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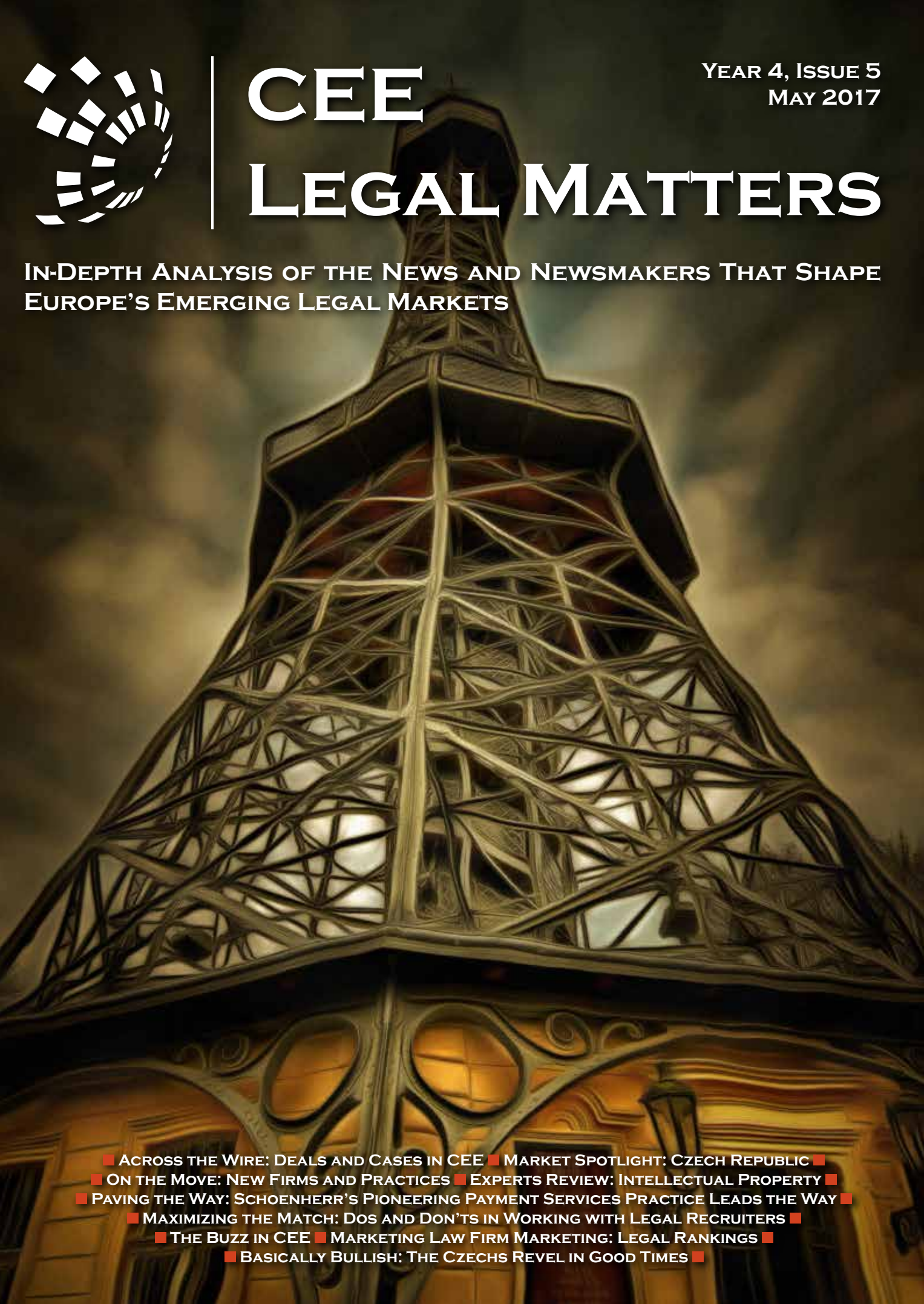
CEE Legal Matters

In-Depth Analysis of the News and Newsmakers That Shape Europe's Emerging Legal Markets



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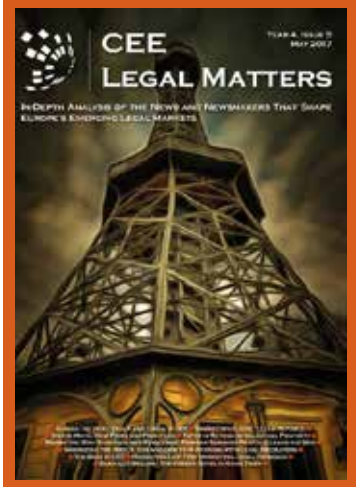
CEE LEGAL MATTERS
IN-DEPTH ANALYSIS OF THE NEWS AND NEWSMAKERS THAT SHAPE EUROPE'S EMERGING LEGAL MARKETS



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If you like what you read in these pages (or even if you don't) we really do want to hear from you. Please send any comments, criticisms, questions, or ideas to us at:

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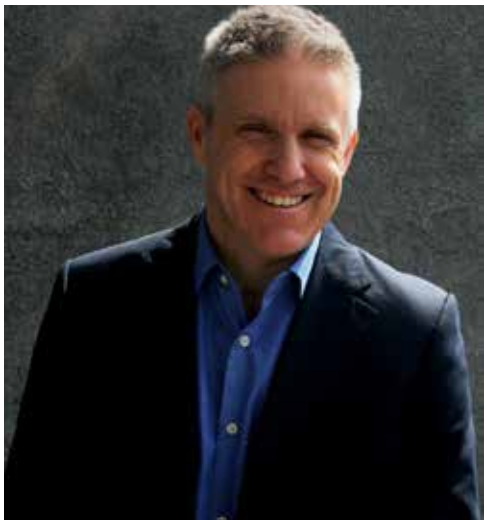
EDITORIAL: HELLO PRAGUE ... AND GOOD-BYE



"Prague never lets you go… this dear little mother has sharp claws" – Franz Kafka

The timing of this issue, with its Market Spotlight on the Czech Republic, is fortuitous, as after three years of living in this wonderful country, I find myself moving back to CEE Legal Matters' Budapest base. The coincidental timing of the issue, then, provides me with the opportunity to reflect on my time here.

I have found Prague, to my delight, to be a pragmatic, clear-eyed city, despite its famously beautiful architecture. Few Czechs claim that history has been particularly unfair to them, and a similarly small proportion believe the Czech Republic basks in divine purpose. As fitting for the only country in Central and Eastern Europe reporting a majority atheist population – the country that elected a poet after the end of Communism and experienced national dissolution that was famously peaceful and respectful – the Czechs tend to have a rational and healthy understanding of their role in European and world affairs. And yet, there should be no mistake: With globally recognized names like Dvorak, Smetana, Havel, Kundera, Kafka, Foreman, Lendl, Jagr, and Navratilova, this land of intellectuals and poets, of athletes and artists, consistently hits above its weight.

The law firms and lawyers in the Czech capital admirably reflect the national character. As the article on the state of the Czech market in this issue demonstrates, the leading lawyers in the country are cautiously enjoying good times while keeping a careful eye on the future. And the lawyers and the law firm marketing experts I have had the pleasure to work closely with have been helpful, accommodating, and generous with their time. I have made good friends in this country, and I leave reluctantly. I hope to come back, often. Dekuji, Praha, a na shledanou!

Of course, I'm also heading back to the land of Erno Rubik, Franz Liszt, Bela Bartok, Harry Houdini, Laszlo Biro, and Ferenc Puskas. So jo napot, Budapest!

As far as updates go, I'm aware that many of our editorials focus on bringing our readers up to speed on changes and improvements, new features and events, developments and plans. Some of that certainly exists now – the 2017 GC Summit and the Market Makers event (summaries to follow in future issues) will take place at the end of May, and planning for the first-ever Hungary Summit, scheduled for the first week of October, is well under way as well.

But I'm also happy to report that we're also, simply, moving forward with confidence and enthusiasm. The as-of-this-year-monthly issues of the CEE Legal Matters magazine are packed with content, and our new features – including Marketing Law Firm Marketing, which appears in this issue – blend nicely with traditional favorites like The Buzz, Experts Review, and the Table of Deals. We remain proud of our contribution to the CEE legal landscape.

Of course, putting together eight regular issues and four special issues of the magazine, three major events each year, and a website featuring multiple updates each day is a lot of work – and, as we learn of new ways to put our services and publications to use for the lawyers and law firms of Central and Eastern Europe, that workload seems to be increasing almost every day.

But it is also a treat. What a pleasure, to be doing what we want to be doing and to be working among so many good people across this fascinating part of the world. There's nothing else we'd rather be doing.

David Stuckey

GUEST EDITORIAL: STANDARDIZATION IN PRACTICING LAW – A CHALLENGE OR A REAL THREAT TO THE LEGAL PROFESSION?

By Zoltan Faludi, Managing Partner, Wolf Theiss Hungary

Current developments in the technology sector concern the Internet of things, industry 4.0, smart solutions, and the sharing economy. One may think that advances in technology barely affect the legal profession.

However, it is already clear that the legal profession is changing as well. Practicing law in the 2030s will not be the same as it is in the 2010s. In recent years numerous reports have predicted that standardization will have an increasing impact on legal services in the next few decades. Indeed, the significant developments already occurring in this decade – most notably in an ever-stronger trend towards standardization, automation, and the use of artificial intelligence – mean the provision of legal services nowadays can barely be compared to that in the 1990s. This trend includes not only the widespread use of standard documents like templates but also seizing the opportunities the new software solutions provide for document review.

Some people say these developments erode the myths about practicing law. In the past, clients had limited options in finding a solution for the legal issues they faced and were thus forced to rely on the expertise of their attorneys-at-law. However, standardization and the use of technology made an enormous amount of work routine and limited the need for the creative work that had previously characterized the legal profession. Moreover, nowadays potential clients can find a wide range of templates online and software products for drafting submissions for court proceedings are available. And there are still more developments to come.

Economists also pointed out other aspects of this transition. Due to the standardization of the profession the employment structure of law firms has changed as well. While earlier forms of standardization justified the employment of more legal assistants, recent developments in automation constitute a threat to the jobs of lower-level employees at law firms – while simultaneously leading to an increased demand for IT professionals with higher wages. It is expected that this automation will reduce errors, increase productivity, and enable firms to serve more clients.

Expertise with financing documents based on LMA standards used to be more prestigious and worth more to clients. Due to the widespread use of the same standards now, clients request caps or even fixed fees amounting to only a fraction of the fees charged earlier. Many valuable types of legal service have become commodities in Banking & Finance practices. Clients want to buy products for a fixed price as opposed to expertise charged at an hourly rate.

The process of founding companies is characterized by standardization as well. Even national legislation provides for the use of statutory articles of association templates to expedite the registration of companies. Applications to register companies may *only* be submitted electronically using a standard file format. Under these circumstances, many aspects of corporate law have become mere document management.

These developments have of course reached the CEE region and Hungary as well. In Hungary the implementation of EU law has led to extensive regulation of the energy markets, including detailed rules specifying the content of network connection and supply agreements and other supporting documents to be attached to applications for licenses. Thus, the scope of creative solutions for legal services pertaining to energy licensing has shrunk, moving the process also closer to routine work.

The standardization affects not only law firms but the courts and governments as well. Even the Supreme Court of Hungary has had to deal with the issue of using templates by the governmental bodies and the courts. The Supreme Court found that there was no rule prohibiting the use of templates, as the wording of court judgments does not need to be unique; indeed, they need to be word-by-word the same as earlier awards made by the court in other cases where the factual and legal backgrounds are the same.

Law firms invest into new technological solutions pertaining to legal services, which lead to more routine work. It is expected that the spreading automation will lead to lower fees for this now-routine work. At the same time, however, lawyers will be able to allocate more time and energy to tasks requiring creativity and empathy since automation cannot fully replace but only supplement and improve the work of the lawyers. We practicing lawyers may want to help our clients understand better the difference between a low-value standard product and the value of genuine expertise brought to a deal by real lawyers.

Standardization and technological advances open up new opportunities for lawyers. As Bill Gates said, "never before in history has innovation offered the promise of so much to so many in so short a time." Whether this promise will be fulfilled depends on how the lawyers adapt to the new circumstances.

Montenegro

Komnenic Law Office Open for Business in Montenegro (p 23)

Maximizing the Match

The Dos and Donts of Working with Legal Recruiters (p 26)

Basically Bulish

The Czech Revel in Good Times (p 48)

Experts Review

CEE Experts Review Round-up on Intellectual Property (p 64)

ACROSS THE WIRE: FEATURED DEALS

Baker McKenzie Advises on Sale of Majority Stake in Linauer & Wagner Bakery Group

Baker McKenzie has advised shareholders Brigitte Linauer, Karl Linauer, and Backerei Wagner Betriebs gmbH & Co KG on the sale of a 65% shareholding in the Linauer & Wagner bakery group to Ankerbrot AG.

The Baker McKenzie team was led by Partner Wendelin Ettmayer and included Associate Stephanie Sauer and Junior Associates Pablo Essenther and Michael Schaunig.

Akerbrot was advised by Fellner Wratzfeld & Partner.

Voicu & Filipescu Advises on Bel Rom Twelve Sale to NEPI

Voicu & Filipescu has advised Bel Rom Twelve on the sale of 12 of the 22.5 hectares of land it owns in Ramnicu Valcea, Romania, to the South-African investment fund New Europe Property Investments, the third sale of real estate by the Bel Rom group to NEPI.

Reff & Associates — a member of Deloitte Legal — advised NEPI on the deal.

Kocian Solc Balastik Advises on Trelleborg Sale of Czech Compounding Unit

Kocian Solc Balastik has advised Hexpol on its EUR 65 million acquisition of Trelleborg Material & Mixing Lesina s.r.o., a producer and supplier of polymer compounds.

Trelleborg Material & Mixing Lesina s.r.o., which is headquartered at a manufacturing facility in Lesina, in the Czech Republic, posted a turnover of EUR 40 million in 2016 and has around 125 employees.

The KSB team was led by Managing Partner Dagmar Dubecka, supported by Associate Jan Beres.

Kinstellar advised Trelleborg on the deal.

Moral Advises Aryom on Creation of Koru Project Near Izmir

The Moral law firm has advised the Aryom real estate developer on the construction and sale of the Aryom Koru Project, which consists of 425 residences surrounded by sculptured landscapes and multiple social and sports facilities and is located just outside Izmir. The investment value of the project is TRY 130 million (approximately EUR 36.4 million).

The firm advised Aryom on the creation and implementation of construction and unit sales agreements as well as on project finance obtained from Isbankasi and Garanti Bank in the amount of TRY 25 million.

Moral's team consisted of Partner Vefa Resat Moral, Of Counsel Serkan Pamukkale, and Senior Associate Karaca Kacar.

Karanovic & Nikolic Achieves Conditional Clearance for SBB Takeover of IKOM

Karanovic & Nikolic has successfully obtained conditional Serbian Competition Commission clearance for SBB's takeover of IKOM.

SBB is a Serbian private telecom operator and provider of digital and analogue cable television, broadband Internet, and fixed telephony. The company is a part of the regional United Group, active across the former Yugoslavia. Since 2014, United Group is majority-owned by the global investment fund KKR. IKOM is one of the major cable operators in Serbia, active on the market for ten years, providing digital and analogue cable television, broadband Internet, and fixed telephony to subscribers predominantly located in Serbia's capital, Belgrade.

In the final decision, K&N reports, SBB has agreed to divest network infrastructure overlapping with IKOM, report to the Commission on pricing changes, and offer IKOM's subscribers specific commercial terms for future cooperation.

"This is a landmark case for the Serbian authority and is related to global trends in consolidation of cable network operators, which fosters the investments necessary for improvements to network infrastructure and competition with IPTV, OTT, and satellite content providers."

– Rastko Petakovic, Senior Partner

The Karanovic & Nikolic team was led by Managing Partner Rastko Petakovic, Partner Bojan Vuckovic, and Veljko Smiljanic, attorney at law in cooperation with Karanovic & Nikolic.

Moravcevic Vojnovic and Partners in cooperation with Schoenherr advised SBB on the takeover and JPM advised the sellers of IKOM

karanovic/nikolic

Avellum Advises Metinvest Note-Holders on Debt Restructuring

Avellum has acted as Ukrainian law counsel to the holders of guaranteed notes issued by Metinvest B.V. on a successful USD 2.3 billion debt restructuring executed with coordinating committee Deutsche Bank, ING, Natixis, and UniCredit.

Metinvest is a vertically integrated group of Ukrainian steel and mining companies and is one of the largest producers of iron ore raw materials and steel in the CIS.

Three series of guaranteed notes – due in 2016, 2017, and 2018 – were cancelled and delisted and replaced with new listed senior secured notes totaling approximately USD 1.2 billion, due in December 2021 and with new terms and conditions. In addition, four PXF syndicated loan agreements were amended and the terms of which restated to provide for, among other things, the combining of the four existing PXF facilities into one facility of approximately USD 1.1 billion due in June 2021. In addition, the terms of Metinvest's new debt instruments provide for the debt maturities to be extended by five years, including, in respect of the new PXF facility, two years of grace period on the scheduled amortization of principal.

The restructuring was implemented through an English law scheme of arrangement sanctioned by the High Court of Justice of England and Wales.

The Avellum team included Partner Glib Bondar, Counsel Igor Lozenko, Senior Associate Taras Dmukhovskyy, and Associates Taras Stadniichuk and Orest Franchuk.

Clifford Chance and Redcliffe Partners advised Deutsche Bank, ING, Natixis, and UniCredit on the restructuring, while Baker McKenzie and Allen & Overy advised Metinvest

AVELLUM
INTERNATIONALLY UKRAINIAN

Wolf Theiss Advises PGE on Sale of Exatel to Polish State Treasury

Wolf Theiss has advised PGE Polska Grupa Energetyczna S.A., a state-owned power company listed on the Warsaw Stock Exchange and one of the largest power producers in Poland, on the sale of 100% of the shares of Exatel S.A. to the Polish State Treasury. The transaction value was approximately EUR 87 million.

The Wolf Theiss team was led by Senior Associate Dariusz Harbaty and included Associates Joanna Wajdzik, Magdalena Nowak, Anna Nowodworska, and Monika Gaczkowska.

According to Wolf Theiss, "Exatel provides high quality telecom services to many large enterprises and government bodies in Poland and will continue to do so post-closing." Warsaw Co-Managing Partner Ron Given described the deal as a "landmark Polish transaction."

WOLF THEISS

JPM Assists with Project Dedicated to Improving Serbia's Dual Education System

JPM Jankovic Popovic Mitic has supported a project dedicated to developing the dual education system in Serbia.

Based on Memorandum of Understanding signed by Serbia's Ministry of Education, Science and Technology, Serbia's Chamber of Commerce & Industry, Austria's Federal Foreign Min-

istry, Austria's Federal Economic Chamber, companies from Austria, Germany and Belgium invited students to work as apprentices on their premises, providing the students the opportunity to become familiar with the corporate culture in these companies, including health, safety, and other corporate/regulatory procedures.

CMS Advises International Banks on Facility to Russian Railways

CMS has advised ING Bank N.V., London Branch and other international banks as mandated lead arrangers of a new USD 420 million five-year unsecured syndicated finance facility to Russian Railways.

Russian Railways is one of the largest transportation companies in the world and provides a range of services from infrastructure maintenance, engineering, and logistics to freight and passenger transportation."

At the end of February, 2017, Russian Railways successfully completed two offerings of USD and RUB Eurobonds as part of its 2017 debt strategy. The new bank loan (the first syndicated finance facility for Russian Railways since 2008) with an embedded accordion option will assist the company to further diversify its borrowing sources and will be used for general corporate purposes, including refinancing of its existing debt.

CMS's core team members included Prague-based Banking and Finance Partner Mark Segall and Moscow-based Counsel Elena Tchoubykina and Associate Alexandra Kobzeva.

Freshfields Bruckhaus Deringer advised Russian Railways on the deal.

CMS Law.Tax

Maravela | Asociatii Assists Quantum Music on Agreement with Universal Music for Irina Rimes

Maravela | Asociatii has assisted Quantum Music Records Romania on its conclusion of a strategic partnership with Universal Music France for the development of the musical project of the artist Irina Rimes (also known as Irina Remesh or Irra), in France and on French territories and in the French communities of Monaco, The French Overseas Territories and Departments, Andorra, Benelux, Switzerland, and Canada.

"We are thrilled every time we manage to successfully close an important deal, especially when dealing with challenges such as the negotiation of a complex contract governed by the French law. To the same extent, we rejoiced this opportunity to work in French, in a business environment where the English language often has the leading role."

– Alina Popescu, Founding Partner

A Maravela & Asociatii press release described the agreement as "one of the few such transactions on the Romanian music market, requiring a multidisciplinary approach comprising aspects of international law, IP & IT, contracts law, data protection, etc."

The Maravela | Asociatii team was led by Founding Partner Alina Popescu and Associate Daniel Alexie.

MARAVELA | ASOCIAȚII

Turunc Advises on Rivulis Irrigation Acquisition of Eurodrip

Turunc provided Turkish legal advice to Israel's Rivulis Irrigation Ltd. in relation to its acquisition of 100% of the shares in the Greek company Eurodrip SA from US fund Paine Schwartz Partners.

The merged company, which will be headquartered in Gvat, Israel, will have 18 factories around the world and 1,800 employees across 5 continents and 30 countries. It produces brands such as T-Tape, Ro-Drip, Hydrogol, D5000, Eolos, Compact, PC2, and Olympos. The company will continue to support both the Rivulis and Eurodrip brands.

Richard Klapholz, the current CEO of Rivulis Irrigation, will lead the merged company, and all current shareholders of the two companies – FIMI Opportunity Funds, Israel's leading private equity fund (FIMI), U.S. based Paine & Partners, LLC (Paine & Partners) and Dhanna Engineering of India – will remain shareholders of the merged company and will remain active on the Board of Directors. FIMI will maintain a majority stake and Gillon Beck, the current Chairman of Rivulis Irrigation and Senior Partner at FIMI, will serve as the Chairman of the merged entity."

"We are extremely happy to have worked on this multi-jurisdictional deal which will help the Turkish agriculture sector manage its water resources more efficiently and increase efficiency."

– Kerem Turunc, Managing Partner

The Turunc team was led by Partner Kerem Turunc, supported by Associates Grace Maral Burnett, Nilay Onal, Gozde Kiran, Beste Yildizili, and Naz Esen.

Turunc worked alongside Greece's Kyriakides Georgopoulos Law Firm and lead counsel Naschitz, Brandes, Amir & Co. from Israel. Freshfields Bruckhaus Deringer and A. S. Papadimitriou & Partners advised the sellers.

TURUNÇ

Tuca Zbarcea and Asociatii Advises Accel Partners on Funding in UiPath

Tuca Zbarcea & Asociatii has advised Accel on USD 30 million in Series A investment made in participation with Earlybird Venture Capital, Credo Ventures, and Seedcamp, into UiPath. The funding will be used to accelerate UiPath's global expansion and product development.

UiPath builds intelligent software robots that help businesses automate repetitive processes by leveraging advanced computer vision technology. The US-based company was founded in Romania, and has additional offices in the UK, India, Singapore, and Japan. The company has 200 customers and over 150 partners around the world.

The Tuca Zbarcea & Asociatii team was led by Partner Sorin Vladescu, supported by Managing Associate Mihaela Nyerges.

TUCA ZBARCEA ASOCIATII

Schoenherr Represents Cubic and Core Shareholders on Sale of Majority Participation in C-Quadrat

Schoenherr has representing Cubic (London) Limited ("Cubic") and core shareholders, including San Gabriel Privatstiftung and T.R. Privatstiftung, on the May 3, 2017 sale of their controlling stake in C-Quadrat Investment AG ("C-Quadrat"), an independent asset manager listed on the Vienna Stock Exchange, to the Chinese conglomerate HNA Group (Hong Kong) Co., Limited.

Following regulatory clearance, HNA will contribute the acquired C-Quadrat shares, and the core shareholders will contribute their remaining C-Quadrat shares to Cubic. HNA will thereby acquire a participation of about 74.8 % in Cubic, and Cubic will acquire a participation in C-Quadrat of over 98%.

The market capitalization of C-Quadrat currently exceeds EUR 280 million.

The Schoenherr team advising Cubic and the core shareholders is led by Partner Christian Herbst and includes Partner Peter Feyl and Counsel Sascha Schulz.

Sar & Partners Successful for Hungarian Hotel Chain Management Companies in Long-Lasting Trademark Dispute

Sar & Partners has advised Hungarian hotel chain management companies responsible for the Prestige, Continental, and Boutique Hotels Budapest****Superior in several trademark infringement proceedings in Hungary initiated by or against the fast fashion company, Industria de Diseno Textil S.A., holder of the international and European Union "ZARA" trademarks. The subject of these proceedings was the use of the logo by the hotel chain management companies in connection with services of four stars superior premium hotels.

According to Sar & Partners, "one of the most important steps in the series of cases," started eight years ago was a non-infringement proceeding in which Sar & Partners requested [that] the Budapest Metropolitan Court declare that its clients' use of a logo consisting of the z, r, and a letters and an eastern style ornament between the capital Z and r letter much bigger than the letters in connection with the hotels it represented -- "four stars superior premium hotels" -- did not infringe on the fast fashion "ZARA" trademark of Industria de Diseno Textil S.A. That first court did not decide on the case on the merit and instead declared that according to Hungarian legislation so-called non-infringement proceedings similar to those in patent law could not be initiated trademark disputes.

"We are highly satisfied with the outcome of these trademark infringement cases against Zara. Our firm considers it a great success that the Court of Appeal has finally declared based on its overall impression and consumers opinion that the use of the Hotel chain's logo in connection with four stars superior premium hotel services does not infringe the fast fashion 'ZARA'."

– Ildiko Komor Hennel, Managing Partner

In the following two trademark infringement proceedings, both initiated by Industria de Diseno Textil S.A, the fast fashion company based its claim on Section 4(1)(c) of the Hungarian Trademark Act (Act XI of 1997 on the protection of trademarks and geographical indications); namely, on the good reputation of its "ZARA" trademark. Sar and Partners successfully represented the hotel service companies, as, in a final judgment just delivered in both proceedings by the Hungarian Court of Appeal "in both decisions the court declared that the general impression is dominated by the eastern style ornament in the new logo, therefore its ... use does not infringe the international 'ZARA' trademark having a good reputation."

According to Sar & Partners, "the court concluded that when a claim is based on Section 4(1)(c) of the Hungarian Trademark Act instead of Section 4(1)(b) (identity with or similarity to the earlier trade mark and the identity or similarity of the goods or services), the likelihood of association on the part of the consumers shall be taken into account dominantly and shall be assessed instead of likelihood of confusion. Since the court concluded that there is no such an appearance that the proprietor of the trademark having a good reputation would provide the defendant's service, according to the Hungarian Court of Appeal the Spanish fashion company cannot challenge the use of the figurative mark in question."

SÁR & PARTNERS
ATTORNEYS AT LAW

ACROSS THE WIRE: DEALS SUMMARY

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
20-Mar	DLA Piper	DLA Piper is providing pro bono support to the Austrian breast health foundation,	N/A	Austria
27-Mar	SCWP Schindehelm	SCWP Schindhelm advised the Wopfinger Group on the acquisition by group member Baumit Beteiligungen GmbH of 100% of the shares in w&p Baustoffe GmbH from Wietersdorfer Group.	N/A	Austria
28-Mar	bpv (Hugel); Schoenherr	Schoenherr advised Austrian Raiffeisen Bank International AG on its merger with unlisted Raiffeisen Zentralbank Oesterreich AG (RZB). RZB was advised by bpv Hugel.	N/A	Austria
7-Apr	Wolf Theiss	Wolf Theiss advised McArthurGlen, a developer, owner, and operator of designer outlet centers in Europe and Canada, on matters relating to the expansion of its center in Parndorf, Austria	N/A	Austria
12-Apr	SCWP Schindehelm	SCWP Schindhelm advised Erwin Bernecker and Josef Rainer — the founders of Bernecker + Rainer Industrie-Elektronik Gesellschaft m.b.H. — and two foundations established by Bernecker and Rainer (the Bernecker Privatstiftung and Josef Rainer Privatstiftung, respectively) on the sale of their shares in the company to the ABB group.	N/A	Austria
24-Apr	Fellner Wratzfeld & Partner; Manfred Umlauft & Partner; Vogl	Fellner Wratzfeld & Partner advised Loacker Recycling GmbH on its acquisition of Hausle GmbH from CETEC Beteiligungs GmbH and WHB Hofer GmbH. Hans-Jorg Vogl from the Vogl law firm in Feldkirch, Austria, advised CETEC, and Manfred Umlauft from Manfred Umlauft & Partner in Dornbirn, Austria, advised EHB Hofer.	N/A	Austria
24-Apr	Rautner	Rautner advised Oekostrom AG, working in cooperation with the crowdfunding platform Conda AG, on the successful April 2017 carrying out of the first offering of equity shares via crowd-investing in Austria.	N/A	Austria
2-May	Herbst Kinsky; Latham & Watkins	Herbst Kinsky provided Austrian legal advice to the Hofmann Menu Group on refinancing by an international banking consortium headed by The Governor and Company of the Bank of Ireland and UniCredit Bank AG as Joint Global Coordinators. The transaction volume amounts to EUR 200 million. Latham & Watkins was global counsel to the Group.	EUR 200 million	Austria
4-May	DLA Piper; Wolf Theiss	Wolf Theiss advised Aachener Grundvermogen on its purchase of a commercial property on St. Stephen's Square in the center of Vienna from Julius Meinl Versicherungsservice & Leasing Vermogens and Finanzierungsberatung G.m.b.H. DLA Piper Weiss-Tessbach advised the sellers on the deal.	N/A	Austria
9-May	Schoenherr	Schoenherr is representing Cubic (London) Limited and core shareholders including San Gabriel Privatstiftung and T.R. Privatstiftung on the sale of their controlling stake in C-Quadrat Investment AG to the Chinese conglomerate HNA Group (Hong Kong) Co., Limited.	N/A	Austria
9-May	Brandl & Talos	Brandl & Talos advised aws Mittelstandsfonds in its investment in the Vorarlberg, Austria-based med-tech company System Industrie Electronic.	N/A	Austria
10-May	Brandl & Talos	Brandl & Talos advised GoLending AT GmbH on the issuance of a corporate bond with an indefinite term for a total of up to EUR 50 million.	EUR 50 million	Austria
17-Mar	Nektorov, Saveliev & Partners	"Nektorov, Saveliev & Partners has assisted with the establishment of LLC Zoomlion-MAZ, a joint venture between MAZ (Belarus) and Zoomlion (China). The JV, which is located in Belarus, will produce heavy machinery, trucks, and special purpose vehicles manufactured from Belarusian chassis with a Chinese superstructure.	N/A	Belarus
6-Apr	Sorainen	Sorainen Belarus advised the IFC on the February 14, 2017 sale of some of its shares in Belarusky Narodny Bank at the Belarusian Currency Stock Exchange.	N/A	Belarus
18-Apr	Revera	Revera advised 21vek.by on an investment it received on March 31, 2017, from Zubr Capital Fund in a transaction structured under Belarusian and English law.	N/A	Belarus
11-May	Revera	Revera advised Juno — the taxi-hailing service founded by Igor Magazinik and Talmon Marco, the co-founders of Viber — on Belarusian aspects of its acquisition by online taxi service Gett.	N/A	Belarus
24-Mar	Motieka & Audzevicius	Motieka & Audzevicus advised Lithuania's KG Group on the preparation and negotiation of financing agreements from the EBRD for a credit facility to be used for development of the company's business in Belarus.	N/A	Belarus; Lithuania
23-Mar	Law Firm Sajic	Law Firm Sajic advised creditors including the Lottery of the Republic of Srpska, the Regional Chamber of Commerce Banja Luka, and Novomatic AG in bankruptcy proceedings against Bobar Bank a.d. Bijeljina.	EUR 2.4 million	Bosnia and Herzegovina
24-Mar	Boyanov & Partners; Djingov, Gouginski, Kyutchukov & Velichkov	Djingov, Gouginsky, Kyutchukov & Velichkov advised the owners of the Pharmastore pharmacy chain in the sale of the business to Sopharma Trading. Boyanov & Partners advised Sopharma on the deal.	N/A	Bulgaria

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
3-May	Djingov, Gouginski, Kyutchukov & Velichkov	Djingov, Gouginski, Kyutchukov & Velichkov advised Mundus Services AD on the acquisition of 100% of the capital of VM Automation EOOD – a wholly-owned subsidiary of Bulgaria's VM Finance Group.	N/A	Bulgaria
4-May	Djingov, Gouginski, Kyutchukov & Velichkov	DGKV has successfully persuaded the Bulgarian courts to recognize and enforce an award in favor of Sandvik Bulgaria EOOD resulting from arbitration against Bulgaria's state-owned Montagi EAD arising from a contract for erection of coal and lime stone storage and handling systems at Bulgaria's Maritza East 1 power station.	N/A	Bulgaria
4-May	Cravath Swaine & Moore; K&L Gates; Willkie Farr & Gallagher; Wolf Theiss	Wolf Theiss advised FactSet on CEE matters related to its USD 205 million acquisition of BISAM Technologies from Aquiline Capital Partners. Factset was also represented by Cravath Swaine & Moore in the United States and K&L Gates in Western Europe. Willkie Farr & Gallagher represented the Sellers and BISAM.	USD 205 million	Bulgaria
28-Mar	Ostermann & Partners; Schoenherr	Ostermann & Partners assisted APS Holding with its acquisition of a Croatian portfolio of non-performing loans from Hrvatska Postanska Banka with the approval of the Croatian National Bank. The Hrvatska Postanska Bank was reportedly advised by Schoenherr.	EUR 100 million	Croatia; Czech Republic
24-Mar	Divjak, Topic & Bahtijarevic; Selih & partnerji; Weinhold Legal	Weinhold Legal, Divjak, Topic & Bahtijarevic, and Selih & partnerji advised on the merger of Croatia's Olympus d.o.o and Slovenia's OLYMPUS SLOVENIJA d.o.o. into the Czech entity, Olympus Czech Group, s.r.o., clen koncernu.	N/A	Croatia; Czech Republic; Slovenia
15-Mar	Advokatni Kancelar Holub; Balcar, Polansky & Spol	Balcar, Polansky & Spol. advised Skanska Reality on its CZK 841 million purchase of eight hectares of land in Prague from Codeco UK. The sellers were represented by Radek Budin of Advokatni Kancelar Holub.	CZK 841 million	Czech Republic
17-Mar	Kinstellar	Kinstellar advised Genesis Capital on its acquisition of a 47% share in the POS Media Group from founder and CEO Richard van het Bolscher.	N/A	Czech Republic
24-Mar	Clifford Chance	Clifford Chance advised Danish electronics company Bang & Olufsen on the divestment of its Czech subsidiary, Bang & Olufsen, s.r.o., to its long-term partner Tymphany Acoustic Technology HK Limited.	N/A	Czech Republic
30-Mar	CMS; Squire Patton Boggs	CMS advised Spanish investment fund Azora Europa I on its sale of the Galleries Louvre office property in Prague to Redstone Real Estate. Squire Patton Boggs advised Redstone on the deal.	N/A	Czech Republic
30-Mar	Dentons	Dentons advised automotive parts manufacturer Motorpal on the successful implementation of a pre-pack reorganization.	N/A	Czech Republic
18-Apr	Kinstellar; Kocian Solc Balastik	Kinstellar advised Trelleborg, a provider of engineered polymer solutions, on its EUR 65 million sale of Trelleborg Material & Mixing Lesina s.r.o., a producer and supplier of polymer compounds, to Hexpol. Kocian Solc Balastik advised Hexpol on then deal.	EUR 65 million	Czech Republic
19-Apr	Kinstellar; Linklaters	Kinstellar and Linklaters advised Barclays Bank PLC, Citigroup Global Markets Limited, and Deutsche Bank AG, London Branch, on the sale of a 7.5% stake held by CEZ in the Hungarian oil company MOL.	N/A	Czech Republic
11-May	JSK	JSK represented a fund managed by 3TS Capital Partners and BHS Private Equity Fund on a EUR 2 million investment and a EUR 2.5 million investment in the ZOOT online fashion store, respectively.	EUR 4.5 million	Czech Republic
4-Apr	Clifford Chance	Clifford Chance advised Fortbet Holdings Limited, a subsidiary of Penta Investments, on a tender offer for shares in the Dutch company Fortuna Entertainment Group N.V..	N/A	Czech Republic; Poland
6-Apr	Kirkland & Ellis; Kocian Solc Balastik; Wardynski & Partners	Kocian Solc Balastik in the Czech Republic and Wardynski & Partners in Poland have provided local assistance to global counsel Kirkland & Ellis in advising Bain Capital Private Equity on its USD 3.2 billion acquisition of the cleaning and chemicals system division and the food hygiene and cleaning business of Sealed Air Corp.	USD 3.2 billion	Czech Republic; Poland
5-Apr	Allen & Overy; CMS	Allen & Overy advised the arranging banks on a financing for P&P Spearhead, a group engaged in the agricultural sector primarily in CEE. CMS advised P&P Spearhead on the deal.	N/A	Czech Republic; Romania; Slovakia
5-May	Gurel Yoruker; Kocian Solc Balastik	KSB acted for the Energo-Pro group on its acquisition of 100% of the shares in Murat Nehri from Enerjisa Enerji Uretim — a 50-50 joint venture of the Turkish Sabanci Group and German E.ON. The Gurel Yoruker firm advised the sellers on the deal.	N/A	Czech Republic; Turkey
15-Mar	Njord	Njord won a public tender organized by the Tallinn University of Technology to provide "high-level training of 30 selected inspectors of the Labor Inspectorate and heads of the Labor Dispute Committee in Estonia regarding occupational and health regulations, labor relations, and labor disputes."	N/A	Estonia
16-Mar	Primus; Sorainen	Sorainen Estonia advised Nettbuss on its acquisition of 15% of Estonian technology company T Solutions. Primus advised T Solutions on the deal.	N/A	Estonia
20-Mar	Cobalt; Ellex (Raidla); Primus; Sorainen	Primus advised BaltCap on its acquisition of 100% of Sanoma Baltics AS, the operator of the Estonian online classified sites auto24 and Kuldne Bors, from Sanoma Media Finland Oy. Sorainen advised the sellers and Cobalt advised the management of Sanoma Baltics AS on the transaction. Financing for the transaction was partly provided by LHV pension funds, which was advised by Ellex Raidla.	N/A	Estonia
20-Mar	Slaughter and May	Slaughter and May advised Attarat Power Company and project sponsors Eesti Energia AS and YTL Power International Berhad on the construction and project financing of a 554MW gross oil shale fired mine mouth power station and open cast oil shale mine in Attarat um Ghudran, Jordan.	USD 1.582 million	Estonia
30-Mar	Cobalt	Cobalt advised the Arvo Pert Centre in Estonia regarding construction procurement for a new building.	EUR 6.69 million	Estonia

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
3-Apr	Ellex (Raidla)	Ellex Raidla advised Nasdaq Tallinn-listed Harju Elekter on its acquisition of an 80.5% stake in Energo Veritas OU, a company trading in electrical materials and equipment.	N/A	Estonia
4-Apr	Cobalt	Cobalt successfully represented the European Commission in a dispute against the Republic of Estonia in the Court of Justice of the European Union.	N/A	Estonia
4-Apr	Fort	Fort advised Tuleva Fondid AS on its successful application for authorization from Estonia's Financial Supervision Authority for its launch of mandatory pension funds, with simultaneous registration of two second-pillar pension funds.	N/A	Estonia
4-Apr	Tark Grunte Sukiene	Tark Grunte Sutkiene advised real estate crowdfunding platform EstateGuru on the acquisition of a 4% interest in the company by Helmes, an Estonian IT solutions provider.	N/A	Estonia
7-Apr	Nove; Tark Grunte Sutkiene; Varul	Arsi Pavelts of Nove and Paul Varul from Varul — the Estonian office of Tark Grunte Sutkiene — successfully represented Netica OU before the Estonian Supreme Court in a dispute with Paldiski Logistikapark OU and OU Riigiressursside Keskus involving, according to Nove, "acknowledgement of obligation."	N/A	Estonia
18-Apr	Tark Grunte Sukiene	Tark Grunte Sutkiene represented Kemotex Finance in obtaining creditor and mortgage creditor authorization from the Estonian Financial Supervision Authority.	N/A	Estonia
19-Apr	Cobalt	Cobalt advised venture capital firm Karma Ventures on its investment in Plumbr.	N/A	Estonia
20-Apr	Njord	Njord's Estonian office assisted People Fitness Eesti OU with the opening of its first health club in Tallinn.	N/A	Estonia
21-Apr	Njord	Njord's Estonian office advised AS Testfilm on the acquisition of a business line focusing on the cure of sleeping disorders and the provision of different specialized medical services from Unimed Grupp OU. Rask Attorneys-at-Law advised Unimed Grupp on the deal.	N/A	Estonia
21-Apr	Ellex (Raidla)	Ellex Raidla advised Eesti Gaas on an agreement with the Tallink Group by which Eesti Gaas will provide the Megastar vessel operating between Tallinn and Helsinki with liquified natural gas.	N/A	Estonia
26-Apr	Ellex (Raidla)	Ellex Raidla advised Ramboll Finland Oy on the divestment of its shareholding in Ramboll Environment OU to Eurofins Scientific, made as part of a global transaction between the two companies involving the sale of Ramboll Finland's food and environment testing business.	N/A	Estonia
5-May	Nove; Sorainen	Lawyers from the Nove and Sorainen law firms successfully represented private individual Tarmo Tamm before the Estonian Supreme Court in a dispute involving the liability of a board member.	N/A	Estonia
8-May	Cobalt	Cobalt Estonia advised Laurus S.a.r.l., a joint venture of the Swiss investment company Partners Group and Northern Horizon Capital, on the sale of the Hobujaama 4 office building in Tallinn to Colonna.	N/A	Estonia
9-May	Cobalt	Cobalt advised venture capital firms Karma Ventures and Creathor Venture on a EUR 1.5 million investment in Swedish high-tech startup Adaptive Simulations.	EUR 1.5 million	Estonia
10-May	TGS Baltic	The Estonian office of TGS Baltic represented Kemotex Finance on its successful application for creditor and mortgage creditor authorization from the country's Financial Supervision Authority.	N/A	Estonia
12-May	Cobalt	Cobalt advised the Estonian Development Fund and its investment company SmartCap on the transfer of their venture capital direct investment portfolio to private fund manager Tera Ventures.	N/A	Estonia
15-May	Cobalt	Cobalt advised Sten Tamkivi and Silver Keskkula, the founders of the start-up Teleport, on the sale of the company to British technology company MOVE Guides.	N/A	Estonia
16-May	Nove	Nove represented the Estonian company OU Hotell Parnu in the Supreme Court of Estonia in a dispute relating to the validity of transactions concluded by a member of its board.	N/A	Estonia
16-Mar	Tark Grunte Sukiene	Tark Grunte Sutkiene advised 1Home Group AS on its acquisition and takeover of management of a student hotel in Riga and EUR 8.4 million financing from AS DNB Banka.	EUR 8.4 million	Estonia; Latvia
21-Mar	Allen & Overy; Cobalt; Hamilton; Mannheimer Swartling; Sorainen	Working alongside global counsel Mannheimer Swartling, Sorainen advised Providence Equity Partners on the acquisition of the Baltic businesses of Swedish media holdings Modern Times Group. Allen & Overy advised Providence on financing for the acquisition. Cobalt — working alongside Sweden's Hamilton law firm — advised the Modern Times Group on the deal.	EUR 115 million	Estonia; Latvia; Lithuania
22-Mar	Bird & Bird; Cobalt; Ellex (Raidla)	Cobalt advised Santa Monica Networks Group on the sale of its Estonian and Finnish subsidiaries to the Elisa Corporation telecommunications company and its Latvian and Lithuanian subsidiaries to Livonia Partners. Bird & Bird advised the Elisa Corporation and Ellex Raidla advised Livonia Partners on the transaction.	N/A	Estonia; Latvia; Lithuania
10-Apr	Sorainen	Sorainen advised Ringier Axel Springer Media AG on Estonian law aspects of its acquisition of CV Keskus, an operator of the Estonian cvkeskus.ee, Latvian cvmarket.lv, and Lithuanian cvmarket.lt job classified sites.	N/A	Estonia; Latvia; Lithuania
24-Mar	Norton Rose Fulbright; Watson Farley & Williams	Norton Rose Fulbright advised Alpha Bank on the EUR 33.7 million non-recourse financing of a 33.3MW onshore wind power project developed by Goritsa Aiolos Energy S.A., a company of Eren Groupe, in Viotia, Greece. Watson Farley & Williams advised Goritsa Energy on the financing.	EUR 33.7 million	Greece
18-Apr	Freshfields Bruckhaus Deringer	Freshfields Bruckhaus Deringer advised Fraport AG Frankfurt Airport Services Worldwide and the Copelouzos Group on the EUR 1 billion financing of the operating concessions to run a total of 14 regional airports in Greece.	EUR 1 billion	Greece
25-Apr	Freshfields Bruckhaus Deringer; Naschitz, Brandes, Amir & Co.; Papadimitriou & Partners; Turunc	Turunc provided Turkish legal advice and the Kyriakides Georgopoulos Law Firm acted as Greek legal advisor to Israel's Rivulis Irrigation Ltd. in relation to its acquisition of 100% of the shares in the Greek company Eurodrip SA from US fund Paine Schwartz Partners, LLC. Israel's Naschitz, Brandes, Amir & Co. was lead counsel for the buyers, while Freshfields Bruckhaus Deringer and A. S. Papadimitriou & Partners advised the sellers.	N/A	Greece; Turkey

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
22-Mar	Cerha Hempel Spiegelfeld Hlawati; Lehoczky, Muszka es Szelei	CHSH Budapest advised Vienna-based investment manager GalCap Europe on its acquisition of a renovated palais in the center of Budapest under its Eastern European mandate for an individual fund of a German pension scheme managed by Institutional Investment Partners. Lehoczky, Muszka es Szelei advised the unidentified private investor.	N/A	Hungary
23-Mar	CMS; PwC Legal	CMS Budapest advised Balbec Capital LP and APS Holding on the financing and acquisition of a non-performing loan portfolio of residential mortgages from UniCredit. PwC Legal advised UniCredit on the deal.	EUR 139 million	Hungary
29-Mar	Sar & Partners	Sar & Partners advised Hungarian hotel chain management companies responsible for the Prestige, Continental, and Boutique Hotels Budapest****Superior in several trademark infringement proceedings in Hungary initiated by or against the fast fashion company, Industria de Diseno Textil S.A., holder of the international and European Union "ZARA" trademarks. The subject of these proceedings was the use of the logo by the hotel chain management companies in connection with services of four stars superior premium hotels.	N/A	Hungary
3-Apr	Jalsovszky Law Firm; Szecsenyi & Partners	Szecsenyi & Partners advised Wing Zrt. on the sale of the South Pest Business Park logistics facility to Diofa Asset Management. The Jalsovszky Law Firm advised the buyers on the deal.	N/A	Hungary
7-Apr	bpv (Jadi Nemeth)	The bpv Jadi Nemeth firm in Budapest reported that the Court of Justice of the European Union has published the Opinion of Advocate General Szpunar in case C-49/16 Unibet International confirming the arguments made by the firm in Luxembourg.	N/A	Hungary
21-Apr	Kinstellar	Kinstellar's Budapest and Prague offices advised M7 Real Estate on its EUR 68.5 million senior debt facility from Starwood European Real Estate Finance and on its acquisition of Aerozone Logistics Park in Budapest from CA Immo Group and Union Invest.	EUR 68.5 million	Hungary
9-May	CMS; DLA Piper	CMS Budapest advised the Futureal Group on the sale of the Skypark office building in the center of Budapest and the Sziget Centre shopping mall on the city's outskirts to the OTP Property Investment Fund. DLA Piper advised the OTP Prime Property Investment Fund on its acquisition of the Skypark office building.	N/A	Hungary
10-May	Cerha Hempel Spiegelfeld Hlawati	CHSH advised CA Immo and Union Investment on the sale of the Aerozone logistics center in the suburbs of Budapest to the M7-managed fund M7 CEREF I.	N/A	Hungary
11-May	CMS; Lakatos, Koves & Partners	CMS Budapest represented BlackRock in leasing a 3,500 square meter space at GTC White House, an office building being developed by GTC Hungary and due for completion in Q1 2018. Lakatos, Koves & Partners advised GTC Hungary on the deal.	N/A	Hungary
15-May	Szecsenyi	The Szecsenyi law firm advised a fund managed by CBRE Global Investors on its sale of the Liget Center in Budapest to M7 Real Estate, acting on behalf of its first Central European fund for third party investors, M7 Central European Real Estate Fund I (M7 CEREF I). Kinstellar advised M7 on the deal.	N/A	Hungary
14-Mar	Spigulis & Kukanis; Tark Grunte Sutkiene	Tark Grunte Sutkiene assisted a minority (20%) shareholder of SIA Vudlande with a buy-out of the remaining 80% of the company from Latvian Timber Ltd. (UK). Spigulis & Kukainis advised Latvian Timber on the deal.	N/A	Latvia
21-Mar	Tria Robit	Tria Robit, working on behalf of Italian undertaking Ferrero S.P.A., successfully opposed the international registrations by Ukrainian undertaking Dochirnie pidpryiemstvo "Kondyterska korporatsiia Roshen" with the word "Roshen" in them -- subsequently designated to Latvia -- on the basis that they created a likelihood of confusion with Ferrero's earlier international "Ferrero Rocher" figurative trademark registration _and_ improperly imitated a well-known trademark.	N/A	Latvia
23-Mar	Sorainen	Sorainen Latvia, acting pro bono, assisted the Latvian Trade Union of Education and Science Employees (LIZDA) in its claim that liquidation proceedings of the Riga Teacher Training and Educational Management Academy are not legal.	N/A	Latvia
27-Mar	Primus	Primus represented Klaipedos Baldu Prekyba JSC — a furniture retail trade chain with eight stores in Lithuania operating under the Berry trademark — on its conclusion of a long term lease agreement with the Elkor group for a multi-story building and adjacent territory for a store in the central part of Riga.	EUR 1 million	Latvia
10-Apr	Cobalt; Vilgerts	Cobalt advised AS SEB Banka and Danske Bank A/S Latvia Branch on their provision of a syndicated loan to glass fibre manufacturer AS Valmieras Stikla Skiedraone in the amount of EUR 50.4 million. Vilgerts advised Valmieras Stikla Skiedraone on the loan.	EUR 50.4 million	Latvia
19-Apr	Deloitte Legal	Deloitte Legal advised IKEA group companies SIA Verus Praedium and SIA Paul Mason Properties regarding a construction loan and overdraft facility, both from SEB Banka.	EUR 40.4 million	Latvia
27-Apr	Ellex (Klavins); Sorainen	Ellex Klavins advised Latvian telecommunications company Unistars on its acquisition by mobile operator Bite. Sorainen advised Bite on the deal.	N/A	Latvia
16-May	Eversheds; TGS Baltic	TGS Baltic advised Laimonis Kravalis and Daiga Grigale, the majority shareholders of AS Interbaltija AG, on the buy-out of minority shareholder SIA Wine Holding and the subsequent sale of 100% shares of AS Interbaltija AG to Amber Beverage Group. The Latvian office of Eversheds Sutherlands advised SIA Wine Holding.	N/A	Latvia
17-May	Vilgerts	Vilgerts reported that the Supreme Court of Latvia decided in favor of its client, If P&C Insurance, in its dispute with Liepajas Metalurgs regarding use of an inappropriate vessel for carriage under an open cargo policy subject to ICC(A).	N/A	Latvia
23-Mar	Deloitte Legal; Glimstedt	Glimstedt advised DistIT AB on its EUR 1.2 million acquisition of an 80% stake in Sominis Technology UAB, a Vilnius-based distributor of PC, laptop, smartphone, and tablet accessories. Deloitte advised the sellers on the deal.	EUR 1.2 million	Lithuania
27-Mar	Sorainen	Sorainen represented Lidl Lietuve in successful negotiations with the Vilnius City Municipality, the Architects Association of Lithuania, and The Department of Cultural Heritage involving disputes regarding the architectural value of a former road police building on Giraites street in Vilnius.	N/A	Lithuania

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
30-Mar	Glimstedt; Primus	Primus assisted Mimaki Engineering, a Japanese manufacturer of wide-format inkjet printers and cutting machines, on the acquisition of manufacturing and distribution of the Eco Balance ecosolvent ink and the distribution business of the Decojet digital printing PVC wallpaper from Lithuanian company UAB Veika. The sellers were represented by Glimstedt on the deal.	N/A	Lithuania
30-Mar	Sorainen	Sorainen assisted IBS Lithuania in the process of obtaining an e-money license from the Bank of Lithuania.	N/A	Lithuania
10-Apr	Glimstedt; Sorainen	Glimstedt advised the Icor group on its sale of the Pentagon office property and nearby area in Vilnius to the Finnish real estate group Technopolis. Sorainen advised the buyers on the transaction, which was valued at around EUR 32 million.	EUR 32 million	Lithuania
24-Apr	SPC Legal	SPC Legal assisted Modus Group in changing its holding structure by making 19 intra-group transfers to change the subordination system of different businesses.	N/A	Lithuania
24-Apr	SPC Legal	SPC Legal advised UAB Nuomos Verslas (an investment vehicle owned by the majority shareholders of AB Freda) on its acquisition of 100% of shares of a company holding two warehouses with a total area of 13,000 square meters.	N/A	Lithuania
25-Apr	SPC Legal	SPC Legal assisted AB Panevezio Stiklas, a Baltic producer of glass products and processors, in its obtaining of EUR 7.3 million in financing from the Citadele bank to be "used to purchase a new glass furnace and thus to materially upgrade production activities of the company."	EUR 7.3 million	Lithuania
26-Apr	Sorainen	Sorainen's Vilnius office advised design and publishing company Kopa on the implementation of a new construction project in Lithuania's Kaunas free economic zone.	N/A	Lithuania
5-May	Cobalt	Cobalt represented East West Agro, one of the largest agricultural machinery sales companies in Lithuania, in the initial public offering of the company's shares.	EUR 3 million	Lithuania
10-May	Cobalt; Sorainen	Sorainen's Lithuania office advised 4finance on a USD 325 million bond issue due in 2022. Cobalt acted as Latvian counsel to 4finance Group on the bond issuance. The bonds are listed on the Global Exchange Market of the Irish Stock Exchange.	USD 325 million	Lithuania
16-May	Ellex (Valiunas)	Ellex Valiunas represented the EBRD on a EUR 50 million loan agreement with Lithuania's Public Investment Development Agency.	EUR 50 million	Lithuania
16-Mar	Dentons	Dentons advised Korporacja Inwestycyjna Polskiej Farmacji sp. z o.o. on its tender offer for 100% shares in Pelion S.A.	N/A	Poland
16-Mar	Allen & Overy; Dentons	Allen & Overy advised ENGIE on the sale of 100% of its shares in ENGIE Energia Polska, the owner of Elektrownia Polaniec, to ENEA S.A. Dentons advised ENEA on the transaction.	N/A	Poland
22-Mar	Studnicki Pleszka Cwiakalski Gorski	SPCG persuaded the Court of Appeal in Warsaw to deny the appeal by the President of the Office of Competition and Consumer Protection of a lower court's ruling reversing his determination that T-Mobile Polska S.A. had participated in an agreement with three other telecommunication operators to restrict competition.	PLN 34 million	Poland
23-Mar	White & Case	On February 23, 2017, Poland's Supreme Court ruled in favor of a cassation appeal submitted by White & Case on behalf of a Polish and Spanish consortium led by Mostostal Warszawa S.A. to determine who the defendant must be in cases regarding the abuse of a bank guarantee.	N/A	Poland
24-Mar	Eversheds	Wierzbowski Eversheds Sutherland advised IKEA on its launch of a distance selling platform that includes both online and telephone sales.	N/A	Poland
28-Mar	Chajec, Don-Siemion & Zyto; Grabarek, Szalc I Wspolnicy	Chajec, Don-Siemion & Zyto advised Capital Partners Investment Fund on a loan provided to IPOS S.A., a Polish provider of IT solutions. Grabarek, Szalc i Wspolnicy — a member of Grata International — advised iPOS on the deal.	N/A	Poland
29-Mar	Dentons; Hogan Lovells	Hogan Lovells advised Union Investment on its EUR 62 million acquisition of the Maraton office building in Poznan, Poland, from Skanska. Dentons advised Skanska on the deal.	EUR 62 million	Poland
5-Apr	Greenberg Traurig; Kochanski Zieba & Partners; Weil Gotshal & Manges	Kochanski Zieba & Partners advised Echo Polska Properties on its acquisition, made along with Echo Investment S.A., of the Galeria Mlociny shopping center in northern Warsaw currently under construction. Weil Gotshal & Manges advised Echo Investment on the deal, while Greenberg Traurig advised the seller, Rosehill Investments.	EUR 42 million	Poland
6-Apr	Wolf Theiss	Wolf Theiss advised PGE Polska Grupa Energetyczna S.A. on the sale of 100% of the shares of Exatel S.A. to the Polish State Treasury.	EUR 87 million	Poland
10-Apr	Chajec, Don-Siemion & Zyto	Chajec, Don-Siemion & Zyto advised SaveCartTM, a new marketing technology start-up, on the acquisition of a 15% stake in the company by the start-up's inventors. The founding shareholders retain the remaining shares.	N/A	Poland
10-Apr	Clifford Chance; White & Case	Clifford Chance advised a consortium of Bank Zachodni WBK S.A. (Agent and Security Agent), Alior Bank S.A., Bank BGZ BNP Paribas S.A., DNB Bank ASA, DNB Bank Polska S.A., PKO Bank Polski S.A., TFI PZU S.A. and Raiffeisen Bank International AG in relation to a transaction concerning the granting of term facilities and revolving facilities in the amount of PLN 7 billion to Play Holding 2 S.a r.l. and P4 sp. z o.o. (PLAY's network operator). White & Case advised the borrowers on the loan.	PLN 7 billion	Poland
11-Apr	Mrowiec Fialek & Partners; Weil, Gotshal & Manges	Mrowiec Fialek & Partners advised Altus TFI on its acquisition of BPH TFI from BPH PBK Zarzadzanie Funduszami, a member of the GE Capital group. Weil Gotshal & Manges advised the GE Capital Group, including BPH PBK Zarzadzanie Funduszami, Bank BPH, and BPH TFI on the transaction.	N/A	Poland
19-Apr	CMS	CMS's Polish and Swiss offices advised the Bucher-Motorex Group on the acquisition of a lubricants factory in Poland from Circle K (the former Statoil Fuel&Retail).	N/A	Poland

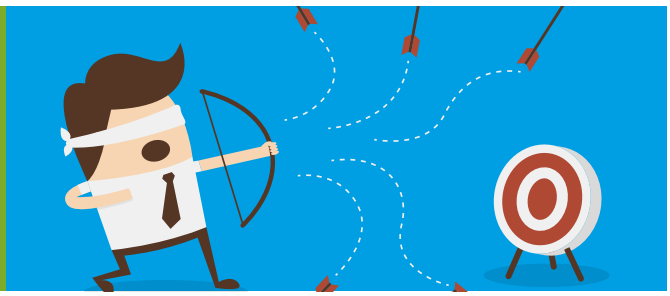
Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
20-Apr	Domanski Zakrzewski Palinka	DZP succeeded in the Regional Court in Gdansk for Obrascon Huarte Lain.	N/A	Poland
21-Apr	Linklaters; Wardynski & Partners	Wardynski & Partners represented Castorama on its lease of warehouse and logistics space in Poland from the Panattoni group. Linklaters advised the Panattoni Group on the deal.	N/A	Poland
21-Apr	Weil Gotshal & Manges; White & Case	White & Case advised Powszechna Kasa Oszczednosci Bank Polski S.A. Oddzial – Dom Maklerski PKO Bank Polski w Warszawie, as Global Coordinator, Joint Bookbuilder and Offeror, UBS Limited, WOOD & Company Financial Services, a.s. S.A. and Oddział w Polsce, as Global Coordinators and Joint Bookbuilders, and Erste Group Bank AG as Joint Bookbuilder, on the PLN 1.65 billion (approximately EUR 388 million) initial public offering and admission to trading of shares in Dino Polska S.A. on the regulated market of the Warsaw Stock Exchange. Weil Gotshal & Manges advised Dino Polska and the selling shareholder, Polish Sigma Group S.a r.l., controlled by Polish Enterprise Fund VI L.P., a fund managed by Enterprise Investors.	EUR 388 million	Poland
26-Apr	Clifford Chance; Witkowski Hayder	Clifford Chance advised DaVita on the acquisition of Centrum Dializa II, which runs 47 dialysis centers and nephrological wards across Poland, from Jacek Nawakowski. The Witkowski Hayder firm advised Centrum Dializa II and Nawakowski on the deal.	N/A	Poland
3-May	Chajec, Don-Siemion & Zyto	Chajec, Don-Siemion & Zyto advised SaveCartTM, a new marketing technology start-up, on the equity investment into the company by an unnamed investor.	N/A	Poland
3-May	Studnicki Pleszka Cwiakalski Gorski	SPCG advised MMP Neupack Polska Spolka z o.o. (part of the MM Karton AG group) on what the firm calls "the division of the company by separation."	N/A	Poland
3-May	Clifford Chance; Weil, Gotshal & Manges	Weil Gotshal & Manges advised TVN on its sale of the remaining 25% of web portal Onet Holding sp. z o.o. to joint venture partner Ringier Axel Springer Media AG, giving Ringier Axel Springer full control of the company. Clifford Chance advised the buyers on the deal.	N/A	Poland
4-May	Studnicki Pleszka Cwiakalski Gorski	SPCG persuaded the Court of Appeal in Krakow to uphold the judgment of the lower court in favor of firm client Sobieslaw Zasada Group against a demand to have the plaintiff's compensated for its contribution in kind.	N/A	Poland
15-May	Domanski Zakrzewski Palinka	DZP advised SBB Energy on its acquisition of a majority stake in ELMAX Enterprise Service and Trade Andrzej Holub Sp. z o.o.	N/A	Poland
3-Apr	Greenberg Traurig; Suciu Popa	Greenberg Traurig announced that it advised Anheuser-Busch InBev on the Polish aspects of the sale to Japanese brewer Asahi Group Holdings, Ltd. of the businesses that prior to its combination with AB InBev were owned by SABMiller plc in Central and Eastern Europe. Similarly, Suciu Popa announced that it advised SAB Miller on the sale of its Romanian businesses.	N/A	Poland; Romania
20-Mar	CMS; Gessel	CMS advised iCotton, a manufacturer of hygiene products in Eastern Europe, on its acquisition of a controlling 59.95% stake Harper Hygienics from Polish Enterprise Fund V, a private equity fund managed by Enterprise Investors. Gessel advised the sellers on the deal.	N/A	Poland; Russia; Ukraine
18-Apr	White & Case	White & Case lawyers in Poland and Slovakia participated in the firm's provision of advice to Banca Farmafactoring on its initial public offering on the Milan Stock Exchange, in which approximately 30% of the company's ordinary shares were sold for a total amount of approximately EUR 250 million.	EUR 250 million	Poland; Slovakia
24-Mar	Tuca Zbarcea & Asociatii	Tuca Zbarcea & Asociatii advised sports betting company Fortuna Entertainment Group on Romanian legal issues related to its acquisition of Hattrick Sports Group Ltd., Ireland, from Hattrick Sports Group LLC (U.S) and other shareholders and share warrant holders.	EUR 135 million	Romania
11-Apr	Suiciu Popa	Suciu Popa assisted Enel Investment Holding B.V. in finalizing its acquisition of 13.6% of the share capital of E-Distributie Muntenia S.A. and Enel Energie Muntenia S.A., which increased Enel's interest in the two companies to 78%.	EUR 400 million	Romania
19-Apr	Clifford Chance; Linklaters; PeliFilip	PeliFilip, working with Linklaters, advised the Romanian Ministry of Public Finance on a two-tranche Eurobonds issue which attracted EUR 1.75 billion from international markets. Clifford Chance Badea provided legal assistance to the bank syndicate, which included Barclays Bank PLC, Citigroup Global Markets Limited, Erste Group Bank AG, Societe Generale, and ING Bank NV.	EUR 1.75 billion	Romania
20-Apr	Maravela & Asociatii	Maravela & Asociatii assisted Quantum Music Records Romania on its conclusion of a strategic partnership with Universal Music France for the development of the musical project of the artist Irina Rimes in France and on French territories and in the French communities of Monaco, The French Overseas Territories and Departments, Andorra, Benelux, Switzerland, and Canada.	N/A	Romania
25-Apr	Leroy si Asociatii	Leroy si Asociatii advised the French group Lactalis on the squeeze out of the minority shareholders of Albalact.	N/A	Romania
25-Apr	Nestor Nestor Diculescu Kingston Petersen	NNDKP represented a joint venture created by FCC Construccion SA, Astaldi SPA, and Contratas Y Ventas S.A. in litigation involving an award of a public procurement contract by Compania Nationala de Cai Ferate SA (CFR) entitled "Rehabilitation of the Frontiera – Curtici – Simeria Railway, part of the IVth Pan – European Corridor, for the circulation of trains with a maximum speed of 160 km/h, Section 3: Gurasada-Simeria."	EUR 550 million	Romania
5-May	Tuca Zbarcea & Asociatii	Tuca Zbarcea & Asociatii advised Accel on its investment, made in participation with Earlybird Venture Capital, Credo Ventures, and Seedcamp, on USD 30 million in Series A investment into UiPath, a Robotic Process Automation (RPA) software company.	USD 30 million	Romania
5-May	Cleary Gottlieb Steen & Hamilton Clifford Chance; Freshfields Bruckhaus Deringer; Houthoff Buruma; PeliFilip	PeliFilip assisted Digi Communications N.V., the majority shareholder of RCS & RDS S.A., regarding the initial public offering of shares conducted for listing RCS & RDS on the Bucharest Stock Exchange. Freshfields Bruckhaus Deringer advised Digi on U.S., UK, and Dutch elements of the issuance. Clifford Chance Badea advised the banks on Romanian law, while Cleary Gottlieb Steen & Hamilton and Houthoff Buruma offered legal assistance on U.S., UK, and Dutch law.	N/A	Romania

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
8-May	Dentons; Suciu Popa	Suciu Popa advised Hili Ventures in its acquisition of the ART Business Centre in Bucharest from FBC Exclusiv, with financing provided by Banca Comerciala Romana, advised by Dentons.	N/A	Romania
9-May	PeliFilip	PeliFilip successfully represented Romania's Financial Supervisory Authority in a dispute initiated by the former Chairman of the Insurance Supervisory Commission, Tudor Daniel George.	RON 3.3 million	Romania
14-Mar	Clifford Chance; Linklaters	The Moscow office of Clifford Chance advised Integra Group on the restructuring of RUB 8.7 billion in debt provided by a syndicate consisting of Sberbank and Alfa-Bank. Linklaters advised the banks on the restructuring.	RUB 8.7 billion	Russia
24-Mar	Egorov Puginsky Afanasiev & Partners	Egorov, Puginsky, Afanasiev & Partners defended the interests of the Cherkizovsky meat processing plant in a dispute with the Miratorg company.	N/A	Russia
12-Apr	CMS; Freshfields Bruckhaus Deringer	CMS advised ING Bank N.V., London Branch and other international banks as mandated lead arrangers of a new USD 420 million five year unsecured syndicated finance facility to Russian Railways. Freshfields Bruckhaus Deringer reportedly advised Russian Railways on the deal.	USD 420 million	Russia
18-Apr	Debevoise & Plimpton	The Moscow and London offices of Debevoise & Plimpton advised longstanding client PJSC MMC Norilsk Nickel on its USD 1 billion Eurobond offering due 2023 with a coupon of 4.10% per annum.	USD 1 billion	Russia
19-Apr	Nektorov, Saveliev & Partners	Nektorov, Saveliev & Partners advised Brunello Cucinelli on its EUR 7.1 million acquisition of a participation interest in Perugia LLC.	EUR 7.1 million	Russia
19-Apr	Egorov Puginsky Afanasiev & Partners	Egorov Puginsky Afanasiev & Partners (EPAM) reported that on April 17, 2017 the Arbitrazh Court of Moscow approved a settlement agreement between Russia's Federal Antimonopoly Service and the Google and Yandex corporations, thereby bringing an end to a dispute which had run for more than two years. EPAM represented Yandex in the dispute.	N/A	Russia
21-Apr	Clifford Chance; Dentons	Clifford Chance advised PJSC MMC Norilsk Nickel on the sale of its equity interest in the company which owns the Legion TI Business Center in Moscow to RCP Investments II Ltd. Dentons advised the buyers on the deal.	USD 100 million	Russia
24-Apr	Integrites	Integrites' Moscow office provided pro bono legal advice to the World Bank in the form of a report entitled "Enabling the Business of Agriculture 2017".	N/A	Russia
27-Apr	Clifford Chance; Latham & Watkins	Clifford Chance advised X5 Retail Group, a Russian food retailer, on its debut issue of RUB 20 billion guaranteed notes. Latham & Watkins advised the banks on the issuance.	RUB 20 billion	Russia
9-May	Goltsblat BLP	Goltsblat BLP advised Fasten, which it describes as "a major player on the taxi aggregator market in Russia," on its merger with RuTaxi.	N/A	Russia
15-May	Jus Aureum	Jus Aureum advised Sberbank CIB on the debt restructuring procedure of the Chizhov Gallery JSC.	N/A	Russia
3-Apr	Allen & Overy; Baker McKenzie; Clifford Chance; Redcliffe Partners	Clifford Chance advised Deutsche Bank, ING, Natixis, and UniCredit in their capacity as the coordinating committee for the pre-export finance banks in connection with the successful implementation of a USD 2.3 billion debt restructuring for Metinvest. Ukraine's Redcliffe Partners, working alongside Clifford Chance, provided Ukrainian law advice to the committee. Baker McKenzie and Allen & Overy advised Metinvest on the restructuring.	USD 2.3 billion	Russia; Ukraine
21-Apr	Asters; Quinn Emanuel Urquhart & Sullivan	Asters served as Ukrainian counsel (working with lead counsel Quinn Emanuel Urquhart & Sullivan) to JSC Oschadbank, in connection with Oschadbank's claim against the Russian Federation, brought before an arbitration panel at the International Chamber of Commerce in Paris, for recovery of over USD 1 billion in compensation as a result of the total loss of its investments in Crimea.	USD 1 billion	Russia; Ukraine
16-Mar	Zivkovic Samardzic	Zivkovic Samardzic advised South Central Ventures on a transaction involving its portfolio company Dry Tools and acquiring company Alchemy Cloud Inc.	N/A	Serbia
24-Mar	Zivkovic Samardzic	Zivkovic Samardzic secured a victory for AIK Banka in the Supreme Court of Cassation of Serbia.	N/A	Serbia
27-Mar	Zivkovic Samardzic	Zivkovic Samardzic advised South Central Ventures on its investment in CUBE Risk Management Solutions, a tech startup providing risk assessment, reporting and monitoring services, market analysis, and competition and trade intelligence on the Serbian market.	N/A	Serbia
3-Apr	Karanovic & Nikolic	Karanovic & Nikolic successfully obtained conditional Serbian Competition Commission clearance for SBB's takeover of IKOM.	N/A	Serbia
24-Apr	Zivkovic Samardzic	Zivkovic Samardzic secured what it calls "an important victory in the Administrative Court in Belgrade against the Ministry of Economy of the Republic of Serbia."	N/A	Serbia
5-May	JPM Jankovic Popovic Mitic	JPM advised the sellers of I.KOM, one of the largest cable TV, broadband Internet, and telephone industry providers in Serbia, on its takeover by SBB.	N/A	Serbia
7-Apr	bnt	BNT's Bratislava office advised SEE RE One s.r.o. and Invest4SEE RE Investment Holding GmbH in connection with their acquisition of what the firm describes as "one of the largest warehouses in Slovakia."	N/A	Slovakia
27-Apr	Noerr	Noerr's Slovakian office assisted on the firm's provision of advice to Aurelius Equity Opportunities SE & Co. KGaA on the sale of Germany's Secop Group to Nidec at a valuation of EUR 185 million.	EUR 185 million	Slovakia
4-May	Kinstellar	Kinstellar advised ProLogis on its sale of the Slovakian industrial and logistics complex ProLogis Park Nove Mesto nad Vahom to Arete Invest.	N/A	Slovakia
14-Mar	Verdi; White & Case	White & Case advised Spanish bank BBVA on its acquisition of a 9.95% stake in Garanti Bank from Dogus Group for approximately EUR 859 million. The Verdi law firm advised Dogus Group on the deal, which gives BBVA a 49.85% stake in Garanti.	EUR 859 million	Turkey
16-Mar	Baker McKenzie	Baker McKenzie advised Akbank T.A.S., one of Turkey's largest banks, on the offering of USD 500 million Basel III compliant Tier 2 Notes under Akbank's USD 3.5 billion Global Medium Term Note Program. This represents the first Tier 2 Notes issue in Turkey this year.	USD 500 million	Turkey

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
24-Mar	Baker McKenzie (Esin Attorney Partnership); Dentons (BASEAK)	The Esin Attorney Partnership and Baker McKenzie's Paris office advised Akbank T.A.S. in relation to its USD 404,512,884 and EUR 738,271,106 Dual Currency Term Loan Facilities. Balcioglu Selcuk Akman Keki Attorney Partnership and Dentons advised Joint Coordinators and Bookrunners Bank of America Merrill Lynch International Limited, Emirates NBD Capital Limited, and ICBC Turkey Yatirim Menkul Degerler A.S. on the transaction.	USD 1.2 billion	Turkey
30-Mar	Linklaters; Paksoy	Linklaters and Paksoy advised Turkey's Turkiye Sinai Kalkinma Bankasi (TSKB) on its issue of the world's first sustainable tier two bond.	USD 300 million	Turkey
4-May	Moral	The Moral law firm advised the Aryom real estate developer on the construction and sale of the Aryom Koru Project, which consists of 425 residences surrounded by sculptured landscapes and multiple social and sports facilities and is located just outside Izmir.	EUR 36.4 million	Turkey
5-May	Cerrahoglu Law Firm; Erdem & Erdem	Erdem & Erdem advised Anadolu Cam Sanayii Anonim Sirketi, the glass-making affiliate of the Sisecam Group, on its agreement to transfer 50% of the shares of Omco Istanbul Kalip Sanayi ve Ticaret Anonim Sirketi to Omco International N.V., which already held the other 50%. The Cerrahoglu Law Firm represented the buyer on the deal.	N/A	Turkey
5-May	Baker McKenzie (Esin Attorney Partnership); LSA Legal Consultancy	The Esin Attorney Partnership advised Jonquil Group Limited in relation to the sale by its Turkish subsidiary of 3.7 hectares of land in Bodrum to Idyma Gayrimenkul A.S., a subsidiary of Peska Turizm Yatirim A.S., a company developing and operating tourist facilities in Turkey. The LSA Legal Consultancy advised the buyers on the deal.	N/A	Turkey
10-May	Baker McKenzie; Baker McKenzie (Esin Attorney Partnership)	The Esin Attorney Partnership and Baker McKenzie's Paris and Frankfurt offices advised the lenders in relation to USD 306,000,000 and EUR 956,500,000 Dual Currency Term Loan Facilities provided to Yapi ve Kredi Bankasi A.S.	USD 306 million and EUR 956.5 million	Turkey
10-May	Akol Ozok Namli Attorney Partnership; Baker McKenzie; Paksoy; Verdi	Paksoy advised the EBRD on its acquisition of a majority stake in Turkey's Korozo Ambalaj producer of flexible packaging, made along with the Esas Holding venture capital firm and the Actera private equity investor, from the Duvenyaz family, Riva Salhon, and Rakel Nahmiyas. Verdi (in Turkey) and Baker McKenzie (in Luxembourg) advised Actera on the deal. The Akol Ozok Namli Attorney Partnership acted for UNLU Menkul Degerler A.S. and the selling shareholders of Korozo on the sale to Actera.	N/A	Turkey
15-May	Hogan Lovells	Hogan Lovells advised Aktif Bank on the first sukuk ever to be listed on the Global Exchange Market of the Irish Stock Exchange.	USD 118 million	Turkey
14-Mar	Vasil Kisil & Partners	Vasil Kisil & Partners successfully represented Roche Ukraine in a labor dispute with a former employee.	N/A	Ukraine
17-Mar	Eterna Law	Eterna Law, working in cooperation with Maples and Calder in the British Virgin Islands and Matthew Hardwick QC (instructed by Maples and Calder Partner Arabella di Iorio), successfully appealed a lower court's ruling involving the discharge of a worldwide freezing injunction on behalf of clients Rustam Yusufovich Gilfanov and Sergey Aleksandrovich Tokarev in the Eastern Caribbean Court of Appeal (BVI Court of Appeal).	N/A	Ukraine
21-Mar	Asters	Asters represented ACNielsen Ukraine in a successful defense of the company's interests in an alleged retail cartel case.	N/A	Ukraine
30-Mar	Clifford Chance; Redcliffe Partners	Redcliffe Partners provided legal advice to the EBRD in connection with a EUR 3.3 million financing of an Aquanova Development LLC loan facility for the construction of a small hydro power plant on the Rika River in the Khust District of the Zakarpattya Region of Ukraine. Clifford Chance advised EBRD on English law aspects of the financing.	EUR 3.3 million	Ukraine
31-Mar	PLP Law Group	The PLP Law Group protected the interests of the Turkish exporter Dogu Iklimlendirme Sanayi ve Ticaret A.S. in a debt recovery case against an unnamed Ukrainian enterprise.	N/A	Ukraine
18-Apr	Sayenko Kharenko	Sayenko Kharenko's litigation team successfully represented PJSC Insurance Company Ukrainian Insurance Group Life in the Supreme Commercial Court of Ukraine regarding a UAH 5.3 million (approximately EUR 185,000) insurance indemnity collection dispute.	EUR 185,000	Ukraine
19-Apr	Sayenko Kharenko	Sayenko Kharenko provided legal counsel to Electronic Arts, an American video game company, in relation to prize promotion issues.	N/A	Ukraine
21-Apr	Doubinsky & Osharova	Doubinsky & Osharova successfully defended the rights of the owner of the "Jack Daniel's" brand in a trademark and patent case in Ukraine.	N/A	Ukraine
24-Apr	Vasil Kisil & Partners	Vasil Kisil & Partners represented Rele Construction Company in the successful resolution of its dispute with the Kyiv City Council involving the termination of a land lease agreement made for 50 years.	N/A	Ukraine
15-May	Lavrynovych & Partners	Lavrynovych & Partners provided free legal assistance on the establishment of Starenki charitable foundation, which supports single elderly people in Kyiv by providing them with food and household goods.	N/A	Ukraine

DID WE MISS SOMETHING?

We're not perfect; we admit it. If something slipped past us, and if your firm has a deal, hire, promotion, or other piece of news you think we should cover, let us know. Write to us at press@ceelm.com



ON THE MOVE: NEW HOMES AND FRIENDS

Grata Opens Associated Office in Kazan

The Gain & Partners Law Firm has become an associate office of Grata International in Kazan, Russia.

According to an announcement by Grata International, Kazan, the capital city of the Russian Republic of Tatarstan, "is not only the main hub of Volga economic region in terms of industry, finance and investment but also has the largest IT-park in the country."

Gain & Partners Managing Partner Kseniia Gain commented that: "Our team is glad to be at the forefront of the new development of legal services market of Tatarstan. We believe that by creating an alliance with Grata International we will be able to set a new benchmark for providing legal services in Tatarstan and follow global standards. Even though technological capabilities allow businesses to operate virtually anywhere around the world, legal services still rely on operating face to face, because a lawyer must have his client's full trust and professional recognition. Due to the fact that most communication happens non-verbally, a lawyer's abilities are often assessed in person. Through personal cooperation, the combined team of our law firms will be able to deal with client issues across Central Asia, Eastern Europe, and other regions. The synergy of knowledge and expertise of a team of united professionals will enhance our ability to solve the most complex problems."

Grata International Senior Partner Akhmetzhan Abdullayev added that: "We are very encouraged by the fact that the company Gain & Partners is now with us. It means that the unique competencies of talented colleagues from Kazan will be in demand within the framework of Grata International network. It means that our clients from other cities and jurisdictions will be able to get additional opportunities in the Republic of Tatarstan. It means that we are on the path to creating the most successful, efficient and fastest growing network of law firms in the territory of the former Soviet countries. I am grateful to colleagues for accepting this challenge and opening themselves to new experiences and new achievements."

Adriatic Legal Network Welcomes Bosnian and Macedonian Members

Bosnia & Herzegovina's Sajic and Macedonia's Pepeljugoski law firms have joined the Adriatic Legal Network (ALN) alliance formed in June of last year by Serbia's Joksovic, Stojanovic and Partners, Slovenia's Miro Senica and Attorneys, and Croatia's Kallay and Partners.

The new members were welcomed into the ALN alliance at its annual meeting in late December in Zagreb.

According to ALN, "with accession of two new members the entire territory of the former Yugoslavia is finally covered, so that the ALN network can successfully provide legal services in all these countries." Accord to ALN, it "still plans to expand in the future."

The growing phenomenon of Balkan law firm networks and alliances was covered at length in the March 2017 issue of the CEE Legal Matters magazine.

DZP Takes Energy Team from Norton Rose Fulbright in Warsaw

Domanski Zakrzewski Palinka has announced that former Norton Rose Partner and energy specialist Rafal Hajduk has joined the firm to lead its energy advisory team in its Infrastructure & Energy Practice, bringing with him a team from his former firm.

According to DZP, Hajduk "is a prominent expert in transaction advice and legal services to businesses in the energy sector." The firm describes him as "specializ[ing] in supporting energy infrastructure, particularly power generation, investments, in regulatory matters, mergers and acquisitions in the energy sector and energy and derivatives trading.

Hajduk moved over from Norton Rose Fulbright, where he had been since May 2008. Before that he was a Partner at CMS, where he had been since 1997.

"Rafal is a great lawyer, combining extensive knowledge with a business approach," said Marcin Krakowiak, head of DZP's Infrastructure & Energy Practice. "I am confident that his wide experience and understanding of the sector will be a major support to our clients."

Grzegorz Filipowicz, Senior Associate, and Associates Anna Konopka, Natalia Jankowska, and Mateusz Koszel join Hajduk in moving over from Norton Rose Fulbright. According to DZP, "the new team members will join forces with Partner Pawel Grzejszczak, a leading expert in legal support to the energy sector."

"I have been observing DZP's activities in legal advice to energy businesses and I am happy to be part of the Infrastructure & Energy Practice," said Hajduk. "I am sure that the team and I will contribute to the practice's continued development."

CEE Attorneys Expands to Latvia

CEE Attorneys Lithuania has opened an office in Riga, Latvia, and appointed Senior Associate Valery Komisarov as Real Estate and Construction Head in the country. Komisarov will also manage the Riga office, reporting to Managing Partner of CEE Attorneys Lithuania, Daina Senapediene, who will remain in Vilnius.

According to CEE Attorneys, "the opening of the office in Riga goes along with the strategic plan of CEE Attorneys to offer high standard legal services in all Central and Eastern European and Baltic countries under the one-stop shop principle. The next step planned would be getting established in Estonia."

At the moment, the firm reports that its new Latvian office will focus primarily on the real estate, construction, and infrastructure sectors. However, Senapediene claims that "hiring more lawyers and expanding the scope of legal advisory services are in the near plans of CEE Attorneys in Latvia."

Komisarov worked for over three years as a lawyer with the Riga-based KOM-Invest real estate before opening his own solo practice in the beginning of 2016. He has a Master's degree in Civil Construction and Real Estate Management from Riga Technical University and a Master's of Laws degree from Latvia's Business University Turiba.

KKLW Merges with Wierzbicki Attorney Partnership in Poland

Kurzynski Kosinski Lyszyk i Wspolnicy has merged with the Wierzbicki Attorney Partnership in Poland, and the combined law firm will now operate as Kurzynski Kosinski Lyszyk and Wierzbicki.

The new KKLW (the same acronym as before, with the final letter now standing for "Wierzbicki" instead of "Wspolnicy") employs over 20 lawyers, including Senior Partners Jacek Kosinski, Krzysztof Lyszyk, Michal Kurzynski, and Przemyslaw Wierzbicki, and Partners Agnieszka Wierzbicka and Lukasz Zabczynski.

According to a press release issued by the new KKLW, "the partners of both law firms decided that the merger will increase their area of expertise and improve the market share." That same press release asserts that, "due to the merger KKLW will provide a broader scope of services, including corporate law (M&A transactions and capital markets transactions), administrative law, public procurement law, restructuring and insolvency, real estate and construction, infrastructure, labor law, competition law and intellectual property law. The merger also means expanding the clients' portfolio that now includes public sector [and] Polish and international companies."

In addition, the firm reports, the "unparalleled" experience of former WARP Managing Partner Przemyslaw Wierzbicki and his team in litigation, "combined with KKLW successes will give the new law firm a leading position on the market of sophisticated civil and commercial litigations."

"This merger strengthens our competitive edge," said KKLW Partner Michal Kurzynski. "For years we have been competing with the biggest law firms because we have parallel knowledge and experience. At the same time we can be more flexible as far as our remuneration is concerned."

"Our lawyers have an extensive knowledge of some of the major industries, such as infrastructure, energy, banking and finance, pharmaceutical, sport and entertainment," said Przemyslaw Wierzbicki. "As KKLW we are planning to grow even further, so now we will concentrate on reaching to new clients, as well as to leading professionals. We want to be able to keep expanding our scope of services."

The new KKLW will take the place of the old KKLW at the Cosmopolitan building in Warsaw on Twarda street.

CMS Prague Announces Expansion of Real Estate Team

CMS has announced that Counsel Libor Prokes, Senior Associate Pavel Srb, and Associate Ivana Lobotkova have moved from Wolf Theiss to join the firm's real estate practice in Prague.

According to CMS, "Libor Prokes and Pavel Srb have a broad practice with a strong focus on real estate transactional work, including sales and acquisitions and financings, and leasing and constructions matters."

"From the appointments of Libor, Pavel, and Ivana, compounded with the continuous growth and development of our own lawyers internally, CMS now has one of the most robust real estate teams on the market," commented CMS Partner and Head of the firm's Prague Real Estate practice, Lukas Hejduk. "Having acted opposite Libor and Pavel in numerous real estate transactions, we were particularly impressed at how well they understand the property business and the drive they have to get

the deal done. We share the same commercial approach to transactions and believe they will make a perfect fit with our team."

"We are very positive about future opportunities in the region and expect our established position as a market leading advisor in CEE to be further entrenched with the merger with real estate powerhouse Nabarro as well as a new office opening in Bratislava," Hejduk concluded.

"We are very excited about joining CMS. Our combined experience and strength will enable us to act on the largest and most complex transactions on the market," added Libor Prokes.

Act Legal Law Firm Alliance Launched

The new Act Legal alliance (branded in lower-case, as "act legal") has appeared on the CEE legal scene, consisting of founding members AC Tischendorf (in Germany), BSWW (in Poland), MPH (in Slovakia), Randa Havel Legal (in the Czech Republic), Vivien & Associes (in France), and WMWP (in Austria).

According to a press release distributed by the new alliance, "with around 250 first-class corporate lawyers, tax consultants and business experts, act legal will be the very first choice for top-quality legal advice in Europe." That same press release claims that "Act Legal plans to provide global support to clients through its existing network memberships, linking it to more than 57 law firms and approximately 1,350 lawyers in all major business centers of the world."

Act Legal's activities will be coordinated by a team consisting of Sven Tischendorf from AC Tischendorf, Nicolas Vivien from Vivien & Associes, and Martin Randa from Randa Havel Legal.

Martin Randa explains: "Changes in the way of our clients work, in particular by increasing international trade interdependence and consolidating of originally local businesses into larger units, have been the main impulse for the formation of act legal. With Act Legal our aim is quite plainly to offer the market the best of all legal consultancy worlds, by combining top partner-led, local law firms with international professionalism. In addition, act legal will offer talented, entrepreneurial-minded, internationally-oriented lawyers an attractive platform for their professional careers."

Act Legal reports that it "aims to have its own offices in all major countries of Europe," and that "initial talks are already underway with high-performing law firms in Scandinavia and Southern Europe focused on Corporate, M&A, and General Commercial law."

Komnenic Law Office Open for Business in Montenegro

The Komnenic Law Office has opened its doors in Podgorica, Montenegro.

Led by Milos Komnenic, who was a Senior Associate in the Jovovic Mugosa & Vukovic law firm before hanging out his shingle, KLO employs three legal practitioners, though Komnenic says he intends to expand the team soon. Komnenic explains this his new firm "provides full service, with a particular focus on Real Estate, Financing, M&A, Tax, and private investments. Our clients come from different areas of business, such as energy, construction, gambling, etc. Among the clients that we would mention is the utility and energy company A2A from Italy, which in the largest ever privatization in Montenegro partially privatized the country's only public energy supplier."

"I am very excited and satisfied with the new start," Komnenic added, "which as any fresh start gives you motivation and different view. The target which I hope I and my associates will be able to reach is to establish KLO as a local player enable to provide immediate and efficient assistance to the clients, without too many formalities before. After almost nine beautiful years in JMV, I have to thank also to my previous office and confidence of the partners to be a lead team member in charge of various M&A, Finance, Tax and general commercial matters.

SUMMARY OF CEE MOVES AND APPOINTMENTS

IN-HOUSE MOVES

Date Covered	Name	Company/Firm	Moving From	Country
4-May	Martina Tomova	Uniqa and Uniqa Life	Paysafe Group	Bulgaria
12-Apr	Radek Novotny	AERO Vodochody AEROSPACE a.s.	LG Electronics	Czech Republic
28-Apr	Dimitris Loukas	PotamitisVekris (Partner)	Hellenic Competition Commission	Greece
4-Apr	Tobiasz Adam Kowalczyk	Volkswagen	Samsung	Poland

PARTNER MOVES

Date Covered	Name	Practice(s)	Firm	Moving From	Country
20-Mar	Achim Jahnke	Corporate/M&A	Konecna & Zacha	Dvorak Hager & Partners	Czech Republic
11-May	Annamaria Csenterics	Corporate/M&A	Dentons	Weil Gotshal & Manges	Hungary
30-Mar	Mindaugas Civilka	IP/TMT	TGS Baltic	Civilka Butkevicius Svedas	Lithuania
15-May	Daiva Lileikiene	Infrastructure/PPP	SPC Legal	Tailors	Lithuania
4-Apr	Rafal Hajduk	Energy	Domanski Zakrzewski Palinka	Norton Rose	Poland
4-Apr	Antoni Bolecki	Competition	Hansberry Tomkiel	Greenberg Traurig	Poland
24-Apr	Florin Dutu	Dispute Resolution	Stratulat Albulescu Attorneys at Law	Voicu & Filipescu	Romania
3-May	Victor Constantinescu	Real Estate	Kinstellar	Biris Goran	Romania
10-May	Andrei Baev	Energy	Reed Smith	Chadbourne & Parke	Russia
5-Apr	Milica Subotic	Corporate/M&A	Subotic & Jevtic Attorneys at Law	Jankovic Popovic Mitic	Serbia
16-May	Tanja Unguran	Corporate/Tax	MIM Law	Karanovic & Nikolic	Serbia
4-Apr	Michal Hulena	Corporate/M&A	Konecna & Zacha	Ruzicka Csekes	Slovakia
21-Feb	Begum Durukan Ozaydin	Banking/Finance	Durukan + Partners	Birsel	Turkey

SENIOR APPOINTMENTS

Date Covered	Name	Practice(s)	Appointed To	Firm	Country
25-Apr	Thomas Anderl	Real Estate	Partner	Wolf Theiss	Austria
21-Apr	Prokop Verner	Corporate/M&A	Partner	Allen & Overy	Czech Republic
3-May	Mark Segall	Banking/Finance	CMS	Head of CEE Banking & Finance	Czech Republic
9-May	Lukas Zahradka	Corporate/M&A	Partner	Dvorak Hager & Partners	Czech Republic
11-May	Matyas Kuzela	IP/TMT	Partner	Randa Havel Legal	Czech Republic
30-Mar	Martin Kaerdi	Real Estate/Labor	Partner	Ellex (Raidla)	Estonia
3-May	Jozsef Varady	Real Estate	Partner	CMS	Hungary
8-May	Marcell Szonyi	Real Estate	Partner	Dentons	Hungary
20-Mar	Rafal Baranowski	Corporate/M&A	Shareholder	Greenberg Traurig	Poland
20-Mar	Pawel Piotrowski	Capital Markets	Shareholder	Greenberg Traurig	Poland
20-Mar	Karolina Dunin-Wilczynska	Corporate/M&A	Partner	Greenberg Traurig	Poland
21-Mar	Jolanta Zarzecka-Sawicka	Labor	Partner	FKA Furtek Komosa Aleksandrowicz	Poland
24-Mar	Janusz Dzianachowski	Real Estate	Partner	Linklaters	Poland
26-Apr	Marcin Bartnicki	Corporate/M&A	Partner	Clifford Chance	Poland
26-Apr	Wojciech Polz	Corporate/M&A	Partner	Clifford Chance	Poland
8-May	Bartlomiej Kordeczka	Real Estate	Partner	Dentons	Poland
3-May	Horia Draghici	Dispute Resolution	Partner	CMS	Romania
2-May	Alexandru Reff	Corporate/M&A	Deloitte (Reff & Associates)	Country Managing Partner	Romania/ Moldova
6-Apr	Denis Kazakov	Infrastructure/PPP	Partner	Nadmitov Ivanov & Partners	Russia
6-Apr	Sergei Lapin	Corporate/M&A	Partner	Nadmitov Ivanov & Partners	Russia
25-Apr	Vitaly Dianov	Competition	Partner	Goltsblat BLP	Russia
8-May	Georgy Pchelintsev	IP/TMT	Partner	Dentons	Russia
18-Apr	Nikola Poznanovic	Competition	Jankovic Popovic Mitic	Head of Competition	Serbia
8-May	Stanislava Valientova	Banking/Finance	Partner	Dentons	Slovakia
21-Apr	Joe Clinton	Energy	Partner	Allen & Overy	Turkey
2-May	Igor Krasovskiy	Banking/Finance	Partner	Jeantet	Ukraine
2-May	Illya Tkachuk	Corporate/M&A	Partner	Jeantet	Ukraine

Full information available at: www.ceelegalmatters.com

Period Covered: March 20 - May 16, 2017

THE BUZZ

In "The Buzz" we interview experts on the legal industry living and working in Central and Eastern Europe to find out what's happening in the region and what legislative/professional/cultural trends and developments they're following closely. Because the interviews are carried out and published on the CEE Legal Matters website on a rolling basis, we've marked the dates on which the interviews were originally published.

ALBANIA (APRIL 10)

Reform Remains Theoretical in Albania

Very little has changed in the Albanian legal market, according to Besnik Duraj, Partner at Drakopoulos, apart from the judicial reform introduced last year to incentivize foreign investors who have been discouraged by the judicial corruption and political instability in Albania.

"Still at a theoretical stage, the reform is not going forward as expected," says Duraj, who believes that the impending elections slated for mid-June 2017 will likely slow things further. In Duraj's opinion there is little reason to believe the election results will change things for the better, but he suggested that the incumbent government's re-election would at least mean building on what's already in place rather than starting all over.

Although the legal market has been a bit slow, "the law firm has had a lot of quality work this past month" says Duraj, mostly in the form of foreign clients needing assistance in niche legal matters, such as data protection, regulatory, TMT, IP, and so on. Duraj suggests that foreign companies are more likely to recognize the need for formal law firm assistance than many of their domestic counterparts in Albania.

When asked about the controversial restrictions on law firms imposed by Bar association in some neighboring countries, Duraj laughed, reporting that, "we don't have such issues in Albania," and explained that the Albanian Bar is quite liberal about law firm advertising and related issues. "At least Albania can boast of that much," he says.

In general, the legal market is relatively stable in Albania, Duraj reports, with little movement or change of significance.

As for his own firm, Duraj says that Drakopulous has hired no lawyers recently, but has expanded its tax and accounting practice.

LITHUANIA (APRIL 18)

New Laws of Importance to Commercial Lawyers

The Buzz in Lithuania, according to Ellex Valiunas Partner Ramunas Petravicius, focuses on several newly-adopted laws "that are important for all commercial law practitioners."

The first is the country's new Labor Code, which, when adopted last fall, encountered huge resistance from labor unions, and was thus ultimately postponed until July 1, 2017, to allow for revision of provisions on labor conditions. These new provisions have been discussed with and accepted by the labor unions, and the Code will be amended accordingly; it is thus expected to enter into force in July as planned. Among the new provisions are one making it easier to hire and fire employees in case of redundancy (with the previous severance payments of between 1-6 monthly salaries reduced to .5-2), and another shortening the prior notice periods from 2-4 months to, normally, only 1. Labor unions have accepted that the changes were necessary to improve the country's productivity and competitiveness — "some of them are quite rational," Petravicius says — and as the old Labor Code was already incredibly pro-labor, had left little room to negotiate.

Petravicius calls the new Code "very good," because it incentivizes new investment. "As a small country we have to be competitive," he says, "and we have to be transparent and clear in our procedures." In addition, at least in the short term, it will increase the work of law firms, "because companies will not know the law and will need to be informed and educated and have policies brought into compliance."

The second law Petravicius refers to is Lithuania's new Competition Law, implementing the EU's Directive 2014/104/EU of 26 November 2014 on certain rules governing actions for damages under national law for infringements of competition law provisions. According to Petravicius, the major changes in the law, which came into effect on February 1, is the creation of private enforcement procedures for abuses by companies — meaning that "consumers and other damaged parties can now more easily challenge undertakings that have abused competition law in court"— and new statutes of limitation. As the law should result in increased litigation, it is likely also to mean more work for lawyers.

Finally, Petravicius refers to the new Law for Public Procurement that is scheduled to come into force on July 1st (which he says "should significantly simplify procedures"), and Lithuania's implementation of the EU's General Data Protection Regulation (Regulation (EU) 2016/679), which "creates new requirements especially for retail and banks and other consumer-facing industries."

Turning away from purely legislative developments, Petravicius claims that, following England's Brexit referendum, many financial services suppliers are looking to access the single EU market, and — according to Petravicius — many financial technology ("FinTech") companies are making Lithuania one of their target

countries, as it has a very FinTech- and innovation-friendly regulator and provides attractive infrastructure solutions. In identifying the country's advantages, Petravicius cites: (i) fast procedures (an e-money or payment license that is available in three months, with one week pre-approval); (ii) the ability to satisfy Know Your Client obligations remotely, by video; (iii) no regulatory sanctions for FinTech startups for the first year (a so-called "sandbox"); (iv) both banks and other payment institutions (a term which encompasses "a certain category of non-bank payment service providers which emerged after 2009 as a result of the enactment of the Payment Services Directive") are allowed to access payment systems in the Single Euro Payments Area infrastructure; and (v) a specialized and newly-created bank regime which requires only EUR 1 million of initial capital (five time less than that required for regular banks).

Ultimately, Petravicius reports, business is good in Lithuania, as the country is showing "consistent growth in GDP." Petravicius notes that he and his colleagues have noticed pick up in M&As and real estate transactions, and they are hopeful about the rest of the year. He reports that things are going well for lawyers in the market as well, though he points to increasing competition and notes "changing habits in the market," including the increasing use of tenders for law firm work, which "push down prices." Some law firms take work at any cost in order to establish a relationship with a particular client or earn experience in a new field, he says, while noting that "on the other hand clients always distinguish quality and punish those suppliers who are not able to deliver." Finally, he notes that several smaller law firms in the past few years have merged with bigger competitors, reducing the number of players, and "positively affecting law firms' behavior on the market."

SLOVAKIA (APRIL 19)

Political Balance Provides Background to Good Times

"The Slovak economy is, surprisingly, experiencing good times," says Tomas Rybar, Partner at Cechova & Partners in Bratislava, despite political turbulence relating to corruption and some of the xenophobic and anti-immigrant attitudes that have arisen in the country in recent years – as they have across Europe – and the rise of the far-right.

Rybar reports that the economic scene in Slovakia is relatively stable compared to some neighboring countries. He explains that a certain legislative balance has appeared following the marriage of convenience between Left and Right elements in the current government – a nice respite from the turmoil of recent years, in which control of the government alternated between parties on the Right and Left, with each seeking to undo the legislative achievements of its predecessor, and, as a result, little lasting getting done. "Be it in spite of or thanks to the politics," Rybar says, the Slovak economy has been thriving, most visibly in the automotive sector, exemplified most famously by the building of the Jaguar/Land Rover plant that is scheduled to begin operation in 2018, as well in the shared service center sector, which is particularly strong in Bratislava but now also popping up in other regions due to a workforce shortage.

Indeed, that previously unknown shortage, Rybar reports, is the downside of the boom, "in spite of still relatively high nominal unemployment." According to Rybar, "this creates a situation where the need of business to soften the rules for immigrant workers hits the bureaucratic restrictions as well as the anti-immigrant sentiment in the society." While the employment law did not undergo changes after the last elections, Rybar points to some likely changes to the Labor Law looming on the horizon, including the "not-too-thought-over idea of inclusion of an obligatory 13th salary."

Rybar claims that, for Cechova & Partners, at least, the recent changes in pharma regulation have also brought significant amounts of work. These regulations include, in particular, the introduction of new rules on medicine distribution, "affecting parallel trade and requiring introduction of so-called emergency channels ensuring swift delivery of medicines not available on the regular market."

Rybar also refers to the country's Anti-Letterbox Act, designed to ensure more transparency from individuals and legal entities doing business with state-owned or controlled enterprises in Slovakia. While it is driven by noble intentions, Rybar notes, the Act – which came into force in February 2017 – creates a lot of administrative work for companies, which then "need law firms to assist and guide them through the mandatory certification process." Rybar reports that no clear standards have been set yet, which adds to the sensitivity of the process.

In summary, "the Slovak economy is steaming ahead," says Rybar, who notes that it is expected to increase by 5% annually in the next two years, generating optimistic both "for the firm and the legal business."

HUNGARY (APRIL 25)

Hungary Thriving Despite Controversy

"The Hungarian economy is not in bad shape" said Peter Lakatos, the Founder and Managing Partner of Lakatos, Koves and Partners in Budapest, and it is in fact "much healthier than it used to be, with more transactions and projects where lawyers are needed."

Corporate/M&A – particularly in the energy sector – and NPLs in the banking sector are keeping his team busy, along with an active real estate sector. Ultimately, Hungary's economy is, like that of most other countries, closely tied to the global economy, and it is especially connected to Germany – and this dependency means that, in Lakatos's words, "if Germany does well then Hungary does well, and if Germany has a problem then Hungary has a big problem."

Lakatos identified a shortage of labor as one of the key concerns in Hungary at the moment, calling it "a problem that arises because of the large economic activity" and the fact that the population in Hungary is actually shrinking. This phenomenon is likely to propel the continued modernization of the economy, he explained, which could be positive in the long run.

In addition, disagreements between Hungary and the rest of CEE and Western Europe have intensified, Lakatos reported, as a result of political controversies involving, among other things, the treatment of refugees – an issue which has significantly impacted the economy. Another issue is the upcoming revision of the EU Posting Directives, which has implications for the service sector and may provide a potential reduction of the competitive edge of some countries in the region. This revision, he explained, requires an employer from the region to pay the minimum wage applicable in the hosting country rather than the country of primary operation.

When asked his opinion on the controversial new Hungarian law threatening the continued operation of Central European University in Budapest which has garnered significant international media coverage, Lakatos said "it is clearly a political issue" with unfortunate implications for the country's reputation both politically and in terms of the business climate. He noted that Germany has been diplomatic in its response to the current law because it needs to keep Hungary in the European Union and German industries need to keep manufacturing here. He concluded by noting that, in any event, the investors from a number of countries showing increased interest in the region were unlikely to be deterred by such issues.

In addition to Hungary's still-relatively new electronic litigation procedure rules, Lakatos described the State Administrative Procedure Law, which regulates the procedures between citizens and the state's administrative organs, as a significant legislative development in Hungary.

In summary, the Hungarian economy is stronger than it was 18 months ago, and the last calendar year marked a turnaround for Hungary in terms of economic activities and transactions. Nonetheless, Lakatos warned, it is important to stay cautious and aware that the good times may not last.

BELARUS (APRIL 26)

Belarus Continues to Suffer

"Belarus is still in recession" says Sergei Makarchuk, Partner at CHSH in Belarus, pointing to an approximately 3% decrease in GDP recorded in the country in 2016. Bankruptcy in the corporate sector is on the increase, he reports, with the economic courts' docket "overflowing" with such cases. The purchasing power in the economy has slowly decreased as a result of lower income and decreased spending power for the middle class.

IT is currently the only prospering sector of the economy, Makarchuk reports, though it alone is hardly sufficient to over-

come the greater geopolitical and structural trends. Makarchuk believes that the situation will likely remain the same in Belarus for the next few years, at least – though he hopes for new structural reforms to be introduced opening up the economy and loosening trade regulations to allow for more free and open competition.

Makarchuk confirms that recent tension between Belarus and Russia has adversely affected the economy, following the "small conflicts … taking place in previous years at the local level" between the two states. He also points to the lack of free movement of goods to Russia as a result of the restrictions systematically imposed on a number of Belarusian manufacturing companies by the Russian consumer protection authority Rospotrebnadzor, which he says have discouraged foreign investors who would under different circumstances prefer to establish a production site in Belarus for this very purpose.

On the issue of legislative developments, Makarchuk says that the recent protests in Belarus motivated the government to usher in a new economic agenda, including an amendment to Presidential Decree No. 1, which regulates company registration and liquidation procedures. This amendment, which is scheduled to come into force on September 3, 2017, according to Makarchuk, "introduced a limitation period of three years for the state authorities to bring claims on invalidation of a company registration." The amendment also simplifies procedures for setting-up and liquidating companies.

Despite the struggling economy, Makarchuk says he has seen no obvious decrease in law firm profits, at least at the top level – but he says many law firms have had to shift their focuses from transactional and corporate work to bankruptcy and litigation in order to maintain the same level of income as before. As a result, he reports, the competition between law firms has become "very fierce and aggressive," and firms are investing more heavily than before in business development and marketing.

SERBIA (MAY 5)

Marginal Growth Despite Lag in Recovery

"There is quite a lot going on, on both the political and economic sides" says Milan Samardzic, Partner at Samardzic Oreski & Grbovic in Belgrade, although he concedes that, in the period leading up to the recent April 2 election (which resulted in the election of Prime Minister Aleksandar Vucic to President), much work was put on hold. Indeed, Serbia has gone through two straight years of elections, Samardzic points out, causing the country a more extensive period of inactivity than might otherwise have been expected. The privatization of the Nikola Tesla airport in Belgrade, for instance, which is expected to generate some EUR 400 million for Serbia, has been delayed, though Samardzic expects it to move forward soon, and the Telecom Serbia privatization has "disappeared into the election mists for the time being."

Still, with the presidential elections over – and a Prime Minister set to be appointed in few months' time – Samardzic believes things will pick up soon.

And indeed, even against the background of two years of elections, Samardzic emphasizes, business has already improved slightly, especially in the number of transactions, and he reports that "we have been extremely busy in the first half of the year." Samardzic notes that when the global economic crisis hit in 2008, it didn't affect Serbia immediately and directly until a couple of years later, so he thinks a similar lag-time may be affecting the recovery, and he expects to see a continued strengthening of the economy in the years to come.

Samardzic rejects the suggestion that Serbia – despite its traditional ties with Russia – is unduly affected by problems in the Russian economy, noting that while Russia is a significant trade partner, it plays a much smaller role in in-bound investment into the country. "Russia has been trying to exercise its influence here as anywhere else," he concedes, but he does not believe the economic struggles in Russia have a correlative impact in Serbia.

By contrast, he's enthusiastic about the EU accession process for Serbia, which continues to move forward, with the recent opening of an additional two chapters. "This is of course a very good sign for investors and should result in an increase of foreign investment into the country," he says.

Samardzic claims that business is good across the board and in all sectors, pointing particularly to private equity & NPLs (both in terms of acquisitions and subsequent maintenance of portfolios), reporting that this is a good time to acquire distressed assets.

Turning to the ongoing saga of the Belgrade Bar (as described in the March 2017 issue of the CEE Legal Matters magazine), "things have not calmed down at all" says Samardzic. A Bar as-

sembly was called last month and attended by about 500 lawyers, he reports, though he sighs that "the way the sessions are managed and held is completely against the rules." This particular assembly was related to the Board's attempts to create an ethics committee to review whether the behavior of attorneys is in line with the code of conduct and other regulations of the Bar. "This would be very dangerous" says Samardzic, as it would give the proposed body the power to review the conduct of individual lawyers based on their own interpretations of what is ethical and what is not. As the Board is consistently and admittedly skeptical of "the corporate law firms and lawyers working in them," he says, giving the Board powers above and beyond the existing disciplinary committee is an invitation for abuse.

Indeed, Samardzic describes "two groups" in the Bar: Those currently in management positions ("and everything they do is done irregularly"), and "now you have this fairly coordinated group on the other side, putting more pressure on the first group." Despite what Samardzic claims is the growing strength of the second group, "at the end of the day when you have people who won't put the decisions in the minutes of the assembly meeting and won't accept majority votes … it's quite ridiculous even to comment on because it's so far from what you'd expect from this profession. It's insulting."

Samardzic says that he's "hopeful and optimistic that the Bar elections scheduled for June will result in the current board being voted out … but the question remains whether it will be possible to physically remove them if they contest the results, which is very possible. Which means we may have to go to the Constitutional court again. So I'm optimistic in terms of the actual elections, however I'm not necessarily that optimistic about how this will be put into reality."

MACEDONIA (MAY 10)

Macedonia Struggles to Shake Off Turmoil

"Unfortunately the situation in Macedonia is not bright" says Dragan Dameski, Partner at Debarliev, Dameski & Kelesoska in Skopje, pointing to the prolonged political instability in the country and the "selective implementation of rule of law by the official institutions and bodies in power."

Dameski is frustrated with the political controversy that has dominated recent years in Macedonia. "You cannot do or plan anything on a long-term" he says, referring to the spiraling situation started by the so-called "opposition bombs" and culminating in the violent April 27 invasion of the Parliament in Skopje. According to Dameski, the situation "is discouraging the potential investors and evidently slowing down the economy."

Although the situation has adversely affected the legal profession and economy in Macedonia, Dameski is optimistic that things will improve soon as a result of the reinstitution of democratic processes in official institutions and bodies, strengthening of the rule of law, and the country's involvement with the EU and NATO, all of which are supported by Macedonia's foreign partners like the EU and United States.

Referring to recent developments in legislation affecting the legal profession, Dameski says that an amendment to the Law on Notary Publics that became effective on January 1, 2017, represents a positive step. Prior to this amendment, only notary publics could register certain executory documents between parties. The new amendment, Dameski says, requires the presence of lawyers at the moment of drafting of the notarial deeds and mandates that all drafting of private deeds with value above EUR 10,000 be performed by lawyers, then later confirmed by a notary. The new amendment also allows parties in non-conflict procedures like Execution of Wills to have their lawyers present before the notary public – at the same fees as before, now split between the notaries and lawyers. Although initially a source of real conflict between notaries and lawyers, over time that conflict has subsided, "showing that lawyers and notaries can work together for the benefit of the client."

In summary, "things are very slow in the legal market for business lawyers" Dameski reports, with mandates on standby and exits by foreign investors on the rise. The few M&A transactions which do exist arise from these exits, he explains, rather than from development. He is nonetheless optimistic that things will improve soon.

POLAND (MAY 10)

Controversial Government No Bar To Continued Investments

Peter Daszkowski, Co-Managing Partner of Wolf Theiss in Poland, is sanguine about the state of affairs in Poland. "With regard to Warsaw it's business as usual," he says.

Daszkowski says that "lawyers are doing well," and he explains that the legal market "is competitive — but a competitive market is very good for us all." And that market is fairly stable, he reports. "The players are the same that we've had for the last couple of years, and we see the regular moves," he says, though he does pause to note Noerr's merger in January 2017 with a team of eleven lawyers from DJBW (including four of the five partners), including former White & Case Poland head Witold Danilowicz. "It will be interesting to see how they do," he says.

The major subjects of conversation he has with peers, he reports, are the likely significance of Brexit to Poland and the Polish government's efforts to reorganize the Polish courts. With regards to Brexit, Daszkowski concedes, it's still too early to know how things are going to fall out, and which continental capitals are going to benefit — if any — from the potential flight of financial service providers from their traditional capital. With as many as 750,000 to 1 million Poles living in London, Polish lawyers continue to believe their nation's capital is well-positioned to benefit from the fallout of Brexit, Daszkowski reports, but he concedes that analysts say similar things about Brussels, Madrid, and Berlin, among others.

Daszkowski also reports that lawyers are unsurprisingly paying close attention to news about the ongoing efforts by the ever-controversial Polish government — Daszkowski refers to comments made on May 1, 2017 by French presidential candidate Emmanuel Macron naming the head of Poland's governing Law and Justice Party, Jaroslaw Kaczynski, as among the "regimes" allied with Macron's far-right opponent Marine Le Pen, which followed previous comments indicating that, if elected (as he eventually was), Macron would urge the European Union to impose sanctions on Poland for violating democratic norms — to search for ways to increase its influence in Polish courts.

Another persistent story is the country's ongoing efforts to deal with re-privatization, with some more than 2500 proceedings still open, now almost thirty years after the Berlin Wall fell. New legislation has finally been created in an attempt to bring that process to an end, Daszkowski reports, "because keeping it ongoing forever is problematic." The new legislation Daszkowski refers to involves the publication of addresses up for re-privatization, following which former owners are given six months to notify authorities of their existence and state their claims. If no such claims are made within the six month window, the City of Warsaw has the right to close down the proceedings permanently. Publication of the lists just started a few weeks ago with 48 addresses, and another 15 were published more recently. According to Daszkowski, "this is something we always discuss."

Similarly, Daszkowski refers to new White Collar Crime legislation recently signed into law by the Polish president, which enables the state to confiscate the ownership rights of enterprises used for "serious criminal activities." Daszkowski says this too has potential, but "we will have to see how it will work."

Ultimately, Daszkowski says, the "Government doesn't seem to be very friendly to the European Union, but to investors from abroad [things] haven't changed that much, and everything is going well in my opinion. I don't see much impact not the situation, and business is going very well. Most of the clients already in Poland are satisfied, and more are thinking about coming."

ROMANIA (MAY 11)

Small and Medium Transactions Fuel Growth

Gelu Maravela, the Co-Managing Partner of Maravela | Asociatii, waives away the potential impact of politics on investment in the country. "There's no election scheduled for this year anyway," he says, "so for the next six years we're 'at bay' on major

changes." In any event, "in terms of politics, we don't care about it. They have their own agenda. Obviously they have some influence on it, but they can't really contribute to our business. The private sector moves by itself."

And it appears the private sector is moving quite well in Romania at the moment. Maravela says there are few large M&As going on at the moment and no privatizations ("there were two or three put on the table last year," he says, "but then they were withdrawn (more likely for political than economic reasons)"), but the market is witnessing a substantial amount of small and medium transactions. "We still have some greenfield projects from companies investing in the country from scratch, especially in the automotive industry," and the agricultural sector is also active, he says, describing it as "in a time of consolidation — finalizing the fragmentation-of-the-land process." Maravela notes that modern farming requires large tracts of land, "so large investors are buying farms to make their businesses more profitable."

He also points to the new Prevention Law about to come into force in the country, which, he says, "means that when authorities come to investigate/examine you, they will not jump on you immediately [for administrative or record-keeping oversights], but will grant a period in order to remediate the irregularities." He also cites the country's flat-rate on VAT as among the "various things [that] have improved … giving us the opportunity to be seen better in the eyes of foreign investors."

The sale of NPL portfolios that were booming for a while seem to have burned themselves out. Maravela notes that in the last year or two Romanian private banks sold about EUR 5 billion of NPLS, but the work coming from the sales is decreasing now. By contrast, insolvency work is up, at least at Maravela's eponymous firm. Indeed, Maravela notes that 2016 was "the best year yet" for his four-year old law firm, "and each month this year has been 30% better than the same month last year." He says, "to be honest with you, I wasn't expecting it. I thought we'd keep the trend, but we have at least four large M&As going on in parallel at the moment."

BULGARIA (MAY 16)

Rare Appearance of Cautious Optimism

Business is good in Bulgaria at the moment, according to Ilko Stoyanov, Partner at Schoenherr in Sofia. Stoyanovic draws particular attention to the real estate market — especially the shopping mall segment, which has seen four Sofia malls change owners already this year. He isn't able to pinpoint a particular reason for the boom, but he notes that two of the malls (The Mall and the Serdika Center) are expected to be sold to a "sizeable investor" – New Europe Property Investments. The price of real estate has increased in 2017, according to Stoyanov, "reaching levels close to before the financial crisis."

But Real Estate is hardly the only profitable source of M&A work at the moment. "I can say that we are pretty busy," says Stoyanov. "Starting from the middle of 2016 work has picked up, with Bulgarian sellers selling to strategic investors from abroad." Stoyanov also points to the "developing NPL market," and says, "I'm happy with the situation in the market — and ours in particular. I'm pretty happy with how things are starting to develop. Business is picking up, that's for sure, and competition among law firms is rising."

Nonetheless, Stoyanov reports, firms in the market are hardly counting their chickens yet — management of law firms is cautious. "We're still a bit conservative," he says. "We're watching the market to see if the rebound will continue. Then we will make up our minds. We're still waiting to see. Firms are pretty busy, but they do not respond fast in this market — they do not hurry to fire people in bad times and they do not hurry to hire people in good times. They look to sustain the levels of headcounts."

Otherwise, it appears the political situation is fairly stable, though Stoyanov notes the government has announced a moratorium on all privatizations that is likely to hold for a few more months." Otherwise, he says, "it's business as usual." And there are no major legislative developments either, with the possible exception of the new emphasis on Data Protection that's a major consideration across Europe at the moment. "The issues has been there for a while," Stoyanov says, "but nobody's paid attention to it, until huge fines were put into the new General Data Protection Regulation that motived attention." He says, "what we're seeing now is a new awareness how serious an issue this is both on the part of government and the public, and new focus on compliance issues."

MAXIMIZING THE MATCH:

THE DOS AND DONTS OF WORKING WITH LEGAL RECRUITERS

David Stuckey, the former Commercial Director of the Legalis legal recruiting agency, describes the rules of engagement

CEELM: You spent many years as a legal recruiter. Tell us a bit about what you did, and where.

D.S.: After many years as a lawyer in the United States I joined Legalis (then part of Hudson Legal) in 2007 – a career shift that brought me from San Francisco to Budapest and began what turned out to be a wonderful decade in this part of the world. In 2010, still with Legalis, I moved briefly to Prague, then on to Latin America, where I assisted with the set-up of the company's Latin American operations. I lived in Sao Paulo until the fall of 2011, then returned to Budapest, where I stayed until leaving to co-found CEE Legal Matters in November 2013.

As Commercial Director I specialized in partner-level and team moves across CEE, and I took special responsibility for the Turkish and Brazilian markets. I was especially proud of my work in Turkey, where I helped a number of strong lawyers find new and better positions and helped many firms fill critical positions – while, in the process, making many good friends I retain today. I also helped several international firms open offices there. I like to believe I was, for a few short years, a positive factor on that market.

CEELM: Can you tell us which international firms you helped open offices both in Turkey and elsewhere in CEE?

D.S.: Unfortunately, no. Probably not the one you're thinking of. Or did I?

CEELM: Let's take a step back. What's the status of the legal recruiting industry in CEE?

D.S.: Not particularly developed, I'm afraid. Most countries have essentially no full-time legal recruiters on the ground, and there are relatively few competent and effective full-time legal recruiters with real regional expertise. Legalis, the company I worked for, is one of them, I believe, though not perhaps the only one. There are also some of the global chains, such as Laurence Simons, Michael Page, etc., that claim to have regional legal recruiting coverage, but – although they may be competent in one or two specific jurisdictions, I don't believe they are genuinely competitive across the region.

That being said, there are of course legal recruiters who work in specific CEE markets who are strong, and I would never want to bad-mouth them. I kept my head down during my days as a recruiter and didn't pay much attention to my competition, but I have no doubt there are strong recruiters in some specific markets.

> *"By contrast, in London and New York, I learned, legal recruiters – at least those who had established themselves as credible and professional – were greeted as valuable consultants, able potentially to help firms fill gaps and make strategic additions."*

Finally, there are executive search firms and other agencies that do not focus exclusively on legal recruiting who nonetheless have good reputations at being able to execute specific searches. These agencies do not usually maintain such close connections to the legal markets and are not as likely to have databases of good lawyers looking to move or immediately familiarity with market conditions, but on a one-off basis may be able to help you get the senior partner or team you need.

On the subject of market sophistication, I'm reminded of a couple days I worked

out of Hudson Legal's London office in 2008 or 2009. I went with some colleagues to meetings with senior partners of several well-known law firms in the City, and those meetings were a revelation: After a few minutes of small talk, my colleagues pulled out their notebooks, the partners put on their reading glasses, and they started going down the firm's list of needs and wants, with no preface, no explanation, and no skepticism. Just: "Here's what we want. Get it for us."

It was shocking. In CEE most of my meetings were spent trying to explain the value we could add and reassuring the partners that we weren't trying to deceive them somehow. Those partners would, almost inevitably, only grudgingly describe the kinds of lawyers they might be interested in speaking to *if* they were available, and only after receiving multiple assurances that they wouldn't be charged for the opportunity to talk to them. It was like pulling teeth.

By contrast, in London and New York, I learned, legal recruiters – at least those who had established themselves as credible and professional – were greeted as valuable consultants, able potentially to *help* firms fill gaps and make strategic additions. Some day, I believe, CEE will reach that same level of sophistication – but we're not there yet.

Or at least we weren't when I left the business. Maybe things have changed.

CEELM: Indeed, not everyone likes legal recruiters – perhaps especially, based on what you report, in CEE. Are you proud of your work?

D.S.: You know, I am. I learned quickly that lawyers often view legal recruiters the way non-lawyers view lawyers: As an unfortunate annoyance … until they're necessary. Good legal recruiters strive to maintain the connections and market knowledge that will be useful when that particular need arises, and I worked hard to be ready for the call. Especially during the financial crisis, that meant a lot of time establishing and nurturing relationships with clients and candidates alike, as far fewer placements were made in that period than in the more booming years before, but that made those placements we were able to assist with especially worth celebrating. I am proud that, even during the darkest days of the crisis, I was able sometimes to help.

Of course, as with everything – as with lawyers themselves – there are ethical and unethical members of the profession, and there are individuals who strive to establish and maintain a good reputation and those who find the quick buck irresistible. Even that latter group has a role to play, however – sometimes law firms need someone highly aggressive and fully committed to getting the relevant target lawyer for them, even dissembling where necessary, without concern about the potential fall-out. I was never that kind of recruiter, for good or for ill, but I have some admiration for those who are.

But to answer your question: I remain in contact with a number of the firms I worked with and many of the lawyers I was able to assist, and yes, I'm pleased to have been able to help make so many lasting connections. I used to joke that, as a litigator, a good day was when my side won and the other side lost, but as a legal recruiter, a good day was when my company made a placement, the law firm found a previously missing piece, and a lawyer had a new and exciting job. Rather than win-lose or even win-win, it was win-win-win. You can't beat that!

CEELM: Still, sometimes you would have partners at law firms frustrated with you, or even expressly angry. How did you deal with that?

D.S.: It didn't happen often – I stepped as lightly as I could – but sometimes partners at law firms reacted strongly to learning that I was speaking with their lawyers. Usually, over time, their feelings would mellow – often when they discovered that the lawyers had in fact initiated contact with me or when they discovered a need for my services themselves. But not always. Indeed, there are, even now, one or two managing partners who retain their sense of outrage. I truly regret that – I'm confident not only that I did nothing wrong but that I actively proceeded with an excess of sensitivity and professionalism – but I suppose it's an unavoidable part of the job.

It's certainly not a part that gives me any pleasure though. I had colleagues who were much better at shrugging off the accusations and anger than I was. I envy them.

CEELM: Following up on that, how *should* managing partners deal with legal recruiters and the threat that they will "take" lawyers from them?

D.S.: That's really the key question, isn't it?

I think managing partners should do three things: 1) Make sure to distinguish between those legal recruiters who are responsible, professional, and ethical, and those who are not (a distinction that does not turn on whether those recruiters have helped lawyers from their firm move); 2) Stay in close communication with their lawyers to make sure they feel comfortable talking about competing offers they've received and their reasons for wanting to move to see if they can be addressed; and 3) Keep some perspective, and remember that lawyers who *want* to leave, at the end of the day, may not be maximizing their efforts for the firm anyway, and can often be replaced with stronger/better ones.

Let me break those down a little bit.

1. Separating the Wheat from the Chaff

First, there's a difference between recruit-

ers who make promises or representations about other opportunities – perhaps about the salary being offered, or the path to partnership – that aren't justified, and those who don't. There's a difference between recruiters who honor the spirit of Off Limits agreements and those who don't (though, as I'll explain later, I think an over-reliance on Off Limits agreements is a mistake). There's a difference between recruiters who flood you with resumes of patently unqualified candidates or who waste your time putting together useless interviews and those who don't.

It is not always easy to separate the more responsible and trustworthy recruiters from their less scrupulous counterparts – just like it is not always easy for in-house counsel to separate external counsel that regularly pads its bills or chooses dangerous short-cuts over the more labor-intensive processes from those who are more responsible and professional. It takes personal meetings, careful monitoring, and occasional trial-and-error to develop that kind of trust. But it's part of the job, and in both contexts – a law firm looking for a recruiter or a General Counsel looking for external counsel – finding the right consultant will inevitably will help the client prosper and thrive.

2. Keeping Channels Open

Second, if a lawyer is considering moving from your firm to another, worry less about the legal recruiter that's involved (which is like worrying about the particular taxi service he'll take to his new position), and think more about *why* the lawyer is considering the move. If financial considerations are the reason, perhaps a re-evaluation of your own pay scale is necessary, and it will be possible for you to match the offer. Alternatively, perhaps the lawyer about to move isn't aware of the kinds of work he or she will be given at the new firm, the prospects for partnership, or other considerations that might encourage him or her to reevaluate his/her choice.

Either way – whether it comes to matching the offer or helping the lawyer reconsider – those options are only possible if lines of communication are kept open and if a relationship of mutual respect and professional regard is maintained at every stage – including when a lawyer finally does decide to leave. Managing partners who hide behind closed doors or treat their associates as fungible drones should not be surprised if those same associates respond positively to the opportunity to move to more respectful environments … or at least to opportunities to make more money for the same treatment.

Ultimately, the suggestion that your business model depends on your employees being kept in the dark about better options elsewhere is problematic, to say the least … and, in these days of the Internet and social media, almost laughable. If a lawyer leaves for a better job, wish him/her well. If he or she leaves for a worse job, then blame yourself for not communicating that message effectively (or blame him/her for not thinking clearly). Either way, blaming the legal recruiter – at least a legal recruiter that made no false representations in the process – is pointless. It's like blaming a newspaper that publishes an advertisement for an open position.

"It didn't happen often – I stepped as lightly as I could – but sometimes partners at law firms reacted strongly to learning that I was speaking with their lawyers."

3. One Bad Apple Spoils the Bunch

The last item is a simple reminder: You're better off without employees who are dissatisfied and want to leave. You may not know the lawyer considering a move is dissatisfied … but forcing that person to stay by denying him access to information about opportunities elsewhere will only allow his dissatisfaction to fester, potentially infecting colleagues and coworkers.

In this context, the analogy of the surgeon is unavoidable. A patient may not know a gangrenous limb is unsavable – indeed, that patient may resist attempts to remove the limb. Ultimately, however, that limb may have to be removed for the patient to survive.

It would be foolish to push the analogy between legal recruiters and life-saving surgeons too far, of course. Still, I would encourage managing partners to view recruiters more as useful service providers than as problems – even when the cutting is, in the short-term, painful.

One quick personal anecdote. When I was a young associate at an international law firm in San Francisco, I received multiple calls each month from legal recruiters. I was polite but clear in my expressions of disinterest. It was only down the road, when I became actively dissatisfied with my job, that I began responding positively to their calls – I ended up getting lunch with the first legal recruiter that called me. The suggestion that I would have stayed with that firm for additional years had no legal recruiter reached out to me is laughable. I was *ready to go*. The legal recruiter was just the tool I used to make my escape.

Of course, I can't deny that my answer is, for legal recruiters, self-serving – and even now, much easier to propose from outside than it might be to implement from inside. Still, I know many managing partners across CEE who operate under those principles, and whose firms – open, respectful, and professional – are the better for it.

CEELM: So how can managing partners make the best use of legal recruiters, then?

D.S.: The first way is the easiest – don't think of them as the enemy. Encourage them to come by for a coffee regularly – if not once a month, at least every two or three months. Pick their brains about what's happening in the market. You can even ask them what they're hearing about the satisfaction of your own employees – without, of course, pressing for the source of the information. This accomplishes three separate things: 1) It can provide a useful source of information you are unlikely to get from your own employees; 2) It helps you evaluate the personality and trustworthiness of the recruiter, which may be useful in deciding who to work with down the road; and 3) to some extent it coopts the recruiter, making him/her less likely to target your firm in a search for possible candidates.

Also, *use* them. At least, find one recruiter you like to work with, and use him/her. Make it very clear that, in return for your business, you expect the recruiter to provide genuinely valuable add-on services, not just by forwarding each and every CV

TEAM WRECK?

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LAW FIRM

TGS BALTIC

he or she gets to you, but by performing first interviews and making informed decisions about who not to waste your time with. I'm convinced, in the long run, this can save you money. Indeed, since good recruiters are much better informed about who may be looking for a new position or otherwise interested in a move than your own internal HR team can be, outsourcing the relevant components of HR to them can make real financial sense. It's not for everybody, obviously – but consider. And maybe even schedule a meeting with that reliable professional recruiter to discuss budgets. It can't hurt!

"The first way is the easiest – don't think of them as the enemy. Encourage them to come by for a coffee regularly – if not once a month, at least every two or three months. Pick their brains about what's happening in the market."

Ultimately, make yourself open to ways they can assist. Nobody is forcing you to hire anybody. But by cutting off relationships you are, effectively, cutting off your nose to spite your face. Better to establish and maintain good relationships on the off chance they can be useful, out of misplaced pride, deny yourself access.

CEELM: When are recruiters particularly useful?

D.S.: Most recruiters work on a dual basis. One is simply putting law firms that are open to learning about quality lawyers that may be available with lawyers who may fit their needs in the hope that a particular match will come out of it. That's useful – indeed, as I said, I encourage all firms to develop relationships with recruiters to stay informed of lawyers that may be a good fit for them, on a no-obligation basis. That's useful, but hit-or-miss.

Where recruiters are particularly useful, I think, however, is on a more targeted search. If a particular need arises in a law firm – or of course in a company looking to find a good in-house lawyer – for a lawyer with a particular skill set, or seniority, or expertise, retaining a recruiter to research the market, identify and communicate with you about those lawyers who most fit the bill, and then contact potential targets to inquire about their interest is extremely useful. A good recruiter should be able to work quickly, professionally, and efficiently in finding the right person for you and communicating your interest in talking to that person in an attractive and appropriate way.

Such retained searches are the lifeblood of most recruiting agencies, and their reputation – and long-term viability – depends on their ability to get the job done to the client's satisfaction. When I was a recruiter, I remember that we jumped at the opportu-

LEGAL RECRUITERS IN CEE

We contacted law firms across CEE to ask which legal recruiters worked in their markets, and followed up with every name we were given. The following recruiting companies sent us their contact details.

We provide this list as a convenience to our readers, but we make no representation as to the quality, connectedness, value, or market knowledge of the consultancies listed below.

REGIONAL

Alexander Hughes Executive Search Consultants
Contact Person: Ludovic Coquillet
e: l.coquillet@alexanderhughes.com
t: +385 1789 98 89
www.alexanderhughes.com

HeadHunter Group
Contact Person: Iris Bajo
e: i.bajo@headhunter.al
Tel: +355 4 2227612
www.headhunter.al

Legalis
Contact Person: Ellen Hayes
e: ellen.hayes@legalisglobal.com
t: +36 20 926 9162
www.legalisglobal.com

Metis Global Recruitment
Contact Person: Jasmin Shoch
e: jasmin.shoch@metisgr.com
t: +36 20 392 8398
www.metisglobalrecruitment.com

MM Legal Executive Recruitment
Contact Person: Martin Mueller
e: mueller@mmlegal.at
t: +43 660 80 60 366
www.mmlegal.at

Pedersen and Partners
Contact Person: Mona Neagoe
e: mona.neagoe@pedersenandpartners.com
t: +40 722 22 77 50
Website: www.pedersenandpartners.com

Target Executive Search
Contact Person: Dr. Klemens Wersoning
e: klemens.wersonig@targetexecutive-search.com
t: +421 2 5441 1617
www.targetexecutivesearch.com

ROMANIA

Apple Search
Contact Person: Paul Wood
e: pwood@applesearch.co.uk
t: +40 723 365 594
www.applesearch.co.uk

POLAND

BCSystems Legal Recruitment & Business Advisory
Contact person: Ewelina Skocz
e: eskocz@bcslegal.pl
t: +48 504 217 591
www.bcslegal.pl

FIT Specialist Recruitment
Contact Person: Malgorzata Tylec-Gusakov
e: mtg@fitrecruitment.pl
t: +48 606 471 071
www.fitrecruitment.pl

TKMC Executive Recruitment
Contact Person: Tomasz Kosnik
e: tomasz.kosnik@tkmc.pl
t: +48 697 550 987
www.tkmc.pl

RUSSIA

Norton Caine
Contact Person: Dmitry Prokofiev
e: dprokofiev@nortoncaine.com
t: +7 (499) 579 84 50
www.www.nortoncaine.com

nity to work on such projects, and that we would drop everything else until we managed to satisfy our client's expectations.

CEELM: What about from the candidate side? Any tips for partners or associates looking to move?

"If you're a candidate who is attractive, however – who does have something specific to offer law firms – you should remember that you are in charge of the process."

D.S.: I'd recommend developing a healthy and informed understanding of what recruiters are prospective employers are actually looking for – and then being prepared to demonstrate your ability to provide it. The more senior you are, the more law firms are going to be looking for an established ability to generate business, either through clients who will follow you or a reputation or list of close contacts that will allow you to generate new business quickly. That's Business 101: Nobody's going to hire you as a partner, or even as a senior sssociate, just because you're a good guy. There are always exceptions, of course – but you should be prepared for that question both from recruiters and prospective colleagues/employers.

As a side note, this is why it's very difficult for senior in-house lawyers thinking about getting back into private practice. I was regularly forced to break it to those in-house lawyers who called saying they were ready for a change that the odds were against them. If they could represent that their current employer would direct its business to whichever firm they joined, there was a chance. But without this representation, few firms are willing to hire someone who's been out of private practice for many years and has little or no business development expertise and no immediate sources of business. The fact that you may be a hard worker or, again, a nice guy, won't get you very far.

If you're a candidate who is attractive, however – who does have something specific to offer law firms – you should remember that *you* are in charge of the process. If a recruiter tells you she's calling you for a specific client, ask who that client is – and ask what the status of the search is, how your name came up, and what exactly the client is looking for. It may well be that some of that information is confidential – but push as much as possible. During my days as a recruiter I loved working with the lawyers that took their careers seriously and took the process seriously – I knew they possessed precisely the kind of personality traits that would impress my clients as well. As a lawyer you are *supposed* to be smart and self-aware and be comfortable employing critical thinking skills – how strange to avoid using those same skills on your own behalf! If you're comfortable with the answers you get, feel free to take the next step. If you're not, don't. It's that simple.

Finally, if you're a younger lawyer looking to escape a bad situation, feel free to contact recruiters to see if they're looking for someone exactly like you. And be honest with them – it's much better to say "I'm not happy with where I am" and give reasons, than it is to leave open the possibility that you're looking for work because you've been laid off. And if, by chance, you have been laid off, be honest about that too, and be prepared to explain why. Perhaps there was a personality conflict, perhaps the firm was downsizing, etc. Again: Take control of the process, and of the narrative – and, for that matter, of your career – rather than allowing others to assume the worst.

But also, remember that – despite what recruiters may tell you – often there's very little they can do for you that you can't do for yourself, except perhaps present you to their clients anonymously (or, conveniently, to suggest that you're not actively looking, but they happen to know that you might interested in considering a good offer). But when it comes to sending your CV to a new firm, you can do that just as easily as a recruiter can, and if you don't mind the new firm knowing who you are, it's probably even more effective. Recruiters add a significant amount of value, but when it comes to sending CVs of people looking for new jobs around a particular marketplace, think carefully about whether it actually makes sense to outsource that process.

CEELM: You mentioned Off-Limits agreements earlier. Why do you describe that as a mistake?

D.S.: To be clear, an Off-Limits agreement may be useful to keep recruiters from regularly contacting your associates during the course of business simply to inquire about potential interest in moving, establish contact for future reference, get CVs for their database, inform of them of general opportunities, and so on.

But firms that believe that by entering into an Off-Limits agreement they can keep their lawyers from being *specifically* targeted are deceiving themselves. A competing firm that retains a recruiter to approach a specific lawyer is unlikely to be dissuaded by the news that the recruiter has an Off-Limits agreement. Either that firm will simply retain another recruiter for that specific contact, or it will contact that specific lawyer directly. Either way, that lawyer *will* be contacted, regardless. That puts great pressure on the recruiter to find ways around the specific wording of the Off-Limits agreement, which is a bad situation all around. Essentially, it hurts the recruiter you've established a good relationship with, while not in any way helping you. This, to me, seems like a problem.

I'm not meaning to suggest that Off-Limits shouldn't be entered into, but … firms should not deceive themselves into believing that by doing so competitors won't be able to reach their lawyers. Those agreements should instead focus on, as I said, prohibitions on simple contacts made outside of specific searches and course-of-business business generation. They're useful – but only so far.

CEELM: Do you miss the work?

D.S.: Sometimes. I made good friends both inside Legalis and outside of it, and I miss the rush of making a placement – helping someone find a new job is a remarkable feeling, and knowing that your bank account will benefit from the process is an undeniable add-on. But I certainly don't miss the conflict and the pressure of having my income be dependent on whether or not a particular firm chose to hire a particular lawyer. Still, it was an exciting and rewarding part of my life. I'm glad I did it.

Edward Johns

MARKETING LAW FIRM MARKETING: THE RANKINGS

Ranking services form a critical part of the law firm landscape in CEE as around the world, and law firm marketing and business development functions in the region spend many weeks or months each year preparing their submissions for those ranking services they believe are most widely read and influential. Still, not everybody is convinced the ranking services are as effective or valuable as they could be. Thus, for this issue, we asked the law firm marketing and BD experts around CEE: "What one change would you most like to see made to the law firm rankings to make them more useful/effective?"

Dora Turjan, BD Coordinator, Lakatos, Koves & Partners

The directories should rethink their in-built bias in favor of "familiar names," which, in this context, means big international firms and regional firms which, by reason of their size alone, generally have better-developed brands. Clearly most of those firms are good and will provide good service in the countries in which they operate. However, the consequences of this bias are that the leading national firms, also good and able to provide good service, get disproportionately limited coverage. This is particularly obvious in two respects: First, the apparent reluctance to give a Tier One ranking to national firms, and second, the almost complete omission of national firms from the regional rankings, awards, and so on (e.g., the Chambers Global CEE regional section).

Olivia Popescu, Marketing & PR Manager, Maravela | Asociatii

Since you completely refuse to consider "They should rank us higher!", I hereafter send my second-best choice, which is not exactly a change, but rather an add-on: I would like to see a size reference next to ranked firms (e.g., the number of lawyers). This would come in handy for prospective clients who are in some cases searching for firms of certain sizes and could be additionally relevant in explaining some attributed rankings.

Biliana Tzvetkova, Business Development and Marketing Manager, Djingov, Gouginski, Kyutchukov & Velichkov

International law firm rankings might become more useful if they reflect not only the long-term development and presence of law firms on a certain market but also take into account smaller and younger firms' efforts and accomplishments in existing or new practice areas. Only in this way can global legal directories like Legal 500 and Chambers be acknowledged as a trustworthy source of objective ranking of the world's best lawyers and law firms and thus could become an effective tool for legal counsel.

Jovana Draskovic, Marketing Manager, Bojovic & Partners

I would like the addition of a new ranking factor, since it seems in many cases that client feedback and the scope of work do not provide the whole picture. I would add "general satisfaction of employees in the law firm" as an additional category for the ranking. I believe that employee satisfaction significantly shapes the organizational culture, which in turn represents a system of shared assumptions, values, and beliefs that governs how people behave in organizations, ultimately contributing to their effectiveness.

A high level of employee satisfaction arguably contributes to providing better service to clients, since fewer employees leave, [meaning] fewer new employees need to be hired and (re)trained, [making] the team more cohesive, and clients tend to invest more trust in such law firms.

Florian Unterberger, Press Officer Austria, Baker McKenzie

Reduction of efforts via standardization of requirements/data structure and the creation of an electronic interface (instead of uploading Word, Excel or PDF documents).

Dominika Tluchowska, Marketing Manager, Allen & Overy, Poland

If I could recommend: (1) Better filtering options & more comparison tables; and (2) Quicker search functionality (i.e., websites working faster).

Ekaterina Maeva, Marketing Manager, Vlasova, Mikhel & Partners

First of all I need to say that in general I'm totally satisfied working with ranking guides and thankful to them for doing this rough job. We think all these rankings are a good challenge for law firms.

But it seems to me – and my experience demonstrates – that they should be more transparent and careful in their assessments. Very often it is hard to understand why they rank one law firm higher or lower than another. We have such a situation in the dispute resolution practice in [one of them] now. I talked to [the relevant] editor last year (after the release of the 2016 rankings) regarding this situation and upon her advice tried to prepare the best-ever submission for the dispute resolution practice for the 2017 guide … and as a result we got a worse ranking (not for the law firm, but an individual lawyer).

They should also be more careful with the information they review and lawyers they assess. They sometimes mix up names, persons, and practices (even if all the information in the submission is right and they received additional notification if there are any changes). In one case they ranked one of our lawyers in the same practice area twice because she had changed her last name (and I had told them about it). And, you know, when I asked them to merge those two rankings into one, they didn't fix it – they just changed the spelling of her first name. So we still have two rankings for one person (under different names)!

What else? I understand that it can be difficult to get feedback and receive new opinions from referees, but that's not a reason to rewrite the same words year after year.

And one more thing! It's not about rankings but about the editions. Their prices publishing profiles are too high! It would be great if they had a price ladder depending on size of the firm and market it works in.

Nora Guba, Director of Marketing and Business Development, Szecskay Attorneys at Law

I would love a fact sheet of the "Deals of the Year" describing the biggest/most important market deals of each practice and sector area in every country, with details from the clients on both sides (each side if possible), the list of law firms involved, and their exact role. You can put these pieces together from the maze of information included in the rankings, but I believe it would give a clearer picture and a good overview.

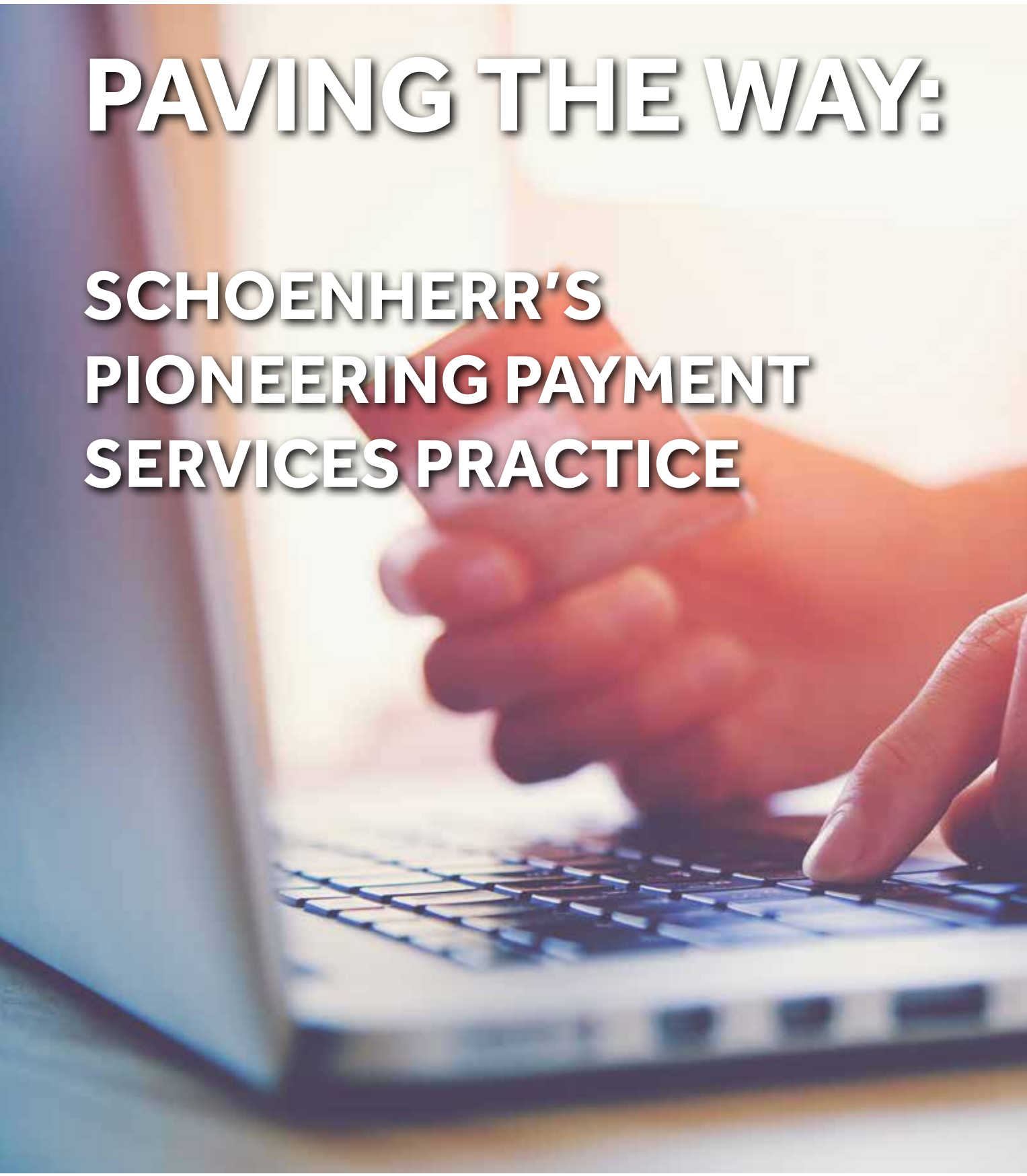
[I] also think that they should separate independent law firms from the multinationals and rank them separately. It isn't a level playing field otherwise.

Oksana Buchatska, Marketing and Business Development Manager, DLA Piper Ukraine

For international directories: I find it's useful if they ask both parties of the matter – both clients and market participants – for feedback. I like the recently launched products based on big data – including historical data, deal data, profiler, etc. – very much. These are very useful for in-depth analysis. If we talk about one thing to change, I would suggest considering expanding their sectoral approach as they do in other jurisdictions and also cover IT, tech, media, life sciences, etc. So far, in Ukraine we have IFLR covering energy and infrastructure, and Chambers covering energy only.

Asli Moral, Business Development and Client Relations, Moral Law Firm, Turkey

International legal research institutions duly perform their duties. Both client referrals and other law firm's remarks, news in the press, and online data tracking help them to analyze law firms. In my point of view, in order to perform a crystal-clear analysis of law firms as well as the relevant country's legal market one thing can be added to the research agenda: Organizing site visits to law firms' headquarters or holding video conferences with Managing or the relevant department Partner as we are in a digital age. That will supplement the research, which will bring more accurate results. I strongly believe that this change will solidly assist researchers in becoming closely acquainted with us and more aware what is going on with our hot agenda!



PAVING THE WAY:

SCHOENHERR'S PIONEERING PAYMENT SERVICES PRACTICE

As consumers conduct an ever-increasing amount of their shopping and banking on-line, the digitalization revolution is having a significant effect on both industries, and payment service providers – companies offering online services allowing merchants to accept electronic payments by, among other forms, credit cards or bank-based payments such as direct debit, bank transfer, and real-time bank transfer based on online banking – are working with both merchants and banks to facilitate their operations.

Schoenherr's Prague office has developed a strong practice in the Czech Payment Services field in recent years, led prominently by Partner Vladimir Cizek. We reached out to Cizek for information about his team's expertise in the sector.

CEELM: What's Schoenherr's experience in the Payment Services sector in the Czech Republic? What sort of deals and client matters has your team worked on in recent years, and what expertise/assistance are you able to offer clients?

V.C.: We have built a strong payment services practice and track record in recent years, mainly based on assistance we have provided to major merchants acquiring businesses' disposals driven by the introduction in 2015 of the EU's Interchange Fee Regulation (the "MIF Regulation"), which was designed to address varying and often excessive hidden interchange fees, and on providing day-to-day advice and counsel to clients on payment service matters.

CEELM: In general, what is the current state of compliance with the 2007 Payment Services Directive – designed to regulate payment services and payment service providers throughout the EU – as revised in 2015 by PSDII?

V.C.: In a nutshell, the PSDI has been duly implemented in the Czech Act on Payment Services, though naturally there are some exemptions. Generally, the PSDII will strengthen consumer rights, including extending the protections of consumers against fraud, abuse, and other payment problems. Also, the promotion

Vladimir Cizek
Partner
Schoenherr Prague

of innovative mobile and Internet payment services may materially impact current bank operations. Third party providers will be allowed to manage customer finances by, for instance, procuring payments or analyzing spending habits and will gain access to customer data kept with the bank via an application program interface. In practice, these third-party providers will create an additional layer of services in bank infrastructure. This will have irreversible and a super-material impact on payment services as we see them today, and current service providers will need to rethink their commercial approach.

CEELM: In 2016 EVO Payments entered into a payment card acceptance alliance with Raiffeisenbank in the Czech Republic, and Worldline entered into a similar agreement with Komercni Banka – both of which your team worked on. Do you expect to see more such deals in 2017 and in the years to come, or are most necessary alliances already in place?

V.C.: Practically, these are one-off deals resulting from the MIF Regulation, as banks were not able to tackle lowered fees as required by the regulation, so they decided to dispose of their merchant-acquiring businesses to monoliners who process much greater numbers of transactions and thus can generally achieve better profitability. Alliances have been formed, and now we may see a phase of merchant migration – that is, merchants being switched from one original operating platform to the operating platform of the alliance partner. This will also have an impact on contractual arrangements in some cases. Alternatively, some banks have decided to in-source merchant acquiring (within their groups).

CEELM: What were the more challenging aspects of the Raiffeisenbank/EVO and Komercni Banka/Worldline deals?

V.C.: On the Raiffeisenbank//EVO deal we had to combine knowledge of traditional M&A with substantial add-ons concerning Payment Services regulation (for instance, issues related to licensing regimes, transfers of existing customer contracts without "wet" signatures, clearance from the Czech National Bank, the legal implications of asset deals needing to be closed all at once, and so on). Ultimately, the regulatory/payment services element played a more important role than the M&A part.

On KB/Worldline, we provided assistance specifically for the transfer of the client portfolio to the JV entity and contemplated post-closing migration; again, M&A was not core, but we saw that the parties were not really thinking through such relevant matters as transferred enterprise determination, liability issues, consideration of BINs/ICAs' transfers within card schemes, problems with the merchant portfolio transfer, and so on.

"Generally, the PSDII will strengthen consumer rights, including extending the protections of consumers against fraud, abuse, and other payment problems."

All in all, what we tested here as pioneers were two things: (i) introducing third-party merchant contracts (a JV entity without a payment institution license plus a JV partner entity with a payment institution license providing services on a cross-border basis); and (ii) finding a solution for an asset deal involving the transfer of (part of) an enterprise otherwise requiring a submission to registration with a commercial register (here, by having a public notary make a remote on-line submission in real time). Essentially, we introduced a three-party merchant contract model based on the opt-out rule under the PSD (i.e., adding one more party without needing to re-create the entire contractual package). Also, since each transaction involved transferring part of the enterprise we developed a legal route that allowed us to instantly achieve legal effect while still complying with laws providing that transfers of parts of enterprise to parties registered as entrepreneurs in the Czech Commercial Register are effective only when handover protocols are lodged in the acquirer's Collection of Deeds. This allowed us to tie closing to a specific moment without needing to rely on a court official submitting the document into the Collection of Deeds; this tool can be used in any transfer of part of enterprise.

David Stuckey

GUEST ARTICLE: NEW REGULATORY FRAMEWORK FOR PAYMENT SERVICES IN THE CZECH REPUBLIC

As the Directive of the European Parliament and of the Council on Payment Services in the Internal Market (PSDII) introduces a number of changes to existing Czech legislation, a completely new Payment Services Act regulating the provision of payment services will be adopted in the Czech Republic. PSDII should be implemented by January 13, 2018.

The following new regulations are likely to be most significant to Czech businesses.

Indirect Payment Orders

Among the newly regulated payment services are so-called indirect payment orders. Put simply, these mediate the transmission of the payment order to the payment service provider (e.g., the bank that manages the account). The essence of the service is that the payer does not make the payment directly to the provider but to another provider – a so-called third party.

This service is typically used to pay for goods or services over the Internet where a third party, through an online link, allows the data necessary to execute a payment order between the merchant's website and the banking system of the entity managing the payer's payment account to be transmitted.

The activities of Internet payment service providers will also be regulated.

Payments for Digital Content

Under current legislation, an exemption applies for payments made by an electronic communications service provider via an electronic telecommunication device (such as a mobile phone) to pay for goods or services supplied and subsequently used by that device, regardless of the transaction value.

As a consequence of PSDII's implementation, companies wishing to maintain the exemption from the obligation to obtain the authorization of a payment institution will be required to demonstrate that: (i) the payment relates only to digital content or voice services (i.e., not to goods or services); or (ii) the payment is for the payment of tickets or travel fares or for charitable purposes. In addition, a single payment may not exceed EUR 50 – or a total of EUR 300 per calendar month.

Limited Range of Suppliers or Services

Existing Czech legislation already excepts payments made in so-called limited networks – i.e., payments made at the premises of the issuer or for a narrowly-defined range of suppliers or goods and services. In effect, this is an exception for various types of membership cards – that is, cards issued by department stores, payment cards for petrol stations, and other types of payment cards.

Natalie Rosova
Attorney at Law
Schoenherr Prague

As a consequence of the implementation of PSDII, this exemption will be slightly modified in order to assess more rigorously the interconnectedness between the range of suppliers and the range of goods or services. This can be demonstrated in a petrol station network, where the common purpose of the assortment of goods or services will be more rigorously assessed – i.e., goods sold at the petrol station that are unrelated to the operation of vehicles will not fall within the limited network exemption.

Lastly, providers wishing to take advantage of this exemption will be subject to a reporting obligation to the Czech National Bank once they reach EUR 1 million in payments in any 12-month period. The Czech National Bank will then be able to assess the availability of the exemption and to intervene if it is used incorrectly.

Operation of ATMs and Sales Representatives

PSDII makes the exemption from the obligation to secure a payment institution license unavailable for independent ATM operators, which often charge premium fees for withdrawals from ATMs. The exemption will only be available to ATM operators who: (i) act on behalf of the issuer of the means of payment (i.e., banks); and (ii) do not provide any other payment services.

Due to the implementation of PSDII those sales representatives that act on both sides of a payment transaction (for example, some e-commerce platforms) will no longer be exempt from the obligation to secure a payment institution license.

Vladimir Cizek, Partner, and Natalie Rosova, Attorney at Law, Schoenherr Prague

MARKET SPOTLIGHT: CZECH REPUBLIC

IN THIS SECTION:

GUEST EDITORIAL: WORKING IN THE CZECH LEGAL MARKET

A friend of mine, who's a partner in a Hungarian law firm, told me this week that those of us living in the Czech Republic are "lucky to have a domestic economy." In making this comment, he was contrasting the Czech situation with Hungary's relatively high dependence on foreign direct investment (FDI) and to a degree of stagnation affecting his country at the moment.

He got me thinking. It is in fact true that, for a medium-sized European country, the Czech Republic has a very broad economy. There's the whole range of manufacturing, from heavy engineering to high tech and life sciences, there's energy and logistics, real estate and retail, banking, food and beverages … the list may get rather long and boring, so I'll leave it there.

Then there's the fact that the economy is open and outward-looking. Czech businesses are increasingly looking for business opportunities beyond their own borders. Admittedly, one gap is private equity (few funds are raised locally), but the family offices of high net worth individuals are out there doing foreign deals with the larger corporates and the bold export community.

And there's FDI into the Czech Republic as well. My firm acts on many deals where international players invest in the Czech Republic, whether directly or via a global or regional deal involving Czech assets. Sometimes our role is limited to due diligence; sometimes we lead. It's an important part of our business that requires us to invest in particular in relationships with foreign law firms.

Unsurprisingly, the Czech legal market mirrors this picture. (Or, without wanting to tread on any toes, at least the top part of the Prague legal market does.)

All of this is good news. Lawyers get to work in a range of sectors, allowing us to acquire detailed knowledge but with cross-pollination, and our clients take us to interesting places to do interesting deals. (KSB has a number of foreign-qualified lawyers, which makes us export-friendly.) In the CEE and SEE regions my firm is a net exporter of work. It's fascinating to go to new countries and make new relationships with lawyers there, usually picking the best independent firms to create teams based on ability rather than a common brand.

There are challenges, of course. Everywhere in the world, and most of all in leading markets like London, Paris, and New York, clients want every better value for money. This is forcing lawyers to learn how to share economic risks with their clients. This requires some empathy, organization, and, increasingly, investment in technology.

Then, especially in newer economies such as the Czech one, owner-managed businesses still tend to choose lawyers based on cost rather than on track record and quality. This has put pressure on costs in a way that has distorted the market and made some race to the bottom. The reality seems only now to be sinking in that, at the bottom, there is very little room for investment, growth, and offering the best to the best talent.

But things are looking up, at least for those who place themselves on the market as professionally conservative and commercially aware and who are, as a result, not always the cheapest option. Such firms are of course in the business of serving their clients; it's as simple as that. But the background of any successful relationship is balance and respect, including in the area of reward, and I'm glad that is coming more into focus on today's Czech legal market.

To end on a personal note, being a common law lawyer in a civil law environment has taught me a lot. I think that English and US lawyers are often highly skilled and commercially-minded but may not always think about the law as such. Czech lawyers, in my experience, are always very good on the legal detail. I've really enjoyed over the years finding my way around the Czech legal world (together with everyone else when the law was recodified three years ago!), and it made me reflect on the legal concepts used in my own world of English law. That, I suppose, can only have been a good thing.

Christian Blatchford, Partner, Kocian Solc Balastik

BASICALLY BULLISH: THE CZECH REVEL IN GOOD TIMES

Czech lawyers, not known for ebullience, are nonetheless finding it hard to keep the smiles off their faces. After a decade of disappointment and struggle, if the Managing Partners at Czech firms are to be believed, the last remnants of the global financial crisis have dissipated. and business is booming. As spring rolls through Central Europe, the sunshine is both meteorological and metaphoric. Prague is basking in the warmth.

1. Good Day Sunshine

The positivity is well founded. The Czech Government Agency for Foreign Direct Investment reports that, after steady progress for several years, the country now ranks first among Central and Eastern European countries in terms of FDI stock – which reached its highest level ever in 2016 – and per capita inflows. The World Bank puts the country at 27th in its Ease of Doing Business report, behind – in CEE – only Macedonia, Austria, and the Baltics. As of January 2017, the unemployment rate in the Czech Republic was the lowest in the EU at 3.2%, and the poverty rate is the second lowest of OECS members, behind only Denmark.

Prokop Verner, Partner, Allen & Overy Prague

Against this backdrop, Allen & Overy Partner Prokop Verner's enthusiasm is unsurprising. "Last year and this year are very busy," he says. "M&A lawyers have been very busy. We're 25% ahead of last year, because of bigger deals." Verner describes a "return of confidence in strategic buying in the region," and "lots of money – cheap financing – from the banks. Czech banks are actively looking for projects to finance." Verner says of his firm's Prague office that "we're at the peak of our capacity and looking to grow."

Christian Blatchford, Partner at Kocian Solc Balastik, shakes his head as he comes into the room a few minutes late to a meeting, apologizing that "it's a busy time." Once settled in, Blatchford explains that "it's a really good time for the top of the market" and says that "it's quality winning out over price."

Christian Blatchford, Partner, Kocian Solc Balastik

Martin Kriz of PRK Partners is similarly positive, describing M&A as "incredibly active here, with lots of assets changing hands." He repeats: "It's incredible." And Miroslav Dubovsky, Country Managing Partner at DLA Piper, agrees that "business is good, at all levels, across the board."

The Partners at Schoenherr also report good times. "We're swimming on a wave of transactions," says Partner Vladimir Cizek. "Definitely better than three years ago. Everything is booming – M&A, Real Estate, Regulatory, and Employment, as well as niche areas like WCC, new-tech, etc." Colleague Martin Kubanek, the Managing Partner of Schoenherr's Prague offices, ties the Czech resurgence to the country's political stability. "If you look at the Visegrad countries, others have clearly populist governments. The Czech Republic's is slightly more pragmatic."

Martin Kubanek, Managing Partner, Schoenherr Prague

Of course, when lawyers look into the future, grains of salt are inevitable. Although Alexandr Cesar, the Managing Partner of

Baker McKenzie, admits that "surprisingly, we have been quite busy the last couple of months," he also insists, "I'm still cautious. Like any business, the good times can disappear."

Indeed, it appears that not all firms are seeing the same boom. Cesar, for one, says that a significant percentage of the office's workload is coming from the Baker McKenzie pipeline. "The firm is trying to shift work to the less-expensive jurisdictions, like the Czech Republic. Rates here are cheaper." Thus, he says, "The Czech economy is great, but I don't see it reflected in the legal market."

Jan Myska, Managing Partner, Wolf Theiss Prague

Jan Myska, Managing Partner of Wolf Theiss, also is skeptical about the enthusiasm reported by his counterparts at other firms. "Probably nobody wants to say it's not a good time," he says, insisting that "2016 was OK – but not fantastic," conceding only that "there were some winners and some losers." By contrast, Myska says, 2015 was "quite good," leading to some real optimism for 2016. But he says the "second half of 2016 was a bit slower than the year before," with "not so many big deals that would keep people busy for a long time." Even real estate, which everyone else pointed to as a consistent source of business, "was still busy, but mainly existing real estate rather than new developments."

Ironically, Myska suggests, the overall rebound in value may actually be limiting the domestic M&A market. According to him, "we can see a lot of parallels with 2008 and 2009 when prices started going up – people were reluctant to sell because they thought prices would continue to rise. That was clearly the case in 2007, 2008, and 2009, before the crisis hit. The people went to the market and were ready to sell, but once they saw the prices going up they decided to wait, because they thought good times were coming.

Trying to determine which practices in particular are booming is a difficult proposition. On one thing, however, everybody agrees: Real Estate is hot.

Alex Cook of Clifford Chance says that "Real Estate has been extremely active – retail for sure, and logistics as well. At some point activity will tail off, but when that is, I don't know. Czech investor groups have been getting into Real Estate, as well as Chinese investors of course, so interest in this asset class remains very high."

And litigation – a practice many of the international firms started to embrace during the lean times – continues as a source of revenue. Prokop Verner at Allen & Overy says, "Because of the economic downturn we were forced to look for new sources of revenue. So litigation." He laughs. "It remains because things won't be good forever, so we keep it."

Miroslav Dubovsky, Country Managing Partner, DLA Piper

Dubovsky at DLA agrees that litigation is a growth practice, noting that "clients are more litigious than they used to be." He also, however, reports a growing demand for arbitration – which he says "in my mind is the right solution for resolving disputes – as well. "Arbitration had a peak, then fell out of favor (because financial institutions had been setting up their own tribunals and therefore also winning most of them), but that has changed and arbitration seems to be recovering a bit now."

Alex Cook says, simply, "Litigation is something that can be grown, and should be grown. Litigation is a growth area generally," along with "compliance, anti-corruption, cyber-security, data protection, and regulatory compliance."

2. To Grow or Save?

Business may be good, but firms are split on whether to put those newfound profits in the bank or to reinvest them. Alexandr Cesar at Baker McKenzie, for instance, says that despite the rebound in business, utilization in the office remains about 10-20% lower than it was before the crisis, so they're adapting to the good times by increasing the work-load rather than hiring new people. Alex Cook of Clifford Chance also admits to caution: "The lesson from the excesses of the past is for us to be conservative in growth. Not growing, and maintaining a lean ship."

By contrast, Prokop Verner of Allen & Overy reports that "on utilization, we are running close to 100% for a number of months now so will be expanding our team."

Erwin Hanslik, Managing Partner, Taylor Wessing Prague

Erwin Hanslik at Taylor Wessing has a similar perspective: "We're of course investing into ourselves. Human capital. We're growing, and adding lawyers. We've also enlarged our office physically."

Christian Blatchford says that he and his colleagues at KSB are "spending more and more money on marketing and quite a lot of money on IT. More and more on people – but we're not expanding our team. If you look at our capacity, there's still slack there. There's still room."

And Miroslav Dubovsky says, "We are doing two things to respond to good times: 1) Investing in IT – useful particularly for DLA, because we think we are an innovative firm. And 2) investing in people. We're growing; we have a real ambition to grow."

3. Nothing's Perfect

On one thing, however, there is absolute consensus: Fees remain low and aren't rising. Indeed, according to Erwin Hanslik at Taylor Wessing, they're the only blemish on an otherwise clear sky: "Fee pressure is always an issue, but otherwise nothing is a problem." And according to Alexandr Cesar at Baker McKenzie, "fees are not going back up. We still see the pressure. Every week we lose a client pitch based on fees. I don't think that fees are going to go up anytime soon, and at some point money is always the issue."

Jan Myska at Wolf Theiss agrees. "I'm afraid it's still the same on fees – the same pressure on fees for local work as compared to clients coming through the [Wolf Theiss] referral network or pipeline." In addition, Myska notes, "of course clients wish to pay at the end of the transactions — they want us to share the risk." As a result, he says, he's seeing a "much higher success fee element."

Vladimir Cizek, Partner, Schoenherr Prague

Regardless, Vladimir Cizek at Schoenherr has little patience for those who are waiting for fees to come back up. "I do find thoughts on 'fees recovering' somewhat naïve," he says. "The market has changed in its nature, and clients are more sophisticated in asking for alternative fee arrangements more and more. There will be no recovery; we are simply in another age of legal services delivery."

Alexandr Cesar, Managing Partner, Baker McKenzie Prague

4. The More Things Change, the More They Stay the Same

The shrinking economy of the past decade resulted in a well-documented transformation of the Czech legal market, with a number of larger international firms withdrawing from the market (including Eversheds, Norton Rose, and Hogan Lovells) and a number of smaller local firms spinning off of those that remained (including BADOKH and Rovenska & Partners, both led by former White & Case partners). It appears the market has stabilized, however, and both phenomena appear to be slowing.

And, unsurprisingly, partners at the international firms remaining in Prague reject the proposition that the market can no longer support their fees or infrastructure. Instead, according to David Plch at White & Case, the thinning of the herd actually benefitted those firms that survived the process. "I would disagree that there are fewer big deals in the Czech Republic, because there are fewer firms that are left to work on them. The competition is not as fierce as it used to be. There are only three or four firms on the market we can hire from to get good talent in specialized sectors: Clifford Chance, Allen & Overy, and, for M&A, Weil Gotshal." Indeed, he says, "when we're conflicted out, it can sometimes be difficult to find firms to refer the work to."

Prokop Verner at Allen & Overy agrees: "The market changed a little bit since 2007. Firms like ours benefit the most from this busy market – as bigger deals require the involvement of larger firms."

Alex Cook, Managing Partner, Clifford Chance Prague

Alex Cook of Clifford Chance dismisses any reference to the viability of international firms in the Czech Republic altogether: "The talk about the international firms retreating is sort of bizarre, I have to say. Of course we are a smaller office in a smaller market, but the question is, are we able to contribute to the market, to the region, and to our firm as a whole. For me the clear answer is yes. We perform very well financially, we are very inter-connected with the rest of our firm, and we actually send quite a lot of work to our network."

Fewer new firms are appearing on the market as well. Alexandr Cesar says "two years ago there was a lot of movement on the market, and new firms appearing – like BADOKH, things like that. Nothing recently." He smiles. "Maybe potential split-offs have found out how difficult it is."

Christian Blatchford agrees that "the market is changing," and he suggests that "the Middle Market – the second and third tier firms – is having a hard time. Outfits that split off from firms like ours 5-10 years ago, with 5-6 people – the price structure is no longer sustainable, as they've grown,

had people go on maternity leave, etc. The long-term pricing model seems unsustainable."

Martin Kriz at PRK Partners says, simply, "I don't know of any associates starting new firms and being happy for a long time."

Martin Kriz, Partner, PRK Partners

5. Finding and Keeping Talent

With the return of good times to the Czech Republic, good young lawyers are in high demand, and many partners believe the key to finding and retaining them lies in paying greater attention to their wishes for good lives outside the office. According to Martin Kubanek, "in terms of HR, what we see now is the subject of work-life balance. Young lawyers are not so hungry."

As a result, it is widely believed that an increasing number of strong lawyers are choosing options other than big law firms out of law school. Martin Kriz at PRK Partners says there are "not enough good lawyers for the amount of work we've got." He laughs, ruefully. "It's a good time for legal recruiters. They take someone from us, we pay to take someone from another firm, and at the end of the day we've all spent a lot of money to stay in the same place." Still, he concedes the silver lining: "That means business is good."

Jan Myska, the Managing Partner of Wolf Theiss's Prague office, says: "A lot of firms are hiring, looking for people at various levels, but fresh graduates are not as keen to join law firms as before and are more attracted by state service or private business."

"This generation is not looking so much for financial independence or the bottom line," Myska maintains. "Their desire for work-life balance and lifestyle is making it much harder to attract them. So it's not even about money. They care more about work-life balance. Which is great — I have a lot of sympathy for that. It's about providing more flexible arrangements, but it is difficult to achieve that.

David Plch at White & Case believes he has found the solution. "One of my big themes is recruiting and how we treat our people. Flex time, for instance, which is becoming more of a subject generally. Little things like providing free fruit in the office – low cost, but sends a message that we take care of them. One key facet of my role as the office Executive Partner is to create an environment in the Prague office which attracts talented people from all fields pertinent to our business – from lawyers and tax advisors to HR professionals, to marketing and finance, to legal interns – and which also provides them with the necessary tools and room for their professional and personal growth in the long run." Plch believes that this requires more than just lip service. "In this new, more sophisticated market for talent, no one can hide behind glossy HR brochures. It is important to me that the reality of what we offer (and of what we want) always matches our image among our potential future colleagues."

Still, Plch insists that he's not unhappy about the changing nature of his role. "Younger lawyers are much better and more sophisticated than we were 20 years ago," he claims, and while "many other lawyers in the market say, 'oh, they don't want to work'," he believes it is in fact possible to "flip it and make it to your advantage."

And Prokop Verner at Allen & Overy rejects in its entirety the suggestion that young lawyers require special care. "You have complaints about the new generation," he says. "But I see things differently. I have a very different perspective. Young lawyers make me happy. You don't see unmotivated people. You see juniors working really hard."

While finding and retaining young lawyers may be a problem, many lawyers – though few are willing to risk discouraging their own senior associates by saying so for the record – believe that there are too many senior lawyers and not enough partnership slots available. Martin Kriz at PRK Partners says, simply: "There's aren't many people making real partner in the market." He worries that, with the prospects for split-offs shrinking and limited opportunities for partnership combined with the perception that firms put an unfortunate emphasis on the first part of the work/life balance, "the profession is simply not attractive for newcomers from law school."

"One of my big themes is recruiting and how we treat our people. Flex time, for instance, which is becoming more of a subject generally. [..] One key facet of my role as the office Executive Partner is to create an environment in the Prague office which attracts talented people from all fields pertinent to our business."

Perhaps as a result, it appears that a number of senior lawyers have decided to move in-house in recent years – including, most notably, the June 2016 move by White & Case Partners Michael Smrek and Damian Beaven and Local Partner Ales to R2G. White & Case's David Plch says that actually works to the advantage of the better law firms: "There are so many quality lawyers in-house now, and they're more aware of the necessity for quality."

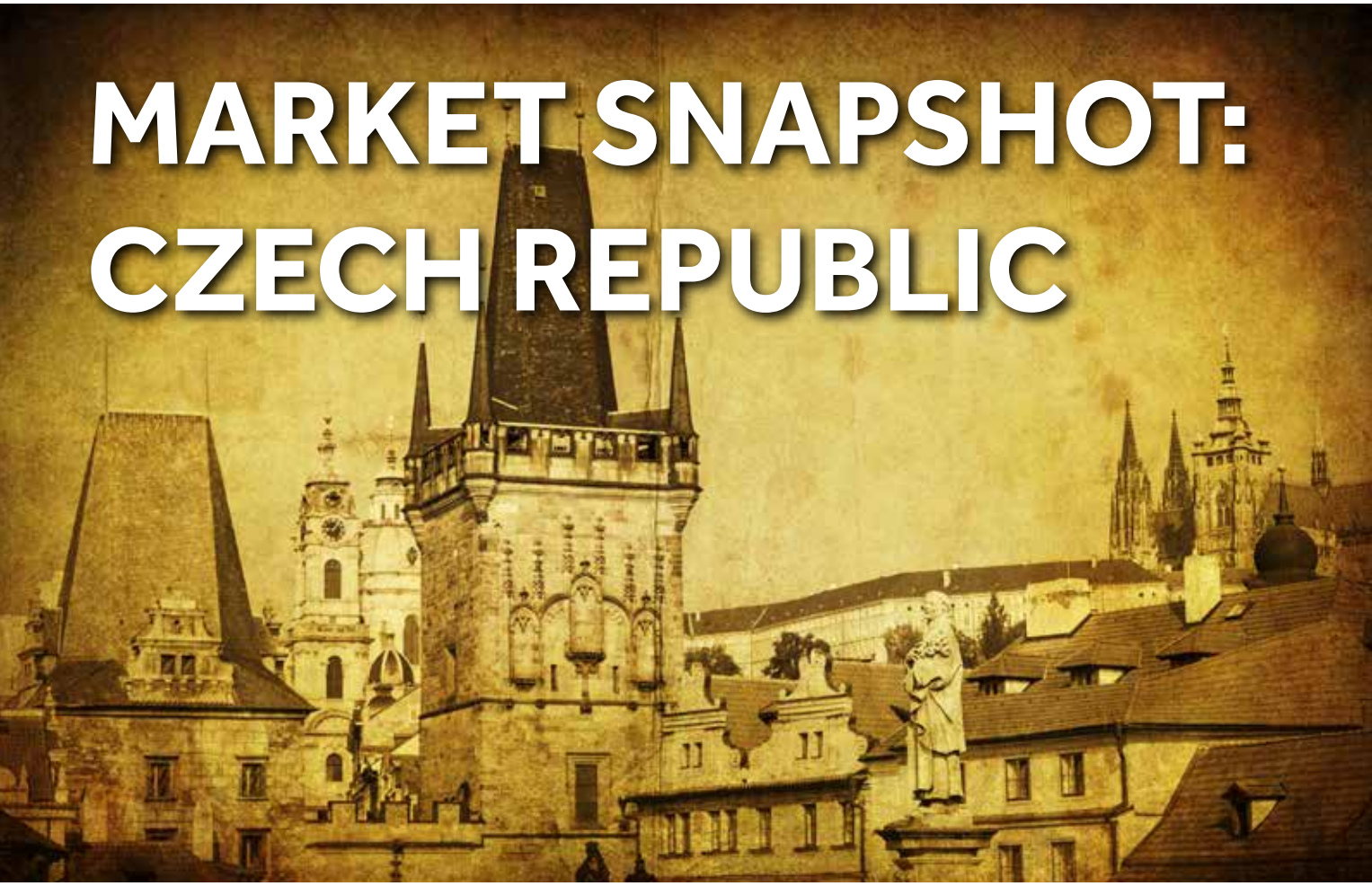
6. A Final Word

Ultimately, of course, managing fee pressures, the changing expectations of young lawyers, and strategic decisions about investment are simply part of the Managing Partner role. The takeaway, overwhelmingly, is that those decisions and processes are taking place against a much sunnier background than a few years ago.

Martin Kriz of PRK Partners says that, for the Czech Republic and its neighbors to flourish, there are some basic conditions: "We need peace and not war, and we need some kind of decent treatment from Western Europe." With those in place, he says, "I'm basically bullish about Eastern Europe."

David Stuckey

MARKET SNAPSHOT: CZECH REPUBLIC



CZECH REAL ESTATE TRANSFER TAX AFTER THE LATEST CHANGES: CATCHING UP WITH REGIONAL TRENDS?

Marketa Cvrckova
Partner
Taylor Wessing

This past autumn brought extensive changes to the Czech Republic's real estate acquisition tax, which, according to lawmakers, should align the country's regulation to the European standard. Is it really the case? With the assistance of members of the Real Estate team within Taylor Wessing CEE, we compare the new regulation to those in neighboring countries.

Before the amendment, the seller of real estate was generally obliged to pay the transfer tax, although the parties could agree that the buyer would take over that role. In practice, the ability to choose the actual taxpayer created a number of problems. The Amendment removes the option to choose the taxpayer, and now in all cases the taxpayer will be the buyer.

With regard to other Central European countries, it cannot be said unequivocally whether the change made by the Czech Republic is in line with a regional trend. Regulations in neighboring countries vary, and we find representations of virtually all possible solutions. In Poland, the taxpayer is the seller. In Hungary, it is the buyer, and it is also possible to assume the tax obligation under civil law, although the exchange requires the approval of the tax authority and is not binding. In Austria, both parties are jointly and severally liable, and their arrangements for paying the tax (as is in practice the rule) is not binding for the tax administrator. Slovakia went so far as to abolish the tax altogether in 2004.

The amendment also removes the statutory liability of the buyer in the Czech Republic for payment of the tax by the seller. For the buyer, his position as guarantor was, of course, unfortunate, and therefore in practice as a rule he generally tried to "secure" the payment of the tax by the seller, mostly by retaining a part of the purchase price corresponding to the amount of the tax until proof of payment of the tax was made.

In other Central European jurisdictions, no such statutory liability exists. In Austria, however, as noted earlier, by law both

parties are taxpayers, thus the situation is similar to the earlier Czech statutory liability: if the party obliged to pay the tax under the contract does not do so, the tax administrator usually turns to the other party to do so.

The 4% tax rate – above the regional average – was left untouched by the amendment. The only neighboring country with a higher tax is Hungary, where, in addition to the basic rate of 4%, an additional rate of 2% is applied if the tax base exceeds a certain threshold. Indeed, in most nearby countries, the tax is lower.

From time to time, the issue of taxation of so-called share deals (in companies owning real estate) comes up for discussion. Through share deals, it is possible in the Czech Republic to legally avoid the transfer tax. The amendment has gone so far as to eliminate the exemption of real estate's contribution to the capital of companies, although subsequent dispositions in the form of a share deal remained exempt from the tax.

In neighboring states it is common to tax share deals. For example, in Hungary over the past ten years there has been a trend towards reducing the tax burden in relation to immovables, but share deals involving a minimum 75% share remain subject to the transfer tax. A similar rule applies in Austria (only it must be a 100% share). So if the Czech Ministry of Finance wanted to extend the tax on share deals in the future, practice in the neighboring states could serve as argument.

This recent amendment to the Czech real estate acquisition tax, in our opinion, has increased legal certainty. Whether it follows regional trends cannot however be unequivocally confirmed. Especially with regard to the rate of taxation, the country is definitely "behind." The question is whether the best way forward would be to help shift the regional trend towards the simplest possible solution and follow Slovakia's lead: To simply cancel the transfer tax.

By Marketa Cvrckova, Partner, Taylor Wessing

GDPR - STORM IN THE IT CUP?

Jindrich Kalisek
Head of IP/IT/Data Protection
PRK Partners

In the Czech Republic, the most important buzzword in the field of legal services and IT deliveries is "GDPR-Compliance" and it has serious ramifications for organizations, businesses, and public corporations.

Not a single week passes without at least one professional conference focused on GDPR, either in general, or on its selected issues – in particular, the scope and nature of the requirements imposed on DPOs, data portability (both completely new concepts in the Czech Republic), and the handling of personal data of employees and other workers. These subjects seem to be rolling in from all directions. Unfortunately, the debates and presentations are often used to create business leads (driven mostly by fear of draconian fines, which, if actually imposed, may lead to the effective liquidation of sanctioned enterprises) rather than a conceptual discourse on how Czech organizations collecting, controlling, and processing personal data can improve the quality of their management and ensure greater security for themselves and their customers.

A fundamental issue that has emerged recently is the low probability that the Czech legislator (the Parliament, which will pass the ministerial draft prepared by the Ministry of Interior) will adopt the relevant amendment to the Personal Data Protection Act before late autumn or winter of this year. A culminating government crisis has paralyzed the work of the legislature, and it is unclear whether the necessary amended legislation will be prepared in time for Czech personal data controllers and processors to adequately prepare for its requirements. There is also a strong concern that the Czech lawmakers will continue their tradition of extensive gold-plating and will make the national norms even stricter than the GDPR and the Article 29 Working Party's guidelines.

It should be noted that although the current Czech Data Protection Act is well-adapted to EU's Data Protection Directive (1995), its low practical enforceability together with an understaffed control body (the Czech Data Protection Office or UOOU) has resulted in relaxed – and often negligent – oversight of personal data treatment. Therefore, although the GDPR buzzes around in the Czech media almost every week, many organizations have not yet begun making the necessary preparations and are only now about to explore what the new legislation means for them. Regrettably, some of them may find out that diligent preparation cannot be achieved even in the remaining 12 months before the GDPR comes into force.

A second problem is the fundamental misunderstanding of the GDPR's requirements on the addressees' side. It is not only in the Czech Republic that the professional public falsely believes that the GDPR is solely the problem of the ICT or legal/compliance department. Only a few actually understand that GDPR is a multidisciplinary problem that Czech organizations will have to address by adopting comprehensive compliance programs, including legal, procedural, and organizational as well as technical approaches. Therefore, changing this biased perception must often be the first step in the compliance project.

A third problem is the inability of organizations to identify what personal data they process, in what amount, and how and for what legal purpose. The Czech economy is characterized by a high proportion of industrial production and services in which personal and other data is merely collected, processed, and stored in one of many enterprise systems without it always being clear if the organization will ever use it. When attempting to perform a basic impact/GAP analysis of the effect of the GDPR on the organization, it often turns out that even the responsible managers do not really know how much data they have, when and where it is processed, and how it is utilized after being pro-

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cessed. Many organizations are, therefore, currently performing more or less complex analyzes of personal data flows within them, the outputs of which often depend mainly on whether the organization was actually able to identify all repositories where the personal data may be located.

Law professionals providing GDPR consultancy and compliance services in the Czech Republic thus often become involuntary business analysts, who need to help the client analyze information systems, processes, and data storage before assessing the legal implications of GDPR in the organization.

By Jindrich Kalisek, Head of IP/IT/Data Protection, PRK Partners

LARGE BODY OF NEW REGULATION TO AFFECT FINANCIAL SERVICES AND DATA PROTECTION

Jan Kotous
Counsel, Head of Corporate/M&A
Wolf Theiss

Legislators on both the European and Czech level have been active in adopting new regulations that influence several areas of the modern economy. Financial services, with consumer finance on one side and markets in financial instruments on the other, have been at the center of these efforts. Financial regulation is not, however, the only measure heavily affecting banks, investment firms, and FinTech companies by putting new compliance requirements in place. Another huge legal instrument – the General Data Protection Regulation adopted on the EU level in 2016 – imposes new requirements on all companies dealing with personal data.

Consumer Finance and the New Consumer Credit Act

On December 1, 2016, the new Consumer Credit Act took effect in the Czech Republic. This new law was designed to clear the consumer loans market – which had been flooded by dubious businesses providing subprime loans for sky-high interest rates – by imposing vigorous regulatory requirements on non-bank providers of consumer loans, which until then had been able to conduct business on the basis of a simple trade license.

Under the new Act, such non-bank providers need to obtain a special permit from the Czech National Bank (CNB), newly empowered with regulatory authority over the consumer loans market. These licenses can only be issued to companies with a registered share capital of at least CZK 20 million (approx. EUR 750,000). The procedure resembles the bank licensing process in its complexity. Each provider must submit several documents and internal policies to the CNB reflecting compliance with the Act's requirements, including the professional capacity of employees and compliance with strict procedures regarding the assessment of creditworthiness, AML rules, policies for communication with customers and for enforcing claims, IT security, and so on.

and Jan Gerych
Associate
Wolf Theiss

The "cleansing effect" of the new legislation is apparent from the fact that as of March 1, 2017, only 107 applications for the CNB permit had been filed, in part because many firms lacked the resources to comply with the capital requirements. Those providers filing applications before that date are permitted to continue their business until the CNB decides on their request. The CNB has up to 15 months to make its final decision on any application, and as of May 8, 2017, no permits had been granted.

A Major Overhaul in Personal Data Protection

The General Data Protection Regulation, intended to harmonize and modernize European data protection rules, will take effect and replace the existing laws of the EU member states on May 25, 2018. In the wake of the Regulation, various businesses began the process of reviewing their data processing activities and internal procedures to prepare for the new rules.

Meanwhile, the European Data Protection Working Party, an independent EU advisory body on data protection and privacy, started issuing guidelines on the unclear elements of the Regulation. In one of the April guidelines, the Working Party has addressed a frequent question of many companies, especially Internet firms and FinTechs: Will we need to appoint a Data Protection Officer?

Under the Regulation, a DPO (a designated person responsible for data protection compliance) is mandatory where the company's core activities require regular and systematic monitoring of data subjects on a large scale or large scale processing of sensitive data.

The Working Party's opinion clarifies that "core activities" are those operations that are an inextricable part of the company's activity and cites a hospital processing patients' health records and a security company surveilling public space as examples. By contrast, a company's processing of personal data of its own employees is merely an ancillary activity. "Regular and systematic monitoring" includes all forms of online tracking and profiling, including, among other things, processing for the purposes of data-driven marketing activities, credit scoring, or location tracking. Consequently, a DPO will be necessary in many technology startups and companies developing mobile apps or providing consumer loans online.

By Jan Kotous, Counsel, Head of Corporate/M&A, and Jan Gerych, Associate, Wolf Theiss

INSIDE OUT:

Glatzova & Co. and Allen & Overy Advise on Denemo Media's Acquisition of a 50% Shareholding in FTV Prima from Modern Times Group

The Deal: On February 16, 2017, CEE Legal Matters reported that Glatzova & Co. had advised Denemo Media s.r.o. on its acquisition of a 50% shareholding in FTV Prima, with Allen & Overy advising Modern Times Group, the seller. Denemo Media is a Czech joint venture between Alphaduct, a.s. (with 75% ownership) and GES Media Asset, a.s. (with 25% ownership). Alphaduct, a.s. is owned by Czech businessman Vladimir Komar. GES Media Asset a.s. is part of the GES Group, which already owned 50% of FTV Prima Holding.

The Players:
- **Glatzova & Co.: Jiri Sixta, Partner**
- **Allen & Overy: Hugh Owen, Partner**

CEELM: How did you each become involved in this matter? Why and when were you and your firms initially selected as external counsel?

J.S.: I was recommended to Mr. Vladimir Komar [the owner of Alphaduct, a.s., which owns 75% of Denemo Media a.s. – ed.] by his transactional advisor as someone who had broad transactional experience in the media market.

H.O.: We have worked for MTG for as long as I can remember (at least 15 years), first in Russia and then in the Czech Republic, Bulgaria, Hungary, Latvia, and the Netherlands, as well as on other contemplated transactions across pretty much the whole of CEE. We also worked for MTG on their entry into FTV Prima so it made sense to use us for this transaction too.

CEELM: What, exactly, was the initial mandate when you were each retained for this project?

J.S.: To prepare (together with transactional/tax advisor) the most effective structure for acquisition of 50% of shares in FTV Prima Holding a.s. (FTVPH).

H.O.: We were retained to assist MTG to evaluate its options for the Czech business, principally exit options and therefore ultimately on this exit.

CEELM: Who were the members of your team, and what were their individual responsibilities?

J.S.: As the project was extremely confidential, our team was small. There were only four individuals: myself, Jan Vesele (Managing Associate), Gabriela Praskova (Senior Associate) and Nela Zelenkova (Associate). Nela, working under Jan's supervision, was primarily involved in the legal due diligence of

the FTVPH group, including FTV Prima s.r.o. ("TV Prima"). I and Jan were involved in negotiations and drafting of transactional documentation. Gabriela was responsible for filing with the Czech Anti-Monopoly Office.

H.O.: We got the instruction on the last day before my sabbatical last year so originally our London team took the instruction (Lisa Goransson, Head of our Nordic desk [MTG is a Swedish company], and Marton Eorsi, a Senior Associate of mine in Budapest who had done lots of MTG work and then moved to London and now works with Lisa). Later on, it was a relatively small team but included me as the M&A Partner, Prokop Verner (Counsel), and then Magda Pokorna as the Senior Associate coordinating the transaction as a whole, as well as Ivana Dobiskova and Iva Bilinska in Prague on antitrust aspects. Jana Svarickova assisted on some media regulatory aspects.

Charles Andersson from the Hamilton law firm in Stockholm advised on Swedish law aspects.

CEELM: Please describe the final acquisition in as much detail as possible: how was it structured, why was it structured that way, and what was your role in helping it get there?

J.S.: Mr. Vladimir Komar (via his holding company Alphaduct, a.s.) established the special purpose vehicle Denemo Invest s.r.o. Denemo Invest s.r.o. then established a joint venture with GES Media Asset, a.s., called Denemo Media s.r.o., which is controlled by Denemo Invest, s.r.o.

Denemo Media, s.r.o. subsequently acquired 50% of shares in FTVPH from MTG Broadcasting AB (MTG). The remaining 50% shares of FTVPH is owned by GES Media Europe B.V.

We were involved in the legal due diligence of the FVTPH group (including TV Prima), the establishment of the JV (the other JV partner was represented by Ludmila Kutejova of the Kutejova, Marsal, Briasky law office), and the negotiation of the entire deal with MTG on behalf of Denemo Media s.r.o. (in cooperation with Ludmila Kutejova) as well as negotiations with the financing bank (CSOB).

Finally, we handled the clearance of the transaction with the Czech Anti-Monopoly Office.

H.O.: It was on the face of it fairly simple, as it was the sale of a 50% stake to a purchaser in which the other 50% shareholder held a minority stake. We also needed to regulate the sale of the stake pursuant to the shareholders' agreement to ensure compliance with Swedish law. In order to ensure certainty of funds there was also a Debt Commitment Letter and an Equity Commitment Letter. Finally there was an escrow agreement to ensure funds flow at completion to secure a delivery versus payment mechanism for the transfer of the shares.

CEELM: What was the most challenging or frustrating part of the process?

Jiri Sixta

J.S.: Confidentiality was the key factor in the transaction. There were other parties interested in acquiring TV Prima, and we had to work in such a way that no one knew what was going on until the deal was signed.

The only frustrating part of the process was that our team was not able to participate in the regular skiing trip organized by our office. While the rest of the Glatzova team enjoyed three days of fresh snow and sunshine in Austria, we were working around the clock in order to finalize the transactional documentation.

H.O.: The timing of the transaction was challenging. The deal was signed two weeks from the circulation of the first draft of the SPA. This intense timing required all parties involved to be constructive and approach the negotiations with a commercial mind set.

CEELM: Was there any part of the process that was unusually or unexpectedly smooth/easy?

J.S.: As all parties wanted to close the deal as soon as possible, the deal was completed very quickly. It took only approximately five weeks from commencement of the legal due diligence to signing of the SPA.

I was surprised that even negotiations with CSOB (which was represented by Baker McKenzie) were relatively smooth. Baker was very flexible and cooperative – which is not a common approach of lawyers representing banks.

H.O.: Not really… Is there ever?

Hugh Owen

CEELM: Did the final result match your initial mandate, or did it change/transform somehow from what was initially anticipated?

J.S.: We were hired as a transactional legal advisor, and we fulfilled that role. The only task that was not initially anticipated was representing Denemo Media, s.r.o. in negotiations with CSOB as the financing bank.

H.O.: It fairly quickly turned into a bilateral process, so the focus was keeping competitive tension and getting the deal done as soon as we could.

CEELM: What individuals in Denemo Media directed you, Jiri, and what individual at Modern Times Group directed you, Hugh – and how would you each describe your interactions with your clients?

J.S.: Due to sensitivity of the transaction, we mostly worked directly with Mr. Vladimir Komar. Given the dynamics of the transaction, there was not space for regular meetings. Our meetings were held ad hoc as needed – in our offices, in the offices of the JV partner (GES), at Baker McKenzie (with respect to financing), and of course in Allen & Overy's offices.

Mr. Komar likes to give "general direction" and is ready to solve most important/critical issues, but he leaves the details to be handled by lawyers. Therefore, he usually participated in the key part of the negotiations but quite often left and let the lawyers earn their fees.

H.O.: We were instructed by the former Head of M&A at MTG. He has now moved on, but we retain a good relationship with the GC and also with the replacement in-house M&A counsel. MTG also have a deal execution team member who gave us day-to-day instructions and ran the negotiations. We have also known him for some ten years or even more.

We have a very good relationship with the client team that instructs us. As mentioned above, we have known them for a long time, but I hope it is also OK to say that the Swedes are very direct, practical, and no-nonsense. This really helps us to get things done quickly and efficiently. They know their business extremely well, so we get very relevant and useful feedback and instructions. They are experienced in M&A, so all the discussions are based on a shared platform of knowledge on all the usual M&A sticking points, and we are able to decide on issues with shorthand discussion.

CEELM: How would you describe the working relationship with your counterparts at Allen & Overy, Jiri, and you with yours at Glatzova & Co., Hugh?

J.S.: I think that we established a very good working relationship with Allen & Overy, represented primarily by Magda Pokorna. Obviously, there were difficult tasks (caused primarily by the fact that MTG is a listed company and there were certain internal processes to be followed) but at the end, we always found a mutually acceptable compromise.

There were a couple of phone calls, but the vast majority of work was done personally in meetings. I would say that final negotiations took approximately one week – but it was a very intensive one.

In the SPA, we agreed to consult with Allen & Overy (as representatives of the seller) regarding all our submissions and steps towards the Czech Anti-Monopoly Office. Even at this phase of the transaction, they were prompt and cooperative.

H.O.: As mentioned above, the negotiations were intense and lasted less than two weeks. G&Co focused on material issues, and the process was smooth; they were very responsive both on the phone as well as in the meeting room. Decisions were made quickly. The negotiations took place until the very day of signing, but this was mainly due to the added complexity of the escrow and the involvement of the purchaser's financing bank and the escrow agent.

CEELM: How would you describe the significance of the deal to the Czech Republic?

J.S.: This deal was the biggest deal on the media market in the Czech Republic for the last several years.

H.O.: The target group is the No. 2 private TV in the Czech Republic. The deal was the biggest media transaction in the Czech Republic in the last three years.

David Stuckey

C/M/S/

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EXPAT ON THE MARKET

Interview with Jeffrey McGehee of Squire Patton Boggs

Jeffrey McGehee is an American lawyer living and practicing as a Partner at Squire Patton Boggs in Prague. He received his law degree from Baylor University in Texas in 1989 and moved to Central Europe in 1996.

CEELM: Run us through your background, and how you ended up in Prague.

J.M.: I am a Texas native (born and raised) and worked as a young lawyer at a large firm in Dallas. After a few years, I was pretty bored with the practice there and ultimately decided to try and work abroad (speaking no foreign languages and, as every recruiter told me, with "quite limited" travel experience). It was 1996, and fortunately there were opportunities for expat professionals in Central Europe. I was able to find a job in Prague with Squire Patton Boggs (then Squire, Sanders & Dempsey) and have been with the firm ever since.

CEELM: Was it always your goal to work abroad?

J.M.: When I started working, I don't think I even knew that working abroad was a thing. But a year before I moved to Prague, I was put on a rare international project for my Dallas firm and ended up spending about 6 weeks in Taipei. I loved both the challenge of working in a foreign business environment and the culture shock of living somewhere very different. I was immediately hooked and went back to Dallas having decided an overseas assignment was my goal.

CEELM: Tell us briefly about your practice, and how you built it up over the years.

J.M.: My practice is business transactions (both corporate M&A and real estate), usually involving foreign law or an international counterparty. I have been fortunate to have a great diversity of projects over the years, both substantively and geographically throughout CEE. Practice growth, of course, arises from the business relationships you develop over time, just as it does anywhere else. The challenge as an expat in a market like the Czech Republic is that foreign interest ebbs and flows over time, and foreign players in the market change often, so you must constantly be developing new contacts.

CEELM: What do your clients appreciate most about you?

J.M.: I am generally interested in learning about a client's business or industry, which I think is appreciated by the client and also important to providing them the best possible legal advice. Like most good lawyers, I try to be practical and commercial. And with experience comes the ability to quickly separate the wheat from the chaff and not to become fixated on minor points at the expense of the client's ultimate goals.

CEELM: Do you find Czech clients enthusiastic about working with foreign lawyers, or — all things considered — do they prefer working with local lawyers?

J.M.: I guess that depends on the individual client, but I don't think most care. Clients simply want the best, most effective counsel available to them. If I wasn't resident in Prague or elsewhere in the region with substantial experience here, then I guess nationality might be a factor but really only in that it would relate to relevant experience. And with deals involving a cross-border element (which is the majority of my work), I think being an American lawyer is an advantage.

CEELM: There are obviously many differences between the

Czech and American judicial systems and legal markets. What idiosyncrasies or differences stand out the most?

J.M.: While Czech law has evolved, it remains more formalistic than US law and less forgiving of technical errors or omissions. There is more uncertainty in Czech law; it's newer and not as extensively developed and court-tested as US law, which is a large part of the reason practice here has been very interesting over the last 20 years. Americans are very litigious, which leads to longer contracts attempting to address every possible risk scenario. There are pluses and minuses to both systems.

CEELM: How about the cultures? What differences strike you as most resonant and significant?

J.M.: Czechs are generally more reserved – just listen to a group of American tourists roaming Prague. They are more formal in personal and business relations and tend to be more respectful of institutional hierarchy. I think Americans are sometimes better at creative thinking and trying to find solutions "outside of the box," but the gap has definitely narrowed over the years. I would still give Americans the advantage when it comes to customer service.

CEELM: What particular value do you think a senior expatriate lawyer in your role adds — both to a firm and to its clients?

J.M.: Many of our deals are governed by laws other than those of the Czech Republic, in which case I have more experience than the majority of Czech lawyers. But even on domestic transactions, I believe an expat adds a slightly different (and useful!) way of thinking and approach to issues. For international clients, the Czech Republic is often an unknown market. As an American, I provide some intangible comfort to that "foreignness" as well as help explain the differences (and the reasons for them) between the Czech legal process and that with which a client is familiar at home.

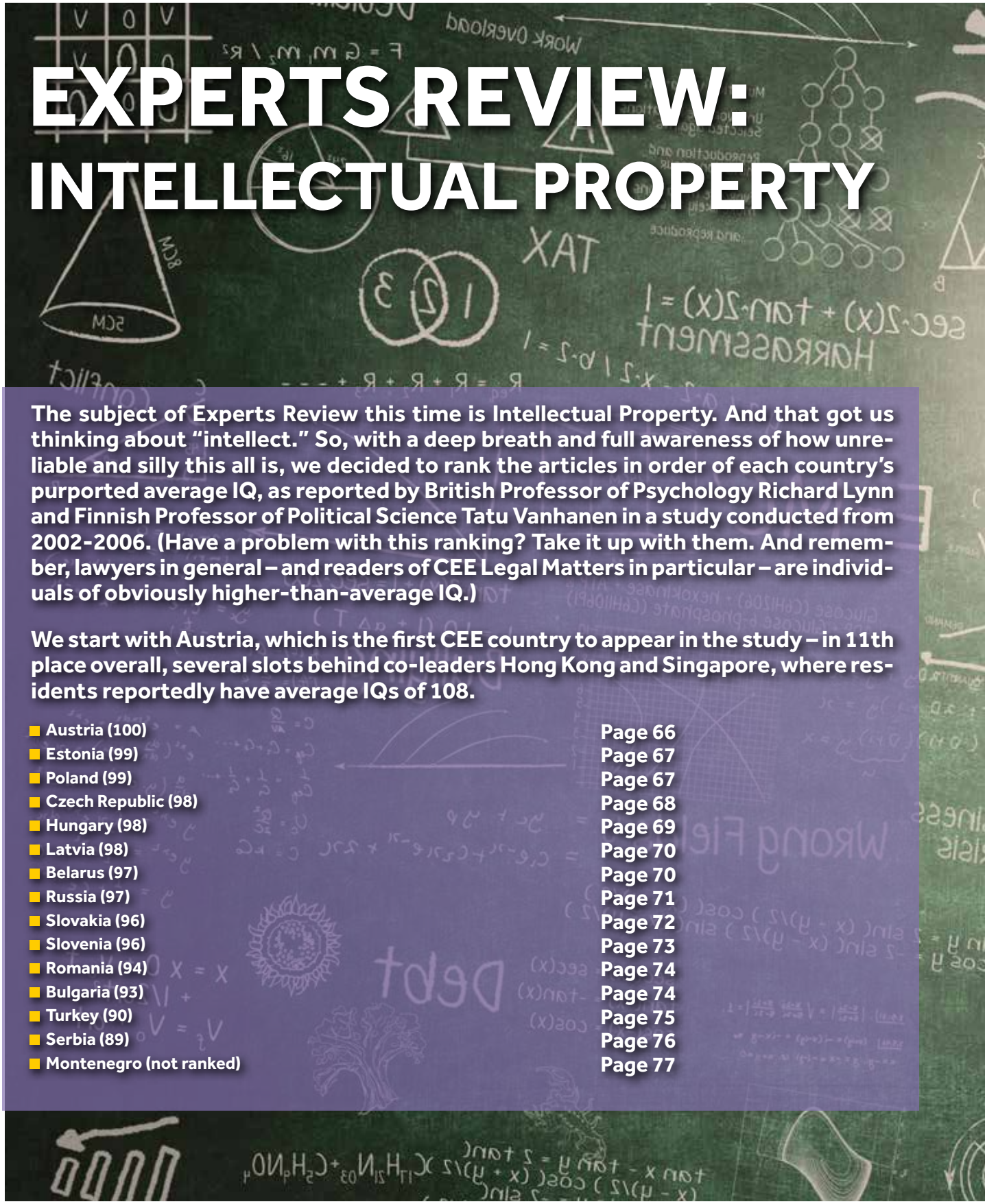
CEELM: Outside of the Czech Republic, which CEE country do you enjoy visiting the most?

J.M. All of them of course! I do think each country has something interesting to offer people who like to travel and enjoy different cultural experiences (especially when you get to work there – you get a very different perspective). That said, my children are half-Slovak so I have a special relationship with our neighbor to the east.

CEELM: What's your favorite place to take visitors in Prague?

J.M.: For me, Prague is a city that is most enjoyable when you just roam about – incredible architecture, cobbled streets, spires everywhere, a castle on a hill. It is exactly what an American imagines when he thinks of Europe. So I typically take visitors to places where they can see the city – current favorites (given spring weather) are the Letna and Riegrovy Sady parks where you can escape the crowds, have a lovely view of the entire city and, of course, drink any number of beers.

David Stuckey



EXPERTS REVIEW: INTELLECTUAL PROPERTY

The subject of Experts Review this time is Intellectual Property. And that got us thinking about "intellect." So, with a deep breath and full awareness of how unreliable and silly this all is, we decided to rank the articles in order of each country's purported average IQ, as reported by British Professor of Psychology Richard Lynn and Finnish Professor of Political Science Tatu Vanhanen in a study conducted from 2002-2006. (Have a problem with this ranking? Take it up with them. And remember, lawyers in general – and readers of CEE Legal Matters in particular – are individuals of obviously higher-than-average IQ.)

We start with Austria, which is the first CEE country to appear in the study – in 11th place overall, several slots behind co-leaders Hong Kong and Singapore, where residents reportedly have average IQs of 108.


Supply
Demand
Quantity
Price
1,3,5,7,9,11,13,15,17

Austria

Harmonized Protection of Trade Secrets – A Further Intellectual Property Right?


Guido Kucsko

The new EU Trade Secrets Directive will have a significant impact on Austrian law. But does it establish a new Intellectual Property right?

The Importance of Trade Secrets

Intellectual property rights (IPR) such as trademarks, designs, patents, or copyrights are among an enterprise's most important assets. However, the European Commission has correctly pointed out that every IPR starts with a secret: "Writers do not disclose the plot they are working on (a future copyright), carmakers do not circulate the first sketches of a new model (a future design), companies do not reveal the preliminary results of their technological experiments (a future patent), companies hold on to the information relating to the launch of a new branded product (a future trademark), etc." *Proposal for a Directive of the European Parliament and of the Council on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure, COM (2013) 0813 final – 2013/0402 (COD), Explanatory Memorandum, para 1.*

While certain ideas or concepts may later be protected by registered or unregistered IPRs, other information is kept secret because:

- no adequate IPR is available (e.g., for protection of customer data, delivery conditions, etc.),
- protection (e.g., by patents) is too expensive, or
- protection as a trade secret simply has advantages (e.g. if reverse engineering is not possible, an invention may be kept secret to avoid publication).

Current Protection in Austria

Confidential know-how and business information (referred to as "trade secrets" in the relevant directive) is currently protected mainly by criminal law provisions in the Unfair Competition Act, accompanied by a provision stipulating additional civil law claims in case of such criminal offences. However, as these provisions are fragmentary and merely cover specific (intentional) behavior, most civil law cases are decided on the basis of the general clause of Sec. 1 of the Unfair Competition Act.

Moreover, the current provisions do not create a right of the owner of a trade secret but address unfair behavior of third parties, without even defining what a trade secret is.

There is yet another major hurdle when enforcing trade secrets, as the Austrian procedural rules do not ensure that confidential know-how and business information is kept secret throughout and after court proceedings. In fact, they hardly address the protection of trade secrets at all.

New Directive Strengthens Position of Trade Secret Owners

Being aware of the importance of trade secrets, the EU has recognized that the protection in the Member States is inconsistent and often insufficient. Thus, with Directive (EU) 2016/943 (the "Directive"), a modern (and first-ever) EU-wide harmonized regime for the protection of trade secrets was established. Member States are required to transpose the Directive into their national laws by June 8, 2018.


Dominik Hofmarcher

In addition to defining trade secrets, the Directive also determines the scope of protection of the owner, who may prevent any unlawful acquisition, use, or disclosure of a trade secret. Under certain conditions, the production, offering, or placing on the market of infringing goods, including their import, export, or storage, will be considered unlawful and may be prevented as well. The Directive requires Member States to ensure protection throughout and after court proceedings and to provide a wide range of claims in case of infringements, including a claim for injunctive relief that may be secured by an interim injunction. Such claims are already known from the EU Enforcement Directive.

It must be noted, however, that the Directive grants no exclusive rights in trade secrets. Competitors are therefore free to independently acquire the knowledge protected by the trade secret, and reverse engineering is also permitted. Thus, the Directive does not create a further IPR with absolute effect but mere "access protection" (as it is referred to in current provisions). Exclusive rights may only be obtained via IPRs.

Obligatory Protection Measures

The harmonized legal definition of protectable "trade secrets" is one of the core elements of the Directive and has a massive impact on Austrian law. According to this definition, the information must not only be secret (meaning that it is not generally known or readily accessible) and of commercial value but must also have been subject to reasonable protection measures.

While the first two requirements are rather obvious and unsurprising, the last requirement is new in Austria, as the owner of a trade secret will actively have to prove that reasonable protection measures have been implemented. Companies are thus well advised to identify their valuable know-how and business information and to implement protection measures now rather than in June 2018, when it may already be too late.

Conclusion

While it does not establish a new IPR, the new Directive will undoubtedly strengthen the position of companies owning trade secrets. On the other hand, the Directive requires companies to guard their trade secrets and to implement sufficient protection measures.

Although a separate and consolidated Trade Secret Act would be preferable, the Directive will probably be transposed by the insertion of new provisions into the Unfair Competition Act.

Guido Kucsko, Partner, and Dominik Hofmarcher, Attorney at Law, Schoenherr Austria

Estonia

Persons Entitled to File a Claim to Terminate the Exclusive Right of a Trademark Holder for Non-Use in Estonia


Anneli Kapp

Some time ago the Supreme Court of Estonia issued Decision

No 3-2-1-167-14 in a cancellation action involving the substantial question of determination of an interested party. This decision expanded the rights of the trademark owners. However, even though the decision provides some insight on which interested parties may file a cancellation action based on non-use of a trademark, the term "an interested party" still remains vague in Estonia.

In Estonia, an interested person may file an action against the proprietor of a trademark to have the proprietor's exclusive right to the trademark be declared extinguished if the registered trademark has not been used for five consecutive years after its registration without good reason. The main procedural problem related to this ability is the specification of the person entitled to file the claim. The aim of this article is to chart which persons qualify as "interested parties" for the purposes of such claims.

A review of court practice in Estonia reveals that those filing claims to terminate the exclusive right on the grounds of non-use of a trademark can be divided into two groups: (1) applicants seeking to register a trademark; and (2) users of a trademark identical or similar to that of the claimant. Thus, it is possible to map the following groups of persons who may qualify as "interested" for procedural purposes:

1. A claimant who has filed an application for an identical or similar trademark to designate identical or similar goods or services prior to filing a claim to terminate the exclusive right

2. A claimant who has filed an application for an identical or similar trademark to designate different kinds of goods or services prior to filing a claim to terminate the exclusive right

3. A claimant who uses an unregistered identical or similar trademark to designate identical or similar goods or services prior to filing a claim to terminate the exclusive right

4. A claimant who uses a registered identical or similar trademark to designate identical or similar goods or services prior to filing a claim to terminate the exclusive right

5. A claimant who is either the user or the holder of a well-known identical or similar trademark

Before the Supreme Court's decision, Estonian courts had drawn the circle of interested persons narrowly. This approach was not appropriate and was not in accordance with EU law and the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights Agreements. Indeed, it is important to avoid drawing the circle too conservatively, because often filing a cancellation action may be the only way for an interested person to exercise and protect his/her rights and avoid initial conflict.

Although under current IP law only interested persons can file a cancellation claim, the planned IP Code would allow any person to file a claim, whether interested or not. This provision, if codified, would conflict with other elements of Estonian legislation, including, most notably, § 3 (1) of the Code of Civil Procedure (CCP), which provides courts with jurisdiction over any claims made pursuant to procedures provided by law for the protection of the claimant's alleged right or interest protected by law. Another conflict exists with § 3 (3) of the CCP, which states that a claim may be filed by a person whose rights or interests would have remained unprotected save for filing the court claim. Thus, court proceedings involving a claim to terminate the exclusive right require that the nature of the claimant's interest and the way in which the contested trademark infringes his/her rights or freedoms be established.

Anneli Kapp, Partner,
Patendiburoo KAOSAAR

Poland

Patent Assignment and Licensing in Poland


Tomasz Koryzma

With ever-increasing spending on research and development and innovation, patents and patent applications are becoming an increasingly important part of business throughout the world, including Poland. Patentable inventions as well as confidential technological know-how now constitute key assets of numerous businesses operating across all sectors of the Polish market.

Under Polish law, the effective transfer of patent rights from one business to another, either as an assignment or under a license agreement, requires the observance of certain rules and formalities.

Assignment

Patents that are effective in Poland are governed by the Polish Industrial Property Law of 30 June 2000 (the "IPL"). The IPL sets out the scope of patent protection and its enforcement and also provides certain rules related to assignment. Patents can be assigned via different types of agreements under Polish civil law. The most common instrument used to assign a patent is a sale contract. However, a patent can also be assigned under a donation agreement or as a result of an in-kind contribution to a company, among other ways.

The key formality in a patent assignment agreement is the observance of written form. An agreement that is not in writing will be null and void. Polish civil law sets out the requirements of the written form.

In an agreement the parties must specify the subject of the assignment in sufficient detail. This includes an indication of the invention being assigned (e.g., its title) together with the patent number granted by the Polish Patent Office.


Marek Oleksyn

Under Polish law, unless certain specific contractual clauses are included in an assignment agreement (for example, conditions precedent for a patent sale), a patent is effectively assigned once a valid agreement has been concluded. Although changing the owner in the Polish patent register is not necessary for the effective assignment of a patent, making this update is nonetheless vital, as an assignment of a patent becomes effective vis-à-vis third parties only when it has been entered into the patent registry. This has an impact on the assignee's right to effectively enforce the patent in the case of a possible infringement, among other things. The patent register maintained by the Polish Patent Office also enjoys a legal presumption of truthfulness and common knowledge.

When acquiring a Polish patent it is crucial for the purchaser to ensure that the previous patent holder provides all the necessary technical information to enable the purchaser to use the patented invention.

Finally, under the IPL it is also possible to assign the right to obtain a patent. This pertains to cases where a patentable invention has been created but has not yet been filed with the Polish Patent Office or where proceedings to grant a patent are still pending.

Licensing

Under the IPL a patent license agreement also requires the observance of written form under pain of nullity. If the parties have made no specific arrangements in a license contract, a full license is granted, which means that the licensee is authorized to use a licensed invention in the same scope as the patent holder. If a licensee would like to obtain exclusivity to use a patented invention under a license agreement, it should ensure that the contract expressly provides for this right. No sublicensing right follows from a license agreement unless the parties expressly provide it. Further sublicenses beyond the first are not allowed under the IPL.

Certain specific restrictions follow from the IPL regarding a licensee's right to enforce a licensed patent. Only an exclusive licensee who is additionally entered into the Polish patent register can enforce a licensed patent towards third parties in the case of an infringement, unless the license provides otherwise.

The IPL allows for licensing both inventions that are already patented and inventions which have only been filed for patenting or will not be filed at all but constitute the owner's trade secret. License agreements related to know-how are generally allowed under Polish law.

Tomasz Koryzma, Partner, and Marek Oleksyn, Counsel, CMS Poland

Czech Republic

Major Change to Czech Pharmaceutical Legislation: MA Holders' New Obligation


Sylvie Sobolova

The Czech Parliament recently passed a bill amending the country's Pharmaceutical Act to restrict the exportation of pharmaceuticals from the Czech market that has, in the past, resulted in a shortage of some medicinal products within the country. The Czech pharmaceutical market is thus facing a substantial change once the amendment becomes effective on December 1, 2017.

In recent years, Czech patients have faced shortages of various pharmaceutical products as a result of parallel export in situations where, for various reasons – often involving price regulation or absent patent protection – the prices abroad were substantially higher than on the Czech market. In order to meet the statutory obligation to supply sufficient amounts of pharmaceutical products to Czech patients, many pharmaceutical companies implemented direct distribution channels that aimed to ensure that pharmacies were able to obtain enough products for patients.

Without prior discussion with stakeholders, the Czech Parliament took the initiative to solve the situation in its own way – which, many believe, will have the opposite effect to the one desired.

Under the amendment, wholesalers will be obliged to supply pharmaceuticals upon receipt of a pharmacy's request within two days. In order to be able to provide the necessary medicines, wholesalers will be entitled, in turn, to request them from marketing authorization holders ("MA Holders"), who are obliged to ensure that the medicinal product is available as needed by patients in the Czech Republic by supplying it in adequate quantities and time intervals. These MA Holders will be obliged to supply amounts corresponding to the market share of the wholesaler who submitted the request. The relevant market for the purposes of the market share calculation shall be the entire wholesale market of human pharmaceuticals in the country.

A fine of up to CZK 20,000,000 can be imposed on MA Holders who breach this obligation.

The consequences of the new obligation, while still unclear, are potentially far-reaching. Currently, there is no implementing regulation that provides detailed guidelines on how to determine the adequate quantities of medicinal products to cover the needs of patients in the Czech Republic or on how to determine the market share of particular medicinal product wholesalers. This may be particularly problematic in situations where direct distribution channels that supply the pharmacies are already in place. Another question that arises in this context is who, exactly, is obliged to calculate the market share and what information sources the MA Holders should use in order to verify the wholesaler's request.

More importantly, it seems that MA Holders will be forced into a

de facto cartel agreement, since the amendment will impose obligations that, de facto, lead to the same outcome as a market-sharing agreement between wholesalers (as the fixing of wholesalers' market shares is equivalent to a horizontal hardcore cartel). Thus, the conclusion of such agreements might require settling the conflicting interests of wholesalers in cooperation with them. It will be interesting to observe how this will be perceived by the competition authorities.

Moreover, despite performing their statutory obligations, Czech or foreign MA Holders, if dominant on the relevant market, might be found to be abusing their dominant position if they refuse to supply other (new or foreign) wholesalers – which obviously have a zero market share.

It is clear that the amendment, instead of improving supply to pharmacies, may have the opposite effect, as many MA Holders, in view of the risks involved, may decide to abandon the Czech market altogether. Moreover, the amendment might adversely affect the already-functioning direct distribution channels, and patients might face even more serious shortages than before.

Sylvie Sobolova, Partner,
Kocian Solc Balastík

Hungary

IP Challenges for Hungarian Startups


Zsombor Orban

Kinstellar Budapest moderated a panel discussion as part of the Startup Safary Budapest 2017 start-up exhibition, which included sharing insight on the start-up ecosystem and expectations for 2017 in Hungary.

While Startup founders are increasingly aware of the financing opportunities provided by venture capital (VC) funds, there was a consensus that not enough attention is paid to the protection of intellectual property (IP) and avoiding third party IP infringement. Failure to properly protect IP could result in a negative value impact and could eventually result in complete loss of value.

In our general experience, the VC industry does recognize the importance of protecting IP, but this is often limited to traditional protections such as trademarks and patents, and there is usually no comprehensive IP strategy. Here are a few examples of the aspects we usually consider when conducting an IP audit or participating in the planning:

Identifying the IP

IP can take many forms, which may vary based on the jurisdiction. In Hungary, IP can be a work under copyright protection, a registered industrial property right, or a domain name, and/or can exist in unregistered form, such as know-how or a trade name. Recognizing the form of IP is essential, as different forms require different security measures. For instance, while copyright protection exists from the moment the work is created, industrial property rights require registration. Some IP requires a special approach; this is the case with inventions, which cannot be disclosed or published before filing. To keep track of the company's IP assets, it is worth creating an internal IP register.

IP is Not Always Assigned Automatically

Startups need to keep in mind that IP is not created by the company itself but by its contractors, suppliers, partners, and employees. The company should have proper agreements in place with its external partners to obtain the IP rights to the work created for its benefit. This may be very difficult to ensure when stock materials are used, for example, or when using content published on social media sites. The rights to IP created by employees are automatically assigned to the company by virtue of law; however, there remain several issues that need to be regulated. It is therefore highly recommended that IP-based companies adopt internal IP codes (e.g., a corporate patent policy) or at least address critical issues in employment contracts. Needless to say, if the company is using external (or in some cases internal) IP without a proper license, this might give rise to third party claims.

Focus on Key IP First

IP protection can consume a significant part of a startup's budget. The company should not rush to protect every piece of identifiable IP and especially should not start with defensive protection (e.g., by protecting combinations of domain names the company actually does not intend to use). The IP that comprises the core value of the company must be identified and protected first. The company should draw up an IP protection plan matching its business plan, and as the company's activities pick up speed, so too should the protection afforded to its IP.

Searching for Prior Rights Before Building

It may take only a few clicks on the Internet to find significant prior rights. If the company does not look for them, then competitors and investors almost certainly will. It is highly advisable for prior rights (prior art) searches (especially when searching the patent and trademark databases) to use an IP specialist who can assess the results in light of local court practice. Failing to conduct a prior art search could result in the infringement of third party rights. This can have severe consequences in the later startup stages when a significant amount of money is already invested in the affected IP. It is essential that the contractors of the startup also meet this criterion and provide the startup with "clean" IP. Note that the startup may be acting in good faith but could still be unknowingly infringing third party rights.

Local Specialties Cannot be Ignored

The principles governing IP regulation might be similar in certain jurisdictions, but there can be significant differences in the details. A very good example of such difference is the provision in the Civil Code of Hungary, which recognizes information held in a form enabling identification only as know-how. Local companies should therefore create a know-how register and update it regularly.

Zsombor Orban, Head of IP and TMT,
Andreko Kinstellar Ugyvedi Iroda

Latvia

Are IP Right Holders Worse Off After Litigating?


Ruta Olmane

Civil damages awards are one of the primary – and often most important – remedies for infringements of intellectual property rights. Damages serve both as compensation to the right holder for the economic detriment that results from an infringement and as a specific and general deterrent to would-be infringers. – The European Observatory on Counterfeiting and Piracy, "Damages in Intellectual Property Rights" (2009/2010).

In Latvia, IP laws (on trademarks, designs, patents, copyrights, and others) and civil law set forth provisions regarding damage awards. The amount of damages can be assessed by taking into account the nature of the infringement, the amount of the inflicted damages and lost profits, and other expenses incurred by the right holder and the particular circumstances of the case.

Latvian law sets several methods for calculating material damages. First, damages can be determined on the basis of the negative economic consequences to the injured party, including lost profits. Second, the damages can be determined taking into account the unfair profit of the infringer. Third, the right holder might state a claim for royalties and fees which would have been due if the infringer had requested authorization (a license) to use the objects of the intellectual property rights.

Inconsistent Holdings re Damage Calculation

However, the process of damage compensation in cases of IPR infringements is very complicated – especially as sometimes both the lawyers and the employees of the legislative institutions and courts lack understanding about the subject. This can result in incorrect interpretation of the provisions and transient and non-consequent court practice. And, indeed, case law regarding damages claims in IPR-related infringements is thus very disparate and inconsistent.

For example, in a recent civil case the claimant requested material damages based on the value of the invoice – as the defendants' profits gained as a result of the infringement. The Court first held that the value indicated in the invoice was not to be regarded as the defendants' profits, as the expense incurred by the defendants should be taken into account. The Court then also ruled that a right holder may claim only his actual loss and may not request an account of an infringer's profits that are not directly linked with that actual loss.

In another case the Court dismissed the claimant's argument that he could ask for a royalty as large as he wanted without providing a proper reasoning. The claimant had to show that the conditions under which other licensees paid the claimed royalty are identical or similar to the conditions according to which the trademark proprietor as a licensor and the infringer as a licensee would have concluded their contract. In other words, it is necessary to establish a notional royalty of what a willing licensee and a willing licensor would have agreed to, taking into account the actual conditions of the real parties and the actual market.

Moral Damages

If the right holder claims the recovery of profits made by the infringer, the right holder need present only the gross earnings received by the infringer. The net profit (earnings after the deduction of expenses) must be proved by the infringer himself. Moreover, in addition to material damages the right holder may also claim moral damages, to be determined by the court at its discretion. However, recent case law suggests that the amount of moral damages are low and that the principles and circumstances considered in determining them will be inconsistently applied.

Thus, in one case the Court awarded moral damages in the amount of LVL 3,600 (EUR 5,500) and cited the duration of the infringement, the seriousness and the nature of the infringement, the consequences of the infringement, and the level of the infringer's guilt as factors to be taken into account in making its assessment. The Court also took into consideration the fact that, after the claimant had notified the defendant about the infringement, the defendant had not stopped the infringing activities.

However, in a recent design infringement case the Court awarded only EUR 450 in moral damages after concluding that additional damages can take the form of harm to a company's reputation. The Court indicated that in these kinds of cases it is important to determine the number of people who could have associated the counterfeit products with the design owner, because it shows the amount of loss of his reputation.

Thus, analysis of actual practice reveals that claiming damages is a very complicated task for right holders, even when proper law provisions are in place.

Ruta Olmane, Associated Partner, Metida

Belarus

Legal Status of Software Under IP Laws of Belarus


Klim Stashevsky

As a prominent IT-hub in CEE, Belarus gave life to quite a few players in the international IT arena, including EPAM, Wargaming.net, Viber, MAPS.ME, MSQRD, Prisma, and many, many others. More and more Western software and hardware companies are entering into long-term partnerships or other contractual relationships with Belarusian talent. In this context, the basic principles of Belarusian legal regulations that govern the protection and transfer of IP rights related to software are increasingly important.

Computer Programs as Objects of IP Rights

Software as an object of IP rights falls within the scope of the

Copyright and Related Rights Law No. 262-Z dated May 17, 2011. This legal act defines a computer program as a structured-in-an-objective-form set of commands and data intended for use on a computer and other systems and devices for processing, transferring, and storing information, producing computations, receiving audiovisual images, and other results. Included in the definition are documents included in the computer program that describe in detail the functioning of the computer program, including interaction with the user and external components (i.e., an interface). Copyright protection applies to all kinds of computer programs (including operating systems), which can be expressed in any language and in any form, including source code and object code.

There is no need to register a computer program and obtain a patent or a certificate of any sort to ensure that the developed software enjoys protection under Belarusian law – copyright is applied to any computer program from the moment of its creation, like any art or literature object.

Belarusian copyright law guarantees the author or a copyright holder of a computer program a set of rights, such as the exclusive right to perform or permit installation of a computer program on a computer or other device, and to launch and operate it (the use of functional capabilities incorporated in the computer program), as well as other actions in accordance with Article 16 of the Law No. 262-Z. This law entitles the author or a copyright holder the exclusive right to decide the terms of use of a computer program by any other person. Per Belarusian legislation, the exclusive right to a computer program is valid during the life of the author and fifty years after his/her death.

Work For Hire and Computer Programs

There is an assumption in Belarusian law that the exclusive right to a computer program created by an employee is automatically assigned to the employer, unless otherwise provided by the contract between them. The author (employee) is entitled to ask for remuneration for this assignment, which is subject to the mutual consent of both the employee and the employer. From a practical point of view, it is very important to ensure that a particular computer program was created by an employee in the course of fulfillment of their employment duties or under the direct instruction of the employer. This is achieved by including necessary wording both into the employment contract and the duty regulations of each employee involved in software development. The way the developed program is reported to the superiors by the author is also important – thus it is always a good idea to have a special reporting form ready for such cases.

If the employer does not start using a program it received the exclusive rights to from the employee within five years from the date of the assignment or does not re-assign the exclusive right to another person, the exclusive rights are automatically transferred back to the author employee, unless otherwise provided by the contract between the employer and the author.

If the team involved in the development of software is working under civil contract rather than employed it is important to sign a license or IP rights assignment agreement with each team member to ensure a smooth transfer of the exclusive rights to the software.

And since the majority of US and English law-governed templates are inapplicable for this purpose, it is always a good choice to hire a local advisor to assist you in getting through all the peculiarities of our legal system.

Klim Stashevsky, Deputy Director,
Arzinger & Partners

Russia

Intellectual Property in Russia


Anton Bankovskiy

Intellectual Property protection in its modern sense is considered to be quite young in Russia. Although Russia is not far behind world standards for protection and enforcement of Intellectual Property, major changes took place in Russia in 2008. Almost ten years ago the Fourth Chapter of the Russian Civil Code incorporating various Intellectual Property-related rules came into effect. Of course, this area of law is still changing, leading to new amendments, improvement proposals, and legal discussions.

Intellectual Property legislation in Russia covers the protection of copyright and related rights, patentable inventions, industrial designs, utility models, trademark and service mark law, and appellations of origin. Computer programs (software), know-how, company and commercial names, and others products of intellectual activity are also legally protected. Furthermore, Russia is a party to the most important international treaties in Intellectual Property, such as the convention establishing the World Intellectual Property Organization, the Berne Convention for the Protection of Literary and Artistic Works, and the Paris Convention for the Protection of Industrial Property.

The Russian Federal Agency for Intellectual Property, Patents, and Trademarks (Rospatent) and the Russian Intellectual Property Court play key roles in Intellectual Property regulation. Rospatent is responsible for registering Intellectual Property rights such as patentable inventions, industrial designs, utility models, trademarks, software, and databases, as well as for registering assignments, license agreements, and other encumbrances over these registered rights. The 2013 creation of the IP Court –which was the first and remains the sole specialist civil court in Russia (even including in the Soviet era court system) – was a big step towards establishing and developing practices in the application of the law and development of legal precedents. This innovation has also obviously increased the level of professionalism and provided a sound legal approach for judgments in this area of law.

Patent legislation protects patentable inventions – i.e., those inventions that are new, have an inventive step, and are capable of industrial application. The duration of a patent in Russia is 20 years, and it may be extended for another five years for inventions in agro chemistry or in pharma.

Utility model patents are granted for ten years and may be extended for another three years. A utility model must be new and capable of industrial application to be patentable. Industrial designs can be

protected for five years and may be extended for another five years. This may be renewed, so that overall a design patent may last for up to 25 years. An industrial design must be new and original to be patentable.

Intellectual Property-related information which has actual or potential commercial value for the manufacturer can be protected in Russia as a trade secret or as know-how. The owner of this information must take active measures to protect the secrecy of the information and to ensure that it is unknown to third parties.

Russian IP legislation protects, inter alia, means of individualization – i.e., it provides legal protection for those Intellectual Property rights that are used to distinguish and identify companies or goods or services that they offer. Among these rights are company names, trade names, or commercial names, trademarks and service marks, as well as appellations of origin of goods.

To be protected in Russia, a trademark or a service mark needs to be registered with Rospatent. Such marks may also be protected in Russia under the Madrid System of the International Registration of Marks. The duration of trademark protection is ten years, calculated from the filing date. This ten-year protection period can be renewed an unlimited number of times.

As a result of Russia joining the WTO, new IP legislation implementing international standards for the protection of Intellectual Property rights has been adopted. Thus, the legal mechanisms to combat Intellectual Property rights infringements have been gradually improving in many respects. Russian law now provides for adequate remedies for the owners of rights, and those who infringe IP rights may face civil, administrative, or criminal liability. In general, sanctions depend on the character of the infringement committed. For example, in civil proceedings the owner of the rights can demand termination of the infringement, seizure and destruction of counterfeit goods, and payment of compensatory damages or compensation of up to RUB 5 million, which is now about EUR 83,000.

As a result, the Russian legal framework in the area of Intellectual Property is generally in line with international standards, offering Russian and foreign owners of rights adequate protection for their Intellectual Property rights.

Anton Bankovskiy, Partner, CMS Russia

Slovakia

Slovakia (Finally) Introduces Specialized Court for Industrial Property Disputes

As part of the long-planned reform of intellectual property (IP) law in Slovakia, it was finally agreed that IP disputes should be handled by a court system able to truly understand the (often rather technical or technological) nature of IP. This decision stemmed from the frustration of many IP owners with the fact that court decisions sometimes lacked sufficient quality and that the proceedings (especially in some courts) took far too long.


Zuzana Hecko

Since IP disputes often involve technology or the online environment, if a preliminary injunction wasn't granted (they are granted ex parte in Slovakia), IP owners often chose not to file a lawsuit on the merits – because three to four years could pass from the filing of the lawsuit until the first hearing was scheduled. Indeed, it was not uncommon to get the final decision only after five to seven years or even longer – a lifetime for certain inventions or the online environment. With rather modest damage awards, IP owners usually chose alternative ways of tackling the act of infringement (e.g., buying the infringing product).

…and the Oscar Goes to Banska Bystrica

Once the decision was made that IP disputes required a specialized court system, it was clear that the agenda would be assigned to the court in Banska Bystrica, a town in the middle of Slovakia – a two-hour drive from Bratislava – where the Industrial Property Office has its seat, and which therefore is particularly familiar with IP issues. Additionally, it was the Banska Bystrica court that heard the case whenever the Industrial Property Office was sued as a defendant (for example by an applicant seeking to register a trademark/patent after his/her application has been refused by the office). The court in Banska Bystrica works relatively fast, and substantial delays are an exception. As a result, the fact that IP disputes will be heard by that court encourages hope that IP owners will be more motivated to sue in cases of infringement.

Copyright Disputes are Left Out

The specialized court isn't empowered to hear all IP disputes. While industrial property rights disputes will enjoy the specialization of the court, (pure) copyright disputes have been left out, even though the court would certainly be the most knowledgeable and competent to hear such cases. So the "IP court" is in reality an "industrial property court." Therefore, litigants in a copyright disputes still need to think carefully about whether to enforce their rights through a lawsuit or seek alternative solutions. However, if an industrial property dispute also features a copyright issue, the Banska Bystrica court will be competent to hear it.

The specialized court was introduced by Act No. 160/2015 Coll. (new) Civil Procedure Code that entered into force in July 2016.

IP Licensees Acting as Plaintiffs

Another noticeable change in IP legislation is the provision that should enter into force in January 2018 granting IP license holders the ability to file lawsuits if their licensed IP is infringed. The ability to sue for infringement of IP by licensees had already been foreseen by directive 2004/48/EC, but its status was never entirely clear under Slovak law.

The proposed amendment makes clear that the holder of a non-exclusive license always needs permission from the IP owner to file a lawsuit in the case of an infringement, unless agreed to the contrary

between the licensor and the licensee. By contrast, exclusive license holders do not need permission to sue if the IP owner itself hasn't filed a lawsuit in an appropriate period. This enhanced freedom for licensees to sue for infringement could potentially backfire against IP owners acting as licensors, especially where the relevant license contains no provisions regarding the ability of the licensee to sue for infringement. If a licensee files a lawsuit for infringement but is not successful, its lack of success in the proceedings could have rather negative (and sometimes devastating) consequences for the licensed title and for the IP owner. Therefore, IP owners should always be careful to stipulate the conditions under which their licensees are able to file lawsuits in relation to IP titles they are entitled to use.

Zuzana Hecko, Head of IP/TMT Department, Allen & Overy Slovakia

Slovenia

Commercial Use of Unlawful Software in Slovenia


Branko Ilic

On-site inspections conducted by the Market Inspectorate of Slovenia in the last decade have shown that approximately 9% of all software installed on company computers lack the necessary permission of the rightful copyright holders. At the same time, over 40% of inspected companies had at least one unlawful computer program installed when inspected. Results show that SMEs are especially prone to such practices.

Under Slovenian law merely the possession of unlawful software can constitute an infringement of copyright, provided that it is intended for commercial purposes and the holder knows or has a reason to believe that it is an unlawful copy (Article 116 (2) of Slovenian Copyright Act).

According to case law, possession of software is deemed unlawful if the software was obtained without a legal basis (for example, a license agreement, a franchise agreement, etc.). However, if software was obtained lawfully but the legal basis has expired, the possession of the software constitutes an infringement only if the company was under the obligation to remove the software upon its expiration (e.g., if this was explicitly foreseen in the license agreement or requested by the copyright holder after expiry).

Where infringement exists, the copyright holder is entitled to request that future use be prohibited, that the software be removed from the computer, and that the judgment be published.

Moreover, the copyright holder is also entitled to damages corresponding to the damage sustained or an appropriate license fee. If damages are claimed, general rules of damage liability apply: The copyright holder must prove all elements of damage liability, including the amount of damage sustained.

Where the infringement was committed intentionally or by gross negligence, the copyright holder is entitled to a penalty payment amounting to up to three times the value of an appropriate license fee, even if no actual damage was sustained.

Under the Copyright Act possession of unlawful software is punishable as an offense as well. The infringing company can be fined by the Market Inspectorate. The minimum amount of this fine is EUR 1,700, and no maximum has been set.


Neza Grasselli

The Slovenian Market Inspectorate has developed a practice of carrying out inspections on random companies. Every year approximately 400 companies are informed about statutory provisions regulating the use of software and requested to provide a list of computers and installed or regularly used software. This is followed by an on-site inspection, conducted predominantly in those companies that do not respond to the Market Inspectorate's request (27% in 2016).

In practice, however, fines are rarely imposed, as often the unlawful software is removed on-site or the infringement is remedied by acquisition of the required license following a warning or a decision issued by the Market Inspectorate. In 2015, for example, less than ten fines were imposed.

Furthermore, use of unlawful software with a value exceeding EUR 5,000 constitutes a criminal offense pursuant to Article 148 of the Slovenian Criminal Code. For legal persons this offense is punishable with a fine of up to EUR 500,000 or, if the value of the unlawful software used exceeds EUR 50,000, between EUR 50,000 and up to 200 times the value of the illegally obtained proceeds. It should be noted, however, that so far only acts of distribution of unlawful software have been prosecuted and punished, and no company in Slovenia has been convicted of the commercial use of unlawful software.

Another important aspect that should not be neglected, since it can have considerable financial consequences, concerns the security risks connected with the use of unlawful software. Users of unlawful software do not benefit from software updates, and out-of-date software is often seen as an invitation to unauthorized users (hackers) to gain access to a computer. Once access to one of the computers in a system is gained, the hacker may interfere with the operations and data of the whole system and, for example, lock and encrypt all files until a ransom is paid to recover and decrypt the files. This so-called "data highjack" is becoming more and more widespread in Slovenia. By keeping all software up-to-date, enterprises can considerably reduce the risk of such attacks, since software providers are constantly coming up with new patches, fixes, and updates to protect their software from malware breaches.

Branko Ilic, Partner, and Neza Grasselli, Associate, ODI Law Slovenia

Romania

Practical Information Regarding ccTLD (.RO) Domain Name Disputes


Ana-Maria Baciu

One of the astringent issues faced by intellectual property rights (IPRs) holders nowadays is enforcing their rights on the Internet, whether in conflicts deriving directly from the act of selling counterfeit products over the Internet or those involving domain name disputes. This latter concern is the focus of this report.

It is generally known and accepted that holders of earlier intellectual property rights, and in particular holders of registered trademarks, can enforce these rights against the unauthorized registration and use by third parties of identical or confusingly similar domain names, when users unlawfully benefit from the reputation of the earlier trademark among Internet users.

In Romania, ccTLD (.ro) domain names are managed by the Romanian National Institute for Research and Development in Informatics – the RoTLD Registrar – a legal entity organized and functioning under the supervision of the Ministry of Communications and Information Society.

The economic potential of domain names has led to abusive registrations of .ro domain names of well-known trademarks by third parties. These abusive registrations have generated many disputes.

A dispute regarding the unlawful registration/use of a .ro domain name can be solved either by arbitration, in line with the uniform domain name disputes policy (UDRP) approved by the Internet Corporation for Assigned Names and Numbers (ICANN), or by filing a court claim in the competent Romanian courts/criminal investigation bodies.

The Romanian RoTLD Registrar has adopted the ICANN/UDRP policy by incorporating it in the registration contract that is signed by an applicant seeking to register a .ro domain name.

As opposed to pursuing a court action in relation to a disputed .ro domain name, which involves more time and increased costs, opting for arbitration offers faster results and the payment only of a fixed official fee (e.g., a UDRP complaint filed with the Arbitration and Mediation Center of the World Intellectual Property Office requires USD 1,500 in official costs for a single arbiter panel).

A party unsatisfied by the UDRP ruling can then pursue his/her claim in court: The claimant could seek the same remedies (i.e., the termination or transfer of the .ro domain name), or the defendant could seek to have the UDRP ruling overturned. In practice, however, cases involving contested decisions from the UDRP procedure are rare.

To avoid the consequences of a bad faith or unlawful registration and use of a .ro domain name, entities sometimes choose to register the domain in the name of a natural person – in many cases, one not directly linked with the entity that is actually controlling and using the website associated with the domain name. In such cases the information regarding the .ro domain name-holder will not be disclosed in the Whois database on the website of the RoTLD Registrar, pursuant to current data protection.


Andreea Bende

In such cases, until recently, trademark holders wishing to identify a natural person owning a .ro domain name and potentially pursue a legal action against that person had the option of filing a request for information with the RoTLD Registrar. In doing so, IPR holders presented their legal rights and requested the Registrar's assistance in identifying the domain name holder.

However, apparently following discussions with the Data Privacy Authority in Romania, the Registrar recently shifted its approach, and now no longer responds favorably to such requests for assistance. In justifying its decision, the Registrar maintains that it is not able to assess whether a trademark holder's inquiry for the information is legitimate.

Therefore, at the moment, the RoTLD Registrar offers the contact details of natural persons holding .ro domain names only to competent authorities such as the police, prosecutor's offices, or courts of law, thus requiring IPR holders wishing to identify infringers to turn to those authorities for assistance. This approach, although allegedly justified by the observance of data protection legislation, makes the task of IPR holders seeking to defend their rights against infringements in Romania more difficult.

Time will tell whether it is the "no disclosure" approach taken by the RoTLD or the "full disclosure" approach taken by the Trademark Office – which displays all data of trademark holders – that will survive.

Ana-Maria Baciu, Partner, and Andreea Bende, Senior Intellectual Property Counsel, Nestor Nestor Diculescu Kingston Petersen

Bulgaria

On the Protection of Intellectual Property Rights Over Agricultural Products and Foodstuffs in the EU


Yoanna Ivanova

In general the protection of intellectual property rights over products related to or originating in a defined geographical area is based on the legal concept of a "geographical indication." According to both legal theory and practice a geographical indication (GI) is a sign used on products that have a specific geographical origin and possess qualities or a reputation related to that origin. In order to function as a GI, the sign must identify the product (an agricultural product or a foodstuff for the purposes of this article) as originating in a

given place or at least that the qualities, characteristics, or reputation of the product are essentially due to the place of its origin. GIs were established to enable those who have the right to use the indication for their products to prevent its use by third parties whose products do not conform to the standards. For example, producers who have the right to use the protected sign "Gornooryahovski Sudzhuk" can exclude the use of that sign for any raw dried sausage not produced according to their standards and thus prevent the misuse of the indication by those who want to unlawfully benefit from the reputation of this traditional Bulgarian sausage.

On the territory of the EU three types of quality schemes for the protection of quality agricultural products and foodstuffs were introduced by Regulation (EU) No. 1151/2012 of the European Parliament and of the Council of November 21, 2012 on quality schemes for agricultural products and foodstuffs: The protected geographical indications (PGI), the protected designation of origin (PDO), and the traditional specialties guaranteed (TSG). While these quality schemes vary in the degree of requirements needed for qualifying for protection (the requirements for obtaining a PGI being less strict than those for obtaining a PDO), the purpose of their protection remains virtually identical: to benefit rural economies by giving markets the tools to identify and promote quality products which have specific characteristics due to their place of origin, to protect producers against unfair practices, and to benefit the consumers by providing clear information on these products. A characteristic of this protective framework is that geographical indications and designations of origin can only be protected at the European Union level to ensure uniform and thus more effective protection of intellectual property rights obtained with regards to agricultural products and foodstuffs.

Over the years a wide variety of practical issues have arisen with regards to the schemes for protection of agricultural products and foodstuffs. The main topics of ECJ case law with regards to Regulation 1151/2012 (and its predecessors – Regulation 506/2006 and Regulation 509/2006) has focused on the issues of labeling of quality products (Case C-446/07, Alberto Severi), comparing the requirements for PGIs and PDOs and their registration (Case C-120/08, Bavaria NV), and on the scope of the framework of quality schemes for protection for agricultural products and foodstuffs established at EU level (Case C-478/07, Budejovicky Budvar). In these cases the ECJ has found that the EU system for protection is uniform and exhaustive and does not allow Member States to apply other schemes on a national or a regional level – thus national systems can only exist for the purpose of regulating the first stage of the process of submitting an application for registration. The inconsistent case law of the national courts, the number of requests for preliminary rulings pending for review before the ECJ, and the insufficient number of academic articles in this area however only demonstrate the lack of popularity of this highly significant topic, especially among the newer Member States of the Union.

Regardless of the different types of practical issues Member States encounter in the process of applying the Community regulations in the area of intellectual property rights related to agricultural products and foodstuffs, the EU framework for protection comprehensively organizes three types of quality schemes: protected designations of origin, protected geographical indications, and traditional specialties guaranteed. While the main purpose of the quality schemes framework established under Regulation 1151/2012 at Union level is to benefit the rural economy by giving producers the proper tools to promote their quality products and prevent third parties from unlawfully profiting from their reputation, it should be born in mind that the added value of the different types of quality schemes for protection is – as always – based on consumer trust.

Yoanna Ivanova, Head of Intellectual Property Department, Gugushev & Partners Law Offices

Turkey

Industrial Property Law and Protection of Intellectual Property Rights in Turkey


Noyan Turunc

Introduction

The Turkish Law on Industrial Property (the "Law") was published and entered into force on January 10, 2017. The Law aims to strengthen the protection of intellectual property rights and adopts a similar method and terminology as those used in European Union legislation. Before the adoption of the Law, intellectual property rights were largely regulated by separate statutory decrees on trademarks, patents, industrial designs, and geographical designs, in addition to a predecessor law on intellectual property rights. Even though the decrees and that previous law were designed to be compatible with and fulfill obligations arising from the EU-Turkey Customs Union, certain aspects contradicted the Turkish Constitution on issues related to the limitation of fundamental rights.

In 2016, the Turkish Constitutional Court (the "Court") – having already annulled other provisions of the decrees as unconstitutional in 2008, 2014, and 2015 on the ground that property rights cannot be limited by statutory decrees – annulled the provision of Decree No. 556 on Protection of Trademarks providing for the cancellation of trademarks due to non-use. The Law was enacted to fill the gap on industrial property rights created by the Court's rulings and was drafted in accordance with the Court decisions, as well as Turkey's need for wider protection in the form of intellectual property rights consistent with EU law and practice – specifically on trademarks, geographical indications, designs, patents, and utility models.

The fundamental change in the Law on all trademark, designs, patents, and utility model rights is that it expands the exhaustion principle to international scope, rather than applying this principle only within Turkey.

Key Changes on Trademark

Decree No. 556 prohibited the co-existence of trademarks and considered them as absolute grounds for rejection. The Law has altered this provision and allows notarized co-existence agreements where they contain the explicit consent of the initial trademark


Beste Yildizili

owner, which can overcome the presumption of rejection.

Second, in addition to registered well-known trademarks, the Law regulates the protection of unregistered well-known trademarks in Turkey, pursuant to the Paris Convention. Thus, the owner of the unregistered well-known trademark may oppose applications submitted for identical trademarks on the same or similar products and services. The same article of the Law provides protection for registered well-known trademarks; if there is a risk that a subsequent application may dilute the distinctive character or take unfair advantage of the well-known trademark's reputation, the subsequent application will be rejected.

Finally, the Law provides a new defense mechanism regarding the non-use of trademark for opposed trademark applicants who apply for a resembling registered trademark. Similar to Decree No. 556, the Law provides that a trademark that is not used or suspended for five continuous years will be cancelled. However, due to Decree No. 556, subsequent applicants are not able to challenge the initial trademark owner over an unused trademark but must instead file a claim for nullity of the trademark. The Law provides that, in relatively simple proceedings, if a trademark owner claims to be an initial owner, the subsequent applicant may challenge the initial trademark owner to submit evidence of genuine use of the trademark. Unless the initial owner proves the genuine use, the opposition of the initial owner shall be rejected.

Key Changes on Geographical Indications

The Law requires the usage of emblems on product packages protected by geographical indications in order to raise awareness of consumers.

Key Changes on Designs

The Scope of Decree No. 554 on Protection of Industrial Designs was limited to industrial designs. The Law aims to protect all sorts of designs, regardless of their industrial character.

The Law protects designs only if they fulfill conditions of innovation, distinctiveness, and visibility. Thus, nonvisible accessories of a composite design cannot be registered separately.

Key Changes on Patents

The Law requires an innovation to be new, to involve an inventive step, and to have industrial application. Controversially, Decree No. 551 on Protection of Patents did not require any substantial examination of the innovation for registration, which has led to serious legal issues between owners and companies. The Law reverses this rule, establishing an examination system by the Turkish Patent and Trademark Institution. This system also includes a post-grant opposition system for third parties, who have only six months from the date of publication of a patent application to file an opposition. This development is expected to prevent third parties from blocking legitimate patent applications of rightful owners.

Conclusion

Intellectual property rights have a fundamental place in the economic and social development of a country. Hence, legislation on intellectual property must meet both public and market demands. While the previous regime failed to satisfy these demands completely, the Law on Industrial Property offers hope for strengthening the necessary legal framework.

Noyan Turunc, Founding Partner, and Beste Yildizili, Attorney, Turunc

Serbia

Serbia's Intellectual Property Rights Enforcement Overview


Dragomir Kojic

Intellectual property infringement through the circulation and sale of counterfeit goods is still very much both a global and a local issue. As modern day counterfeiting is now acquiring more sophisticated forms involving a plethora of new and usually unsuspected goods (for example, pharmaceuticals) and with the intent of not only existing on the black markets but infiltrating into the legal market flows as well, we are faced with the need for a more aggressive approach requiring first and foremost improved legislation and subsequently more efficient enforcement activities.

Serbia's eagerness to improve IPR enforcement, not only as one of the prerequisites on the path to European integration but also, simply, because intellectual property protection is very much a necessity in this modern day and age, is best reflected through the gearing up of the harmonization process of the country's IP legislation with that of acquis communautaire. As a case in point, Serbia's intellectual property-related legislation is, now, almost fully compliant with that of the EU except for a few minor tweaks still to be made with regards to – in-particular – copyright protection.

Setting up a strong legislative framework also serves as a stepping stone towards more efficient enforcement of intellectual property rights, ultimately allowing for greater awareness of the importance of the lawful use of intellectual property rights and a concurrent improvement of the local economy through the increase of workflow and filling up of state coffers.

The implementation of a strong legislative framework with speedy and positive enforcement outcomes would have remained only semi-successful, however, without constant monitoring of EU and regional best practices and their introduction into the local environment, thus allowing for improved protection and a steady decrease


Tamara Bubalo

in piracy rates.

Additionally, improving protection through a more decisive and goal-oriented approach from the business community on the one hand and the state and judiciary on the other has led to the current state of affairs, in which pre-enforcement activities involving (for instance) brand owners and their initiatives against counterfeiting and piracy have become just important as the enforcement activities by the state bodies.

As a result, we have come to witness significantly improved cooperation and more transparent communication between the business community and relevant state bodies, with law firms acting as intermediaries.

On the official state level, the Government of the Republic of Serbia also recognized the need for more efficiency and transparency and thus undertook several steps to facilitate more fluid communication between inter-state bodies tasked with IPR protection. Since in Serbia, as in many other countries, there is a number of state bodies tasked with protecting and enforcing intellectual property rights, the responsibilities and tasks of these bodies often overlap – hence the necessity for facilitating more efficient cooperation between them, to allow for a more transparent and efficient protection of said rights. In wanting to achieve these results, the Government focused part of its efforts in 2014 on setting up a formal coordination body consisting of a work group to raise awareness on the importance of protecting intellectual property rights, another to gather and compile statistical data on intellectual property rights infringement cases, and another to develop the national strategy for further improvement of said rights.

This more vigorous approach towards combatting modern day IPR infringement cases requires more expeditious rulings, and thus has also seeded the ground for the semi-specialization of courts consisting of panels of judges specialized in intellectual property rights protection.

In the recent amendments to Serbia's Law on Court Organization and Law on Seats and Territories of Courts and Public Prosecutors two courts have been singled out to deal with intellectual property-related infringements involving both natural and legal persons. Significantly, this two-point contact existing through the Commercial Court in Belgrade and the Higher Court in Belgrade resulted in a decrease in the deferrals of IPR-related cases and in the unnecessary prolongations of already-lengthy judicial proceedings.

Of course, as elsewhere, although legislation and enforcement are at satisfying levels, improvements will always need to be made – if only because new "counterfeit trends" are knocking at our doors at this very moment.

Dragomir Kojic, Partner, and Tamara Bubalo, Associate, Karanovic & Nikolic

Montenegro

Intellectual Property Rights in Montenegro


Sasa Vujacic

The development of intellectual property rights in Montenegro started when Montenegro became independent in 2006 and since the Intellectual Property Office of Montenegro – which deals with industrial property rights – started operations in 2008.

Before the independence of Montenegro, and during the period of the Serbian and Montenegrin Union, there was significant trade in counterfeit, pirated, and other illegal goods, which infringed on intellectual property rights and significantly damaged national budgets, placing those with legal businesses in an unfavorable position and reducing foreign investment.

Montenegro has, in the time since, made great advances in the field of intellectual property protection.

In accordance with a Decision of the Government of Montenegro intellectual property rights granted by the Office of the former State Union of Serbia & Montenegro or by the Intellectual Property Office of Serbia are deemed automatically recognized in Montenegro. This means that intellectual property rights valid and properly recorded at the IP Office of Serbia & Montenegro before June 3, 2006, or at the IP Office of Serbia after that date but before May 28, 2008, are valid in Montenegro.

The harmonization of the different intellectual protection systems in the EU and throughout the world is a key factor in promoting innovation and investment, and for that reason it is important that Montenegro is working to bring its legislation in line with relevant EU regulations.

Montenegro's new Patent Law of 2015 (as amended in 2017) aims to harmonize national patent legislation with the EU and relevant international treaties. The main innovation in this law is the provisions relating to the substantive examination of a patent application. The Patent Law of 2008 abolished substantive examination of inventions and requires only that a formal examination be carried out, but the new Patent Law corrects this by requiring the right owner to submit proof of patentability before the ninth year of its validity, conforming with EU regulations.

Montenegro has amended its trademark law to harmonize it with regulations of the EU as well. These amendments bring more transparency and clarity to various procedures – and, importantly, specify the fines for trademark infringement. Individuals can now be punished with fines of between EUR 250 and EUR 1,500, individual entrepreneurs could face fines from EUR 500 to EUR 3,000, and other legal entities could face fines of between EUR 2,000 and EUR 10,000.

These fines are critical, as in the past many infringers have simply

continued using others' trademarks without any authorization. Accordingly, we hope that the adoption of provisions relating to fines for trademark infringement will discourage the infringement which has been plaguing the country.

Although IP regulations are developing in the proper manner and in accordance with EU regulations, it is equally important to raise the awareness of the public about the significance of protecting intellectual property rights. In the last five years many companies have worked to bring the public a step closer to understanding intellectual property rights.

Effective protection of intellectual property rights is in the national interest, as it strengthens the economy, protects consumers' rights, and attracts new investors.

In particular we point out that it is necessary for right-holders to bring claims before administrative authorities to their protect IP rights from infringement, which means, for example, that as a precondition for undertaking customs measures companies must protect what they have created and what constitutes their intellectual property, and to submit applications to protect their intellectual property rights to the Customs Administration in Montenegro.

The lack of attention to the protection of intellectual property rights has negative consequences on business entities and other organizations.

Taking into consideration that the protection of intellectual property rights is an area the EU is paying particular attention to, competent authorities should continuously undertake activities on enforcement measures to protect intellectual property rights following right-holders' applications, and sometimes ex officio, and in compliance with the IP laws. In this way they support the development of this field in Montenegro – which is already on an incomparably higher level compared to the situation in this field before the independence of the country.

Sasa Vujacic, Managing Partner, Vujacic

NEXT ISSUE'S EXPERTS REVIEW: LABOR/EMPLOYMENT

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