

UK SUPREME COURT RULES ON SANCTIONS PROPORTIONALITY

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On 29 July 2025, the UK Supreme Court handed down its much-anticipated [judgment](#) in [Shvidler v Secretary of State for Foreign, Commonwealth and Development Affairs](#) and [Dalston Projects Ltd v Secretary of State for Transport](#), marking a defining moment in the interpretation of the UK's post-Brexit sanctions regime and its compatibility with human rights law.

BACKGROUND AND ISSUES

Eugene Shvidler, a British citizen and long-time associate of Roman Abramovich, was designated under the [Russia \(Sanctions\) \(EU Exit\) Regulations 2019](#) following Russia's fullscale invasion of Ukraine in 2022. He challenged his designation on the basis that it disproportionately interfered with his rights under Article 8 (Respect for Private and Family Life) and Article 1 (Protection of Property) of Protocol 1 of the [European Convention on Human Rights \(ECHR\)](#). In a parallel case, Dalston Projects Ltd challenged the detention of the superyacht *Phi*, allegedly owned or controlled by Russian businessman Sergei Naumenko, arguing the measure lacked justification and due process.

The core legal issues before the Supreme Court were whether the Court of Appeal had misapplied the proportionality test and whether the sanctions infringed on the appellants' ECHR rights. The proportionality test is a legal tool used by courts to decide whether a government action that limits someone's rights is fair and justified. It asks four key questions: Is the government pursuing a legitimate goal? Is there a logical link between the action and that goal? Could the same result be achieved in a less harmful way? And does the public benefit outweigh the harm to the individual?

JUDGMENT

The Supreme Court unanimously endorsed a "fresh determination" approach to the proportionality review. This means that when a proportionality assessment has already been made by a first instance court, the appellate court (in this case, the UKSC) must itself re-assess the proportionality question in full, rather than applying a lighter-touch review of whether the lower court's decision was reasonable. The Court explained that this approach was appropriate given the serious impact sanctions can have on individual rights, but also stressed that judges are not substituting themselves for Ministers: proportionality remains the test applied to the legality of the Minister's designation decision, and the Court remained highly deferential to the executive in relation to the broader policy choices underpinning the Russia sanctions regime. The court upheld the legality of both decisions by a **majority** in *Shvidler* and **unanimously** in *Dalston*. The Court found:

1. **Legitimate Aim:** The sanctions regime pursued a vital objective—deterring Russian aggression in Ukraine.
2. **Rational Connection:** Even indirect associations with influential figures like Abramovich could justifiably fall within the sanctions regime, given its aim to prevent further aggression and to have a cumulative impact through multiple designations.
3. **No Less Intrusive Means:** No viable alternatives were presented that would achieve the same effect with less interference.

4. **Fair Balance:** Although the sanctions had severe impacts—such as an asset freeze on Shvidler and revenue loss from *Phi*—these were necessary for sanctions to be effective. The licensing regime offered a degree of mitigation

Note: Lord Leggatt [dissented](#) in *Shvidler*, arguing that the Government’s case was ‘so inadequate and lacking in credibility’ that it had failed to establish a rational connection between the sanction and the aim being pursued. Calling the designation “Orwellian”, he warned against undue deference to executive power, especially where civil liberties are at stake, and cautioned that judicial deference in such cases risks normalising sanctions as a tool of guilt by association.

SIGNIFICANCE

This ruling marks the Supreme Court’s endorsement of the legality of the UK’s expansive approach to sanctions targeting “involved persons” and associates, even absent direct links to state misconduct. The case is now the [leading UK authority](#) on how courts should evaluate proportionality and human rights claims in the sanctions context.

The judgment is also practically significant: had Shvidler succeeded, it would likely have [opened the door](#) for dozens of sanctioned individuals to challenge their designation, especially those who lack direct links to state misconduct, potentially weakening the UK’s Russia sanctions framework. Whilst the case does not preclude future challenges on other grounds, there is now a very considerable legal hurdle to climb given the majority’s approach to deference. The decision not only clarifies the legal standard for reviewing sanctions but has the effect of reinforcing the UK’s political commitment to using economic restrictions as a tool of foreign policy, particularly in response to serious human rights violations such as those committed during the war in Ukraine.