

# **Illegal Decisions of a Shareholders Assembly – The Case of the Republic of Macedonia**

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## **Abstract**

*The Shareholders Assembly is a body of the shareholders of a company that includes and incorporates all the shareholders with a goal to exercise their rights in the work of the company.*

*The decisions of the Shareholders Assembly, since its institutionalization, and during its operations, are legal acts (legal work). Just like any other legal action, the decisions of the Shareholders Assembly must be in accordance with the Constitution, the laws and good business practices. However, the decisions of the Assembly are not always in accordance with the law, or they may be illegal from legal and substantive perspective. In such case, the decision of the Shareholders Assembly shall be invalid (entirely or partially) because the conditions for its validity in accordance with the law and the*

*statutes of the company will not be met. The Decisions of the Shareholders Assembly are significant as well for achieving the business venture of the company. The illegality of these decisions can lead to repercussions of economic and social nature. Subsequently, the adoption of illegal decisions must be prevented.*

*The main objective of this paper is to assist in determining and clarifying the types of unlawful decisions, to clarify the manner of exercising judicial protection against unlawful adopted decisions, to specify the types of lawsuits challenging the unlawful decisions and to indicate the legal consequences from the court decisions.*

**Key words:** *Shareholders Assembly, unlawfulness, decisions, nullity.*

### **Introduction**

The shareholders assembly is a body of the shareholders of a company that includes and incorporates all the shareholders with a goal to exercise their rights in the work of the company. The Assembly is a mandatory body in the corporation where the will of the corporation is created. The will of the shareholders is created through passing decisions that can be brought by the Assembly, i.e. statute and decision.

The decision of the Assembly is a multi-faceted legal matter (not a contract) by which the corporation expresses its will. The will is created by the voting of the shareholders. They can accept or reject the proposal put to the vote. In either case, it is a decision, positive or negative in relation to the

submitted proposal for voting. Like any legal work, the decisions of the Shareholders Assembly shall be in accordance with the national Constitution, the local laws and good business practices, as well as the company statute, because the statute is a basic constitutional act of the corporation, containing rules on which the corporation will base their operations.<sup>1</sup>

The purpose of passing a decision is changes in the organization and in the life of the corporation. The decisions of the Shareholders Assembly are not legal matters of a civil nature. The decision is a corporate act by which the shareholders shape the will of the corporation.<sup>2</sup>

As a legal action, the decision of the Shareholders Assembly is presumed valid and in accordance with the law and the statute, in process and in material sense, respectively possible and allowed. If these conditions are not met, the decision will be considered legally invalid, respectively a defective decision. The decision of the Shareholders Assembly may be flawed because the formal and substantive rules were broken when the decision was made, making it eligible for refutation.

### **1. Types of Shareholders Assembly deficient decisions**

Having in mind the type of the deficiency, the decision of the Shareholders Assembly can be ostensible, without legal effect, void or refutable. This classification is not about decision types, but the deficiencies contained in

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<sup>1</sup> Dr. Jaksa Barbic, *Pravo društava (Company Law)* book II, IV edition, Organizator Zagreb, 2007, pg 807

<sup>2</sup> Prof. Dr Milan Nedkov, Prof. Dr Tito Belicanec, *Pravo na društva (Company Law)*, book II, 2008, pg 130

the decision. For these reasons, the decision can have deficiencies that make it void, refutable and without legal effect. The consequences are the same no matter what and the difference is manifested in the mode (manner) how the deficiency happens.<sup>3</sup>

### **1.1 Ostensible decisions**

According to the legal standards, in theory, an ostensible decision is a decision containing disadvantages of procedural nature that create an illusion that the decision was made, although the decision does not actually exist. This happens when there are clear errors during the procedure that established the decision, by which the decision was not actually made<sup>4</sup>. Such cases occur when the Chairman of the meeting of the Shareholders Assembly declares that a decision has been made, although it has not been made due to one or more of the following problems which make the decision ostensible and liable to a lawsuit challenge: as result of mistakes made in the Shareholders Assembly in the counting of votes<sup>5</sup>, due to errors in counting the votes of the shares entitled to vote represented in the Assembly<sup>6</sup>, hile taking into account the votes of shareholders who are not entitled to vote and the Assembly votes for exemption from personal liability for a monetary

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<sup>3</sup> Dr. Jaksa Barbic, *Pravo drustava (Company Law)*, book II, IV edition, Organizator Zagreb, 2007, pg 807 and 808

<sup>4</sup> *Ibid*, page 808

<sup>5</sup> Law on Trade Companies ("Official Gazette of RM" no. 28/2004, 84/2005, 25/2007, 87/2008, 42/2010, 48/2010, 24/2011, 166/12012 и 70/2013), Article 395,

<sup>6</sup> *Ibid*, Article 394,

claim that the company has to a shareholder<sup>7</sup>, the owner of preferred shares without the right to vote is allowed to vote<sup>8</sup>, the quorum for holding the Assembly meeting is not properly set<sup>9</sup>, the minutes of the assembly state that a decision was made despite the fact that the minutes were taken by a notary.<sup>10</sup>

An interesting case occurs when in fact no decision was made as content in the minutes of the Shareholders Assembly, but a decision contrary to the content that is proclaimed. In such cases, the filed complaint on ostensibility of the adopted decision should contain two claims: one, which is disputed (requires determining of ostensibility) the declared decision, and the second one, requiring to determine exactly what type of a decision was made by the Shareholders Assembly. Acting on this complaint, the court will examine the voting process, and will determine the facts regarding the valid votes cast for and against the proposal being voted for, will compare it with the majority under statute or required by law for the adoption of contested decision, and if it finds that the result is the opposite of the one proclaimed by the Chairman of the Shareholders Assembly, will declare the decision ostensible and will determine the one that was actually made. If the Court finds that there has been a mistake in counting the votes, but that did not affect the proclaimed result, the Court will reject both claims.

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<sup>7</sup> Ibid, Article 399 paragraph (1),

<sup>8</sup> Ibid, Article 404,

<sup>9</sup> Ibid, Article 393 paragraph (1),

<sup>10</sup> Ibid, Article 407 paragraph (1) item 7 and paragraph (5),

## **1.2 Decisions without legal effect (pendent decisions)**

Decisions without legal effect, as stated in the legal theory, are those decisions that do not contain any deficiency regarding them being made, the result of the vote is fairly determined and declared and the minutes are correctly inserted. The basic essence is that these decisions are not flawed. For the decision have a legal effect, an additional requirement must be met, i.e. an additional assumption must be met. There are different assumptions that need to be met for the decision to get a legal effect. For example, for a decision to become valid it is required to be agreed upon on by all the shareholders if the company statute anticipates such an obligation.<sup>11</sup>

The Law on Trade Companies of the Republic of Macedonia prescribes when by a decision of the Assembly, or the decision to amend the statute change or limit any right related to any class of shares, the decision is considered valid if the shareholders who represent the appropriate branch stock consent in deciding with the majority provided by law and the statute of the company<sup>12</sup>. If the prescribed consent is not approved, the decision will be considered to not have a legal effect. A decision without legal effect is a decision that lowers the principal, if this decision is not entered in the commercial register within eight days of the performed reduction.<sup>13</sup>

According to Article 91 paragraph 1 of the Law on Trade Companies all entities that set out mandatory registration in the trade register shall, within 15 days from the date of acquisition of the requirements for

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<sup>11</sup> Dr Jaksa Barbic, *Pravo drustava (Company Law)*, book II, fourth edition, Organizator Zagreb, 2007, page 809

<sup>12</sup> Law on Trade Companies, Article 403, paragraph (1),

<sup>13</sup> *Ibid*, Article 451 paragraph (1) и (3),

filing an application for registration in the commercial register, submit an application for registration, unless otherwise prescribed by the Law on Trade Companies or other law. After the expiration of three months (objective time) from the date of acquisition of the requirements for submission of the applications for admission, the Central Registry will not record the data and will reject the application, unless otherwise prescribed by the Law on Trade Companies.<sup>14</sup> This legal formulation means that the decision of the Shareholders Assembly will not be inscribed by the Central Registry because this decision has no legal effect and it becomes null and void under the law.

### **1.3 Void Decisions**

Void decisions of the Shareholders Assembly occupy a special place among the decisions that are perceived as decisions with legal flaws. These decisions include such serious legal deficiencies of formal or material nature such that the legal system does not recognize them and considers that these decisions are not made or they do not exist.

The nullity of the decision occurs based of the law at the time of its adoption.<sup>15</sup> The Law on Trade Companies of the Republic of Macedonia prescribes the reasons for nullity of the decisions of the Shareholders Assembly according to the “*numerus clausus*” principle. On the other hand, if there is a violation of law or statute for which it is not prescribed that it

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<sup>14</sup> Ibid, Article 91 paragraph (1) и (2),

<sup>15</sup> Dr. Jaksa Barbic, *Pravo drustava (Company Law)*, book II, fourth edition, Organizator Zagreb, 2007, page 813

leads to annulment, such injury or flaw of the decision can be pursued by other legal means, i.e., it can be disputed.<sup>16</sup>

The Law on Trade Companies<sup>17</sup> lists the injuries that lead to the annulment of the decisions of the Shareholders Assembly. Thus the Law on Trade Companies provides that the decision of the Assembly is null and void if:

"1) The decision was made during an Assembly meeting that is not convened in accordance with the law and statute, unless the Assembly is attended by all shareholders;

2) The Assembly did not make the decision in a manner and form determined by this law and statute;

3) Is contrary to the essence of the Company or its content is contrary to law, morals or the provisions of the statute;

4) The Assembly decided on a matter that is not within its jurisdiction;

5) The decision was not entered into the record in the manner specified by the law;

6) Management body or supervisory board is elected, composed contrary to the provisions of this law or statute;

7) By a decision, the Assembly elected as a member of the managing or supervisory board an individual that has not been proposed in accordance with this law or this statute;

8) By a decision, the Assembly elected as members of the

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<sup>16</sup> Dr. Milan Nedkov and Dr Tito Belicanec, *Pravo na drustvata (Company Law)* book 2, 2008, page 131 and 132

<sup>17</sup> Law on Trade Companies, article 408



management body or supervisory board more individuals than is stipulated in this law or statute;

9) By a decision, the Assembly elected a person who, at the time of the election did not meet the conditions set by the law regarding election choice in the management body or supervisory board;

10) The Assembly decided to approve the annual accounts and the financial statements that have not been reviewed or audited or if the audit is not conducted in accordance with law or not performed by an authorized auditor;

11) The Assembly decided to approve the annual accounts, financial statements and annual report of the Company's previous business year without prior approval of the management body and supervisory board;

12) If during the preparation of the annual accounts the provisions of this Act or statute that determine the obligations for allocation and use of funds for supplies are not respected, and

13) By a final court decision it is determined that the decision of the Assembly is void." <sup>18</sup>

Realizing the content of the introductory sentence of Article 408 of the Law on Trade Companies of the Republic of Macedonia, it is determined that the Law had two methods of establishing the invalidity of the decisions of the Shareholders Assembly. The first one is listing the cases in one article (Article 408 of the Law) and the second is establishing invalidity of decisions of the assembly specified in other articles of the law.

Certain cases prescribed by Law on Trade Companies which are relevant for annulment of the acts of the Shareholders Assembly to be taken

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<sup>18</sup> Law on Trade Companies, Article 408,

into consideration include: convening Annual General Meeting<sup>19</sup>, convening the Assembly<sup>20</sup>, convening the Assembly on the basis of a court decision<sup>21</sup> and other cases prescribed by the law.

The Law on Trade Companies provides that the decision of the Shareholders Assembly is not void despite the violations committed during the convening, if the assembly is attended by all shareholders.<sup>22</sup> This means that there is no possibility and consequence for the shareholder to be injured due to the violation of the procedure for convening the meeting of the corporation, while he understood and was present during the deciding process of the same session.

### **1.3.1 Calling nullity**

In the law, the right of the companies to invoke nullity is regulated differently in civil or contract law. The main reason for this kind of regulation of relations is to avoid permanent uncertainty regarding the possibility of annulment of the decision of the Assembly and for security of the legal transactions.<sup>23</sup> Therefore even if there is reason for nullity, the Law on Trade Companies prescribes the removal of nullity action in some cases.

After the entry of the Assembly decision in the commercial register, it cannot be called to its nullity because the decision was not entered into the

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<sup>19</sup> Ibid, Article 384 paragraph (1),

<sup>20</sup> Ibid, Article 385 paragraph (1),

<sup>21</sup> Ibid, Article 386 paragraph (1)

<sup>22</sup> Ibid, Article 408, paragraph (1) item 1,

<sup>23</sup> Dr Milan Nedkov and Dr Tito Belicanec, *Pravo na drustvata (Company Law)*,  
book II, 2008, page 132

record in the manner specified by law<sup>24</sup>. If the decision of the Assembly is void because it is contrary to the essence of the Company or its content is contrary to law, morals or the provisions of the statute of the Company, its nullity cannot be called after three years of its entry in the commercial register. If during this period of time there is an ongoing lawsuit for establishing the nullity of the decision, the period of three years shall be extended until the dispute is resolved. If the decision of the Assembly is void because it was made during the Assembly that was not convened in accordance with the law and statute, the nullity cannot be claimed if the decision is agreed on by all shareholders who were summoned to the assembly.<sup>25</sup>

The content of the provisions of Article 409 of the Law on Trade Companies shows that for legal certainty and due to the effect of registration in the trade register, there is no possibility of annulment of the decision of the assembly for these provisions. With the entry in the commercial register and the expiry date which is stipulated in the law, the decisions of the Assembly shall become valid unless there is another reason for nullity which cannot be removed even with the entry into the Trade Register. Setback for reference nullity is the performed registration in the commercial register, not just filing the application for registration. This means that if there is an entry in the commercial register after the initiation of litigation, the registration would not be an obstacle to invoke nullity.

The period of three years<sup>26</sup> is preclusive and legal, it begins from the date of the registration in the commercial register.

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<sup>24</sup> Law on Trade Companies, Article 409

<sup>25</sup> Ibid, Article 409 paragraph (2),

<sup>26</sup> Ibid, Article 409 paragraph (2),

### **1.3.2 Distinguishing the nullity**

The section of the provision of the Law on Trade Companies says that the nullity can be distinguished by a lawsuit or in any other way.<sup>27</sup> The section of the provision "in any other way" is not clear enough.

One could talk about filing a complaint pending before the court where the court has to decide on the merits or lack of grounds of the appeal under the provisions of the Law on Trade Companies, which stipulates in which cases the nullity of the decisions of the Shareholders Assembly can be distinguished.

### **1.3.3 Active identification for filing a claim for nullity**

Each shareholder, the management body or member of the management or supervisory board has the legal capacity to file a lawsuit against the company that would require establishing nullity of a decision of the Assembly".<sup>28</sup> The lawsuit requires establishing nullity of a decision of the Shareholders Assembly, which means moving in the direction to remove the decision of corporation legal action towards all.

When a lawsuit is filed by a shareholder, it is negating shareholder lawsuit that protects the membership of the shareholder and his right based on the membership in the corporation from the action of the nullified decision against him.

If the complaint is submitted to the management authority, the Supervisory Board, member of the management or supervisory board, it's a

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<sup>27</sup> Ibid, Article 410 paragraph (1),

<sup>28</sup> Law on Trade Companies, Article 410 paragraph (1) and (2),

quasi-negating lawsuit because these entities do not defend or protect their subjective rights. On the contrary, the removal of the nullified decision of the Shareholders Assembly allows performing their duties as bodies of the society.

For the submitter of the complaint to be actively legitimized, he must prove that he is a shareholder of the company. This is proved with an excerpt from the Central Depository of Securities, or that he is a member of the management or supervisory board with an appropriate document issued by the Central Registry. This is sufficient for the existence of a legal interest in filing the lawsuit. The shareholder need not prove the existence of a further interest in the charges.<sup>29</sup>

The authorities need to make an appropriate decision for filing a lawsuit by the management body or the supervisory board. Although these bodies lack the ability to be a party in the proceedings because they are legal entities, this feature is recognized, and in this case the advocacy of the company before the competent court shall be governed by the statute of the company. If during the course of the litigation the member of the Supervisory or Management is no longer a member, the person loses the power to conduct litigation or dispute. The new person that will be elected to replace a member of the management or supervisory board can take over the litigation under the rules of the Law on Civil Procedure.<sup>30</sup>

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<sup>29</sup> Dr Jaksa Barbic, *Pravo drustava (Company Law)*, book II, fourth edition, Organizator Zagreb, 2007, page 837

<sup>30</sup> Law on civil proceedings (“Official Gazette of RM” no.79/2005, 10/2008, 83/2009 and 116/2010), Article 186

### **1.3.4 Deadline for submission an appeal for nullity**

The appeal shall be filed within 30 days since adoption of the decision. "If the plaintiff was present at the assembly during which the decision was made, the period shall run from the first day after the end of the work of the Assembly when the decision was made. If the plaintiff did not attend the assembly during which the decision was made, the period shall run from the first day when he could find out about the decision, but not later than one year after the decision was made."<sup>31</sup> In this way, the Law on Trade Companies practically relativizes the nullity in its essence and it is practically approaching destruction (void, relative nullity).

### **1.3.5 Jurisdiction of the court to resolve the dispute in a lawsuit to establish the nullity of a decision of the Shareholders Assembly**

In terms of actual competence regarding a lawsuit filed to establish the nullity of a decision of the Shareholders Assembly, The Law on Trade Companies refers to the court under the authority established by the Law on Courts<sup>32</sup>. Pursuant to the Law on Courts<sup>33</sup> "the Principal Courts of first instance shall be competent to decide in the first instance in civil disputes other activities stipulated by law, which means courts with primary jurisdiction are in charge of handling the complaint to establish the nullity of the decision of the Shareholders Assembly."

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<sup>31</sup> Law on Trade Companies, Article 410 paragraph (3),

<sup>32</sup> Law on Trade Companies, Article 42

<sup>33</sup> Law on Courts ("Official Gazette of RM" no.58/2006, 35/2008, 61/2008, 118/2008, 16/2009 and 150/2010), Article 30 paragraph 3 item 13

The general territorial jurisdiction in disputes establishing nullity of a decision of the Shareholders Assembly is regulated under the Law on Civil Procedure. According to this law, to prosecute cases against legal persons, the court in whose territory they have their headquarters is generally competent.<sup>34</sup>

#### **1.4 Temporary measures**

The Law on Trade Companies provides that the court may suspend the implementation of the decision to which by the appeal is required to determine its nullity by interim measure, if it seems likely that the execution of the company or the shareholder can cause irreparable damage.<sup>35</sup>

#### **1.5 Legal consequences of the nullity**

The legal consequences of the nullity are associated with the successful completion of the dispute in which a determination of nullity of the decision of the Shareholders Assembly is requested. The law provides that a decision has nullified legal action. Also, everything that is acquired by the Company on the basis of nullified decision must be returned to the company and the costs related to it must be recovered.<sup>36</sup>

In case when by a the decision of the court the nullity of the decision of the Shareholders Assembly is determined, the management body of the company is required within three days of receipt of the final decision to submit it to the commercial register, if the entry in the commercial register is made based on that decision. The entry of the court's decision in the

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<sup>34</sup> Law on Civil Proceedings, Article 40 paragraph (2),

<sup>35</sup> Law on Trade Companies, Article 410 paragraph (5),

<sup>36</sup> Ibid, Article 411 paragraph (1) and (2)

Commercial Register must be published in the same manner as the previous announcement of the entry.<sup>37</sup>

The court ruling that declared nullity of the Shareholders Association decision is of a declaratory and not constitutive importance. The decision is not void because the court declared it as such, but primarily because the nullified decision does not possess essential legal conditions necessary for its validity. This means that the court only concluded, i.e. states that the decision of the Assembly is nullified. The nullity of the decision arises ipso jure (by operation of law) and this decision cannot be convalidated, and subsequently implemented.

## **2. Decisions that can be refuted**

The decisions of the Shareholders Assembly that are eligible for refutation represent the second category of decisions that contain legal defect (legal weakness). These decisions of the Shareholders Assembly are valid; they produce all the legal consequences, but because of certain legal disadvantages can be refuted and declared void.<sup>38</sup> The refuted decisions are null and void under the law, but it may be required from the court to annul these decisions. Basically the difference between the nullified and the refuted decision comes down to the reasons because of which nullity or refutation can be pointed out, i.e. refutation subsequently the complaint.

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<sup>37</sup> Ibid, Article 415 paragraph (1),

<sup>38</sup> Dr. Milan Nedkov and Dr Tito Belicanec, *Pravo na drustvata (Company Law)*, book II, 2008, page 133



## **2.1 Reasons for refuting a decision of the Shareholders Assembly**

As grounds for refuting the decision of the Assembly,<sup>39</sup> the Law on Trade Companies states the decisions voted by the shareholder in order to gain benefit for himself or someone else and to the detriment of the company or other shareholders. This is achieved by the refuted decision. This provision of the law will not be applied when the other shareholders, respectively, will be compensated.<sup>40</sup> This procedure should determine the existence of intent (*dolus*) that is an obligation to the plaintiff, further to prove a causal link between the decision and the benefits, as well as the causal link between the decision and the damage it is causing, or could be caused to the company or other shareholders. The damage is compensated by the shareholder whose voting decision can be challenged or the third person who should be awarded by the benefits of such a decision. The decision will remain eligible for further refutation, if the damage is only compensated to the company and not to the other shareholders who have suffered damage.

The Law on Trade Companies stipulates that the Assembly's decision can be refuted for failing to provide information which influenced the decision being made. Such decisions are decisions when each shareholder has not been provided the right to inspect the instruments and other documents of the company, in the headquarters of the company in a manner specified in the statute, and when the shareholder has not been given the right to information and records for decisions of the meetings of the governing bodies.<sup>41</sup>

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<sup>39</sup> Law on Trade Companies, Article 412, paragraph (1) and (2)

<sup>40</sup> *Ibid*, Article 412 paragraph (1)

<sup>41</sup> *Ibid*, Article 320 paragraph (1) and (2),

Also these decisions are the decisions by which the shareholder is not given notice of the condition of the company and its relationship with other companies, and this notice is related to the agenda of Assembly.<sup>42</sup>

## **2.2 Method of refuting the decision of the Shareholders**

### **Assembly**

The decisions of the Shareholders Assembly are refuted with a lawsuit. It is a constitutional complaint. The legal interest in filing this lawsuit is assumed pursuant to the Law on Trade Companies, which states the cases where this kind of lawsuit can be filed. Given the fact that the constitutional action acts in the time when the decision of the Shareholders Assembly is created, the legal effect of the judgment of the court will be refuting, i.e. “ex tunc”.

For the complaint on refuting, the provisions of the Law on Trade Companies that regulates the action for nullification are adequately applied.<sup>43</sup> In a case of complaint on refuting, the company is being sued and not the shareholders assembly, because the Assembly has no legal subjectivity. If the court, after the procedure, with the final decision overturned the decision of the assembly, the court ruling has effect for all the shareholders, members of the management body or the supervisory board, even when they were not party to the proceedings.<sup>44</sup>

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<sup>42</sup> *ibid*, Article 406 paragraph (1),

<sup>43</sup> Law on Trade Companies, Article 410 paragraph (2), (3), (4) and (6)

<sup>44</sup> Law on Trade Companies, Article 410 paragraph (2), (3), (4) and (6)

### **2.3 Obligation to submit and entry of the court judgment in the trade register**

In order to successfully achieve the effect of the nullified decision of the Shareholders Assembly, the Law on Trade Companies<sup>45</sup> imposes a duty of submission and entry of the court's decision, according to which the management body is required within three days of receipt of the final decision to submit it to the trade register, if based on the nullified decision it is entered in the Trade Register. The entry of the court's decision in the Trade Register must be published in the same manner as previously announced entry. If on the basis of the court decision harmonization of the corporation statute is made, together with the decision (judgment), the trade register shall receive the revised text of the statute of the company.

### **Concluding Remarks**

The Decisions of the Shareholders Assembly, from the moment of its institutionalization, and during the course of its operations constitute legal acts (legal work). Just like any other legal action, the decisions of the Shareholders Assembly shall be in accordance with the Constitution, the laws and the good business practices. Any violation of the imperative norms prescribed by the Constitution, the law and the business practices is a violation of the institute public order and the decisions made contrary to the public order are unlawful, i.e. null.

The Shareholders Association does not always make decisions that are in accordance with the law or decisions which are illegal from a legal and material perspective. Such decisions are flawed (injury) and this makes

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<sup>45</sup> Ibid, Article 415

these decisions unlawful. As a consequence the lack of decision creates the need to take action before a competent court for refutation of such unlawful decisions.

The Law on Trade Companies regulates the issue of the invalidity of the decisions of the Shareholders Assembly and their refutation.

We believe that the Law on Trade Companies of the Republic of Macedonia provides a relatively good legal basis and clearly enough regulates the issue of nullity and refutation of the decisions of the Shareholders Assembly.

To successfully achieve the protection from unlawful decisions of the Shareholders Assembly there is a need for existing and upgrading of the existing system and other legal framework.

We consider that there is scope for introducing other possible legal basis regarding initiating a procedure for illegitimacy, the entities that can initiate proceedings, deadlines for initiating procedures, as well as, deadlines for resolving the issues before the competent courts.

The existence of an effective judicial system that will promptly solve the issue of the legality of decisions of the Shareholders Assembly for submitted claims also represents an important issue. The timely settlement of lawsuits by the court will certainly contribute to eliminating or reducing the possible harmful consequences from the adopted illegal decisions.

We hope that with this paper we were able to highlight the key aspects of the issue and the need for protection from the adopted nullified and refuted decisions of the Shareholders Assembly, to highlight the types of unlawful decisions as well as provide insight on the manner and procedure for putting them out of force. We expect that this work will cause an additional incentive for further insights on this issue by the expert and the scientific community.

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