

Law of the Republic of Estonia on Ownership

Conversion of the Republic of Estonia economy to the principles of a market economy presupposes legal regulation of new social relations. Prior to adoption of the new "Civil Code of the Republic of Estonia", property relations are regulated by this law. The legal rules it contains are the basis for drafting a new civil code and other normative acts pertaining to property relations.

In the transitional period the Law of the Republic of Estonia on Ownership is the legal basis for developing entrepreneurship, for privatising property and for returning illegally alienated property or compensating for it to former owners or their descendants. Privatisation, denationalization and return of property or compensation for it to former owners are regulated by individual laws and other normative acts drafted in accordance with this law

1. General Provisions

Article 1. Objectives of the Law of the Republic of Estonia on Ownership

1. The Law of the Republic of Estonia on Ownership regulates property relations in the Estonian Republic by defining owners, the forms of ownership, the grounds for origination of the right of ownership, the content and objects of the rights of ownership, and the principles of exercising and protecting the rights of ownership.
2. This law is the basis for the other normative acts regulating property relations in the

Republic of Estonia.

Article 2. Owners and Forms of Ownership

1. A citizen (physical person), a legal person, a local selfadministering body or the state may be a property owner in the Republic of Estonia in accordance with the forms of ownership indicated in Section 2 of this article.
2. Property in the Republic of Estonia appears in the form of the personal property of a legal person, municipal property, and state property. Other forms of property ownership may also be foreseen by law of the Republic of Estonia

Article 3. Common Property

Irrespective of the form of ownership, property may exist in the form of common property belonging simultaneously to several owners.

Article 4. Content of the Right of Ownership

1. A property owner has the right to possess, use and dispose of property.
2. Possession of property entails exercising power over the property, use of property entails utilization of the useful attributes of the property, and disposal of property entails determining the fate of the property.

Article 5. The Object of the Right of Ownership

1. Property belonging to an owner on the basis of the right of ownership is the object of the right of ownership
2. Property, ownership of which is not prohibited or not restricted by law, may be the object of the right of

ownership.

3. Relations involving intellectual property ownership are regulated by law of the Republic of Estonia.

Article 6. Origination of the Right of Ownership

1. The right of ownership originates through the manufacture or acquisition of property as the result of a business deal, restoration of the right of ownership or some other means not conflicting with the law of the Republic of Estonia.
2. Fruits, products and income obtained from utilization of property belong to the property owner if law or a contract does not foresee otherwise.
3. Fruits, products and income obtained or manufactured by a leaseholder utilizing leased property and property acquired with the income obtained are the property of the leaseholder, if legislation or a contract does not foresee otherwise.

Article 7. Exercise of the Right of Ownership

1. A property owner possesses, uses and disposes of property belonging to him independently, and he is entitled to perform any actions with this property that are not contrary to law.
2. A property owner may alienate his property as well as transfer it to the possession, use and disposal of other persons without alienation.
3. Other persons exercise rights belonging to the property owner within limits foreseen by law or established by the property owner.
4. In cases and according to procedures foreseen by law of

the Republic of Estonia, a property owner may be obligated to allow other persons the possibility for limited use of his property.
5. Exercise of the right of ownership must not violate the rights and the interests of other persons protected by law.

Article 8. Supporting Exercise of the Right of Ownership

1. All forms of property ownership in the Republic of Estonia are equal before the law.
2. The Republic of Estonia ensures the inviolability of property and the possibility for exercise of the right of ownership by every property owner.
3. Exercise of the right of ownership may be limited only in cases and in accordance with the procedures established by law of the Republic of Estonia.

Article 9. Protection of the Right of Ownership

1. The right to possess, use and dispose of property belonging to an owner is protected by the means established by this law and by other normative acts of the Republic of Estonia.
2. The Republic of Estonia ensures equal rights of protection of the right of ownership to all property owners.
3. The rights of persons indicated in Section 3, Article 7 of this law are protected on an equal basis with the right of ownership, including in relation to the property owner himself, if law of the Republic of

Estonia, the founding documents of an enterprise or other organization, or a contract do not foresee otherwise.

Article 10. Impermissibility of Confiscating Property

1. No one may confiscate property from its owner except in cases established by law of the Republic of Estonia.
2. Confiscation of property from its owner is permitted only in state or public interests, according to the procedure foreseen by law of the Republic of Estonia, and with mandatory compensation; as punishment for a crime, or as a sanction for an administrative violation.
3. A property owner may appeal confiscation of property in court.

Article 11. Lawfulness of Possession of Property

The lawfulness of possession of property and the conscientiousness of the owner are presupposed until proven otherwise.

Article 12. Liability of a Property Owner

1. A property owner is liable for all his obligations with all of his property, if a normative act of the Republic of Estonia or a contract does not foresee otherwise.
2. Legislation of the Republic of Estonia establishes the list of property which cannot be recovered.

Article 13. Ownership of Property Outside the Republic of Estonia

Owners indicated in Article 2 of this law may possess property outside the Republic of Estonia. The procedures of possession, use and disposal of this property are established by state in which the property is located, and by agreements between this state and the Republic of Estonia.

II. Forms of Ownership

Chapter 1. Private Ownership

Article 14. The Concept of Private Ownership

Property belonging to a citizen as a physical person is in his private ownership.

Article 15. Objects of the Right of Private Ownership

The value of property acquired by a citizen on a legally established basis is not limited. The composition of the property is limited only in cases specified in Section 2, Article 5 of this law.

Article 16. Origination of the Right of Private Ownership

1. The right of private ownership originates on the basis of income obtained from entrepreneurship, from hired labour, from conduct of personal business, from dividends obtained on stocks or other valuable paper, from income obtained as a result of business deals, and from other income, acquisition of which is not contrary to law of the Republic of Estonia.
2. The right to transfer by inheritance and to inherit private property is ensured by law.

Article 17. Exercise of the Right of Private Ownership

1. A citizen possesses, uses and disposes of his property independently in order to satisfy personal needs, for the purposes of business activities, including entrepreneurship, and for other purposes not contrary to law.
2. Entrepreneurship, including the use of hired labour, is regulated by normative acts of the Republic of Estonia.

Chapter 2. Ownership by a Legal Person

Article 18. A Legal Person as a Property Owner

1. A legal person registered in the Republic of Estonia may be an owner only in cases foreseen by law of the Republic of Estonia.
2. The following legal persons may be property owners in the Republic of Estonia: a co-operative, a public organization and a public movement, a religious community, an association of religious communities, a leasing enterprise, and a specific-purpose fund.
3. Other legal persons existing as property owners may also be foreseen by law of the Republic of Estonia.

Article 19. Objects of the Right of Ownership by a Co-Operative, a Public Organization, and a Public Movement

Property, ownership of which is not contrary to the charter of a co-operative, a public organization and a public movement, may be the object of their right of ownership.

Article 20. Origination of the Right of Ownership by a Co-Operative, a Public Organization and a Public Movement

1. The right of ownership by a co-operative originates from the payments and other collectivized property of its members, from income from the business activities of a co-operative, and from other income.
2. The right of ownership by a public organization and a public movement arises on the basis of payments of members of the public organization and participants of the public movement, from income from business activities, and from other income.

Article 21. Exercise of the Right of Ownership by a Co-Operative, a Public Organization and a Public Movement

1. Members of a co-operative and a public organization and participants of a public movement jointly possess, use and dispose of property of the co-operative, public organization and public movement by way of their executive bodies or by other means foreseen in the charter.
2. A member of a co-operative and a public organization and a participant of a public movement is not liable for the obligations of the co-operative, the public organization and the public movement, if the charter does not foresee otherwise.

Article 22. The Fate of Property in the Event of a Member's Departure from a Co-Operative and a Public Organization and a Participant's Departure from Public Movement

1. In the event that a member of a co-operative leaves the co-operative, he acquires the right of return of the share he had contributed to, if a normative act of the Republic of Estonia, the charter of the co-operative or a contract does not foresee otherwise.
2. In the event that a member of a public organization and a participant of a public movement leaves the public organization or public movement, he does not acquire the right of return of payments made by him and of any other share of property of the public organization or public movement, if a normative act of the Republic of Estonia, the charter or a contract does not foresee otherwise.

Article 23. The fate Property in the Event of Cessation of the Activity of a Co-Operative, a Public Organization and a Public Movement

1. Property remaining in the event of cessation of the activity of a co-operative after satisfaction of the demands of all creditors is divided between the members of the co-

operative, and in cases foreseen by the charter of the co-operative, between its former members as well, in accordance with procedures foreseen by the charter.

2. In the event of cessation of the activity of a public organization and a public movement, its property is divided in accordance with procedures foreseen by the charter, after the demands of all creditors are satisfied.

Article 24. Ownership by an Association of Co-Operatives, Public Organizations and Public Movements

1. The property of an association (union etc.) of co-operatives, public organizations and public movements is proportionately owned by the uniting co-operatives, public organizations and public movements, if a normative act of the Republic of Estonia or the founding documents of the association do not foresee otherwise.

2. Property indicated in Section 1 of this article is formed out of property transferred to the uniting co-operatives, public organizations and public movements, as well as out of property acquired by the association as a result of its activity, or obtained through other income.

3. In the event a shareholder leaves the association, it has the right to acquire a share of the association's property in accordance with procedures foreseen by the association's founding documents.

4. In the event an association ceases its activity, property remaining after satisfaction of the demands of all creditors is divided between the shareholders in accordance with procedures foreseen by the founding documents.

Article 25. Ownership by an Enterprise or Other Organization Founded by a

Co-Operative, a Public Organization and a Public Movement, and by an Association of the Latter

1. The property of an enterprise or other organization founded by a co-operative, a public organization and a public movement, and by an association of the latter, is property of the founders, if legislation, founding documents or an agreement do not foresee otherwise.

2. Enterprises and other organizations indicated in Section 1 of this article possess, use and dispose of the indicated property on grounds stated in Section 3, Article 7 of this law.

3. A co-operative, a public organization and a public movement, and an association of the latter, may establish, as a property owner, the grounds and procedures for partial or complete transfer of property in the possession of enterprises and other organizations indicated in Section 1 of this article into the possession of their workers (by means of its purchase or by other means), together with reorganization or without it.

Article 26. Ownership by a Subdivision of a Public Organization and a Public Movement

In the event that a subdivision of a public organization or a public movement (a primary organization, a regional association etc.) is recognized to be a property owner on the basis of law or founding documents of the organization or movement, all norms regulating the right of ownership by a public organization and a public movement are effective in relation to it.

Article 27. Ownership by a Religious Community and an Association of Religious Communities

1. The property of a religious

community and an association of religious communities may include buildings, production, social and charitable facilities and other property obtained by them in the form of a historical legacy, by donation, as a result of their activity, or by other means.

2. Possession, use and disposal of the property of owners listed in Section 1 of this article are exercised on the basis of this law and other laws of the Republic of Estonia.

Article 28. Ownership by a Leasing Enterprise

The right of ownership of a leasing enterprise in relation to property owned by it (Section 3, Article 6) is similar to the right of ownership of a co-operative, if the Law of the Republic of Estonia on Leasing does not foresee otherwise.

Article 29. Ownership by a Specific-Purpose Fund

The range of objects, principles of origination and exercise of the rights of ownership by a specific-purpose fund are established by normative acts of the Republic of Estonia on specific-purpose funds.

Chapter 3. Municipal Property

Article 30. The Concept of Municipal Property

Municipal property is property belonging to a parish, an urban settlement, a city or a county.

Article 31. Objects of the Right of Municipal Ownership

Municipal property may be any property necessary to support the social and economic development of a local self-managing administrative unit, if its designation as municipal property does not conflict with legislation of the Republic of Estonia.

Article 32. Origination of the Right of Municipal Ownership

The right of municipal ownership arises as a result of transfer of state property to a local self-managing body in accordance with a procedure foreseen by law of the Republic of Estonia, on the basis of the activity of municipal enterprises, institutions and other municipal organizations, as well as the activity of local self-managing bodies themselves, on the basis of payments into the local budget and other income.

Article 33. Exercise of the Right of Municipal Ownership

1. The procedures of possessing, using and disposing of property under municipal ownership are established by local self-managing bodies on the basis of the laws of local self-management and other laws of the Republic of Estonia.

2. Municipal enterprises, institutions and other municipal organizations possess, use and dispose of municipal property on grounds stated in Section 3, Article 7 of this law and in accordance with procedures established by the local self-managing organ.

Chapter 4. Ownership by the Republic of Estonia

Article 34. The Concept of Ownership by the Republic of Estonia

Property of the Republic of Estonia is property belonging to the Republic of Estonia as a state.

Article 35. Objects of the Right of State Ownership by the Republic of Estonia

1. Land, its subsoil, the airspace above the territory of the republic, inland water basins and territorial waters, the shelf, forests and other natural resources are under the ownership of the Republic of Estonia.

2. Besides property indicated in Section 1 of this article, all other property necessary for state support of the social and economic development of the Republic of Estonia is under the ownership of the Republic of Estonia.

Article 36. Origination of the Right of State Ownership of the Republic of Estonia

1. The Republic of Estonia's right of state ownership of property indicated in Section 1, Article 35 of this law derives from the sovereignty of the people of Estonia and their inalienable right to land and other natural resources of Estonia.

2. The Republic of Estonia's right of state ownership of other property originates as a result of entrepreneurial activity, business deals with other states, budget income, and other income.

Article 37. Exercise of the Republic of Estonia's Right of State Ownership

1. The Republic of Estonia possesses the inalienable right to make, by way of its supreme legislative organ, decisions on the procedures of possessing, using and disposing of property of the Republic of Estonia.

2. Possession, use and disposal of property of the Republic of Estonia are exercised by way of state enterprises and institutions and other state organizations to which the Republic of Estonia allocates state property in accordance with the goals of their activity.

3. The procedures of transferring land and other natural resources under the ownership of the Republic of Estonia to the ownership or use of other persons are established by laws of the Estonian Republic.

4. No one except the Republic of Estonia itself can establish restrictions on the exercise of the right of ownership in relation to property owned by

the Republic of Estonia.

5. The Republic of Estonia has the right to possess, use and dispose of resources in the economic zone of the Baltic Sea bordering on territory of the Republic of Estonia, within the limits recognized by international law.

Article 38. Ownership by a State Enterprise, State Institution and Other State Organization of the Republic of Estonia

1. A state enterprise, state institution and other state organization of the Republic of Estonia possesses, uses and disposes of property belonging to the Republic of Estonia and allocated to it on the basis of grounds stated in Section 3, Article 7 of this law.

2. On the basis of grounds and in accordance with procedures determined by law of the Republic of Estonia, property allocated to a state enterprise, institution or other state organization may be transferred wholly or in part to other owners (by purchase or other means), with or without reorganization of the named organizations.

III. Common Ownership

Article 39. The Concept and Forms of Common Ownership

1. Property simultaneously belonging to two or several owners is under common ownership.

2. Common property in which the share belonging to each owner is determined is their shared property.

3. Common property in which the share belonging to each owner is not determined is the joint property.

Article 40. Objects of the Right of Common Ownership

Any property in relation to which the right of common

ownership is not prohibited by law of the Republic of Estonia may be under common ownership.

Article 41. Origination of the Right of Common Ownership

1. The right of common ownership originates as a result of joint labour and business deals, as a result of entrepreneurship based on common property, and on other grounds not contrary to law.

2. The right of common ownership originates in the form of the right of shared ownership if the law or a contract does not foresee otherwise.

Article 42. Exercise of the Right of Common Ownership

1. The procedures of possession, use and disposal of property under common ownership is established jointly by the owners.

2. The right common ownership may be exercised by way of a legal person or by another means foreseen by a normative act of the Republic of Estonia.

Article 43. Exercise of the Right of Common Ownership by Way of a Legal Person

1. In the event that owners form a legal person for the purposes of exercising the right of common ownership, common property belongs to them in accordance with the right of shared ownership, if the law or the founding documents of the legal person do not foresee otherwise.

2. The right of common ownership is exercised by owners by way of the legal person indicated in Section 1 of this article on the basis of a normative act of the Republic of Estonia pertaining to the corresponding legal person. An owner is liable for the obligations of the legal person by his share in the common

property, if a normative act of the Republic of Estonia or the founding documents of the legal person do not foresee otherwise.

3. An owner has the right to obtain his share in common property in accordance with procedures foreseen by a normative act of the Republic of Estonia or founding documents of the legal person.

4. Upon cessation of the activity of the legal person indicated in Section 1 of this article, remaining property is divided between the owners in accordance with procedures foreseen by the founding documents of the legal person.

5. The provisions in Sections 1–4 of this article are also effective in relation to organizations created by shareholding organizations existing as common owners of property.

Article 44. Common Ownership by Members of a Leasing Collective

1. Common property of members of a leasing collective belongs to them by the right of common ownership if the law or a contract does not foresee otherwise.

2. The procedures of origination, exercise and cessation of the right of common ownership by members of a leasing collective are established by the Law of the Republic of Estonia on Leasing.

Article 45. Joint Ownership by Members of a Homestead Family

1. Common property of members of a homestead family belongs to them by the right of joint ownership if a law of the Republic of Estonia does not foresee otherwise.

2. The procedures of origination, exercise and cessation of the right of joint ownership by members of a homestead family and the features of inheritance of joint

property by members of a farmstead family are established by the law on farmstead management.

Article 46. Joint Ownership by Spouses

1. Property acquired by spouses during the time of their marriage belongs to them by the right of joint ownership if law of the Republic of Estonia does not foresee otherwise.
2. The procedures of origination, exercise and cessation of the right of joint ownership by spouses are determined by the Marriage and Family Code.

IV. Property of Other States and of Their Citizens and

Organizations, of International Organizations, and of Persons Without Citizenship in the Republic of Estonia

Articles 47. Property of Other States in the Republic of Estonia

The property of other states exists in the Republic of Estonia in accordance with laws of the Republic of Estonia and agreements signed between the Republic of Estonia and other states. Possession, use and disposal of this property are exercised on the basis of laws of the Republic of Estonia and the indicated agreements.

Article 48. Property of Citizens and Organizations of Other States, International Organizations and Persons without Citizenship in the Republic of Estonia

The property of citizens and organizations of other states, international organizations and persons without citizenship in the Republic of Estonia exists, and this property is disposed of, in accordance with laws and agreements of the Republic of Estonia.

Article 49. The Property of Enterprises Involving Foreign Participation

1. Enterprises and other organizations may be created in the Republic of Estonia in which common owners of

property are the Republic of Estonia, or a citizen or legal person of it. Jointly with some other state, or citizen or legal person of it, as well as with an international organization or a person without citizenship.

2. The property indicated in Section 1 of this article is the shared property of its common owners, if the founding documents of the enterprise do not foresee otherwise. Common owners exercise all rights ensuing from laws of the Republic of Estonia.

Tallinn, June 13, 1990