to enter into.

(2) The restricted active legal capacity of a minor may be extended with the consent of his or her legal representative. If refusal to grant consent is clearly contrary to the interests of the minor, the court may extend the active legal capacity of the minor without the consent of the legal representative.

(3) With good reason, a court may revoke extension of the restricted active legal capacity of a minor in full or in part.

§ 10. Unilateral transaction made by person with restricted active legal capacity

Unilateral transactions made by a person with restricted active legal capacity without the prior consent of his or her legal representative are void.

§ 11. Multilateral transaction entered into by person with restricted active legal capacity

(1) A multilateral transaction entered into by a person with restricted active legal capacity without the prior consent of his or her legal representative is void unless the legal representative subsequently ratifies the transaction. If the person acquires full active legal capacity after entry into the transaction, he or she may ratify the transaction himself or herself.

(2) If a legal representative grants consent to entry into a transaction or ratifies a transaction, the consent or ratification is presumed to apply also to all the acts and declarations of intention relating to the transaction and the performance thereof.

(3) A transaction entered into by a person with restricted active legal capacity without the prior consent or subsequent ratification of his or her legal representative is valid if:

- 1) no direct civil obligations arise from the transaction for the person;
- 2) the person performed the transaction by means which his or her legal representative or a third person with the consent of the legal representative had granted to him or her for such purpose or for free use.

(4) If a person with restricted active legal capacity enters into a transaction without the prior consent of his or her legal representative, the other party to the transaction may make a proposal to the legal representative to ratify the transaction. A ratification is valid upon grant thereof to the person making the proposal.

(5) If a legal representative does not grant ratification within two weeks after receipt of a proposal specified in subsection (4) of this section, the legal representative is deemed not to have ratified the transaction.

(6) The other party to a transaction may withdraw his or her declaration of intention relating to the entry into the transaction if the person with restricted active legal capacity did not have the prior consent of his or her legal representative for entry into the transaction and the other party did not know nor should have known that the active legal capacity of the person was restricted. In such case, the declaration of intention is deemed not to have been made. The other party to the transaction shall not withdraw his or her declaration of intention after the legal representative has ratified the transaction.

§ 12. Transaction made by minor under 7 years of age

(1) Unilateral transactions made by a minor of less than 7 years of age are void.

(2) A multilateral transaction entered into by a minor of less than 7 years of age is void unless he or she performs the transaction by means which his or her legal representative or a third person with the consent of the legal representative has granted to him or her for such purpose or for free use.

§ 13. Transaction by person without capacity to exercise will

(1) A transaction which a person due to a temporary mental disorder or other circumstances enters into in a condition which precludes his or her ability to accurately assess the impact of the transaction on his or her interests (incapacity to exercise will) is void unless the person ratifies the transaction after cessation of the temporary mental disorder or other circumstances.

(2) The other party to a transaction may make a proposal for ratification of the transaction to the person who entered into the transaction while incapacitated to exercise will. If the person does

not refuse ratification within two weeks after receipt of the proposal, the person is deemed to have ratified the transaction.

(3) If a transaction entered into by a person under the circumstances specified in subsection (1) of this section is clearly harmful to him or her, the person is deemed to have entered into the transaction while incapacitated to exercise will.

Division 2 Residence and Place of Business

§ 14. Residence and change thereof

(1) The residence of a person is the place where he or she permanently or primarily lives.

(2) Residence may be simultaneously in several places.

(3) A residence is deemed to be changed if the person settles elsewhere in a manner which expresses his or her intention to change residence.

(4) If the residence of a person cannot be determined, the place where he or she is actually staying is deemed to be his or her residence.

§ 15. Residence of minor or person under guardianship

(1) The residence of the parents or guardian of a minor with restricted active legal capacity is deemed to be the residence of the minor. If the parents live apart, the residence of the parent with whom the minor resides is the residence of the minor.

(2) If a minor with restricted active legal capacity does not live together with his or her parents or guardian, the place where the minor permanently or primarily resides may, with the consent of a parent or the guardian, be deemed to be his or her residence.

(3) The residence of the guardian is deemed to be the residence of an adult with restricted active legal capacity who is under guardianship. The place where the person permanently or primarily lives may, with the consent of the guardian, be the residence of the person.

§ 16. Place of business

The place of business of a person is the place where the permanent and continuous economic or professional activity of the person is carried out.

Division 3 Missing Persons and Declaration of Person Dead

§ 17. Missing person

A person is deemed to be missing if there is no information concerning his or her whereabouts, or whether he or she is dead or alive, for such a prolonged period that under the circumstances there are serious doubts about his or her being alive.

§ 18. Custody of property of person

(1) A court may establish custody over the property of a missing person at the request of an interested person if this is in the interests of the missing person or the dependants of the person. Custody may be established also over the property which belongs to a person who, due to circumstances, is unable to attend to or dispose of his or her property.

(15.06.2005 entered into force 1.01.2006 - RT I 2005, 39, 308)

(2) A person exercising custody shall act pursuant to the interests of the missing person, administer the property of the missing person prudently and ensure preservation of the property. The person exercising custody shall, out of the property of the missing person, provide maintenance to the persons whom the missing person is required to maintain pursuant to law and pay the debts of the missing person.

(3) A person exercising custody over the property of a missing person may possess, use and dispose of the property of the missing person under the conditions determined by a court. The person exercising custody may dispose of a real right in immovable property of a missing person only with the permission of the court.

(17.06.2010 entered into force 1.07.2010 - RT I 2010, 38, 231)

(4) The right of disposal held by the person exercising custody over the property of a missing person shall not restrict nor preclude the right of disposal held by the missing person himself or herself.

(5) If a missing person returns or his or her whereabouts are determined, a court shall terminate the custody over his or her property.

(6) Upon termination of custody, the person exercising custody is required to report on the administration of the property to the person whose property he or she administered.

§ 19. Declaration of person dead

(1) At the request of an interested person, a court may declare a missing person dead if during five years there is no information about the person being alive.

(2) If the date of receipt of the last information about a missing person being alive cannot be determined, the term specified in subsection (1) of this section shall be calculated from the first

day of the month following the month of receipt of the last information, and if such month cannot be determined, from the first day of the following year.

(3) If a person goes missing in a situation which is dangerous to life or otherwise gives reason to presume that the person has perished in an accident, the person may be declared dead after he or she has been missing for six months.

(4) In the absence of the circumstances specified in subsection (3) of this section, a person who goes missing due to warfare or a natural disaster may be declared dead if during two years after the end of the warfare or the natural disaster there is no information about the person being alive.

(5) If a person is declared dead, he or she is presumed to be dead.

§ 20. Time of death of person declared dead

(1) The presumable time of the death of a person declared dead is deemed to be the time of his or her death.

(2) If the presumable time of the death of a person cannot be determined, the end of the first year following the year of receipt of the last information about the person being alive is deemed to be the time of the death of the person.

(3) If a person is declared dead on the basis of subsection 19 (4) of this Act, the time of the end of the warfare or the natural disaster is deemed to be the time of his or her death.

(4) If several persons go missing under the circumstances specified in subsection 19 (3) of this Act and the actual time of their death cannot be determined, they are deemed to have died at the same time.

§ 21. Return alive of person declared dead

(1) If a person declared dead is actually alive, no legal consequences arise for the person from the declaration of his or her death unless otherwise provided by law.

(2) If a person declared dead returns alive or it is ascertained that he or she is alive, the court shall recall the declaration of his or her death.

§ 22. Certification of death

If a death registration has not been prepared or death has not been entered in the population register but under the circumstances the death of the person is beyond doubt, a court may certify the death and the time of the death of the person. In such case, the person is presumed to have died at the time indicated in the court ruling.

(20.05.2009 entered into force 1.07.2010 - RT I 2009, 30, 177)

§ 23. Change of time of death

If the actual time of the death of a person becomes evident after he or she is declared dead, a court may change the time of the death of the person declared dead.

Chapter 2 Legal Persons

§ 24. Definition of legal person

A legal person is a subject of law founded pursuant to law. A legal person is either a legal person in private law or a legal person in public law.

§ 25. Legal person in private law and legal person in public law

(1) “Legal person in private law” means a legal person founded in private interests and pursuant to an Act concerning the corresponding type of legal persons. General partnerships, limited partnerships, private limited companies, public limited companies, commercial associations, foundations and non-profit associations are legal persons in private law.

(2) The state, local governments and other legal persons founded in the public interest and pursuant to an Act concerning such legal person are legal persons in public law.

(3) The provisions concerning legal persons apply to the state and the local governments in so far as not otherwise provided by law.

(4) A legal person in public law shall not have civil rights or obligations which are contrary to its objective.

§ 26. Passive legal capacity of legal person

(1) The passive legal capacity of a legal person is the capacity to have civil rights and perform civil obligations. A legal person may have all civil rights and obligations, except those intrinsically human.

(2) The passive legal capacity of a legal person in private law arises as of entry of the legal person in the register prescribed by law.

(3) The passive legal capacity of a legal person in public law arises at the time provided in an Act.

§ 27. Duration of legal person and contestation of foundation of legal person

(1) A legal person is founded for an unspecified term unless otherwise provided by law.

(2) The memorandum of association or foundation resolution of a legal person in private law is deemed to be valid after the entry of the legal person in the register, even if the memorandum

was entered into or the resolution was adopted under circumstances rendering the memorandum or resolution void. The memorandum of association or foundation resolution of a legal person in private law shall not be repealed after the legal person has been entered in the register.

§ 28. Articles of association of legal person

(1) A legal person in private law shall have articles of association or, in the cases provided by law, a partnership agreement.

(2) A legal person in public law shall have articles of association if so provided for in an Act concerning the legal person.

§ 29. Seat and place of business of legal person

(1) The seat of a legal person is the location of the management board or a body substituting for the management board of the person, unless otherwise provided by law.

(2) The place of business of a legal person is the place where the permanent and continuous economic activity of the legal person or other activities specified in the articles of association of the legal person are carried out.

§ 30. Name of legal person

A legal person shall have a name which must distinguish it from other persons.

§ 31. Bodies of legal person

(1) The bodies of a legal person in private law are the general meeting and the management board unless otherwise provided by law.

(2) The management board is the directing body of a legal person in private law. If the law provides for the existence of a supervisory board, the supervisory board is also a directing body.

(3) The competence of a body of a legal person in private law shall be prescribed by law, the articles of association or the partnership agreement. The competence of a body of a legal person shall not be transferred to any other body or person.

(4) The bodies of a legal person in public law and their competence shall be prescribed by law.

(5) The activities of a body of a legal person are deemed to be the activities of the legal person.

(6) A member of a body of a legal person shall not transfer his or her rights as a member of the body arising from law unless otherwise provided by law.

(7) Only natural persons with active legal capacity may be members of the management board or a body substituting for the management board of a legal person unless otherwise provided by law.

§ 32. Principle of good faith in mutual relations

The shareholders or members of a legal person and the members of the directing bodies of a legal person shall act in accordance with the principle of good faith and consider each other's legitimate interests in their mutual relations.

§ 33. Voting

(1) A vote cast upon adoption of a resolution of a body of a legal person is a declaration of intention. The provisions of law concerning transactions apply to voting.

(2) If a vote is void or annulled, the vote is deemed not to have been cast upon adoption of the resolution.

(3) If a vote is void or annulled, repeal of the resolution of a body of a legal person may be demanded pursuant to § 38 of this Act only if the votes void or annulled influenced the possibility of adoption or content of the resolution.

(4) Entry into agreements on voting is permitted unless otherwise provided by law. Violation of the agreement shall not influence the validity of a vote cast.

§ 34. Representation of legal person

(1) The management board or a body substituting for the management board of a legal person is deemed to be the legal representative of the legal person in relations with other persons unless otherwise provided by law.

(2) In entry into transactions, a legal person may be represented by each member of its management board or of a body substituting for the management board unless the law or the articles of association prescribe that all or some of the members of the management board or the substituting body may only represent the legal person jointly (joint representation). In the case of joint representation, the members of the management board or the substituting body may authorise one or several of the members to enter into certain transactions or into certain types of transactions.

(3) In the case of a legal person in private law, joint representation applies with regard to third persons only if a corresponding entry has been made in the corresponding register.

(4) Restrictions on the right of representation which are not specified in this section do not apply with regard to third persons unless otherwise provided by law.

§ 35. General duties of members of directing body of legal person

The members of a directing body of a legal person shall perform their obligations arising from law or the articles of association with the diligence normally expected from a member of a directing body and shall be loyal to the legal person.

§ 36. Duty to submit bankruptcy petition

If a legal person is clearly permanently insolvent, the members of the management board or the body substituting for the management board shall submit a bankruptcy petition.

§ 37. Liability of members of directing body of legal person

(1) The members of a directing body of a legal person who cause damage to the legal person by violation of their duties shall be solidarily liable to the legal person. The members of a directing body shall not bear liability if they act pursuant to a lawful resolution of the general meeting or any other competent body of the legal person.

(2) A claim for payment of compensation to a legal person for damage specified in subsection (1) of this section may also be submitted by an obligee of the legal person if the assets of the legal person are not sufficient to satisfy the claims of the obligee.

(3) An obligee has the right to submit a claim specified in subsection (2) of this section also if the legal person has waived a claim against a member of a directing body or has entered into a contract of compromise with such member. An obligee has the right to submit a claim also if the liability of a member of a directing body is restricted in comparison with the provisions of law. (15.01.2003 entered into force 01.07.2003 - RT I 2003, 13, 64)

(4) The limitation period for submission of claims against a member of a directing body of a legal person shall be five years as of violation of an obligation.

§ 38. Invalidity of resolution of body of legal person

(1) An interested person may file an action for repeal of a resolution of a body of a legal person which is contrary to law or the articles of association in court. Repeal of a resolution of a body of a legal person may also be requested if, upon adoption of the resolution, a shareholder or member of the legal person uses his or her voting right in order to acquire advantages for himself or herself or a third person to the disadvantage of the legal person or the other shareholders or members, and the resolution permits the achievement of such objective.

(2) A resolution of a body of a legal person is void if nullity of the resolution is a consequence directly provided by law, the resolution is contrary to good morals, violates a provision of law established for the protection of the creditors of the legal person or due to other public interest, or if, upon adoption of the resolution, the procedure prescribed therefor was materially violated. An interested person can rely on the nullity of a resolution if a court has established the nullity of the

resolution.

(15.06.2005 entered into force 1.01.2006 - RT I 2005, 39, 308)

(3) (Repealed - 15.06.2005 entered into force 1.01.2006 - RT I 2005, 39, 308)

(4) An action for repeal of a resolution of a body of a legal person shall be filed against the legal person. A member of the body who participated in the adoption of the resolution may demand the repeal of the resolution only if his or her objection to the resolution has been recorded.

(15.06.2005 entered into force 1.01.2006 - RT I 2005, 39, 308)

(5) The limitation period for a claim for repeal of a resolution of a body shall be three months as of adoption of the resolution. The repeal of a resolution cannot be demanded if the body has approved the resolution with a new resolution and the action specified in subsection (1) of this section has not been filed within the term specified in the first sentence.

(29.01.2009 entered into force 1.07.2009 - RT I 2009, 13, 78)

(6) Upon filing of an action for repeal of a resolution of a body of a legal person, a court shall not hear the matter before the term specified in subsection (5) of this section expires. Different actions for repeal of the same resolution shall be joined in one proceeding.

(15.06.2005 entered into force 1.01.2006 - RT I 2005, 39, 308)

(7) Nullity of a resolution of a body of a legal person may be relied upon in judicial proceedings by filing an action or objection. Nullity of a resolution cannot be relied upon if an entry has been made in a public register based on the resolution and two years have passed from the date making the entry.

(15.06.2005 entered into force 1.01.2006 - RT I 2005, 39, 308)

(8) A court judgment for repeal of or establishment of the nullity of a resolution of a body applies to all members of the legal person and its body regardless of their participation in the judicial proceedings. In the case when an entry had been made to a public register on the basis of the resolution which had been repealed or the resolution the nullity of which had been established by the court, the court shall send a copy of the court judgment to the registrar for amendment of the entry.

(15.06.2005 entered into force 1.01.2006 - RT I 2005, 39, 308)

§ 39. Dissolution of legal person

A legal person is dissolved:

- 1) by a resolution of the general meeting or other competent body;
- 2) by a resolution of a person, body or agency to whom the right to dissolve a legal person in public law has been granted pursuant to law;
- 3) upon achievement of an objective prescribed by law, the articles of association or the partnership agreement;
- 4) upon expiry of a term if the legal person is founded for a specified term;

4¹) (Repealed - RT I, 06.12.2010, 1 entered into force 05.04.2011);

(15.06.2005 entered into force 1.01.2006 - RT I 2005, 39, 308)

- 5) –6) (Repealed - 10.12.2008 entered into force 1.01.2009 - RT I 2008, 59, 330)
- 7) by a court ruling on compulsory dissolution;
(10.12.2008 entered into force 1.01.2009 - RT I 2008, 59, 330)
- 8) on another basis prescribed by law, the articles of association, or the partnership agreement.

§ 40. Compulsory dissolution of legal person

(1) A legal person is dissolved by a court ruling at the request of the Minister of Internal Affairs or any other person or agency so entitled by law (compulsory dissolution) if:

(15.06.2005 entered into force 1.01.2006 - RT I 2005, 39, 308)

- 1) the objective or activities of the legal person are contrary to law, public order or good morals;
- 2) the legal person was founded in material violation of the law or if the memorandum of association was entered into or the foundation resolution was adopted under circumstances due to which the memorandum or resolution is void, and the corresponding violation cannot be subsequently eliminated;
- 3) the articles of association of the legal person are contrary to law to a significant extent;
- 4) the legal person does not comply with the requirements established for the legal person by law;
- 5) the authority of the management board or a body substituting for the management board of the legal person terminated more than two years ago and a new management board or substituting body has not been elected;
- 6) there is any other basis provided by law.

(2) If a deficiency or other circumstances which constitute the basis for the compulsory dissolution can clearly be eliminated, the court shall, beforehand, give the legal person a term for elimination of the deficiency or circumstances.

(29.01.2009 entered into force 1.07.2009 - RT I 2009, 13, 78)

(3) A court may also decide the compulsory dissolution on its own initiative unless otherwise provided by law.

(15.06.2005 entered into force 1.01.2006 - RT I 2005, 39, 308)

§ 41. Liquidation

(1) A legal person shall be liquidated upon dissolution unless otherwise provided by law. In bankruptcy proceedings, a legal person is liquidated pursuant to the procedure provided for bankruptcy proceedings.

(2) Liquidation shall be organised by the liquidators who are members of the management board or the body substituting for the management board of the legal person unless otherwise provided by law, the articles of association, or the partnership agreement. In the case of compulsory dissolution, the liquidators shall be appointed by a court. The authority of the management board or the substituting body terminates upon commencement of liquidation.

(3) Liquidators have the rights and duties of the management board or the body substituting for the management board which are not contrary to the objective of the liquidation. Liquidators

shall be liable for violation of their duties to the same extent as the members of the management board.

(4) Liquidators terminate the activities of the legal person, collect the debts, sell the assets, satisfy the claims of the obligees and distribute the remaining assets among the entitled persons. Liquidators may only perform acts which are necessary for the liquidation of the legal person.

(5) During liquidation, a legal person shall be represented by the liquidators who may represent the legal person in the performance of all transactions. If a legal person has several liquidators, they may represent the legal person only jointly. The liquidators may authorise one or several from among themselves to perform certain transactions or certain type of transactions.

(6) If liquidators are not appointed by a court, they may be removed like members of the management board.

(7) At the request of an interested person, a court may remove a liquidator with good reason regardless of the basis for the liquidation of the legal person. In such case, the court shall appoint a new liquidator.

(8) During liquidation, the notation “ *likvideerimisel* ” [in liquidation] shall be appended to the name of the legal person.

§ 42. Notice of liquidation and submission of claims

(1) The liquidators shall promptly publish a notice concerning liquidation of a legal person in the official publication *Ametlikud Teadaanded*².

(2) A notice of liquidation shall indicate that the claims of the obligees against the legal person must be submitted within four months as of the publication of the notice. If the name of the legal person has been changed during two years preceding the publication of the notice concerning liquidation of the legal person, also the previous names of the legal person shall be indicated in the notice.

(19.11.2003 entered into force 27.12.2003 - RT I 2003, 78, 523)

(3) The liquidators shall send a notice of liquidation to the known obligees.

§ 43. Satisfaction of claims and distribution of assets

(1) After satisfaction of the claims of the obligees, the remaining assets may be distributed between the persons entitled thereto pursuant to law, the articles of association or the partnership agreement unless otherwise provided by law. Assets shall not be distributed earlier than six months after publication of the notice of liquidation.

(2) If a known obligee does not submit a claim, the money belonging to the obligee shall be deposited.

(3) If an obligation cannot be performed during liquidation or if a claim is subject to judicial proceedings, the remaining assets may be distributed between the entitled persons only if sufficient security has been granted to the obligees.

(4) In the case of compulsory dissolution of a legal person on the grounds that its objective or activities are prohibited pursuant to the provisions of penal law or are contrary to public order or good morals, the assets of the legal person remaining after satisfaction of the claims of the obligees shall transfer to the state.

§ 44. Submission of bankruptcy petition

If the assets of a legal person undergoing liquidation are insufficient for satisfaction of all the claims of the obligees, the liquidators shall promptly submit a bankruptcy petition.

§ 45. Termination of legal person

(1) After the claims of the obligees of a legal person in private law have been satisfied, the money of the legal person has been deposited, the security required has been granted and the remaining assets have been distributed between the entitled persons, the liquidators shall submit an application for deletion of the legal person from the register.

(2) Upon deletion of a legal person in private law from the register, the legal person terminates.

(3) A legal person in public law terminates pursuant to the procedure provided by law.

§ 46. Preservation of documents

(1) The documents of a legal person which has terminated shall be deposited with the liquidator or a third person. The documents shall be preserved for ten years unless otherwise provided by law.

(2) If a legal person was entered in a register, the name and the residence or seat of the depositary of documents shall be entered in the register.

§ 47. Merger, division and transformation

The merger, division and transformation of a legal person is permitted only in the cases and pursuant the procedure provided by law.

Part 3 Objects

§ 48. Definition of object

Objects are things, rights, and other benefits which can be the object of a right.

§ 49. Definition of thing

- (1) A thing is a corporal object.
- (2) In the cases provided by law, provisions concerning things apply to rights.
- (3) Animals are subject to the provisions applicable to things unless otherwise provided by law.

§ 50. Immovables and movables

- (1) An immovable is a delimited part of land (plot of land).
- (2) Things which are not immovables are movables.
- (3) In the cases provided by law, the provisions concerning immovables apply to movables.

§ 51. Fungible things

- (1) Movables which in commerce are specified according to number, dimension or weight and which lack the characteristics distinguishing them from other things of the same type are fungibles.
- (2) At the request of the parties, the properties of a non-fungible thing may be granted to a fungible thing and vice versa with respect to the parties.

§ 52. Consumable things

- (1) Movables which upon their intended use cease to exist or are transferred are consumable.
- (2) Movables which belong to a body of things for which the intended use involves the transfer of individual things shall also be deemed consumable.

§ 53. Essential part

- (1) An essential part of a thing is a component part which cannot be severed from the thing without the thing or the severed part being destroyed or essentially changed.
- (2) A thing and the essential parts thereof shall not be in the ownership of different persons. A thing and the essential parts thereof shall not be encumbered by different real rights unless otherwise provided by law.

§ 54. Parts of immovables

- (1) The essential parts of an immovable are the things permanently attached to it, such as buildings, standing crop, other vegetation and unharvested fruit.

(2) Buildings which are constructed on the land of another on the basis of a real right and are permanently attached to the land, and things attached to the land for a temporary purpose are not parts of an immovable. Utility networks or utility works located on an immovable which have been constructed on the immovable on the basis of a real right and in respect of which the obligation to tolerate arising from law applies, are not parts of the immovable.
(21.02.2007 entered into force 26.03.2007 - RT I 2007, 24, 128)

(3) A building remaining on a plot of land upon extinguishment of a real right becomes an essential part of the plot of land.

(4) The real rights relating to an immovable are essential parts of the immovable unless otherwise provided by law.

§ 55. Parts of building

(1) The essential parts of a building are the things from which the building is constructed or which are permanently attached thereto and which cannot be severed without substantial damage to the building or the thing being severed.

(2) A thing attached to a building for a temporary purpose is not a part of the building.

§ 56. Legal share

The legal share of a thing is not delimited in real terms and its size is expressed as a fraction of the thing.

§ 57. Accessory

(1) An accessory is a movable which without being a part of the principal thing serves the principal thing and is related thereto through a common economic objective and its corresponding spatial relationship.

(2) A thing is not an accessory if it is not considered an accessory in commerce.

(3) The rights and obligations relating to a principal thing extend also to the accessories unless otherwise provided by law or a transaction. An obligation to transfer or encumber a thing is presumed to include also the accessories of the thing.

§ 58. Documents as accessory

Documents, maps and plans concerning acquisition and possession of a thing and, in the case of an immovable, concerning construction of the immovable, are accessories of the thing.

§ 59. Accessories of immovables used in economic or professional activities

The accessories of an immovable used in economic or professional activities also include the machines, equipment, tools and other movables situated on it and necessary for regular economic or professional activities on the immovable.

§ 60. Accessories of agricultural immovables

The accessories of an immovable used for agricultural purposes also include the agricultural inventory, machines and animals used for its management, and the products of the plot of land which are necessary for the continuation of management until the next harvest.

§ 61. Cessation of accessory

(1) A thing ceases to be an accessory upon severance from the principal thing if at the same time the intention of the entitled person to terminate use of the accessory in the interest of the principal thing is expressed.

(2) A thing does not cease to be an accessory upon temporary severance from the principal thing.

§ 62. Benefit

(1) "Benefit receivable from an object" means the fruits of the object and the advantages receivable from the use of the object (advantages of use).

(2) "Fruit of a thing" means products of the thing arising by the forces of nature or with human assistance, and income receivable from the thing due to a legal relationship.

(3) "Civil fruit" means income which an entitled person receives from a right pursuant to the purpose of the right, and income received from the right due to a legal relationship.

(4) If a person has the right to receive the fruit of a thing or right during a certain period of time, the products severed and the income received from the thing or right during such period belong to the person. In the case of periodical income, such part of the fruit which corresponds to the time of entitlement of the entitled person belongs to the person.

§ 63. Expenses

Expenses made on an object are:

- 1) necessary if the object is thereby preserved or protected from complete or partial destruction;
- 2) useful if the object is thereby significantly improved;
- 3) sumptuary if the primary objective thereof is the comfort, amenity or beauty of the object.

§ 64. Reimbursement of expenses upon delivery of fruit

A person who is required to deliver fruit may demand reimbursement of the expenses made in connection with receiving the fruit, to the extent which is necessary for the regular management of the thing and does not exceed the value of the fruit.

§ 65. Value of object

The usual value of an object is deemed to be the value of the object unless otherwise prescribed by law or a transaction. The usual value of an object is its average local selling price (market price).

§ 66. Definition of property

“Property” means a set of monetarily appraisable rights and obligations belonging to a person unless otherwise provided by law.

§ 66¹. Enterprise

An enterprise is an economic unit through which a person operates.
(17.12.2008 entered into force 1.07.2009 - RT I 2009, 5, 35)

Part 4 Transactions

Chapter 3 General Provisions

§ 67. Definition of transaction

(1) A transaction is an act or a set of interrelated acts which contains a declaration of intention directed at bringing about a certain legal consequence.

(2) Transactions are unilateral or multilateral. A unilateral transaction is a transaction for the performance of which a declaration of intention of one person is necessary. A multilateral transaction is a transaction for the performance of which a declaration of intention of two or more persons is necessary. Multilateral transactions are contracts.

§ 68. Types of declarations of intention

(1) A declaration of intention may be expressed in any manner unless otherwise prescribed by law.

(2) An expressly declared intention to bring about a legal consequence is a direct declaration of intention.

(3) Intention expressed by an act from which the intention to bring about a legal consequence may be assumed is an indirect declaration of intention.

(4) Silence or inactivity is deemed to be a declaration of intention if so prescribed by law, an agreement between the parties or the practices established between them.

(5) If a person has an obligation to make a declaration of intention with a certain content, the declaration of intention shall be replaced with a court decision which has entered into force or which is subject to immediate enforcement, which obliges the person to make such declaration of intention.

(10.12.2008 entered into force 1.01.2009 - RT I 2008, 59, 330)

§ 69. Making declaration of intention

(1) A declaration of intention directed at a certain person (recipient of the declaration of intention) shall be expressed by the party making the declaration and enters into force upon receipt. A declaration of intention which is not directed at a certain person enters into force upon expression of the intention.

(2) A declaration of intention is received when it has been communicated to the recipient personally. A declaration of intention directed at a party not present is deemed to be received when it has arrived at the residence or seat of the recipient of the declaration of intention and the recipient has had a reasonable opportunity to review the declaration.

(3) A declaration of intention relating to a contract, which is directed at a party not present, is deemed to be received when it has been delivered to such place of business of the recipient of the declaration of intention which is most related to the performance of the contract and the recipient has had a reasonable opportunity to review the declaration. If the place of business of the recipient of a declaration of intention cannot be ascertained or if the recipient does not have a place of business, the declaration of intention is deemed to be received when it has arrived at the residence or seat of the recipient and the recipient has had a reasonable opportunity to review the declaration.

(4) If a declaration of intention which was supposed to reach the recipient within a certain period of time reaches the recipient later, the declaration of intention is deemed to be received on time if the declaration did not reach the recipient on time due to circumstances for which the recipient bears the risk.

(5) A person may make a declaration of intention to another person also through a bailiff pursuant to the procedure provided for in the Code of Enforcement Procedure.

(10.12.2008 entered into force 1.01.2009 - RT I 2008, 59, 330)

§ 70. Notification of breach of contract

If a party to a contract communicates a declaration of intention to the other party, declaring that the other party has violated a contractual obligation thereof, and a delay occurs upon communication of the declaration or the declaration is lost upon communication, the declaration is deemed to be received at the time when it would have been received under normal

circumstances if the party communicating the declaration proves that the party has expressed the declaration of intention and has chosen a reasonable manner for communicating the declaration.

§ 71. Content of declaration of intention made to certain person

A declaration of intention made to a certain person is deemed to be made with such content as it is received with. If the content of a declaration of intention is altered due to circumstances for which the recipient bears the risk, the declaration of intention is deemed to be made with such content as was expressed by the party making the declaration.

§ 72. Withdrawal of declaration of intention

A declaration of intention is deemed not to have been made if a declaration of intention withdrawing the initial declaration reaches the recipient prior to or simultaneously with the initial declaration.

§ 73. Death or restricted active legal capacity of person making declaration of intention

The validity of a declaration of intention shall not be affected by the fact that the person who made the declaration of intention died after making the declaration or that his or her active legal capacity became restricted after making the declaration, unless otherwise provided by law.

§ 74. Declaration of intention to person with restricted active legal capacity

(1) A declaration of intention made to a person with restricted active legal capacity enters into force upon receipt by the legal representative of the person.

(2) If a declaration of intention does not result in direct civil obligations for a person with restricted active legal capacity or if the legal representative of the person has granted consent to making the declaration of intention to the person, the declaration enters into force upon receipt by the person with restricted active legal capacity.

(3) Regardless of the provisions of subsection (1) of this section, an offer made to a person with restricted active legal capacity or an acceptance granted to a person with restricted active legal capacity enters into force upon receipt by the person.

§ 75. Interpretation of declaration of intention

(1) A declaration of intention made to a certain person shall be interpreted according to the intention of the person making the declaration of intention if the recipient of the declaration knew or should have known such intention. If the recipient of the declaration did not know nor should have known the actual intention of the person making the declaration, the declaration of intention shall be interpreted according to the understanding of a reasonable person similar to the recipient under the same circumstances.

(2) A declaration of intention which is not made to a certain person shall be interpreted according to the intention of the person making the declaration of intention. If such declaration of intention is directed at the public, it shall be interpreted according to the understanding of a reasonable person.

(3) The provisions of subsections (1) and (2) of this section apply also upon interpretation of a person's other acts which have legal effect.

§ 76. Restriction or preclusion of right of disposal

(1) The right of a person to dispose of an object belonging to the person shall not be precluded or restricted by a transaction.

(2) If the right of a person to dispose of an object belonging to the person is precluded or restricted by a transaction and the person disposes of the object thereby violating an obligation arising from the transaction, such violation shall not render the disposition void and only claims arising from violation of the obligation may be filed against the person.

Chapter 4 Format of Transaction

§ 77. Choice of format of contract

(1) A transaction may be entered into in any format unless a mandatory format of the transaction is provided by law.

(2) If the parties have entered into a transaction in a particular format or have agreed on the format of the transaction, the requirements provided by law for such format are presumed to apply.

(3) A transaction entered into in a format prescribed by law shall be amended only in the format in which the transaction was entered into unless otherwise provided by law. A transaction entered into in a format prescribed by an agreement between the parties may be amended in another format only if so agreed upon between the parties.

§ 78. Written format

(1) If the written format of a transaction is prescribed by law, the transaction document shall contain the hand-written signatures of the persons entering into the transaction unless otherwise provided by law.

(2) Mechanical signature is deemed to be equal to hand-written signature only if mechanical signature is in common usage and the other party does not require a hand-written signature at once.

(3) In the case of a written contract, written declarations of intention arising from the contract may be communicated also by other means which allow written reproduction of the declarations of intention.

(4) Written format of a transaction may be substituted by notarial certification or notarial authentication of the transaction.

§ 79. Format which can be reproduced in writing

If the format which can be reproduced in writing is prescribed for a transaction by law, the transaction shall be entered into in a format enabling repeated written reproduction and shall contain the names of the persons entering into the transaction, but need not contain hand-written signatures.

§ 80. Electronic format

(1) A transaction in electronic format is deemed to be equal to a transaction in written format unless otherwise provided by law.

(2) In order to comply with the requirements for the electronic format, a transaction shall:

- 1) be entered into in a format enabling repeated reproduction and
- 2) contain the names of the persons entering into the transaction and
- 3) be electronically signed by the persons entering into the transaction.

(3) An electronic signature shall be given in a manner which allows the signature to be associated with the content of the transaction, the person entering into the transaction and the time of entry into the transaction. The procedure for attributing an electronic signature to a person and for giving electronic signatures shall be provided by law. A digital signature is also an electronic signature.

§ 81. Notarial authentication of transaction

(1) If notarial authentication of a transaction is provided by law, the transaction documents shall be prepared in writing and the signature of the person entering into the transaction shall be authenticated by a notary. In the cases provided by law, a signature on a transaction document may be authenticated by another person instead of a notary.

(2) Notarial authentication of a transaction may be substituted by notarial certification.

§ 82. Notarial certification of transaction

In the cases prescribed by law or an agreement between the parties, a transaction shall be certified by a notary. Estonian notaries have the right to certify transactions. In the cases provided by law, the right of notarial certification of transactions may be exercised by another person instead of a notary.

§ 83. Failure to comply with required format of transaction

(1) Upon failure to comply with the format provided for a transaction by law, the transaction is void unless otherwise provided by law or the objective of the formal requirements.

(2) Upon failure to comply with a format agreed upon, the transaction is void unless otherwise provided by law or an agreement between the parties.

Chapter 5 Invalidity of Transaction

Division 1 Void Transaction

§ 84. Nullity of transaction

(1) A void transaction has no legal consequences from inception. That which is received on the basis of a void transaction shall be returned pursuant to the provisions concerning unjust enrichment unless otherwise provided by law.

(2) If a void transaction has the characteristics of a transaction which is not void, the latter transaction applies if it can be presumed that the parties would have entered into the latter transaction if they had known of the nullity of the transaction initially intended.

(3) If the circumstances rendering a transaction void cease to exist, a person who entered into the transaction may declare the intention to validate the transaction (confirmation). In the case of a multilateral transaction, the transaction shall be confirmed by all parties.

(4) In the case of confirmation of a transaction, the transaction enters into force as of the time of confirmation. If the parties confirm a void multilateral transaction, it is presumed that the parties must deliver to each other that which they would have acquired if the transaction had been valid from inception.

§ 85. Partial nullity of transaction

The nullity of a part of a transaction does not render the other parts void if the transaction is divisible and it may be presumed that the transaction would have been entered into also without the void part.

§ 86. Transaction contrary to good morals or public order

(1) A transaction which is contrary to good morals or public order is void.
(25.02.2009 entered into force 1.05.2009 - RT I 2009, 18, 108)

(2) A transaction is contrary to good morals, inter alia, if a party knows or must know at the time of entry into the transaction that the other party enters into the transaction arising from his or her exceptional need, relationship of dependency, inexperience or other similar circumstances, and if:

1) the transaction has been entered into under conditions which are extremely unfavourable for the other party or

2) the value of mutual obligations arising for the parties is out of proportion contrary to good morals.

(25.02.2009 entered into force 1.05.2009 - RT I 2009, 18, 108)

(3) If the value of mutual obligations specified in clause (2) 2) of this section is unreasonably out of proportion contrary to good morals, it is presumed that the party knew or should have known of the other party's exceptional need, relationship of dependency, inexperience or other similar circumstances. In the case of consumer credit contracts, it is presumed that the value of mutual obligations arising for the parties is out of proportion contrary to good morals, inter alia, if the annual percentage rate subject to payment by a consumer exceeds, at the time of grant of the credit, the average annual percentage rate of consumer loans granted to private persons, which was last published by the Eesti Pank, more than three times. The monthly publication of the annual percentage rate specified in this subsection shall be organised by the Eesti Pank on its webpage.

(25.02.2009 entered into force 1.05.2009 - RT I 2009, 18, 108)

(4) If a transaction is void due to the obligation to pay interest which is contrary to good morals, the party who is obliged to pay the interest or other charge depending on the time during which the loan is used, has the right to return that which is received as a result of the void transaction by the due date by which the party had, according to the void transaction, to repay the whole loan. In such case, interest for the time during which the loan was used shall be paid in the amount provided for in subsection 94 (1) of the Law of Obligations Act.

(25.02.2009 entered into force 1.05.2009 - RT I 2009, 18, 108)

§ 87. Transaction contrary to law

A transaction contrary to a prohibition arising from law is void if the purpose of the prohibition is to render the transaction void upon violation of the prohibition, especially if it is provided by law that a certain legal consequence must not arise.

§ 88. Transaction violating restraint on disposition

(1) A disposition violating a restraint on disposition established by a court or any other authority or official so entitled by law is void. A disposition established in an enforcement proceeding, for securing an action or by a trustee in bankruptcy in violation of a restraint on disposition specified in the preceding sentence is also void.

(19.11.2003 entered into force 27.12.2003 - RT I 2003, 78, 523)

(1¹) If the right of a person to dispose of a right entered in the land register is restricted for the benefit of a certain person, the provisions of subsection 56¹ (2) of the Law of Property Act apply.

(10.12.2008 entered into force 1.01.2009 - RT I 2008, 59, 330)

(2) The provisions of subsection (1) of this section do not apply to the exercising of real rights created before the establishment of a restraint on disposition.
(19.11.2003 entered into force 27.12.2003 - RT I 2003, 78, 523)

§ 89. Ostensible transaction

(1) An ostensible transaction is a transaction upon which the parties have agreed that the declarations of intention made upon entry into the transaction do not have the legal consequences corresponding to the intention expressed since the parties wish to create an impression of the existence of a transaction, or to conceal the transaction they actually wish to enter into.

(2) An ostensible transaction is void.

(3) If an ostensible transaction conceals another transaction, the provisions concerning the corresponding type of transaction apply to the concealed transaction.

Division 2 Cancellation of Transaction

§ 90. Definition of cancellation of transaction

(1) A transaction entered into under the influence of a relevant mistake, fraud, threat or violence may be cancelled pursuant to the procedure provided by law. Other grounds for cancellation of a transaction may be provided by law. If a transaction is cancelled on the bases and pursuant to the procedure provided by law, the transaction is invalid from inception.
(25.02.2009 entered into force 1.05.2009 - RT I 2009, 18, 108)

(2) That which is received on the basis of a cancelled transaction shall be returned pursuant to the provisions concerning unjust enrichment unless otherwise provided by law.

(3) A part of a transaction may be cancelled if the transaction is divisible and it may be presumed that the transaction would have been entered into also without the cancelled part.

§ 91. Awareness of person of grounds for cancellation

In the case of cancellation of a transaction, a person is deemed to have known of the invalidity of the transaction if the person was or should have been aware of the grounds for cancellation of the transaction.

§ 92. Mistake

(1) Mistake is an erroneous assumption relating to existing facts.

(2) A transaction is entered into under the influence of a relevant mistake if upon entry into the transaction the mistake was of such importance that a reasonable person similar to the person who entered into the transaction would not have entered into the transaction in the same situation or would have entered into the transaction under materially different conditions.

(3) A person who entered into a transaction under the influence of a relevant mistake may cancel the transaction if:

- 1) the mistake was caused by circumstances disclosed by the other party to the transaction, or non-disclosure of circumstances by the other party if disclosure of the circumstances was required pursuant to the principle of good faith;
- 2) the other party knew or should have known of the mistake and leaving the mistaken party in error was contrary to the principle of good faith;
- 3) the other party to the transaction entered into the transaction on the basis of the same erroneous circumstances, except if the other party could have presumed, having the correct perception of the circumstances, that the mistaken party would have entered into the transaction even if it had known about the mistake.

(4) In the case of a unilateral transaction, the person at whom the declaration of intention contained in the transaction is directed and the person who acquires rights on the basis of the transaction is deemed to be the other party within the meaning of subsection (3) of this section.

(5) A person who has entered into a transaction shall not cancel the transaction if according to the circumstances under which the transaction was entered into and the content of the transaction, the risk of mistake was to be borne by the person.

§ 93. Amendment of contract to be cancelled due to mistake

(1) If a party has the right to cancel the contract due to a relevant mistake but the other party performs the contract or gives notice of its intention to perform the contract as it was understood by the party entitled to cancellation, the contract is deemed to be entered into as understood by the mistaken party. Upon receipt of the notice, the mistaken party loses the right to cancel the contract.

(2) A declaration for cancellation of a contract is void if immediately after receipt of the declaration the other party performs the contract or gives notice of its intention to perform the contract as it was understood by the party who cancelled the contract.

(3) If both parties have been mistaken concerning the same circumstances, either party may require bringing the contract into compliance with the requirements which would have been agreed upon if the parties had not been mistaken.

§ 94. Fraud

(1) "Fraud" means intentionally leading or leaving a person in error by disclosing false circumstances to the person in order to induce the person to enter into a transaction.

(2) Non-disclosure of circumstances which should have been disclosed according to the principle of good faith, and disclosure of circumstances as correct without verifying the correctness of the circumstances which subsequently prove to be false, is deemed to be equal to disclosure of false circumstances.

(3) A person who entered into a transaction due to fraud may cancel the transaction.

(4) If fraud is committed by a third person for whom the other party to the transaction is not responsible, the party who entered into the transaction due to fraud may cancel the transaction if the other party was or should have been aware of the fraud. If the other party was not nor should have been aware of the fraud, the transaction may be cancelled if the third person who committed the fraud acquired rights on the basis of the transaction.

(5) In the case of a unilateral transaction, the person at whom the declaration of intention contained in the transaction is directed and the person who acquires rights on the basis of the transaction is deemed to be the other party within the meaning of subsection (4) of this section.

§ 95. Notification obligation

In order to ascertain whether circumstances are subject to disclosure to the other party in the cases specified in §§ 92 and 94 of this Act, regard shall be had, in particular, to whether the circumstances are clearly important to the other party, to the specific expertise of the parties, the reasonable opportunities of the other party to obtain the necessary information and the extent of the necessary expenses to be made by the other party in order to obtain such information.

§ 96. Threat and violence

(1) A person who entered into a transaction under the influence of an unlawful threat or violence may cancel the transaction if the threat or violence was under the circumstances so imminent and serious as to leave the person who entered into the transaction no reasonable alternative. Regard shall be had, in particular, to the personality of the person using threat or violence and of the other party to the transaction, and the situation in which threat or violence was used.

(2) Threat is unlawful if:

- 1) the act or omission with which the person who entered into the transaction was threatened is unlawful;
- 2) the objective of the transaction entered into under the influence of the threat is unlawful;
- 3) use of the act or omission for threatening in order to induce the person to enter into the transaction is unlawful.

§ 97. (Repealed - 25.02.2009 entered into force 1.05.2009 - RT I 2009, 18, 108)

§ 98. Procedure for cancellation

(1) A transaction is cancelled by making a corresponding declaration to the other party. If a transaction has only one party, the transaction is cancelled by making a corresponding declaration to the public.

(2) The right to cancel a transaction transfers to a legal successor or, in the cases provided by law, to other persons.

§ 99. Terms for cancellation

(1) A transaction may be cancelled:

1) in the case of threat or violence, within six months as of the time when the influence of the corresponding circumstance ceased;

(25.02.2009 entered into force 1.05.2009 - RT I 2009, 18, 108)

2) in the case of fraud or mistake, within six months as of discovery of the fraud or mistake.

(2) Regardless of the provisions of subsection (1) of this section, a transaction shall not be cancelled after three years have passed from entry into the transaction. If the basis for cancellation of a transaction is fraud or violence, the term specified in this section shall be extended to ten years.

(3) The terms provided for in subsections (1) and (2) of this section shall be suspended on the grounds and for the terms specified in §§ 163, 165 and 166 of this Act.

§ 100. Confirmation of transaction

(1) The right to cancel a transaction expires if the person entitled to cancel the transaction confirms the transaction. The confirmation need not be in the same format as the transaction. If a person entitled to cancel a transaction performs the transaction while being aware of the grounds for cancellation, the transaction is deemed to be confirmed.

(2) If a transaction is entered into under the influence of threat or violence, confirmation is valid only if the confirmation is granted after the circumstances influencing the entry into the transaction have ceased to exist.

(25.02.2009 entered into force 1.05.2009 - RT I 2009, 18, 108)

(3) If a party to a transaction makes a proposal to the other party, after the term for cancellation of the transaction has begun to run, to confirm or cancel the transaction, the right to cancel the transaction terminates if the person entitled to cancel the transaction does not give notice within a reasonable period after receipt of the proposal of whether the party will cancel the transaction.

§ 101. Compensation for damage

(1) A person who cancels a transaction on the grounds and pursuant to the procedure provided for in this Division may require compensation for damage from the other party. The purpose of compensation for damage is to put the person who cancelled the transaction in the same position in which the person would have been if the person had not entered into the transaction.

(2) The other party to a transaction need not compensate for damage if the party did not know nor should have known of the mistake, fraud, threat or violence.

Chapter 6 Conditional Transaction

§ 102. Transaction with suspensive or resolutive condition

(1) A conditional transaction is a transaction which is entered into with a suspensive or resolutive condition.

(2) A transaction is entered into with a suspensive condition if creation of the legal consequences specified by the transaction is contingent upon an uncertain event (suspensive condition).

(3) A transaction is entered into with a resolutive condition if extinguishment of the legal consequences specified by the transaction is contingent upon an uncertain event (resolutive condition).

§ 103. Transaction with several suspensive or resolutive conditions

If several mutually dependent conditions are specified by a transaction, fulfilment of all the conditions is necessary for creation or extinguishment of the legal consequences relating to the transaction. If the conditions are specified as disjunctive, the fulfilment of at least one condition is necessary.

§ 104. Hindrance or promotion of fulfilment of condition

(1) A condition is deemed to be fulfilled also if fulfilment of the condition is hindered contrary to the principle of good faith by a party to whose disadvantage fulfilment of the condition is.

(2) A condition is deemed not to be fulfilled if fulfilment of the condition is promoted contrary to the principle of good faith by a party to whose advantage fulfilment of the condition is.

§ 105. Time of creation and extinguishment of rights and obligations

(1) The rights and obligations specified by a transaction are created for a transaction entered into with a suspensive condition and extinguish for a transaction entered into with a resolutive condition upon fulfilment of the condition.

(2) If a transaction prescribes that upon fulfilment of a condition the rights and obligations specified by the transaction are created or extinguish at a specified time before fulfilment of the condition, the parties shall, upon fulfilment of the condition, perform the obligations arising from the transaction as of the time specified by the transaction.

§ 106. Dispositions during pendency period

(1) Pendency period is the period of time between entry into a transaction and fulfilment of a condition or the time when it becomes evident that fulfilment is impossible.

(2) A disposition made during a pendency period by a person who has entered into a conditional transaction shall be void upon fulfilment of the condition if the disposition precludes or restricts occurrence of a legal consequence relating to the condition. A disposition established in an enforcement proceeding, for securing an action or by a trustee which precludes or restricts occurrence of a legal consequence relating to the condition is also void.

(19.11.2003 entered into force 27.12.2003 - RT I 2003, 78, 523)

(3) The provisions of subsection (2) of this section shall not restrict nor preclude the rights acquired by third persons in good faith.

§ 107. Compensation for damage

(1) In the case of a transaction with a suspensive condition, the party whose rights are contingent upon fulfilment of the condition may demand compensation for damage from the other party upon fulfilment of the condition if the right contingent upon the condition does not arise or does not arise as prescribed due to circumstances dependent on the other party.

(2) In the case of a transaction with a resolutive condition, the right to claim compensation for damage lies with the party for whose benefit the original legal situation should have been restored.

§ 108. Impossible condition

(1) A condition is impossible if upon entry into the transaction it is known that the condition will definitely not be fulfilled.

(2) If creation of the rights or obligations specified by a transaction is made contingent on an impossible condition, the transaction is void.

(3) If extinguishment of the rights or obligations specified by a transaction is made contingent on an impossible condition, the transaction is deemed to be entered into without such condition.

§ 109. Unlawful condition

(1) If a suspensive condition contained in a transaction is contrary to law, good morals or public order, the transaction is void.

(2) If extinguishment of the rights or obligations specified by a transaction is made contingent on a condition which is contrary to law, public order or good morals, the transaction is deemed to be entered into without such condition.

§ 110. Specification of due date

The provisions of this Chapter concerning suspensive or resolutive conditions, respectively, apply to specification of due dates for creation or extinguishment of the legal consequences specified by a transaction.

Chapter 7 Consent to Entry into Transaction

§ 111. Grant of consent

(1) If the validity of a transaction is contingent upon the consent of a third person, such third person may grant the consent or express refusal to grant consent to the person who entered into the transaction or, in the case of a multilateral transaction, also to a party to the transaction. Consent may be granted prior to entry into the transaction or thereafter (ratification).

(2) If the law prescribes a certain format for a transaction, consent for entry into the transaction shall be in the same format. In exercising public authority, an administrative authority shall grant consent in the form provided for in § 55 of the Administrative Procedure Act (RT I 2001, 58, 354; 2002, 53, 336; 61, 375; 2003, 20, 117).

(15.01.2003 entered into force 01.07.2003 - RT I 2003, 13, 64)

§ 112. Revocability of prior consent

Prior consent may be withdrawn until entry into the transaction unless the person granting the consent waives the right to withdraw the consent upon granting the consent. The declaration for withdrawal of consent may be made to the person intending to enter into the transaction or, in the case of a multilateral transaction, also to a party to the transaction.

§ 113. Retroactive effect of ratification

After ratification of a transaction, the legal consequences of the ratification apply as of entry into the transaction unless otherwise provided by law or an agreement between the parties.

§ 114. Disposition by person not entitled thereto

(1) If an object is disposed of by a person not entitled thereto, the disposition is valid if the entitled person had granted prior consent to the disposition.

(2) If an object is disposed of by a person not entitled thereto without the prior consent of the entitled person, the disposition enters into force if the entitled person ratifies the disposition.

Chapter 8 Representation

§ 115. Entry into transaction through representative

(1) A transaction may be entered into through a representative. A transaction entered into by a representative is valid with regard to the principal if the representative entered into the transaction on behalf of the principal and the representative had the right of representation in entry into the transaction.

(2) A transaction which pursuant to law or an agreement must be entered into in person shall not be entered into through a representative.

(3) This Chapter does not regulate the rights and obligations arising from a legal relationship which is the basis for representation.

§ 116. Entry into transaction on behalf of principal

(1) A representative may enter into a transaction directly on behalf of the principal; entry into a transaction on behalf of the principal may also arise from the circumstances relating to the transaction.

(2) If a transaction is entered into by an employee of a person engaged in economic or professional activity or by any other person for whom the person engaged in economic or professional activity is responsible, and the transaction is related to such economic or professional activity, the transaction is presumed to be performed on behalf of the person engaged in economic or professional activity.

§ 117. Right of representation

(1) Right of representation is a collection of rights within the limits of which a representative may act on behalf of the principal.

(2) A right of representation may be granted by a transaction (authorisation) or it may arise from law (right of representation arising from law).

§ 118. Grant of authorisation

(1) A principal grants authorisation by making a corresponding declaration of intention to the representative, to the person with whom the transaction requiring authorisation is to be entered into, or to the public.

(2) If the statements or conduct of a person acting as a representative lead another person to reasonably believe that the person acting as a representative is authorised to enter into a transaction, and the principal knows or ought to know that the person is acting as a representative on behalf of the principal and the principal accepts such activities by the person, the principal is deemed to have authorised the person.

(3) If the law prescribes a certain format for entry into a transaction and the failure to follow such format would render the transaction void, the authorisation for entry into the transaction shall be in the same format.

§ 119. Delegation of authorisation

(1) A representative has the right to delegate the authority if so prescribed by the authorisation. If authorisation is granted for entry into a transaction which cannot be reasonably expected to be entered into by the representative personally, the representative is presumed to have the right to delegate the authorisation.

(2) A legal representative may authorise another person to enter into a transaction.

§ 120. Scope of right of representation

(1) The scope of a right of representation arising from law is determined by law.

(2) The scope of authorisation shall be determined by the principal. Authorisation shall be interpreted according to the meaning given to the declaration of intention or conduct of the principal by the authorised person or a person relying on a declaration of intention directed at the public or on a statement or conduct of the principal.

§ 121. Specifications concerning representation of persons engaged in economic or professional activity

(1) If a person is authorised to enter into all transactions which are customary to the economic or professional activities of another person, the person shall, however, not transfer or encumber immovables or enter into loan agreements without a separate authorisation.

(2) A person who sells goods or provides services at the request of another person in the economic or professional activities of that person is deemed to be authorised to enter into all transactions which are usually necessary for the sale of such goods or the provision of such services.

(3) If a right of representation is restricted in comparison with the provisions of subsections (1) and (2) of this section, the restriction applies to a third person only if the person was or should have been aware of the restriction.

(4) The provisions of subsections (1)–(3) of this section do not apply to procurators.

§ 122. Representation in case of several representatives

(1) If authorisation with the same content is granted to several persons, each of them is presumed to have the right to represent the principal independently.

(2) If several representatives may represent a principal only jointly (joint representation), each of them may, however, separately accept declarations of intention on behalf of the principal.

§ 123. Awareness of circumstances by representative and principal

(1) If a mistake, fraud, threat, violence or other circumstances rendering a transaction void occur upon entry into the transaction, or if the legal consequences of the transaction are contingent upon whether a person was or should have been aware of certain circumstances, such circumstances shall be assessed taking into consideration the person of the representative and not the principal.

(2) If, in the case of authorisation, the representative acts pursuant to the instructions of the principal, the principal shall not rely on the representative's ignorance of the circumstances which the principal knew or should have known.

§ 124. Representation by person with restricted active legal capacity

A person with restricted active legal capacity may also be a representative, except in the case of a right of representation arising from law.

§ 125. Grounds for extinguishment of right of representation

(1) A right of representation arising from law extinguishes on the grounds and pursuant to procedure prescribed by law.

(2) Authorisation terminates when:

- 1) the representative has entered into the transaction for which the authorisation was granted;
- 2) entry into the transaction for which the authorisation was granted has become impossible;
- 3) the term of the authorisation expires;
- 4) the resolutive condition upon which termination of the authorisation is contingent is fulfilled;
- 5) the principal withdraws the authorisation;
- 6) the representative waives the authorisation;
- 7) so prescribed by the transaction on which grant of the authorisation is based;
- 8) the contract on which grant of the authorisation is based terminates;
- 9) the principal dies;
- 10) the legal person who is the principal or the representative is terminated;
- 11) the principal is declared bankrupt;
- 12) any other basis provided by law for termination of authorisation becomes evident.

(3) An authorisation shall not terminate upon the death of the principal unless the authorisation agreement on which the representation is based terminates.

(4) Authorisation is presumed to terminate also if bankruptcy of the representative is declared, the representative dies or is placed under guardianship.

(5) If a written document (authorisation document) is issued with regard to an authorisation, the document shall be returned to the principal upon termination of the authorisation. In the case of the obligation to return an authorisation document, the right to refuse performance of an obligation specified in § 110 of the Law of Obligations Act shall not be exercised.

[RT I, 13.03.2014, 3 - entry into force 23.03.2014]

§ 126. Withdrawal of authorisation

(1) A principal may withdraw an authorisation at any time even if the authorisation is granted for a specified term. Authorisation is withdrawn by making a corresponding declaration of intention to the representative, to the third person with whom the transaction requiring authorisation is to be entered into, or to the public.

(2) Upon granting authorisation for entry into a transaction in the interests of a representative or a third person, the principal may specify that the authorisation is irrevocable.

(3) A principal may withdraw an irrevocable authorisation with good reason.

§ 127. Validity of authorisation with regard to third persons

(1) If authorisation is granted by a declaration of intention to a third person or to the public or if the principal notifies a third person or the public of the grant of authorisation, the authorisation is deemed to be valid with regard to such third person or the public until it is withdrawn in the same manner or notice concerning its termination is given.

(2) The provisions of subsection (1) of this section apply correspondingly to restriction of authorisation.

(3) If an authorisation document is issued in proof of authorisation, the authorisation is deemed to be valid until the authorisation document has been returned to the principal or revoked.

(4) Regardless of the provisions of subsections (1)–(3) of this section, authorisation is deemed to be restricted or terminated with regard to a person who upon entry into a transaction knew or should have known of the termination or restriction of the authorisation of the representative.

§ 128. Unilateral transaction by person without right of representation

(1) A unilateral transaction entered into on behalf of another person without the right of representation is void.

(2) The provisions of §§ 129 and 130 of this Act apply correspondingly to a unilateral transaction directed at a certain person which is without the right of representation entered into on behalf of another person if the person at whom the transaction was directed did not contest the entry into the transaction although the person knew or should have known of the absence of the right of representation.

§ 129. Multilateral transaction by person without right of representation

(1) A multilateral transaction entered into on behalf of another person without the right of representation is void unless the person on whose behalf the person without the right of representation entered into the transaction subsequently ratifies the transaction.

(2) A multilateral transaction entered into on behalf of another person in excess of the limits of the right of representation is valid with regard to the principal to the extent to which the representative had the right of representation if the transaction is divisible and it can be presumed that the transaction would have been entered into also without the part for which the representative did not have the right of representation.

(3) If a person enters into a transaction without the right of representation or in excess of the limits of the right of representation, the other party to the transaction may make a proposal to ratify the transaction to the person on whose behalf the transaction was entered into. A ratification is valid when granted to the person making the proposal.

(4) If the person on whose behalf a transaction is entered into does not grant ratification within two weeks after receipt of the proposal specified in subsection (3) of this section, the person is deemed not to have ratified the transaction.

(5) Until ratification of a transaction, the declaration of intention made by the other party for entry into the transaction may be withdrawn unless the party knew or should have known of the absence of the right of representation upon entry into the transaction.

(6) If authorisation must be granted in a certain format, the ratification shall be granted in the same format.

§ 130. Liability of person without right of representation

(1) A person without the right of representation who enters into a transaction on behalf of another person shall compensate the other party for the expenses incurred upon preparation for the transaction and for any other damage which the other party has incurred in connection with the transaction because the party believed the person to have had the right of representation, unless the person on whose behalf the transaction was entered into ratifies the transaction.

(2) If a person who enters into a transaction on behalf of another person knows or should know that he or she does not have the right of representation, the person shall, in addition to the damage specified in subsection (1) of this section, compensate the other party for the damage incurred due to failure to perform the transaction.

(3) A person without the right of representation shall not be liable pursuant to the provisions of subsections (1) or (2) of this section if the other party to the transaction knew or should have known of the absence of the right of representation or if the active legal capacity of the person without the right of representation was restricted and he or she acted without the consent of his or her legal representative.

(4) The provisions of subsections (1)–(3) of this section apply correspondingly also if the person on whose behalf a transaction is entered into does not exist.

§ 131. Cancellation of transaction due to violation of obligations of representative

(1) A principal may cancel a transaction entered into by a representative if the representative entered into the transaction in violation of the obligations arising from the legal relationship on which the representation was based and entry into the transaction was contrary to the interests of the principal, and the other party knew or should have known of the violation of the obligations. If the representative also acted as the representative of the other party or engaged in self-dealing,

the representative is presumed to have violated the obligations arising from the legal relationship on which the representation was based upon entry into the transaction.

(2) A principal shall not cancel a transaction in the case specified in subsection (1) of this section if:

- 1) the principal knew or should have known of the circumstances giving rise to the right to cancel the transaction pursuant to subsection (1) of this section and granted consent for entry into such transaction by the representative;
- 2) the principal fails to cancel the transaction within a reasonable period of time after the representative has notified the principal of the circumstances giving rise to the right to cancel the transaction pursuant to subsection (1) of this section.

(3) A principal may cancel a transaction pursuant to subsection (1) of this section within six months after becoming aware of the circumstances giving rise to the right to cancel the transaction pursuant to subsection (1) of this section. A transaction shall not be cancelled after three years have passed from entry into the transaction.

(4) In the case of joint representation, the provisions of subsections (1)–(3) of this section apply also if the obligations arising from the legal relationship on which the representation is based are violated by one of the representatives.

(5) The provisions of subsections (1)–(4) of this section apply correspondingly also if a representative enters into a transaction through a person to whom authorisation was delegated.

Part 5 Liability for Another Person

§ 132. Liability for another person

(1) A person shall be liable for the conduct of and circumstances arising from another person as for the person's own conduct and circumstances arising from the person if the person uses the other person on a continuous basis in the economic or professional activity of the person and the conduct of and circumstances arising from the other person are related to such economic or professional activity.

(2) A person shall be liable for the conduct of and circumstances arising from another person also if the person uses such other person in the performance of the obligations of the person and the conduct of or circumstances arising from the other person are related to the performance of such obligations.

§ 133. Acquisition of knowledge of another person

(1) If a person uses another person in the economic or professional activity of the person on a continuous basis, the person is deemed to be aware of the circumstances known to the person used in the economic or professional activity, except if the duties of the person used in the economic or professional activity do not include communication of such information to the person using the person in the economic or professional activity or if the person used in the

economic or professional activity cannot be reasonably expected to communicate such information taking into account the duties of the person in the economic or professional activity.

(2) If a person uses another person in the performance of an obligation of the person, the person is deemed to be aware of the circumstances known to the person used in the performance of the obligation if such circumstances are related to the performance of the obligation.

Part 6 Term and Due Date

§ 134. Definition of term

(1) A term is a specified period of time to which legal consequences are bound.

(2) A term shall be specified in years, months, weeks, days, hours or shorter units of time or by an event which will definitely occur.

§ 135. Beginning and end of term

(1) A term begins to run on the day following the calendar day or the occurrence of the event by which the beginning of the term is specified unless otherwise provided by law or a contract.

(2) A term ends on the due date.

§ 136. Due date

(1) A due date shall be specified by a term or a particular event.

(2) If a due date is specified by a term calculated in years, the due date is the corresponding day and month of the last year of the term.

(3) If a due date is specified by a term calculated in months, the due date is the corresponding day of the last month of the term.

(4) If a due date specified pursuant to the procedure provided for in subsection (1) or (2) of this section falls on a month without the corresponding date, the due date is deemed to be the last day of the month.

(5) If a due date is specified by a period of time calculated in weeks, the due date is the corresponding day of the last week of the period of time.

(6) If a due date is specified by a period of time calculated in days, the due date is the last day of the period of time.

(7) If a due date is specified by a particular date or time or the occurrence of a particular event, the due date arrives on such date, at such time or upon the occurrence of such event.

(8) If a due date for making a declaration of intention or performing an obligation falls on a public holiday or any other rest day, the due date is deemed to be the first working day following the rest day.

(19.11.2003 entered into force 27.12.2003 - RT I 2003, 78, 523)

(9) For the purposes of specifying a term, one day is deemed to be the period of time from midnight to midnight.

(10) If a due date is specified by a term calculated in units of time shorter than a day, such unit of time is the due date.

§ 137. Expiry of term

(1) If a due date is specified in days or by a term calculated in longer units of time, the term expires at 24.00 on the due date unless otherwise provided by law.

(2) A declaration of intention due to be communicated within a term to a person engaged in economic or professional activity shall be communicated to the person and acts to be performed within a term with regard to the person shall be performed on the due date not later than by the end of the usual working time of the place where the declaration of intention is to be communicated or the act is to be performed.

Part 7 Exercise of Civil Rights

Chapter 9 Principles in Exercise of Civil Rights

§ 138. Principle of good faith

(1) Rights shall be exercised and obligations shall be performed in good faith.

(2) A right shall not be exercised in an unlawful manner or with the objective to cause damage to another person.

§ 139. Presumption of good faith

If legal consequences are bound to good faith by law, good faith shall be presumed unless otherwise provided by law.

§ 140. Self-defence

An act performed in self-defence is not unlawful if it does not exceed the limits of self-defence.

§ 141. Necessity

(1) A person who causes damage in order to prevent danger to oneself or another person or to property does not act unlawfully if the damage is necessary to prevent the danger and the damage is not unreasonably extensive compared to the danger.

(2) A person who causes damage upon prevention of danger shall compensate for the damage if the danger occurred due to circumstances arising from the person.

(3) Compensation for damage caused in necessity may be required from the person in whose interests the damage was caused if such requirement is reasonable under the circumstances.

Chapter 10 Expiry

Division 1 Consequences of Expiry

§ 142. Definition of expiry

(1) The right to require performance of an act or omission from another person (claim) expires within the term provided by law (limitation period). The obligated person may refuse to perform the obligation after expiry of the claim.

(2) In the cases provided by law, a right of claim shall not expire.

§ 143. Consideration of expiry by court

A court or another body resolving disputes shall take expiry of a claim into consideration only at the request of the obligated person.

(15.06.2005 entered into force 1.01.2006 - RT I 2005, 39, 308)

§ 144. Expiry of claims arising from accessory obligations

A claim arising from an accessory obligation expires together with the claim arising from the principal obligation even if the accessory obligation separately would not yet have expired.

§ 145. Agreement concerning expiry

(1) Conditions for the expiry of a claim may be alleviated by a transaction, especially, the limitation period may be shortened. The alleviated conditions for expiry shall not be applied if the obligated person intentionally violated the person's obligations.

(2) By agreement of the parties, a limitation period of less than ten years may be extended but not more than up to ten years.

(3) Waiver of the right to demand application of limitation is void.

§ 145¹. Consequences of expiry with regard to securities

(1) Expiry of a claim secured by a pledge does not deprive the pledgee of the right of satisfaction of the principal claim out of the pledged object.

(2) In the case of reservation of ownership, the owner may demand delivery of a thing even if the claim secured by reservation on ownership is expired.

(19.11.2003 entered into force 27.12.2003 - RT I 2003, 78, 523)

Division 2 Expiry of Claims Arising from Transactions

§ 146. Limitation period for claim arising from transaction

(1) The limitation period for a claim arising from a transaction shall be three years.

(2) The limitation period for a claim arising from a contract for services due to deficiencies in a structure shall be five years. A claim arising from a sales contract due to deficiencies in a structure shall not expire before five years have passed from completion of the structure.

(3) If deficiencies in a structure are due to deficiencies in the raw material or other materials purposefully used in the construction of the structure, the limitation period for claims arising from deficiencies in such materials shall be five years.

(4) The limitation period for the claims specified in subsections (1)–(3) of this section shall be ten years if the obligated person intentionally violated the person's obligations.

(5) The limitation period for claims for transfer of immovable property, for encumbering immovable property with a real right, for transfer or termination of a real right or for amendment of the content of a real right shall be ten years.

§ 147. Beginning of limitation period

(1) The limitation period of a claim begins when the claim falls due unless otherwise provided by law. If an entitled person may require another person to refrain from an act, the limitation period for the claim for refrainment shall commence as of violation of the obligation.

(2) A claim falls due at the moment when the entitled person obtains the right to claim performance of the obligation corresponding to the claim.

(3) The limitation period for a claim for payment of remuneration agreed upon shall commence as of the end of the year when the claim falls due. If a claim falls due upon submission of an invoice, the limitation period for the claim shall commence as of the end of the calendar year when the entitled person had the right to submit the invoice.

(4) (Repealed - 19.110.2003 entered into force 27.12.2003 - RT I 2003, 78, 523)

§ 148. Expiry of claims arising from pre-contractual negotiations

The provisions of this Division apply also to expiry of claims arising from violation of obligations arising from pre-contractual obligations.

Division 3 Expiry of Claims Arising from Law

§ 149. Limitation period for claims arising from law

The limitation period for a claim arising from law shall be ten years as of the moment when the claim falls due, unless otherwise provided by law. The limitation period for a claim for refrainment from an act shall commence as of violation of the obligation to refrain.

§ 150. Limitation period for claims arising from unlawfully caused damage

(1) The limitation period for a claim arising from unlawfully caused damage shall be three years as of the moment when the entitled person became or should have become aware of the damage and of the person obligated to compensate for the damage.

(2) If a person obligated to compensate for damage receives gain at the expense of the entitled person in connection with the damage caused, such person is, even after the expiry of the limitation period provided for in subsection (1) of this section, required to return the gain pursuant to the provisions concerning unjust enrichment.

(3) Regardless of the provisions of subsections (1) and (2) of this section, a claim arising from unlawfully caused damage expires not later than ten years after performance of the act or occurrence of the event which caused the damage.

§ 151. Limitation period for claims arising from unjust enrichment

(1) The limitation period for a claim arising from unjust enrichment shall be three years as of the moment when the entitled person became or should have become aware of obtainment of the claim arising from unjust enrichment. In the case of violation of a right, the limitation period for a claim which arises from unjust enrichment and is directed at compensation for the value of that which was received through such violation shall commence as of the moment when the entitled person became or should have become aware of the violation and of the obligated person.

(2) Regardless of the provisions of subsection (1) of this section, a claim arising from unjust enrichment expires not later than ten years after occurrence of the unjust enrichment.

§ 152. Expiry in case of competitive claims

(1) If claims with similar content may be submitted both on a basis arising from law and from a transaction, the provisions of Division 2 of this Chapter apply to the expiry of the claims.

(2) The provisions of subsection (1) of this section do not apply to expiry of the claims specified in Division 4 of this Chapter.

Division 4 Expiry in Special Cases

§ 153. Expiry of claims arising from causing death, bodily injury or damage to health or from deprivation of liberty

(1) The limitation period for a claim arising from causing death, a bodily injury or damage to health or from deprivation of liberty shall be three years as of the moment when the entitled person became or should have become aware of the damage and of the person obligated to compensate for the damage, regardless of the legal basis of the claim.

(2) The claims specified in subsection (1) of this section expire not later than thirty years as of performance of the act or occurrence of the event which caused the damage.

§ 154. Expiry of claims directed at performance of recurring obligations

The limitation period for a claim for performance of recurring obligations or a maintenance obligation shall be three years for each separate obligation regardless of the legal basis for the claim. The limitation period shall commence as of the end of the calendar year when the claim corresponding to the obligation falls due.

§ 155. Expiry of restitution claims arising from right of ownership and claims arising from family law or law of succession

(1) The limitation period for restitution claims arising from a right of ownership and for claims arising from family law or law of succession shall be thirty years as of the moment when the claim falls due unless otherwise provided by law.

(2) A restitution claim arising from a right of ownership against an arbitrary possessor does not expire.

§ 156. Expiry in case of legal succession

Expiry of a restitution claim arising from a right of ownership or of a claim for the protection of possession shall not be affected by a change in the possession of a thing if the thing has gone into the possession of another person due to legal succession.

§ 157. Expiry of claims recognised by court judgment in force

(1) The limitation period for a claim recognised by a court judgment which has become final or a claim which arises from a settlement approved by a court or from another execution document shall be ten years.

(RT I, 06.12.2010, 1 entered into force 05.04.2011)

(2) The limitation period for the claims specified in subsection (1) of this section shall commence as of entry into force of the court judgment or issue of the execution document but not before the claim falls due.

(3) The limitation period for a claim recognised in a bankruptcy proceeding shall be ten years as of the end of the bankruptcy proceeding.

(4) The limitation period of recognised claims which arise from performance of recurring obligations that become, or of a maintenance obligation that becomes, enforceable on a future date shall be determined in accordance with section 154 of this Act.

(RT I, 06.12.2010, 1 entered into force 05.04.2011)

Division 5 Interruption and Suspension of Limitation Period

§ 158. Interruption of limitation period upon recognition of claim

(1) A limitation period is interrupted and resumed upon recognition of the claim by the obligated person.

(2) A claim may be recognised by partial payment of a debt to the entitled person, payment of interest, grant of security or another act.

§ 159. Interruption of limitation period upon enforcement actions

(1) A limitation period is interrupted and resumed upon submission of an execution document for execution.

(2) A limitation period is not deemed to be interrupted if the execution document is not accepted for execution or is withdrawn before the enforcement action or if an enforcement action performed is revoked.

§ 160. Suspension of limitation upon filing of action

(1) A limitation period shall be suspended when the entitled person files an action for satisfaction or recognition of the claim.

(2) The following are deemed equal to filing an action:

1) submission of a petition in expedited proceedings regarding matters of payment orders or other proceedings on petition;

(10.12.2008 entered into force 1.01.2009 - RT I 2008, 59, 330)

1¹) submission by the debtor of a petition for an administration order or a petition to restructure his or her debts;

(RT I, 06.12.2010, 1 entered into force 05.04.2011)

2) submission of a petition in pre-trial proceedings provided by law regardless of whether a decision in the form of an execution document is made or not during the proceedings;

(15.06.2005 entered into force 1.01.2006 - RT I 2005, 39, 308)

3) the set-off of a claim in judicial proceedings with a claim the fulfilment of which is requested by the action;

(15.06.2005 entered into force 1.01.2006 - RT I 2005, 39, 308)

4) involvement of a third person in the proceedings regarding a claim against the third person;

(15.06.2005 entered into force 1.01.2006 - RT I 2005, 39, 308)

5) submission of a petition in pre-trial taking of evidence;

(15.06.2005 entered into force 1.01.2006 - RT I 2005, 39, 308)

6) submission of a first petition in a matter in order to receive procedural assistance for proceedings before the commencement of the judicial proceedings.

(15.06.2005 entered into force 1.01.2006 - RT I 2005, 39, 308)

(3) Suspension of the limitation period of a claim ends when the proceedings which were the basis for the suspension have ended by a decision which has entered into force.

(10.12.2008 entered into force 1.01.2009 - RT I 2008, 59, 330)

(4) Upon suspension of a judicial proceeding, suspension of the limitation period of a claim terminates three years after the last procedural act is performed by the parties or the court. Upon resumption of the proceeding, suspension of the limitation period is also resumed.

§ 161. Suspension of limitation upon arbitration procedure

(1) The provisions of § 160 of this Act apply also upon submission of a claim to a court of arbitration pursuant to the agreement concerning recourse to a court of arbitration.

(2) If arbitrators are not appointed by an agreement concerning recourse to a court of arbitration or appointment of an arbitrator is necessary for other reasons or if recourse to a court of arbitration is permitted only after other prerequisites agreed upon have been fulfilled, the limitation period is suspended already as of the moment when the entitled person performs the acts necessary for the appointment of an arbitrator or for fulfilment of the other prerequisites for recourse to a court of arbitration.

§ 162. Suspension of limitation period in case of right to refuse performance of obligation

A limitation period shall be suspended for the period of time during which the obligated person, pursuant to an agreement with the entitled person, has the right to temporarily refuse performance of the obligation, in particular, if an additional term for the performance of the obligation has been granted to the obligated person.

§ 163. Suspension of limitation period in case of force majeure

A limitation period shall be suspended if the entitled person has not been able to defend the rights thereof in a court or in any other manner provided by law during the last six months of the limitation period due to force majeure. Suspension of the limitation period terminates upon cessation of the impact of force majeure.

§ 164. Suspension of limitation period for family reasons or during guardianship

(1) The limitation period for a claim between spouses is suspended for the period of their marriage.

(2) The limitation period for claims between parents and their children is suspended until the child concerned attains the age of majority.

(3) The limitation period for claims between a guardian and the person under guardianship is suspended for the period of guardianship.

(4) The limitation period for claims between a person exercising custody over property and the person over whose property custody is exercised is suspended for the period of the custody.
(15.06.2005 entered into force 1.01.2006 - RT I 2005, 39, 308)

§ 165. Suspension of limitation period in case of persons with restricted active legal capacity

(1) If a person with restricted active legal capacity has no legal representative, the limitation period for the claims of and against the person is suspended until the person acquires active legal capacity or a legal representative is appointed for him or her.

(2) The claims specified in subsection (1) of this section shall not expire earlier than six months after the person has acquired active legal capacity or a legal representative has been appointed for him or her.

§ 166. Suspension of limitation period in case of succession

(1) The limitation period for a claim which is part of an estate or directed against an estate is suspended until the time when the successor accepts the estate or bankruptcy is declared with regard to the estate or an administrator is appointed to exercise custody over the estate.

(2) The claims specified in subsection (1) of this section shall not expire earlier than six months after the successor accepts the estate, bankruptcy is declared with regard to the estate or a person is appointed to exercise custody over the estate.

§ 167. Suspension of limitation period during negotiations

(1) The limitation period of a claim is suspended for the period of negotiations between the entitled person and the obligated person if the negotiations concern the claim or circumstances from which a claim may arise. If a person refuses to enter into negotiations, the negotiations are presumed to have ended.

(2) If an entitled person grants an additional term to the obligated person for the performance of an obligation, the limitation period is suspended until the expiry of the additional term or until the obligated person finally refuses to perform the person's obligation.

(3) A limitation period is suspended until an expert analysis agreed upon by the parties has been conducted or until the end of a conciliation procedure agreed upon.

§ 168. Effect of suspension

(1) The period of time during which a limitation period is suspended shall not be included in the limitation period.

(2) A claim shall not expire earlier than two months after termination of suspension of a limitation period unless the law prescribes expiry of the claim during a longer period of time.

§ 169. Suspension of limitation period in case of competitive claims

If claims with similar content may be filed both on a basis arising from law or from a transaction and the limitation period for the claim arising from law or the claim arising from a transaction is suspended or interrupted, the limitation period for both the claim arising from law and the claim arising from the transaction is suspended or interrupted.

Part 8 Implementation of Act

§ 170. Entry into force of Act

This Act enters into force at the time provided for in the Act implementing this Act.

¹RT = Riigi Teataja = the State Gazette, ² Ametlikud Teadaanded = the Official Publications